



RED ELÉCTRICA
CORPORACIÓN

Board of Directors

20 December 2016

Gender Diversity and Equality Report



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1. Good governance and legal background

In recent years, many countries have introduced equality laws affecting the boards of directors of companies. Such regulations aim to improve the management of talent on boards, due to fact that there is a reduced presence of women in these bodies. Positive discrimination policies, such as gender quotas, seek to strengthen the presence of women not only on boards of directors, but also in the rest of leadership positions in companies in general.

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

In Spain, the regulatory framework used has been Statutory 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 bodies. 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 deadline for this measure ended in 2015.

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 confirms 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. However, there are still certain barriers to be overcome before the Directive comes into force because, in 2016, the text of the directive continues to be debated within the European Union.

Red Eléctrica Corporación, S.A. (also referred to in this report as Red Eléctrica) 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 integration of women into the business world, both in terms of quantity and quality. 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 in management positions and in general throughout 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 equal opportunity 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.

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."*

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."*

Many years ago, the Board of Directors undertook, pursuant to that set out in Article 16.1 l) of the Board Regulation, the commitment to fulfil the recommendations contained therein regarding gender equality and, therefore, established the obligation of the Appointments and Remuneration Committee to draw up an annual report on matters regarding gender diversity and equality to be submitted to the Board for approval. The first Gender Diversity Report was drawn up in the 2008.

As already occurred with the last report approved in 2015, this year, a single report is presented that includes information on gender diversity in the Board of Directors and information regarding the equality policy of the Red Eléctrica Group within the organisation.

Finally, following the reform of the Corporate Enterprises Act for the improvement of corporate governance, Law 31/2014, of 3 December, which came into force on 24 December 2014, has been incorporated as a mandatory right; something which until now had been configured as a mere recommendation. In this regard, Law 31/2014 has introduced a new article in the Corporate Enterprises Act (529.bis LSC), which, in its section 2, states:

"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 facilitate the selection of female Board members".

In addition, the mentioned Law in its Article 529 "quindecies", section 3 (b) stipulates that one of the functions of the Appointments and Remuneration Committee is:

"Establish an objective regarding the representation of the least represented gender on the Board of Directors and develop guidelines on how to achieve said objective".

In this regard, 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 establishes 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 objective.



In 2015, information was included for the first time in the company's 2015 Annual Corporate Governance Report, on the measures taken to try to include a certain number of women on the board of directors to achieve a balanced presence of women and men. Information was also included on any measures that may have been agreed upon by the Appointments and Remuneration Committee.

In addition, the update of the regulatory framework of Corporate Governance applicable to commercial companies in Spain has been completed with the approval of the new Good Governance Code of Listed Companies (CBGSC) approved by Resolution of the Board of the Spanish National Securities Market Commission (CNMV) on 18 February 2015. The new CBGSC reflects the concern of society for improving talent management in the Boards of Directors of listed companies, and in the business world in general.

Thus, in Recommendation No. 14 of the new CBGSC it recommends that:

"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, experience 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 goal 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."

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

Although an extremely slow growth has been observed to date, it is expected that, with the adoption of such legal measures and recommendations, the business world will become more aware that increasing the number of qualified women on the boards of directors 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. Red Eléctrica has assumed the need for continuous improvement in this area, not only in the Board of Directors but also in the organisation as a whole.



2. Evolution of the presence of women on the Boards of Directors of IBEX-35 companies

2.1. Information relative to the 2015 fiscal year.¹

As at 31 December 2015, the number of women on the boards of directors of IBEX-35 companies increased by almost 18%, from 16.7% to 19.6%, representing an increase of 12 female directors compared to 2014.

In 2015, twelve of the IBEX-35 companies increased the presence of women on their boards. It should also be mentioned that the reduction in the number of board members in general in the IBEX-35 companies, as a consequence of the CBGSC recommendations, has resulted in a slight increase in the percentage of women compared to men. Since 2010, the number of men on boards has been reduced by 18%, and the number of female board members has increased by 71.7%, that is to say, 81 male board members have left and 38 female board members have joined as a result of implementing the recommendations of good governance.

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 2011-2015, as well as the number of companies that have a woman on the Board:

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

Fiscal year	Nº of female Board Members	% of the total	Nº of Companies with women on their boards	% of the total
2015	90	19.6	34	97.1
2014	78	16.7	32	91.4
2013	75	15.6	32	91.4
2012	66	13.5	31	88.6
2011	60	11.9	31	88.6

Regarding the type of board members, it should be pointed out that for yet another year, the majority of independent board members are female, a total of 62 women, representing 68.13% of the total. As for female nominee board members, these represent 21.98% of the total number of female board members, 20 of whom are in the IBEX-35 companies. However, there has been a slight increase in 2015 in the number of female nominee board members with respect to independent female board members. Following the recommendations of the CBGSC, many companies have incorporated the figure of the independent lead director, with 3 women holding this position among IBEX-35 companies. On the other hand, it should be noted that the executive board members' positions are held almost exclusively by men, with only 3.3% of the total female board members in the IBEX-35 holding this position.

Currently, ten of the IBEX-35 companies (28.5%) comply with the CBGSC recommendation, which recommends reaching a percentage of women on boards that should represent at least 30% of board members.

¹ Source: Annual Corporate Governance Report of the issuers of securities admitted to trading on official secondary markets drafted by the CNMV and the annual report of women on boards of IBEX-35 developed by ATREVIA and the Business School IESE.



2.2. Relevant events after the close of the 2015 fiscal year².

The percentage of women present on the boards of directors of companies of the IBEX-35 after 31 December 2015 has practically remained unchanged, going from 19.6% to 19.7%. However, the quota of women on the boards of directors of listed Spanish companies is still a long way from the European average which is 20%.

In February 2016, the female representation on the boards of directors of IBEX-35 companies has practically remained unchanged in comparison to the data available on 31 December 2015, with the number of female board members having only increased by 1, reaching a total of 91.

It should be noted that in 2016, 97.1% of IBEX-35 companies already have a female presence on their boards, with only one IBEX-35 company which has not incorporated any women onto its board of directors. However, nine of the companies (25.71%) have only one woman on their board. The pace at which women are incorporated onto the boards of directors of the IBEX-35 companies seems to have slowed down far too much.

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

3.1. Composition of the Board of Directors and Committees until 31 December 2015.

As at 31 December 2015, the Board of Directors of the Company was comprised of 12 board members (2 executive directors, 3 external nominee directors and 7 independent directors).

In 2015, Red Eléctrica Corporación, S.A. modified the composition of the Board of Directors and its committees. The Extraordinary Shareholders' Meeting held on 17 July 2015 agreed to increase the number of board members by one (setting it at twelve) and appointed an executive board member; subsequently, the Board of Directors, at its meeting held on 28 July 2015, appointed the new executive board member as the Company's CEO.

During 2009 and 2010, Red Eléctrica Corporación, S.A., had 3 female board members, ranking the Company first in the IBEX-35, with the highest percentage of female board members (27.3%). Subsequently in 2011, with the same percentage, it was ranked third. In 2012 and 2013 the Company returned to the leading position in the IBEX-35, with the incorporation of a fourth female board member - which meant that 36.4% of the members of the Board were women.

In 2014, Red Eléctrica Corporación, S.A. consolidated itself in the leading position among IBEX-35 companies with five female board members, a position that it held for most of 2015. However, following the increase in the members of the Board of Directors by one, and subsequent appointment as CEO of the Company, the percentage of women fell to 41.7% (compared to 45.45% in 2014). Despite this, Red Eléctrica still surpassed the target of 40% of female external board members set out in the draft

² Source: Annual Corporate Governance Report of the issuers of securities admitted to trading on official secondary markets drafted by the CNMV and the annual report of women on boards of IBEX-35 developed by ATREVIA and the Business School IESE.



Directive of the European Commission and the 30% set out in Recommendation 14 of the new CBGSC, both targets are for 2020.

In 2015, it was agreed to increase the number of members of each of the Committees of the Board, from four members to five. Following this increase, as at 31 December 2015, the Appointments and Remuneration Committee was chaired by a woman and 100% of its members were female (bearing in mind that on that date there was a vacant position and it already consisted of 4 members). As for the Audit Committee, at that time it had 20% that were female.

3.2. Relevant events after the close of the 2015 fiscal year.

At year-end 2015, the Company's Board of Directors was comprised of 12 members, 5 of them female, representing 41.7% of the entire Board and 50% of the external board members. In 2016, Red Eléctrica reduced that percentage at the Ordinary General Meeting, held on 15 April 2016, to below 40% (36.3% of the entire Board and 33.3% of total external board members). However, Red Eléctrica remains one of the companies at the forefront of the IBEX-35 and continues to meet the 30% target of women on the Board set for 2020 in Recommendation No. 14 of the new CBGSC.

The Committees also changed their composition in 2016. The Appointments and Remuneration Committee reduced the number of women to three, representing 60%, as the vacancy in that Committee was filled by a male board member, but its chairperson is still a woman. The Audit Committee, for its part, has maintained the number of women in 2016; although that Committee is no longer chaired by a woman.

Finally, it is worth noting that the Board of Directors, at its meeting on 31 May 2016, re-elected a woman for the position of Independent Lead Director (LID) of the Company, for a new term of three years.

4. Equality in Red Eléctrica

4.1. Equality in the internal organisation of RED ELÉCTRICA.

This section sets out quantitative and detailed quantitative data is presented below regarding the presence of women on the workforce of Red Eléctrica de España, S.A.U. (hereinafter known as Red Eléctrica or REE in this section 4, except for when expressly mentioned as the Red Eléctrica Group), 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 are constant from the perspective of gender diversity and as a mechanism for optimal management of its human resources matters. Improvement in aspects such as recruitment and internal promotion of women, as well as their access to positions of responsibility, continues being an objective within Red Eléctrica, and is set out in its Equality Plan as well as in all that related to Corporate Responsibility.

With this goal in mind, since January 2013 Red Eléctrica has in place a Comprehensive Equality Plan that along with the action Guide for gender equality and the General Procedure for Equality Management make up the Equality Management Model of the organisation.



The commitments undertaken have been included in the articles of the various collective bargaining agreements that have regulated labour relations with employees; in this regard, it is worth highlighting that there has been a steady growth in the number of women on the workforce in recent years (291 in 2007 and 391 in 2015). This growth is evidence of the commitment of Red Eléctrica to the incorporation of women into the company. In 2015, women on the workforce represent 23.10%.

In that year, the final total workforce increased by 1 man and 7 women regarding 2014. Since 2012, the final total workforce has grown by 44 people, of whom 18 are women (41%).

Red Eléctrica, in the interest of the promotion of equality, has historically promoted the monitoring of all HR processes by means of equality indicators.

In any selection, training, professional development or promotion process, it is essential that the merit and worth of the person, regardless of gender, be taken into account. Red Eléctrica promotes recognition on the basis of merit, although it does monitor different indicators to ensure that there is no gender discrimination, as well as to actively promote and encourage the presence of women in said processes and in the various levels of the Company.

In short, gender equality is a concept that is integrated into any HR process, it is a concept already included in our "DNA", and in the day to day running of the Company.

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 Equality of Opportunities between men and women in the workplace, through the implementation of equality measures or plans.

The seal is awarded annually and has a validity of three years, although in each year, the Institute for Women and Equal Opportunities requests that the recognised entities provide an annual report on activities related to Equality of Opportunities between men and women.

Since 2012, REE has formed part of the Network of Companies with the Equality Seal, being the first company in the electricity sector to obtain it. In 2012, only thirteen companies had been awarded the seal.

Currently, 127 companies have this seal, with ENDESA and REE being the only representatives of the electricity sector.

Information on employment, training, professional development and performance evaluation is provided on the following pages.



A. Employment

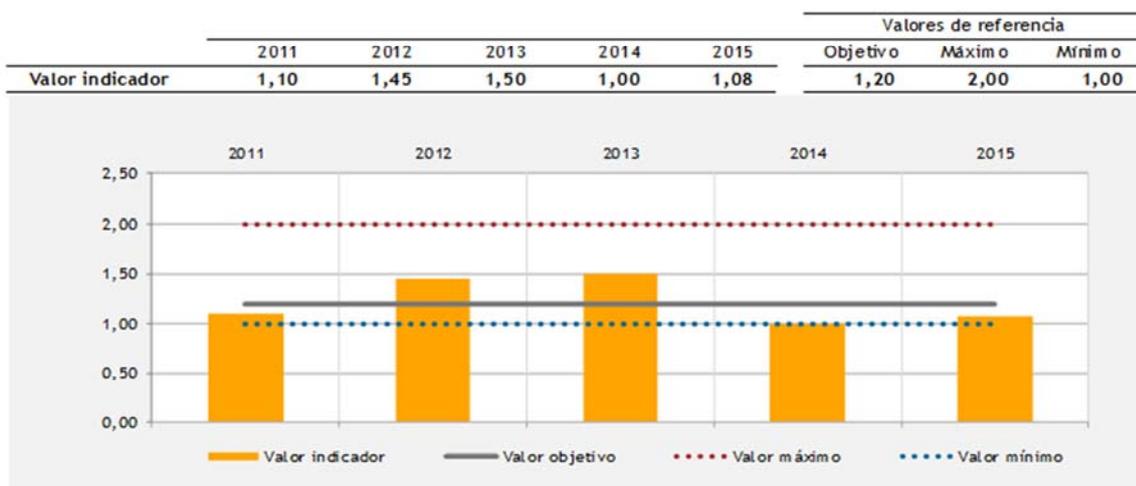
The Employment Model (approved in 2007) establishes, among its principles, the principle of Equality and non-discrimination.

Monthly monitoring is carried out on the selection processes by means of equality indicators that facilitate a continuous knowledge of the level of compliance of said principle. If the indicator is seen to be far from the annually set target, when performing monthly monitoring, actions can be undertaken that will help achieve the target.

The annual objective of the 'Equality of opportunities in the selection process' indicator has been to surpass a 20% bias in favour of women in the selection process (in reference to the available candidates), thus the objective is 1.2.

The historical evolution of this indicator in the last 5 years is as follows:

Nº Indicador	GT-PE.1
Descripción	Igualdad de oportunidades en selección
Variables:	a. Total cobertura mujeres (internas+externas) / mujeres entrevistadas b. Total coberturas/ total entrevistados
Fórmula:	(a / b)
Frecuencia:	Trimestral



COMENTARIOS

Se observa un ligero incremento en el índice de igualdad de oportunidades en selección ya que se ha producido un aumento significativo (194%) en el número de vacantes cubierto por mujeres (año 2014 el 17% de las vacantes se cubrieron con mujeres, en el año 2015 el 33% de las vacantes se cubrieron con mujeres)

— Indicative value — Objective Value Maximum Value Minimum Value

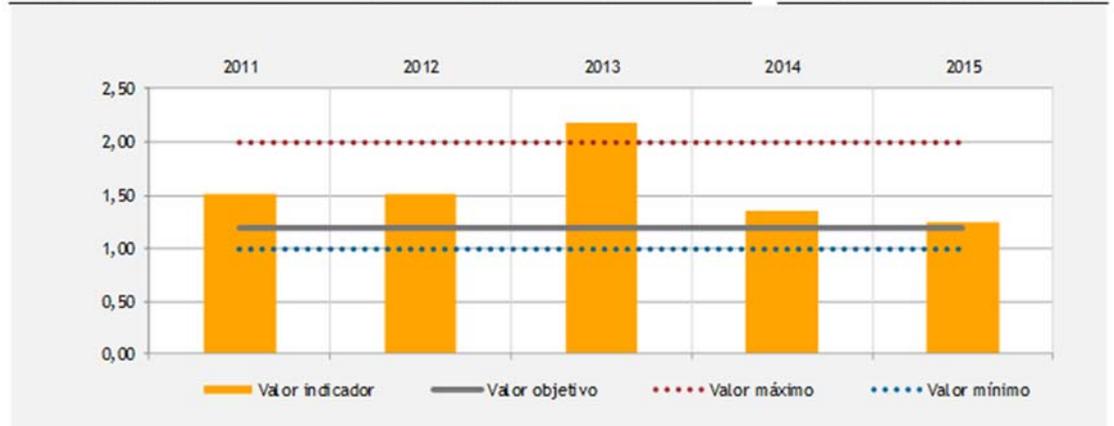


B. Training

As in the selection process, a monthly monitoring of the 'Equality of opportunities in training' indicator is carried out for the training process, and the annual historical evolution of the last 5 years is shown below. The annual objective of the 'Equality of opportunities in training' indicator has been to surpass a 20% bias in favour of women in this process.

Nº Indicador	GT-PE.2
Descripción	Igualdad de oportunidades en formación
Variables:	a. Nº mujeres que han recibido formación/mujeres totales b. Nº de empleados que han recibido formación/nº empleados totales
Fórmula:	(a / b)
Frecuencia:	Trimestral

	2011	2012	2013	2014	2015	Valores de referencia		
						Objetivo	Máximo	Mínimo
Valor indicador	1,51	1,51	2,18	1,35	1,25	1,20	2,00	1,00



COMENTARIOS

La evolución del indicador indica que en proporción el colectivo de las mujeres recibe más formación que el colectivo de hombres. El valor de 2013 es anormalmente elevado debido al plan de desarrollo y formación dirigido a secretarías. Este plan supuso un número elevado de horas de formación a un colectivo (G4) casi constituido por mujeres en su totalidad, lo que "desvirtuó" el valor final del indicador.

— Indicative value — Objective Value Maximum Value Minimum Value



C. Promotion

Similarly, as is performed on the employment and training processes, the impact of gender diversity is quantified regarding the promotion processes of the higher professional job groups and levels, and a target to surpass a 20% bias in favour of women in the promotion process is established.

The historical evolution of the last 5 years has been:

Nº Indicador	GT-PE.3
Descripción	Igualdad de oportunidades en promoción
Variables:	a. Mujeres promocionadas/total mujeres b.Total empleados promocionados/ total plantilla
Fórmula:	(a / b)
Frecuencia:	Trimestral

Valor indicador	2011	2012	2013	2014	2015	Valores de referencia		
	1,50	1,00	1,00	0,95	1,30	Objetivo	Máximo	Mínimo
						1,20	2,00	0,80



COMENTARIOS

El valor de este indicador se mantiene más o menos constante los cuatro últimos años, se observa que en 2015 tiene un pequeño incremento al 1,30 frente al 1 y 0,95 de los tres años anteriores.

— Indicative value — Objective Value Maximum Value Minimum Value

The promotions contemplated in the Company are of various types:

Promotion due to change of Professional Job Group (non-management personnel).

- Promotion due to change of Professional Job Group (non-management personnel).
- Promotion due to change of Level of Professional Progression (non-management personnel).
- Promotion by appointment as a manager or by progression as a manager.

Prior to the approval of any promotion process there is an analysis phase. In this phase a comprehensive study of different variables is undertaken with the 'gender'



variable being an important aspect to be taken into consideration to maintain equality in the promotion processes.

In this regard, when there are selection processes for appointments within the management team, gender balance among the candidates proposed is taken into account with the aim of ensuring that women have a percentage of representation higher than the percentage of women currently in the Company or at least remain the same.

D. Professional Development

In addition to promotions, there are other processes that foster professional development of the Company's personnel. In this regard, the following are noteworthy:

- Inclusion in the Bank of Potential
- Inclusion in the group of professionals excluded from the Collective Agreement

In both processes, prior to the approval by the management of the Company, an analysis is carried out taking into account the 'gender' variable.

The composition of these groups must be mixed in gender and the objective to be achieved is that women have a percentage of representation than the percentage of women currently in the Company or at least remain the same.

Thus, in the current process regarding professional development carried out Talent Panels, the following proportions of women have been reached:

- In the bank of potential, the proportion of women is 32% (compared to a total of 23% of women in REE).
- The proportion of women in the group of professionals not included in the Collective Agreement is 38%.

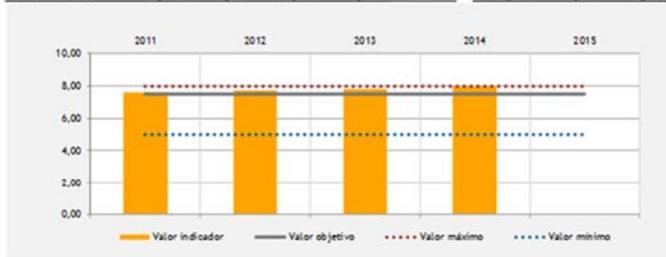


E. Performance Evaluation

The performance evaluation process applies to all employees. The indicator that measures the average result of the evaluations of women and men is monitored annually with the objective of knowing if there is any discrimination in this matter.

Nº Indicador	GT-PE.10
Descripción	Resultado promedio evaluación mujeres
variables:	Resultado promedio evaluación mujeres
Fórmula:	Dato
Frecuencia:	Anual

	2011	2012	2013	2014	2015	Valores de referencia		
	Dato en abril					Objetivo	Máximo	Mínimo
Valor indicador	7,60	7,70	7,80	7,97		7,50	8,00	5,00



COMENTARIOS

Nº Indicador	GT-PE.9
Descripción	Resultado promedio evaluación hombres
variables:	Resultado promedio evaluación hombres
Fórmula:	Dato
Frecuencia:	Anual

	2011	2012	2013	2014	2015	Valores de referencia		
	Dato en abril					Objetivo	Máximo	Mínimo
Valor indicador	7,40	7,50	7,70	7,77		7,50	8,00	5,00



COMENTARIOS

— Indicative value — Objective Value Maximum Value Minimum Value



4.2 Situation of women with regard to the Professional Job Groups.

Data on the composition of the workforce since 2008 in terms of Professional Job Groups is shown below.

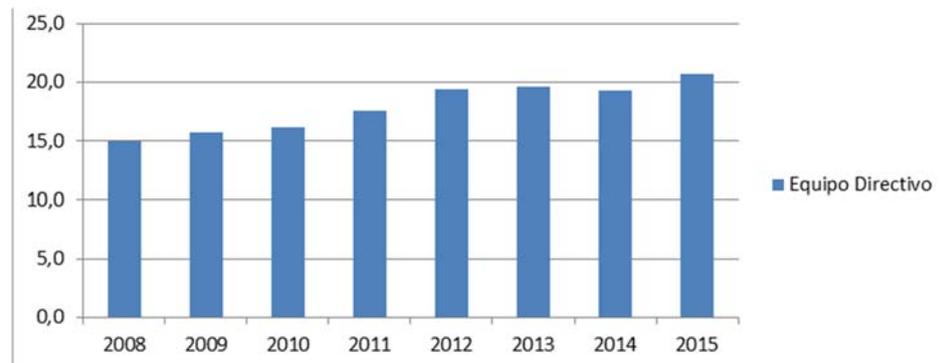
Evolution of the workforce with regard to professional job groups

Evolución de la plantilla de REE por grupo profesional y género

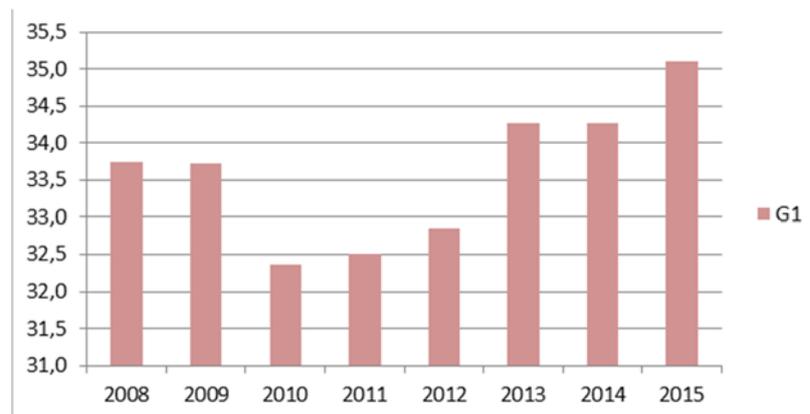
	2008			2009			2010			2011			2012			2013			2014			2015		
	H	M	%M																					
Equipo Directivo	85	15	15,0	86	16	15,7	88	17	16,2	89	19	17,6	87	21	19,4	94	23	19,7	96	23	19,3	92	24	20,7
G1	271	138	33,7	287	146	33,7	328	157	32,4	328	158	32,5	327	160	32,9	326	170	34,3	326	170	34,3	331	179	35,1
G2	422	84	16,6	452	92	16,9	470	88	15,8	466	88	15,9	468	87	15,7	467	90	16,2	471	89	15,9	475	86	15,3
G3	282	4	1,4	296	5	1,7	336	9	2,6	349	9	2,5	360	9	2,4	369	9	2,4	374	10	2,6	371	12	3,1
G4	46	96	67,6	46	97	67,8	32	93	74,4	31	96	75,6	31	96	75,6	30	94	75,8	31	92	74,8	30	90	75,0
TOTAL	1106	337	23,4	1167	356	23,4	1254	364	22,5	1263	370	22,7	1273	373	22,7	1286	386	23,1	1298	384	22,8	1299	391	23,1

Note: H Male M Female
 Management team
 G1 Master degrees
 G2 Bachelor degrees
 G3 Specialists
 G4 Administrative personnel

The proportion of women on the management team is increasing as shown in the table below, reaching 20.7% in 2015:



The evolution of women in Professional Job Group 1 (G1) is significant, reaching 35.1% in 2015:



In general, the proportion of women in the G1 Professional Job Group, as well as in the other Professional Job Groups, declined in 2010 due to the incorporation of ENDESA's employees (resulting from the acquisition of non-peninsular assets) and did not recover until 2013.

The G2 and G3 Professional Job Groups have a higher representation of men mainly as a result of two essential reasons:

- The difficulty in finding, in the selection processes, women for control centre operator positions (G2), subject to shift working.
- The difficulty in finding, in the selection processes, women for the positions of specialist technician for facilities maintenance (G3), subject to "off-site working".

The professional profiles required by the jobs in Red Eléctrica are characterised by high levels of training and qualification, whereby 63.3% of the workforce is in the G1 and G2 professional job groups.

Observing the differences with another variable, such as gender, we can see how women are mainly represented in the G1 (35.2%) and G2 (15.3%) job groups, being the group of specialist (G3) where female representation is much lower, as indicated previously. Therefore, 46% of women in Red Eléctrica belong to the G1 group and 22% to the G2, reflecting a high percentage of highly-qualified women.

4.3. Actions during 2015 regarding equality in the organisation.

Red Eléctrica's action guide for gender equality sets out the principles and guidelines on equality as well as the Company's commitment and strategic approach on this universal principle. In compliance with that set out, different actions have been carried out in different areas included in said Guide and in the 'General Procedure for Equality Management', due to the fact that it subject to a continuous improvement process.

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 aimed at promoting real and effective equality between



men and women 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.

The following are some of the most significant actions:

Leadership Observatory

During 2015, Red Eléctrica launched a women's leadership observatory in the framework of the Comprehensive Equality Plan, approved in January 2013, as a tool to support the achievement of a people management system, which responds to the principles of internal equality and transparency.

The analysis of the situation in REE regarding women's leadership and all the aspects that affect the selection, promotion, training, remuneration, communication and awareness processes can be a lever that facilitates the incorporation of women into decision-making positions.

Similarly, collaborative meetings with other companies in the energy sector were also initiated in 2015 to share best practices on Equality, Diversity and Work-life Balance matters.

Gender-based Violence

In this aspect, Red Eléctrica signed a Collective Bargaining Agreement with the Ministry of Health, Social Services and Equality on 19 June, 2012 that is currently in force. 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.

During 2015, work continued on awareness campaigns promoted by the Ministry of Health, Social Services and Equality. The campaign '*No te saltes las señales, elige vivir* (*Do not dodge the red flags/warning signs, choose to live*)' was launched through the 'miRED' internal portal with news, reports and reviews throughout the year and specifically in the summer, following the guidelines of the Ministry.

Management of the Work-life Balance: an equality tool

Work-life balance is integrated within the Healthy Workplace Model, understanding health as a whole, in terms of physical, psychic and social well-being. In this regard, the work-life balance, as part of the Healthy Workplace Model, is considered as a tool that facilitates equality, but whose ultimate goal is health as a whole.

For this reason, continued progress in creating more flexible working environments, adapted to the needs of people, is one of the great challenges that Red Eléctrica is facing in the work-life balance management model.



The approval of flexibility measures in the working day, included in the 10th Collective Bargaining Agreement, and other actions and initiatives applicable to the whole of the workforce, has allowed management tools to be facilitated that represent an improvement of the well-being and quality of life, and therefore in equality.

Main results 2015 and 2016

In addition to the continued implementation of management measures previously mentioned, a major awareness and communication campaign has been undertaken. Some of the communication actions in this field are summarised in the following list:

- Article. Parental co-responsibility 26 January 2015.
- Article. Can co-responsibility be measured? 4 March 2015.
- 2016: 2 ARTICLES. International Women's Day 8 March 2016.
- 4 News items related to the communication of the Supplier Code of Conduct, Ethics Management, Corporate Responsibility.
- 2 News items related to receiving awards, certificates and the results of corporate reputation business monitors.
- 5 news items related to Equality of Opportunities.
- 2 News items related to the corporate climate survey.
- 2016: 4 news items related to actions aimed at children.

During 2015 and 2016, Red Eléctrica participated in various events and forums in the field of equality and work-life balance, noteworthy among which are:

- 22 January 2015: Micro-narrative competition on occasion of the International Women's Day 2015.
- 9 February 2015: 'HeForShe', new UN campaign in support of gender equality.
- 23 February 2015: Equal Pay Day.
- 2 March 2015: Micro-narrative competition on occasion of the International Women's Day 2015.
- 8 March 2015: Women's Day.
- 23 March 2015: Prevention programmes for victims of gender violence.
- 13 April 2015: Red Eléctrica participates in the First International Congress 'The Voice of Rural Women in the World'.
- 27 April 2015: New campaign against gender violence for 2015.
- 11 May 2015: Publishing of the Law on Victims of Crime Charter.
- 19 May 2015: Yoga against gender violence.
- 20 May 2015: 'Speak up. There is a way out of gender violence'.
- 25 May 2015: 'Speak up', award for the best public service campaign.



- 25 May 2015: Equality in sport.
- 8 June 2015: New campaign against gender violence: 'Love that Hurts'.
- 15 June 2015: 2nd "There's a way out" of gender violence Race.
- 23 September 2015: New awareness-raising campaign on gender violence.
- 23 November 2015: "Stand up" against gender violence.

4.4. Relevant actions on equality after the close of the 2015 fiscal year.

During 2016, collaboration was continued with the IE Business School in a programme called "Gender Tension Gap" with the objective to obtain indicators related to individual, social and business barriers that condition progress towards gender equality in organisations.

In 2016, an additional directive was incorporated into the '*Promociona*' programme.

In 2016, the working group set up with ENAGAS and CLH continued in order to share initiatives and good practices in diversity issues among industry peers with similar scenarios in their workforce profiles.

It should also be mentioned that in 2016, Red Eléctrica was working on a training course on Equality, on a web platform, for people employed by Red Eléctrica.

5. Equality in companies of the Spanish electricity sector

The table below shows a comparison of the presence of women in some companies of the electric utility sector in 2015. The data shown has been taken from the annual reports published by such companies on their corporate websites.

Presence of women in electric utility companies			
Company 2015		Workforce	% Women
REE		1,690	23.10%
Company A IBEX-35		10,000	21.50%
Company B IBEX-35		28,860	23.72%

Note: data published by the companies in their annual reports

6. Evolution of gender parity in technical degrees

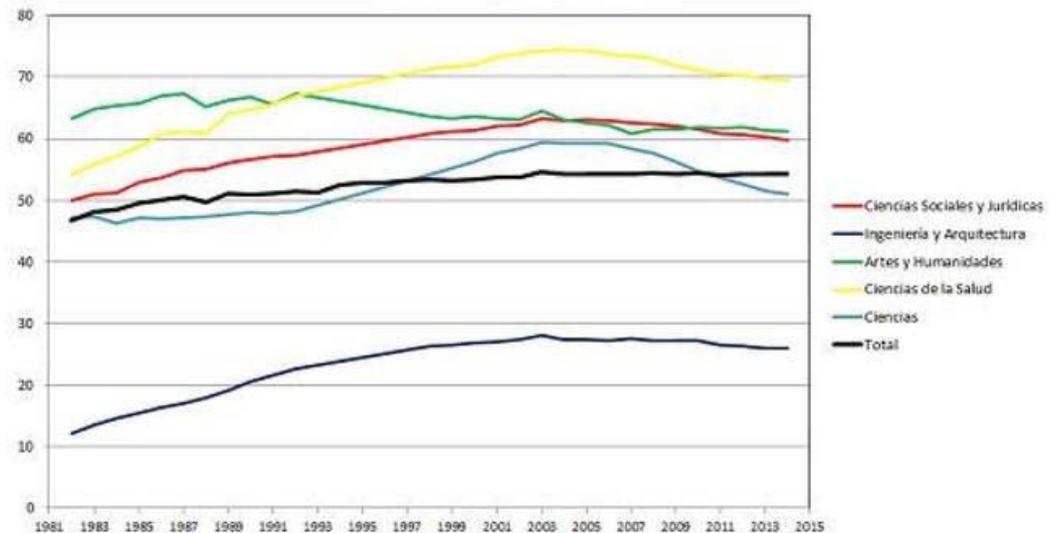
The advances made in the wake of the approval of the Equality Plan and its action plan, known as the Comprehensive Equality Plan, have not been sufficient, as there are professional job groups - as highlighted in previous sections – that are extremely characterised by one gender or another and it is still very difficult to find women with the training required to fill specialist positions (G3). On the other hand, it is difficult to increase the proportion of men in G4 positions (administrative and secretarial staff as this group has a non-existent undesired turnover index and is not a professional job group where staffing needs have grown).



In addition, in this regard, the gender trend in technical degrees makes it difficult to achieve parity in the selection processes. Thus, in 2015 approximately 55% of the new students entering university were women, but only 26% of the students who studied engineering were women³.

Spain (1982-2014) Percentage of women among university students by branches

España (1982-2014). Porcentaje de mujeres entre los estudiantes universitarios (*) por ramas



(*) Todos menos doctorado. Fuente: elaboración propia con datos del Anuario de la Estadística Universitaria 1993-94 (Ministerio de Educación), la Estadística de enseñanza universitaria (INE) y las Estadísticas Universitarias (Ministerio de Educación).

— Social and Legal Sciences — Engineering and Architecture — Arts and Humanities — Health Sciences
— Sciences — Total

7. External recognition

Following the granting of the Equality Seal awarded in 2010 by the Ministry of Health, Social Services and Equality, Red Eléctrica became part of the DIE Network (Companies with the Equality Seal) – which is currently made up of more than 100 Spanish companies or companies located in Spain.

³ It seems that one of the reasons why women do not want to study engineering is due, among other things, to the fact that this degree has suffered a loss of prestige and lacks attractiveness, as well as to the scarce interest that traditionally has existed among women for this degree.

On the other hand, there is the lack of female role models in STEM (Science, Technology, Engineering and Mathematics). It is also considered that there is a problem in teaching that does not motivate girls from an early age to be inclined towards this branch of studies. The problem is worse in students of ICT engineering, where only 10% of the students are women.

According to Sara Gómez, an adviser to the Royal Academy of Engineering (RAI), the situation is getting worse: "In the 1980s and 1990s, in the US, where historical data is available, women represented 30% in those degrees. Now this is 13%".

According to Susana García Espinel, Managing Director of Universia España, this is a gender gap that opens up in adolescence. Women students do not want to be engineers because they think they are not good enough to do it. This fact is accompanied by another problem, and it is that 45% of women who hold positions in the STEM field resign in less than one year, compared to 10% for men".



Within the framework of this project, Red Eléctrica has continued to carry out actions derived from the commitments undertaken as a result of having obtained this seal. In late 2015 a compliance report was submitted to the Ministry for renewal of the seal. The Ministry notified the Company of its renewal of the seal for 2015, although the duration of the seal is 3 years, it needs to be renewed annually by submitting the corresponding compliance report.

Another significant recognition for Red Eléctrica was the granting of the Diversity Charter awarded by the Ministry of Health, Social Services and Equality.

Red Eléctrica also received for the first time in October 2015, the Healthy Workplace certificate granted by AENOR. It is awarded in recognition of the management system implemented regarding the health, safety and well-being of employees and their environment, and which includes and evaluates all the strategies carried out in this field.

For Red Eléctrica as well as for the rest of 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 be a part of the group of companies that, without losing sight of their business objectives, work to achieve a real and effective equality amongst their employees, but not only in order to contribute to the equality and the development of social progress in our world, but also because the Company is convinced that such equality will lead to a direct improvement in the management of talent in all segments of the organisation for the benefit of the Company itself and its shareholders.

As for the Company's Board of Directors, acknowledgement has come in the form of recognition in forums and in specialised reports, some previously mentioned in this document, such as those conducted by the CNMV, the global communication consultant ATREVIA and the IESE Business School, which have highlighted the leadership of Red Eléctrica de España in terms of gender diversity on the boards of directors of IBEX35 companies.

8. Conclusions

Red Eléctrica continues to apply, for yet another year, policies and procedures that ensure a reasonable balance and gender diversity within the Board of Directors for the proper performance of its mission.

Red Eléctrica Corporación, S.A., and the main companies of the Group, following the recommendations of the CBGSC on gender 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 organisation. 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 considered necessary to perform the corresponding functions within the Company are safeguarded, and in particular to favour the incorporation of female talent.

Red Eléctrica's commitment to gender 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 Company, and the Corporate Governance Policy, which in addition to including the principle of gender diversity in the composition of the Board of Directors and its Committees, recognises its practical application by the Company.

Red Eléctrica Corporación S.A. complies with the commitment to include women in the composition of the Board of Directors, being ranked among the top IBEX-35 companies with greater presence of female board members, with a percentage that surpasses the targets set for 2020 by Recommendation 14 of the Spanish CBGSC.

Similarly, Red Eléctrica, has promoted a Comprehensive Equality Plan which together with the action Guide for gender equality and the procedure for equality management, configure the Equality Management Model of the organisation.

Red Eléctrica is fully committed to incorporating qualified women to fill management positions within the Company, so as to continue moving forward in the objective of incorporating women's talent in all areas of Red Eléctrica's organisation, promoting and retaining them in positions of maximum responsibility within the Company.

However, despite the steps that have already been taken, the progress made and the external recognition in this field, the drive to promote gender diversity and equality in employment and the workplace remain key objectives for Red Eléctrica. To this end, the Company will continue to assign the necessary resources and means to further promote the presence of qualified women in positions of responsibility and leadership within the organisation in order to consolidate the Equality Management Model approved by the Company.

In this regard, although the commitments derived from the equality seal have been reached, the actions that will be carried out in 2017 will focus on:

- A. Promote the women's leadership observatory and its results.
- B. Promote specific analysis and diagnostic actions to identify opportunities in the recruitment of women in the G3 professional job group.
- C. Drive the recruitment indicator of women in the G2 professional job group, trying to get it to reach 1.2 or above.

To supervise compliance with said objectives, the Appointments and Remuneration Committee and the Board of Directors have undertaken the commitment to monitor the process and annually assess the implementation of the Gender and Equality Policy within the Board of Directors and throughout the entire organisation.