
Our
Commitment to
Sustainability

2020

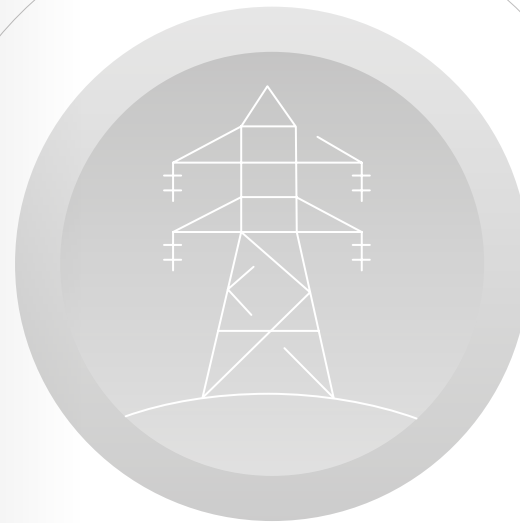
*For a renewed future,
a renewable present*



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Sustainability

2020

*For a renewed future,
a renewable present*



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Red Eléctrica works on selecting the most legible typographical font for its publications. The typographical font Geogrotesque has been used for the texts and graphics in this report.

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At the heart of the global transformation

A look to the future

This year, 2020, has been a year marked by the pandemic in which, at the Red Eléctrica Group, we focused all our efforts on protecting the health of our employees and guaranteeing the essential services that our activity offers society: the optimal functioning of the Spanish electricity system, in addition to ensuring the availability of the transmission, telecommunications, fibre optic and satellite infrastructures in all the countries in which we operate.

At this decisive time for everyone's health, for the economy and for the fight against climate change, we are committed to a green recovery, as it represents an essential pillar for economic reconstruction and brings with it an enormous potential to stimulate business activity and create jobs. In fact, if the pandemic has taught us anything, it is that we need to accelerate the pace of both the ecological transition and the digital transformation in order to take huge strides along the road towards

the decarbonisation of the economy. In this transition, we, as the sole operator and transmission agent of the Spanish electricity system, have an essential role to play in achieving the goals set out in the European Green Deal and those included in the Integrated National Energy and Climate Plan (INEC).

In the Red Eléctrica Group, we are responding to this new reality through the 2021-2025 Strategic Plan, which focuses on making the ecological transition possible in order to continue taking steps to progress efficiently towards a decarbonised economy, while at the same time consolidating our position in important growth vectors such as business activity abroad and the promotion of connectivity through telecommunication services. We make all this a reality while prioritising a corporate culture that encompasses innovation, talent and a commitment to sustainability as levers that guarantee the long-term continuity and success of the Group.



Beatriz Corredor Sierra
Chairwoman of the Red Eléctrica Group



Roberto García Merino
Chief Executive Officer



Our mission

Our CORE STRENGTHS



Electricity



Telecommunications



Talent

Our ETHICAL VALUES



Respect



Sustainability



Integrity



The mission of the Company is to guarantee the electricity supply and ensure connectivity in the field of telecommunications, promoting a just ecological transition based on sustainability criteria, whilst showcasing our neutrality and contributing to social and territorial cohesion.



The Red Eléctrica Group at a glance

In 1985, Red Eléctrica de España, S.A. was established as the first company in the world dedicated exclusively to the transmission of electricity and the operation of an electricity system. Currently, the Red Eléctrica Group has consolidated its position as a global operator of essential infrastructure, managing electricity transmission grids in Spain, Peru, Chile and Brazil, as well as telecommunications networks (dark fibre and satellites), and works tirelessly to incorporate a significant level of innovation and technological development into these activities.

Net profit

621.2
M€

Fibre optic network

52,222
km

Revenue

1,985.8
M€

Electricity infrastructure of the Group (Spain and Latin America)

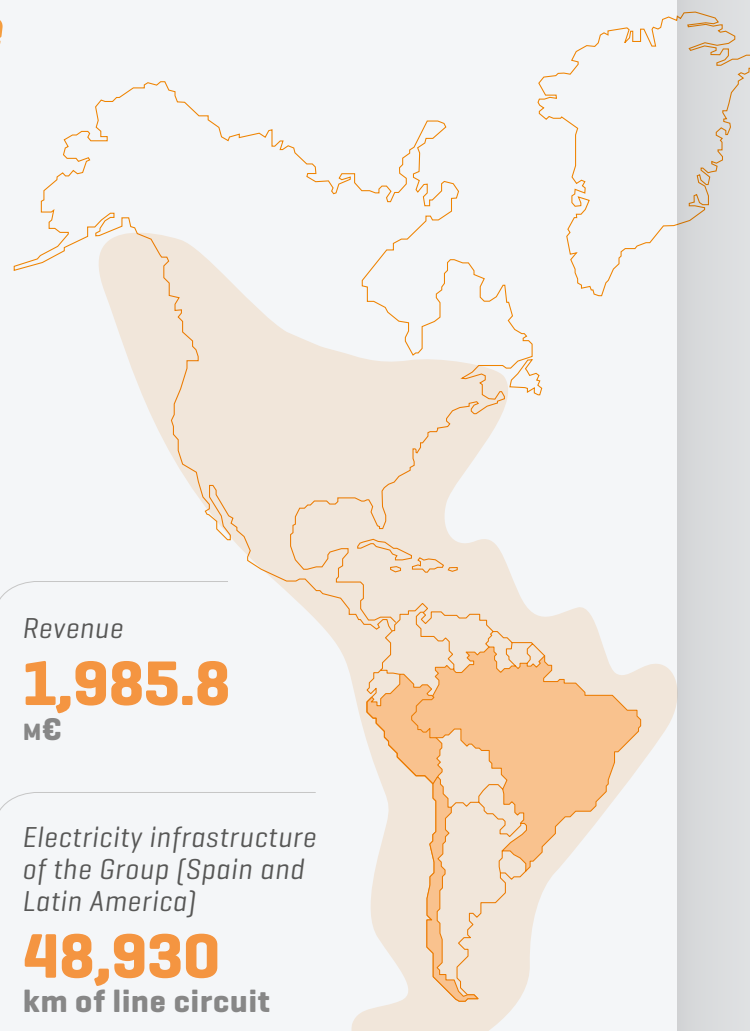
48,930
km of line circuit

Satellite capacity

7 satellites
in operation

Group employees

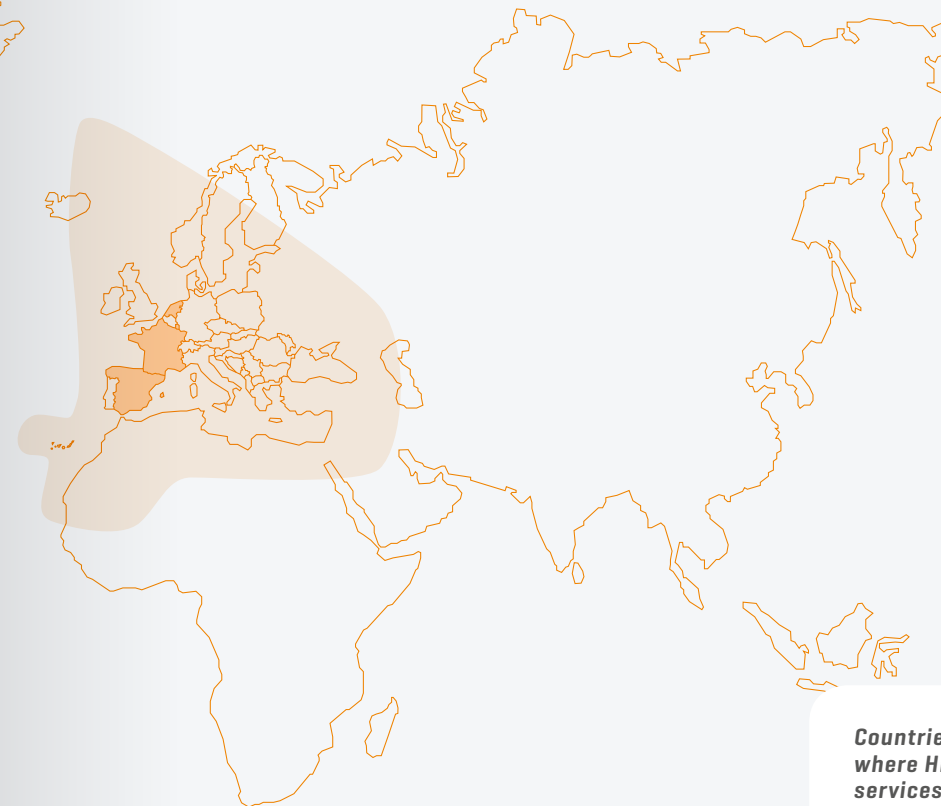
2,051
people



Presence of the Red Eléctrica Group IN THE WORLD

● Satellite coverage area

● Countries in which the Red Eléctrica Group is present



Business activities of the Red Eléctrica Group

- Electricity business in Spain: RED ELÉCTRICA DE ESPAÑA + REINCAN (Canarias)
- Electricity business abroad: RED ELÉCTRICA INTERNACIONAL (Peru, Chile y Brazil)
- Telecommunications business: REINTEL + HISPASAT
- Technological innovation: ELEWIT

Countries where HISPASAT services have been contracted in 2020

Germany, Algeria, Argentina, Bolivia, Brazil, Chile, Colombia, Cuba, Ecuador, Slovakia, Spain, United States, Israel, Italy, Morocco, Mexico, Norway, Paraguay, Peru, Portugal, Puerto Rico, the Czech Republic and Turkey.



A value-creating business model

OUR RESOURCES

Corporate governance

61.5% Attendance at the General Shareholders' Meeting

58.3% Independent Board Members

12 Board Members

50% Women on the Board

Financial resources

1,985.8 M€ revenue

1,292 suppliers

2,051 employees in the Group

67 hours of training per employees

16.91 M€ investment in innovation

124 innovation projects

Human resources

16.91 M€ investment in innovation

124 innovation projects

Innovation

16.91 M€ investment in innovation

124 innovation projects

Environment

23.3 M€ expenditure on the protection of biodiversity and other concepts

37 initiatives for the protection and conservation of biodiversity

Society

9 M€ investment in the community

377 social initiatives

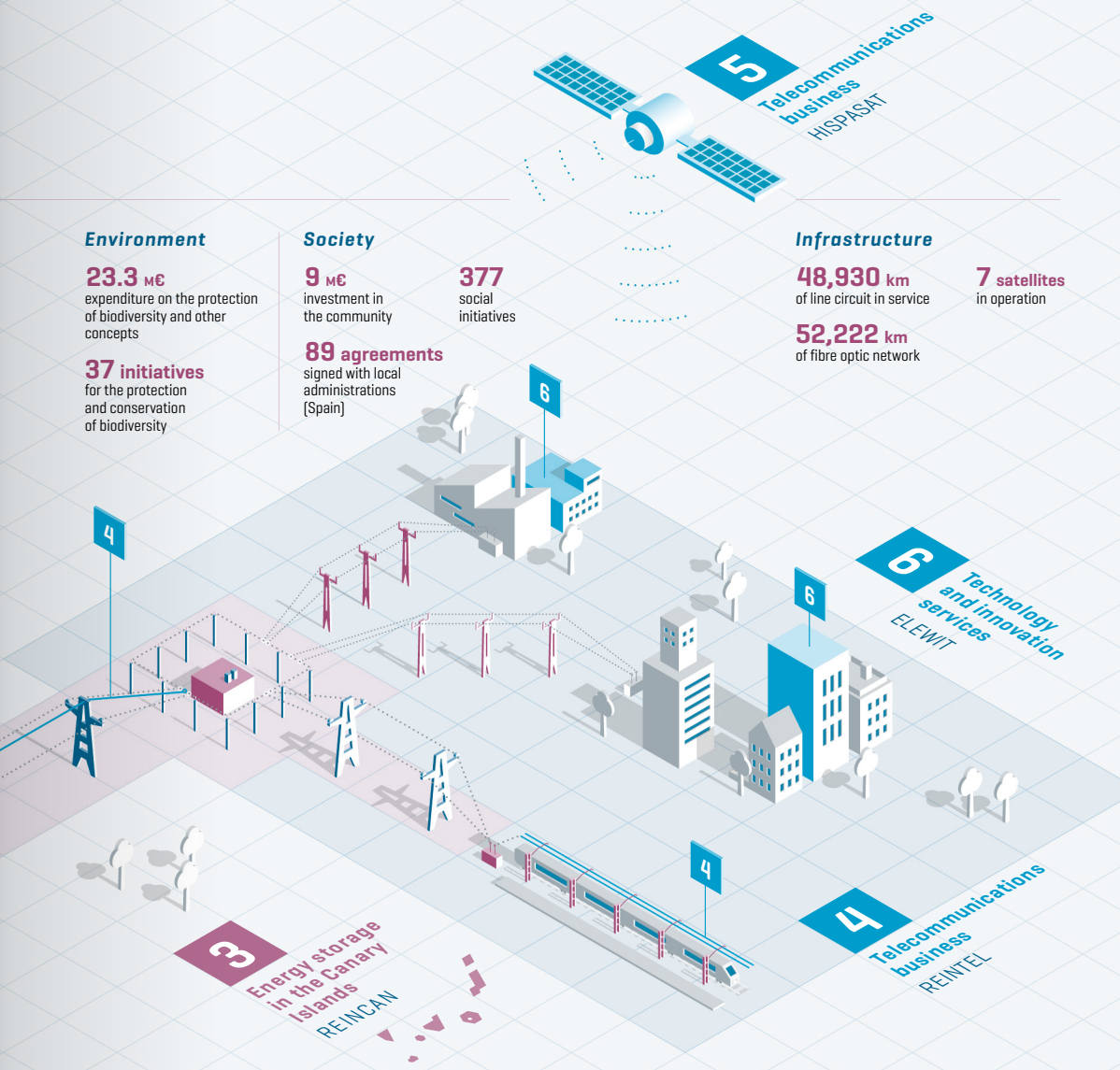
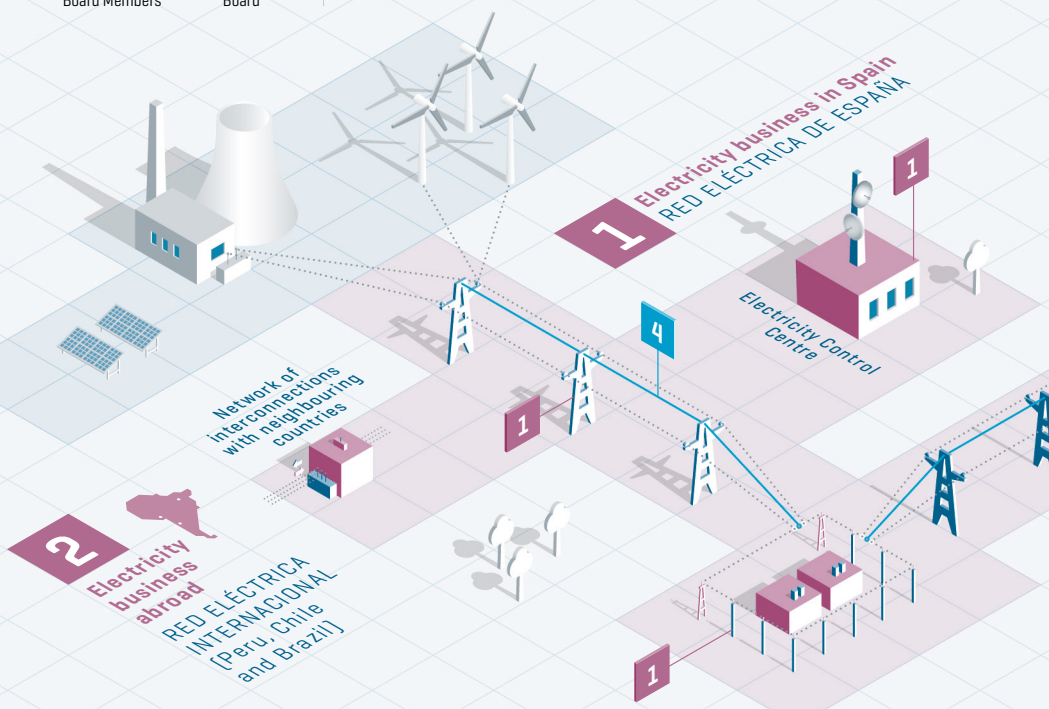
89 agreements signed with local administrations (Spain)

Infrastructure

48,930 km of line circuit in service

7 satellites in operation

52,222 km of fibre optic network



VALUE CREATED

Shareholders and investors

566.8 M€ distribution of dividends

9,077 M€ capitalisation

Employees

175.9 M€ personnel costs

98% fixed contracts

32.67% women in the management team

55% women on the executive committee

2.87 Occupational accident frequency rate

Customers

98.56% availability rate of the electricity grid on the Spanish mainland

99.83% availability rate of the transmission system managed in Peru

99.95% availability rate of the transmission system managed in Chile (TEN)

Suppliers

100% availability of the payload of the satellite fleet

599.6 M€ in purchases of goods and services

88.7% purchases from suppliers within the European Union

Environment

28,065,584 t of CO₂ avoided

44% integration of renewables

66.5% of electricity line in critical priority zones marked with bird-saving devices

Society

265 M€ GDP contribution as a result of investments made in Spain

39 M USD & 10 M USD GDP contribution as a result of investments made in Chile and Peru

743 M€ total tax contribution for the year

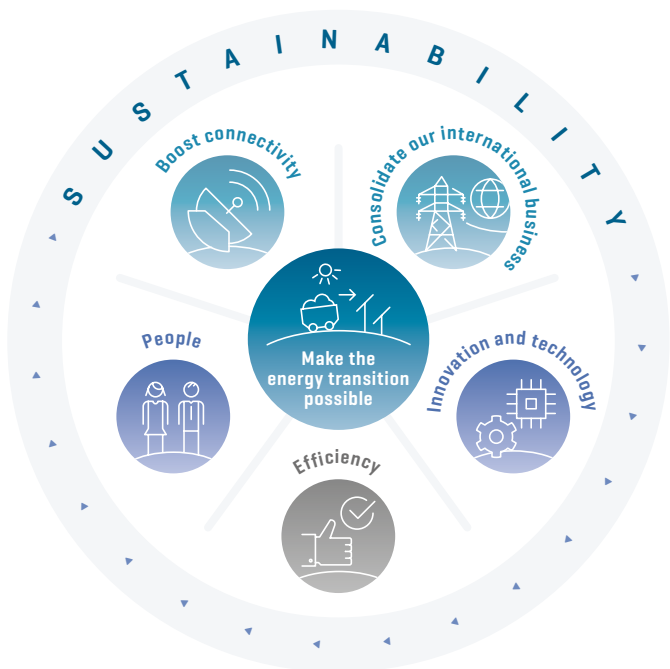


Our 2021-2025 Strategic Plan

The 2021-2025 Strategic Plan focuses on making it possible for the energy transition to take place in Spain in the most efficient way possible, boosting the advances made in the field of tele-

communications and consolidating the Group's activity abroad. Furthermore, the Strategic Plan prioritises innovation, talent and sustainability as the basis of the Group's corporate culture.

2021-2025 Strategic Plan of the Red Eléctrica Group



Our 2021-2025 Commitment

Total Investment
4,400 M€

-75% earmarked for the transmission grid, cross-border connections, energy storage and system operation

Financial Efficiency
EBITDA MARGIN 70%

NET FINANCIAL DEBT/EBITDA <5x

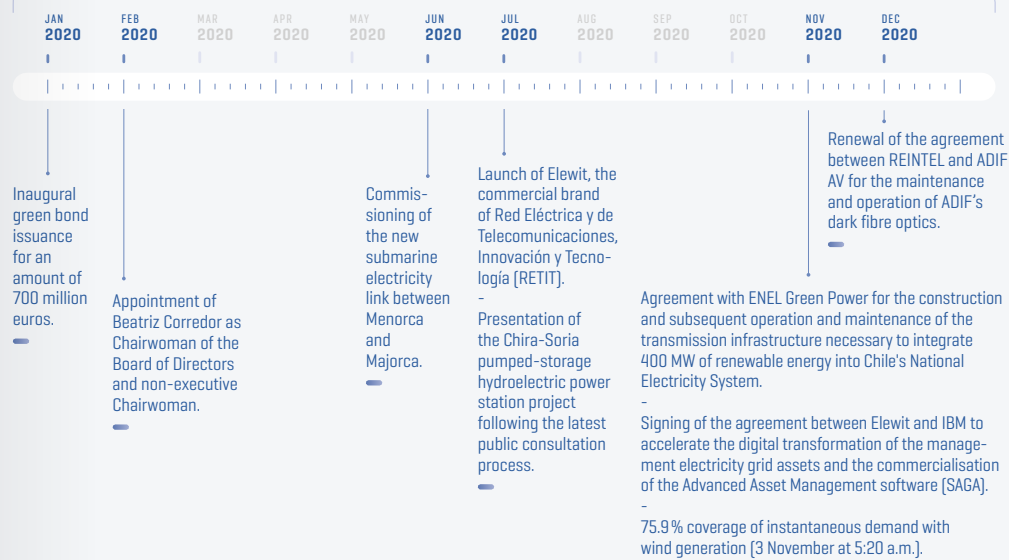
FFO/DEBT RATIO >15%

MAINTAIN STRONG CREDIT RATINGS

Dividend Policy
2021-2022 1.0 €/share

2023-2025 0.8 €/share

Significant events during 2020



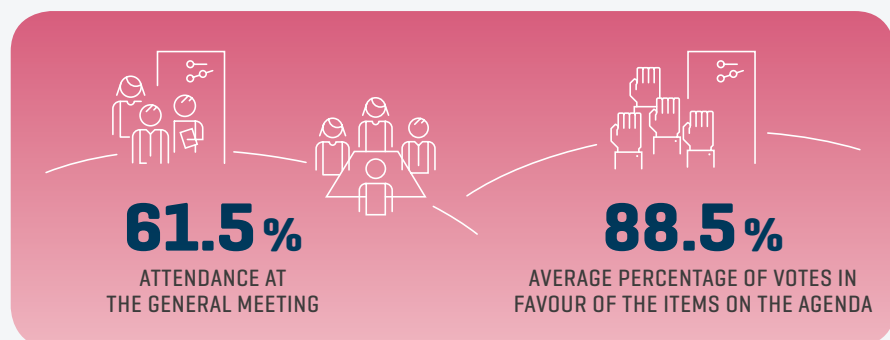


A cutting-edge corporate governance model

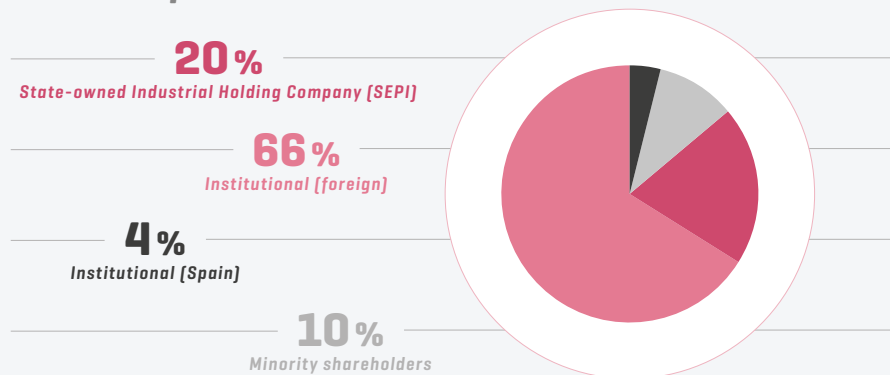
The Red Eléctrica Group has a **robust and transparent corporate governance system** that, through the adoption of best practices and international

recommendations, constitutes an essential strategic element to ensure **good governance** of the Company.

2020 General Shareholders' Meeting



Ownership structure



Board of Directors / 31 December 2020

CHAIRWOMAN **Beatriz Corredor Sierra**

CHIEF EXECUTIVE OFFICER **Roberto García Merino**

EXTERNAL NOMINEE DIRECTORS (SEPI) **Mercedes Real Rodrigálvarez**
Member of the Audit Committee

María Teresa Costa Campi
Member of the Sustainability Committee

Ricardo García Herrera
Member of the Appointments and Remuneration Committee (1)

SECRETARY OF THE BOARD OF DIRECTORS **Carlos Méndez-Trelles García**
Non-Board Director

EXTERNAL INDEPENDENT DIRECTORS

Carmen Gómez de Barreda Tous de Mansalve
Chairwoman of the Sustainability Committee and Lead Independent Director

María José García Beato
Member of the Audit Committee

Socorro Fernández Larrea
Chairwoman of the Appointments and Remuneration Committee

Antonio Gómez Ciria
Chairman of the Audit Committee

Arsenio Fernández de Mesa y Díaz del Río
Member of the Audit Committee

Alberto Carbajo Josa
Member of the Sustainability Committee

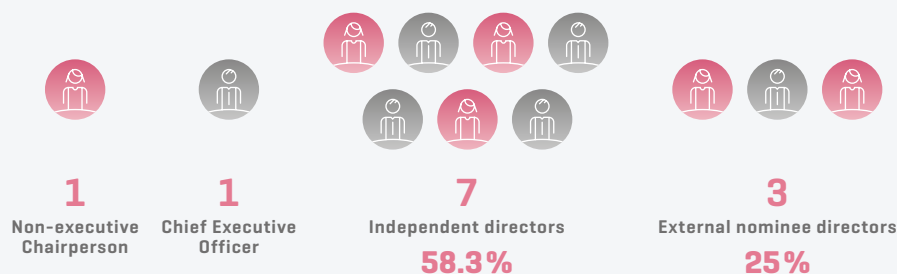
José Juan Ruiz Gómez
Member of the Appointments and Remuneration Committee

(1) On 26 January 2021, the Board of Directors agreed to appoint nominee director Ricardo García Herrera as a member of the Appointments and Remuneration Committee for a term of 3 years to fill the vacancy on said Committee.

A reduced, balanced and efficient Board of Directors

Board of Directors

12 MEMBERS



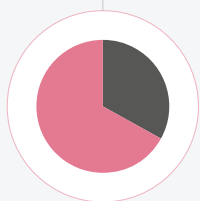
Appointments and Remuneration Committee

3 MEMBERS



CHAIRPERSON
Independent director

67%
Independent directors



33%
Other

13

Meetings

100%

Attendance at the Meetings

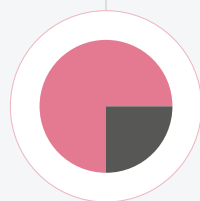
Audit Committee

4 MEMBERS



CHAIRPERSON
Independent director

75%
Independent directors



25%
Other

0.001%

Total voting rights

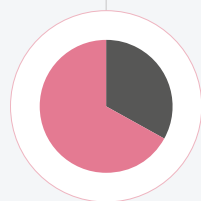
Sustainability Committee

3 MEMBERS



CHAIRPERSON
Independent director

67%
Independent directors



33%
Other

155

total attendances (in-person or virtual)

66.7%

of Board directors reappointed in the last 4 years

Diversity on the Board of Directors

/ 31 December 2020 /

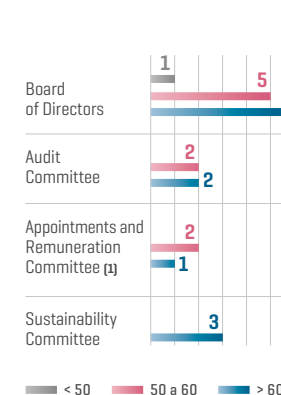
Gender

50% of the Board members are **women**.



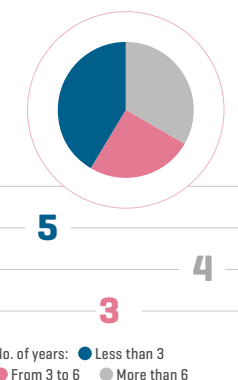
Age

The **average age** of Board members is **58.8**.



Length of service

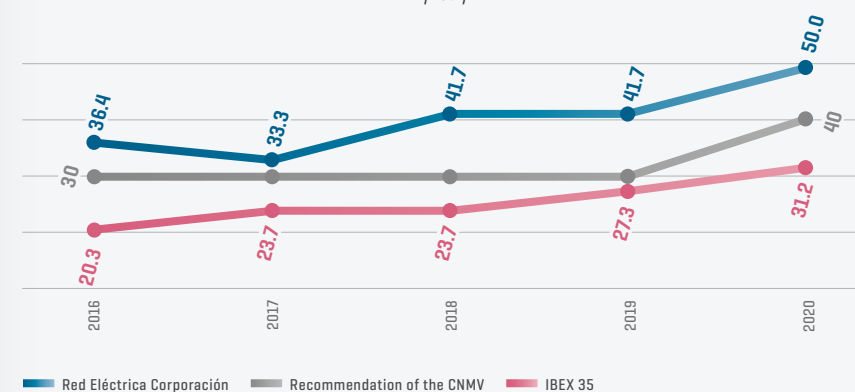
The **average term** of office for Board members is **3.5 years**.



[1] As a result of the resignation tendered on 22 December 2020 by Antonio Gómez Expósito from the position of nominee director, representing SEPI, the Appointments and Remuneration Committee, as at 31 December 2020, had two independent female directors in its composition, and there was also a vacancy for an external nominee director on this Committee.

Women on the Board. REC vs IBEX 35 (2)

/ % /



[2] Source: IBEX 35 data: 8th Report on Women in the IBEX. 'Women on the Boards of Listed Companies' Report. ATREVIA-IESE, March 2021.



Our 2030 Sustainability Commitment

The Red Eléctrica Group has taken on a firm a commitment to sustainability that is **strategic, cross-cutting in nature and with a long-term vision.**

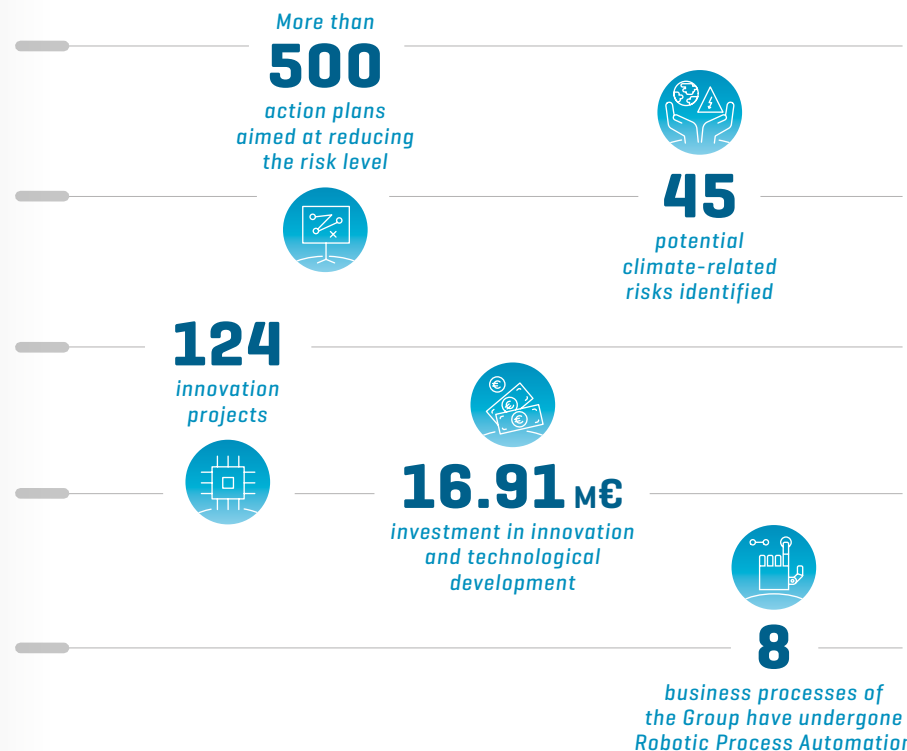
Our commitment is structured around four priorities and is **promoted by the Board of Directors and shared with stakeholders.**

1. Anticipating change and taking action

Our priority	2030 Sustainability Goals
<p>Promote a corporate culture of innovation and flexibility that allows us to identify growth opportunities and respond to the challenges of the future, anticipating and adapting both to global trends and to the regulatory environment arising from the new energy model.</p>	<ul style="list-style-type: none"> • Be a benchmark agent in the field of technology, spearheading at least 120 technological innovation initiatives that contribute to the development of the energy transition and telecommunications, making it possible for the world to be more connected, smart and sustainable. • Be a leading company in the circular economy.



Key indicators in 2020



2020 Milestones

- External assessment of the Comprehensive Risk Management System in accordance with the best practices established by COSO ERM 2017 and ISO31000:2018 standards.
- Consolidation of the climate-related risk management and reporting model in accordance with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).
- First Venture Client programme and deployment of the plan for the global commercialisation of SAGA software [Advanced Asset Management Solution]; a tool for the management of electricity grid assets.

Challenges for 2021

- Updating of the Policy and General Procedure of the Comprehensive Risk Management System.
- Maximise the value of investments in technology-based investment funds and in the capital of technology startups by streamlining and expediting the uptake of new technologies.

2. Decarbonisation of the economy

Our priority

Be a proactive agent in the energy transition towards a zero-emission model, advocating for the electrification of the economy and the efficient integration of renewable energy, through a robust and better interconnected grid, as well as through the development and operation of energy storage systems.

2030 Sustainability Goals

- Reduce our GHG emissions by more than 40% per MWh transported.
- Empower 100% of society for their active participation in the energy transition process.
- Safely integrate 100% of the available renewable energy into the electricity system, minimising the curtailment of renewable energy generation and accelerating progress towards meeting the energy transition targets.



Key indicators in 2020

383.1 M€
investment in
the transmission grid



116 km
of new line circuit and

94

new substation bays
commissioned

59.4 GW

of installed renewable
power capacity in the
national electricity system



45,5%

share of
renewable energy
in generation mix
of the peninsular
electricity
system



2020 Milestones

- The safe integration into the electricity system of new all-time record highs in wind and photovoltaic energy generation.
- Publication of the initial strategic document of the environmental assessment of the new 2021-2026 Electricity Planning, as well as the foresight studies of the electricity system with a 2030 horizon.
- Compliance with the emission reduction targets of the Climate Change Action Plan.

Challenges for 2021

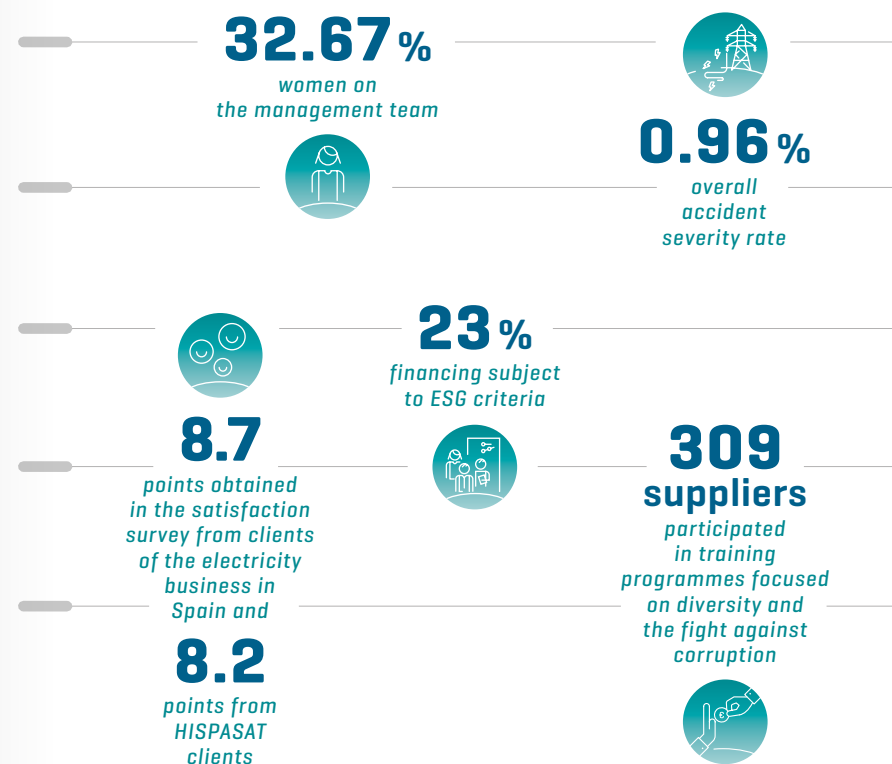
- Construction works of the Chira-Soria pumped-storage hydroelectric power station are scheduled to begin once the Environmental Impact Assessment is completed and the corresponding permits are issued by the Government of the Canary Islands.
- Design of new emission reduction targets aligned with the aim of limiting global warming to 1.5°C.

3. Responsible value chain

Our priority	2030 Sustainability Goals
<p>Extend our <i>responsibility commitment</i> to all links in the value chain, ranging from our own people to suppliers and customers, accomplishing this through the <i>creation of alliances</i> and by basing it on our corporate <i>governance and integrity model</i>.</p>	<ul style="list-style-type: none"> • Be the driving force that promotes change in the way our suppliers operate. • Be a company financed under ESG criteria by 2030.



Key indicators in 2020



2020 Milestones

- Red Eléctrica de España's inaugural green bond issuance for an amount of 700 million euros.
- Joint training programme with the United Nations Global Compact Spanish Network for suppliers regarding the fight against corruption.
- New Customer Space on the corporate website and new Service Portal for Red Eléctrica de España Customers.

Challenges for 2021

- Definition of the 2030 Biodiversity Roadmap.
- Expansion of REINTEL's portfolio of products and taking steps to make progress in the strategic lines of HISPASAT's new Strategic Plan.

4. Contribution to social, economic and environmental development

Our priority

Contribute to the **economic, environmental and social progress** of society, through the provision of a safe and essential service that is managed efficiently and which represents a key service to society. This is achieved by promoting **environmental conservation, the quality of life and social well-being** of people and involving the communities in which our facilities are located, in the execution of our activities with the aim of generating a **mutual benefit** that has a positive impact on society as a whole.

2030 Sustainability Goals

- Be a company of reference in **gender equality**: achieve parity in the executive management team by 2030.
- Be a leading company in **terms of diversity**: inclusion of groups at risk of social and labour exclusion.
- Generate a positive net impact on the **natural capital** of the areas in which our facilities are located.
- Completely eliminate the **digital divide**: promote connectivity of 100% of people located in the vicinity of our facilities.



Key indicators in 2020

48%

of the value generated earmarked for the payment of taxes



864 ha

of degraded natural spaces recovered through the Red Eléctrica Forest



60%

of the social initiatives are aligned with the business

2 ha

Posidonia seagrass meadows recovered through the Red Eléctrica Marine Forest



87%

of the agreements with landowners affected by new infrastructure projects were amicable



30 entrepreneurs

have settled in and set up businesses in rural environments



2020 Milestones

- Signing of 89 collaboration agreements with public and social entities associated with the execution of projects.
- Deployment of the first 50 satellite-based WiFi hotspots in remote regions of Brazil.
- Pastoreo en RED (livestock grazing project). Controlling the growth of vegetation by allowing livestock to graze in the electricity line safety corridors therefore incorporating technology into the animal husbandry sector.

Challenges for 2021

- Define the actions of the Company's plan for improving relationships with communities in Latin America. This process is aligned with those principles linked to socio-economic, environmental and biodiversity development and natural capital resources.
- Continue to identify projects that contribute to digitalisation and the reduction of the digital divide in rural areas.



Our contribution to the Sustainable Development Goals (SDGs)

The Red Eléctrica Group is an active agent in the achievement of the Sustainable Development Goals

through the deployment of its 2021-2025 Strategic Plan and its 2030 Sustainability Commitment.



The priority SDGs of the Red Eléctrica Group



- 59.4 GW of installed renewable power capacity in the national electricity system.
- CECRE. Pioneering control centre of worldwide reference for the integration of renewable energy.
- 44% of the energy production in the Spanish electricity system generated from renewable sources.



- 98% of permanent employment contracts.
- 75% of the students of the Advanced Technical Expert in Power Stations Degree expected to join the Group in 2021.
- Generation of work activity equivalent to 4,916 jobs in Spain, 39 in Chile and 712 in Peru, as a result of the investment made in the transmission grid in each one of the countries.



- Cumulative savings of 528 m€ for the Spanish electricity system thanks to the direct current cross-border connection between Spain and France [Santa Llogaia-Baixàs].
- Use of VDC (Virtual Design & Construction) technology in the design and construction of the Chira-Soria pumped-storage hydroelectric power station on the island of Gran Canaria.
- Commissioning of the new submarine link between Menorca and Majorca, which completes the electrical integration of the entire Balearic archipelago with the Spanish Peninsula.



- 28,065,584 tonnes of CO₂ avoided.
- Signatories of the United Nations Business Ambition for 1.5°C initiative.
- Compliance with global reduction targets with a 47% reduction in Scope 1 and 2 emissions, compared to 2015.
- Design in 2021 of new emission reduction targets aligned with the aim of limiting global warming to 1.5°C.



- 2 ha of *Posidonia oceanica* seagrass meadows restored in the Bay of Pollensa [90% survival rate of the planted fragments].
- 14 underwater ROVs facilitated for the monitoring of the seabed.
- Participation in the promotion of various educational programmes on conservation of the marine environment in collaboration with the teaching community of the Balearic Islands, the Mediterranean Institute for Advanced Studies and the Marine Interpretation Centre 'Aula de la Mar' in Majorca.



- 66.5% of the electricity lines in critical priority areas marked with bird-saving devices.
- 14 birdlife collaboration projects in force.
- 12 forest fire prevention agreements in force and 2 in the process of being renewed.

Given the nature of its activity and that of the countries in which it operates, the Red Eléctrica Group identifies the above priority SDGs. However, as a socially responsible agent, the Group undertakes to contribute to meet the global 2030 Agenda of the United Nations through its sustainability performance.



Leadership in Sustainability

The performance of the Red Eléctrica Group in terms of sustainability is subject to **continuous scrutiny** and is

positively valued and recognised by external organisations and specialised assessment agencies.

Results of the sustainability assessments

Sustainability Analysts	Scale	Results	Evolution
S&P Global	0 - 100	89	↑
Vigeo Eiris	0 - 100	67	→
FTSE Russel	0 - 5	3,8	↓
MSCI	CCC - AAA	AAA	→
ISS ESG	D- / A+	B+	→
Sustainalytics	0 - 100	90	↑
Bloomberg GEI	0 - 100	69.57	[*]
CDP Climate Change	F - A	A	↑

[*] First assessment carried out in 2020.



Presence in sustainability indexes

Member of
**Dow Jones
Sustainability Indices**
Powered by the S&P Global CSA



Other recognitions, awards and distinctions

- **SAM Silver Class distinction** due to the score achieved by the Company in the Dow Jones Sustainability Index.
- **Inclusion in the CDP Leadership Index (A list)** that recognises the efforts and the actions carried out by the Group to combat and tackle climate change.
- **12th position among the 20 best companies in Europe** according to Equileap's Gender Equality Global Report.
- **First position** in the ranking of the Tax Transparency Report regarding IBEX 35 companies, a report prepared by the Compromiso y Transparencia Foundation.
- **SERES 2020 Award for Innovation and the Social Commitment** of the Company to the #Alimentos_solidarios project (solidarity foodstuffs).
- **2020 INNOVATION + SUSTAINABILITY + NETWORK Award**, in the Large Company category, for the 'Halapueblo' project, awarded by Expansión, Bankinter, Viesgo and the IE University.
- **2020 Cegos Award with E&T** for the best practices, in the Strategy and transformation category, for the Company's 'ImpúlsoTE' project.



Our response to COVID-19

The situation derived from COVID-19 did **not have a significant impact** on the execution of the activities of the Red Eléctrica Group. However,

from the outset of the pandemic, the Company set up a steering committee that made it possible to implement a comprehensive contingency plan.



1. Guaranteeing the security of supply and the proper functioning of our infrastructure

During the state of emergency, the Red Eléctrica Group guaranteed the electricity supply to all households and essential services at all times, as well as ensuring the proper functioning of the electricity grid and telecommunications networks.



2. Caring for and protecting the health of our professionals

Remote working has been implemented for all Group employees whose activity can be done remotely. This represents 80% of the workforce both in Spain and in Latin America.



3. Heightening our commitment to digitalisation

The remote working means have been provided to employees who need them in order to perform their duties away from the office due to the COVID, while maintaining a constant focus on ensuring cyber security.



4. Actively collaborating with those groups most affected by the situation

The Company has collaborated through various actions, in both Spain and Latin America, to support those groups most affected by the health crisis and its economic and social side-effects.



5. Assessing the financial impact on the Group

The Group has been in a solid financial position to face these difficult times and has taken measures to bolster liquidity.



6. Supporting our suppliers

Ongoing communication has been carried out with those suppliers that account for 80% of contracted expenditure, identifying the health status of their employees, their capacity to restart temporarily suspended work and their overall financial situation.

GRUPO  **RED**
ELÉCTRICA

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