



Annual Management Report on the Code of Ethics and Conduct

Year 2022

April 2023

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1 Introduction

The Code of Ethics and Conduct serves as a guide for ethical behaviour for all employees of the companies belonging to Redeia, providing values, principles, and guidelines for conduct to govern their actions within the organization.

Many of these values and commitments have been in place since Redeia first published its shared values in 1987 under the title "Basic Principles of Action". In 2007, Redeia further reinforced its ethical commitment with the approval of the "Code of Ethics and Corporate Values," the launch of an ethical channel for queries and complaints, and the appointment of an Ethics Manager as the person ultimately responsible for the development, consolidation and improvement of ethics management within Redeia. The 2013 update of the Code aimed to include international best practices and to take into account the 2010 reform of the Spanish Criminal Code, which introduced the criminal liability of legal persons in Spain.

The current edition of Redeia's Code of Ethics and Conduct was approved by the Board of Directors of its parent company on 26 May 2020, with input from stakeholders and recommendations from prescriptive bodies in this area.

The Code of Ethics and Conduct applies to all employees and members of governing bodies within Redeia's companies, including those in which Redeia has a majority stake, regardless of their location or activity, in the discharge of their duties and responsibilities.

The aim of this Annual Ethics Management Report is to gather and share information on Redeia's Corporate Ethics Management System for the 2022 financial year, including the operation of the ethics and compliance channel, the initiatives undertaken, alliances formed, acknowledgements received, and measures to be taken.

2 The Ethics Manager and Stakeholder Ombudsman

To ensure the application of and compliance with the Code of Ethics and Conduct, Redeia has appointed Carlos Méndez-Trelles García, General Counsel and Non-Director Secretary of the Board of Directors, as the Ethics Manager and Stakeholder Ombudsman.

The Ethics Manager's responsibilities include:

- Resolving queries related to Redeia's Code of Ethics and Conduct.
- Handling complaints related to the application of the Code and ensuring that they are properly investigated.
- Developing action plans for the resolution of complaints, which are then submitted to Redeia's Chairwoman for approval. If the complaint concerns a member of the Executive Committee or the Board of Directors, it shall be submitted to the chairperson of the Audit Committee or, if applicable, to the Sustainability Committee, depending on the nature of the complaint.
- Creating a regular report to evaluate the effectiveness of the Ethics Management System and suggesting measures for its continuous improvement.

3 Ethics and Compliance Channel

To encourage adherence to the Code of Ethics and Conduct, we have made available an Ethics and Compliance Channel on our corporate website where stakeholders can communicate with the Ethics Manager by submitting queries, complaints, or suggestions.

This Channel should be used to:

- Seek clarification on the interpretation of ethical values, principles, and conduct guidelines laid out in the Code.
- Report any violations of the Code, legal regulations, including criminal and anti-bribery laws, internal protocols, and the organization's commitments.
- Report any instances of financial, accounting, or commercial malpractice that may be deemed irregular or non-compliant.

In addition to the above, the Ethics and Compliance Channel can also be used to:

- Submit suggestions for improving the Code of Ethics and Conduct.
- Notify any concerns or queries to other entities responsible for overseeing the organization's legal obligations and commitments.

The Ethics Manager oversees the Ethics and Compliance Channel in collaboration with the Compliance department, and its operation is governed by the Channel Management Guide.

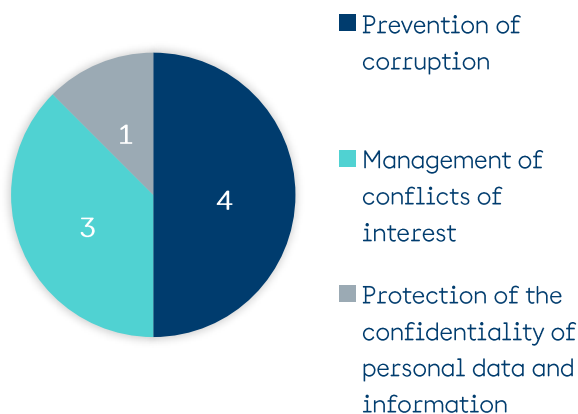
As for the system for identification and handling of non-compliance, complaints, queries and suggestions, in 2022, 8 internal stakeholders submitted queries to the Ethics Manager. All queries were resolved within ten days, in accordance with the Ethics and Compliance Channel management guidelines.

The queries received pertained to the following ethical principles:

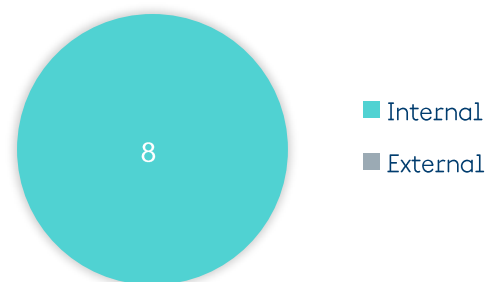
- Prevention of corruption.
- Management of conflicts of interest.
- Protection the confidentiality of personal data and information.

The attached graphs provide a breakdown of the queries submitted to the Ethics Manager in 2022 by ethical principle and stakeholder group that submitted the query.

NUMBER OF QUERIES BY ETHICAL PRINCIPLE

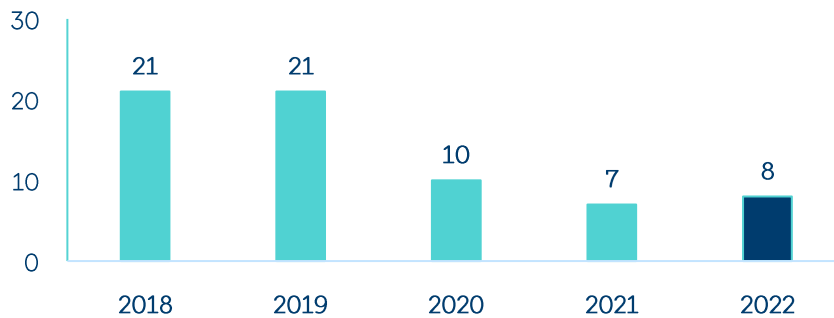


NUMBER OF QUERIES BY STAKEHOLDER



The attached graph presents the evolution of the number of queries submitted to the Ethics Manager over the past five years.

NUMBER OF QUERIES SUBMITTED TO THE ETHICS MANAGER

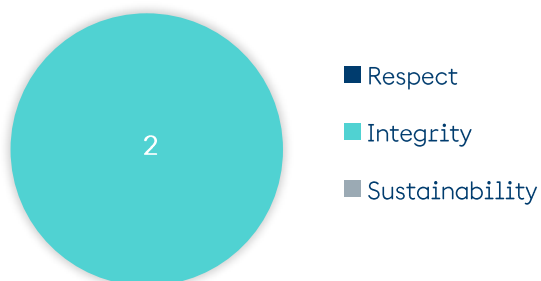


In 2022, two complaints were received regarding compliance with the Code of Ethics and Conduct. One was from an external stakeholder and the other was an anonymous complaint, the content of which is analysed below:

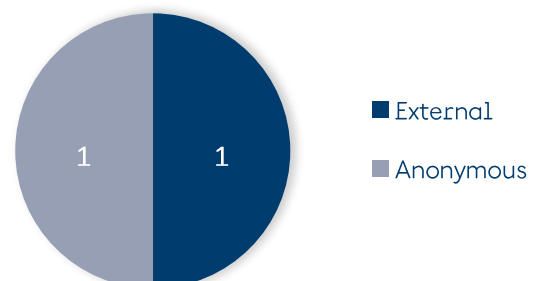
- A complaint was made by an external stakeholder of Redeia regarding the corporate value of "integrity", alleging a breach of the administrative procedure for granting authorizations relating to generation facilities by a third party. However, the case was closed because it was found that the reported facts did not constitute a violation of Redeia's Code of Ethics and Conduct.
- An anonymous complaint was received, alleging a possible irregularity in the settlement of travel expenses by certain persons within Redeia. This complaint was investigated and it was concluded that there were indications of a breach of Redeia's Code of Ethics and Conduct. Therefore, the result of the investigation was handed over to the department responsible for personnel management for the adoption of the necessary measures to rectify the situation.

The attached graphs provide a breakdown of the complaints submitted to the Ethics Manager in 2022 by ethical value and stakeholder group that submitted the complaint.

NUMBER OF COMPLAINTS BY ETHICAL VALUE

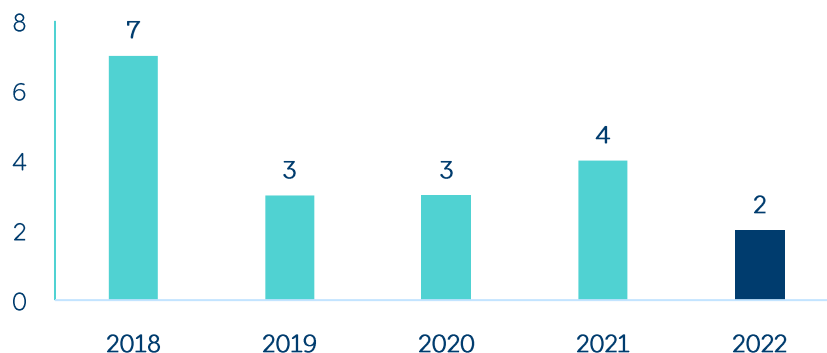


NUMBER OF COMPLAINTS BY STAKEHOLDER



The attached graph presents the evolution of the number of complaints submitted to the Ethics Manager over the past five years.

NUMBER OF COMPLAINTS SUBMITTED TO THE ETHICS MANAGER



In addition to other responsibilities, the Ethics Manager is tasked with transferring complaints that may pose criminal risks to Redeia companies so that Redeia's Criminal and Anti-Bribery Compliance Committee, of which the Ethics Manager is a member, can evaluate such complaints and initiate investigations for its clarification if necessary.

In 2022, as in previous years, the Ethics Manager did not receive any complaints about non-compliance related to criminal risks, and none of Redeia's companies were investigated or convicted by any court for any criminal violations.

Moreover, in 2022, Redeia took steps to enhance the accessibility and visibility of the Ethics and Compliance Channel by its stakeholders on its corporate website. This involved updating the specific section on the channel and implementing regular internal communication initiatives.

4 Ethics and Compliance Culture

In order to promote a culture of ethics and compliance, awareness, training, and sensitization are essential. These must be tailored to the needs and responsibilities of the functional areas and departments affected within Redeia.

During 2022, the Annual Compliance Culture Awareness and Training Plan was developed, which included a continuation of Redeia's e-learning course on ethics and compliance. This course covers the ethical values, principles, and guidelines of the Code of Ethics and Conduct, as well as the principles of Redeia's Compliance Policy. Through this training, Redeia provides its professionals with the necessary tools to handle possible risk situations during the discharge of their duties and responsibilities and raises awareness of the available means to notify any ethics and compliance issues.

Also noteworthy is the regular publication of interactive newsletters aimed at Redeia employees on the principles and guidelines for conduct of the Code of Ethics and Conduct, which enable the company's professionals to strengthen and consolidate their culture in the area of ethics and compliance.

At the end of the 2022 financial year, 86% of Redeia employees had successfully completed the course, which is part of the onboarding plan for new recruits to the company.

Perception of Ethics and Compliance.

In 2022, a survey was conducted by the company to assess Redeia employees' perception, knowledge, and use of the Ethics and Compliance Channel. Of the participating employees (40% of the total), 97% stated that they were aware of the existence of the Ethics and Compliance Channel.

The workplace environment survey, aimed at all Redeia employees, is an effective tool for measuring the implementation of ethical values within the organisation. The survey includes 6 questions related to the ethics and compliance culture:

- The 3 questions in the 'Leadership' section assess the behaviour of the management team in relation to ethical values ("My manager consistently demonstrates coherence, honesty, and transparency while conducting their duties with professionalism and fulfilling the commitments acquired", "My manager creates value with our stakeholders by acting with responsibility and excellence, and seeking social development and environmental improvement" and "My manager shows respect by treating people with due dignity").
- The 2 questions in the 'My Company' section address the ethical culture of the organisation and its members ("I am aware of the appropriate response to take if I ever witness unethical behaviour in the workplace" and "Redeia promotes ethical conduct and compliance among individuals within the organisation").
- The 1 question in the 'RSC' section assesses the organisation's overall performance ("I believe that Redeia acts in a sustainable, ethical and responsible manner").

The results of the latest workplace environment survey, presented in 2022, showed progress and consolidation in this area, with an average improvement of 12% and a participation level of 87%.

Within the stakeholder management model, Redeia carries out perception studies to ensure knowledge and discussion of stakeholder requirements and expectations, in line with best practices.

These studies assess the company's reputation, including issues related to ethics and compliance. In 2022, Redeia obtained a rating of 8.3 out of 10, the highest score among all of the company's reputation levers and an improvement from the previous year's rating of 8.2.

5 Supplier Code of Conduct

Redeia has a specific Code of Conduct for suppliers in place, which highlights the importance of monitoring respect for human rights and compliance with occupational safety and environmental requirements by suppliers in the development of products or services required by the company, whether they are carried out directly or through other companies.

In 2020, Redeia reviewed and updated its Supplier Code of Conduct to align it with the newly approved Code of Ethics and Conduct.

The company provides its stakeholders with the ethics and compliance channel, among other means, so that they can report any breaches of the Code of Conduct by its suppliers while ensuring confidentiality.

During 2022, Redeia conducted social audits of 64 suppliers to ensure their compliance with the Supplier Code of Conduct. As a result of the audits, 29 action plans have been agreed with 16 suppliers, so that supplier development can be monitored and improvements recorded. The results of these audits and their findings are shared internally, placing special emphasis on the detection of major non-compliances.

6 Integrity and Transparency

The Code of Ethics and Conduct and the corresponding system for managing queries and complaints, which include aspects regarding the fight against corruption, is an effective tool for detecting and dealing with potential cases of corruption and fraud. All of Redeia's governing bodies, managers, and employees must abide by the Code of Ethics and Conduct, and the company's suppliers are required to follow the Supplier Code of Conduct.

Review and Update of the Guide for the Prevention of Corruption and Fraud.

To reinforce Redeia's commitment to preventing corruption, bribery, and facilitation payments, the Board of Directors of its parent company approved the "Guide for the Prevention of Corruption: Zero Tolerance" in 2015, which is a key element of Redeia's integrity model. This guide provides a framework for all employees of Redeia and its companies to prevent corruption, and it sets out the commitments and criteria for action that should guide their professional activity. Its purpose is to provide Redeia members with an analysis of the circumstances and risks they face in terms of corruption, as well as to raise awareness of the criteria and instruments available to the company for its eradication.

In 2022, the Guide for the Prevention of Corruption: Zero Tolerance was reviewed and updated with the assistance of Transparency International, taking into account best practices and international standards such as ISO 37001.

The updated guide expands its scope to cover (internal) fraud and is aligned with Redeia's Code of Ethics and Conduct and Compliance Policy. The proposal to update the guide was validated by the Criminal and Anti-Bribery Compliance Committee and by Redeia's Executive Committee before it was approved by the Board of Directors of Redeia's parent company, Red Eléctrica Corporación, S.A., on January 31, 2023, and acknowledged by the governing bodies of Redeia's subsidiaries.

Renewal of the UNE 19601 certification on Management Systems for Criminal Compliance and ISO 37001 on Anti-bribery Management Systems.

An internal audit was conducted in 2022 to monitor the criminal and anti-bribery Compliance System of Redeia's parent company, Red Eléctrica Corporación, and Red Eléctrica de España, to ensure compliance with the UNE 19601 and ISO 37001 standards.

Additionally, the companies underwent an external audit by AENOR to renew their certification for these standards, which verified the conformity and effectiveness of their criminal and anti-bribery Compliance Systems.

During the past financial year, no complaints regarding possible cases of corruption were registered through the ethics channel. Moreover, as in previous years, no Redeia company was investigated or convicted by any court of law for non-compliance related to corruption cases.

7 Recognitions and Alliances

The following external recognitions should be noted in 2022:

- Redeia was a leader in the business ethics criterion of the Dow Jones Sustainability Index for the third consecutive year, obtaining the highest score (100 points) in this area.
- The company also led in the corruption prevention criterion according to Moody's ESG performance report, achieving the highest score (87 out of 100 points) in this area within its industry.
- Rating agency Standard & Poor's awarded a "strong" rating (level 4 out of 5) to Redeia's "Code and values" area in its assessment report on the company's ESG performance.

Additionally, Redeia was a finalist in two categories of the Compliance Expansión 2022 Awards:

- "Ibex company with best practices in compliance 2022".
- "Best ethical initiative in compliance issues."

Redeia's active participation in initiatives to promote business ethics is also noteworthy. The company is a premium member of the NGO Transparency International Spain's Corporate Integrity Forum, which brings together large companies committed to promoting and developing a corporate culture based on compliance, integrity, and transparency. It provides a valuable space for reflection, analysis, and debate among its members, which exchange insights, knowledge, and experiences in areas related to regulatory compliance, corruption prevention, corporate transparency, and good practices. The ultimate goal is to collaborate in the continuous improvement of its members' integrity models.

Redeia is also a member of the Spanish Compliance Association (ASCOM) and forms part of the group of large companies that make up Forética's Transparency, Good Governance, and Integrity Cluster.

8 Key Measures to Promote in 2023

The following are the relevant issues on which progress is being made or that are being analysed in the area of ethics and compliance management:

- **Diagnosis of Redeia's Ethics and Compliance Channel and design and implementation of an internal investigations protocol.**
The aim of this measure is to conduct a diagnosis of Redeia's ethics and compliance channel to ensure compliance with Law 2/2023, of 20 February, which regulates the protection of whistleblowers and the fight against corruption (also known as the "Whistleblower Protection Act") and with best practices, as well as to design and implement a protocol for internal investigations related to the ethics and compliance channel.
- **Communication and dissemination of the "Guide for the Prevention of Corruption and Fraud: Zero Tolerance."**
The aim of this measure is to promote communication and dissemination of the "Guide for the Prevention of Corruption and Fraud: Zero Tolerance" in order to increase awareness and sensitivity towards these issues and promote the development of a strong compliance culture within Redeia.
- **Formulation of a Code of Conduct specifically aimed at business partners with whom Redeia plans to establish commercial relationships.**
The aim of this measure is to implement a Code of Conduct for business partners with whom Redeia plans to establish commercial relationships.

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Valuing the essentials