

2022 Sustainability Report

redeia

Valuing the essentials

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Value creation of Redeia's business model / 2-6 / 2-7 / 405-1

Our resources

INFRASTRUCTURE

52,607 km of line circuit in service
45,019 km in Spain
7,588 km in LATAM
6,214 substation bays
94,221 MVA of transformer capacity
52,956 km of fibre optic network
9 satellites in operation
3 satellite control centres
2 electricity control centres

CORPORATE GOVERNANCE

92.8 % Average percentage of votes in favour of the items on the agenda of the General Shareholders' Meeting
58.3 % Independent Board Members
12 Board Members
50 % Women on the Board

FINANCIAL RESOURCES

2,015 M€ revenue
1,032 M€ investment
3,087 companies that work with the group under the Company's General Conditions of Contract

HUMAN RESOURCES

2,420 employees in the group
1,517 € investment in training per employee
36 hours of training per employees

INNOVATION

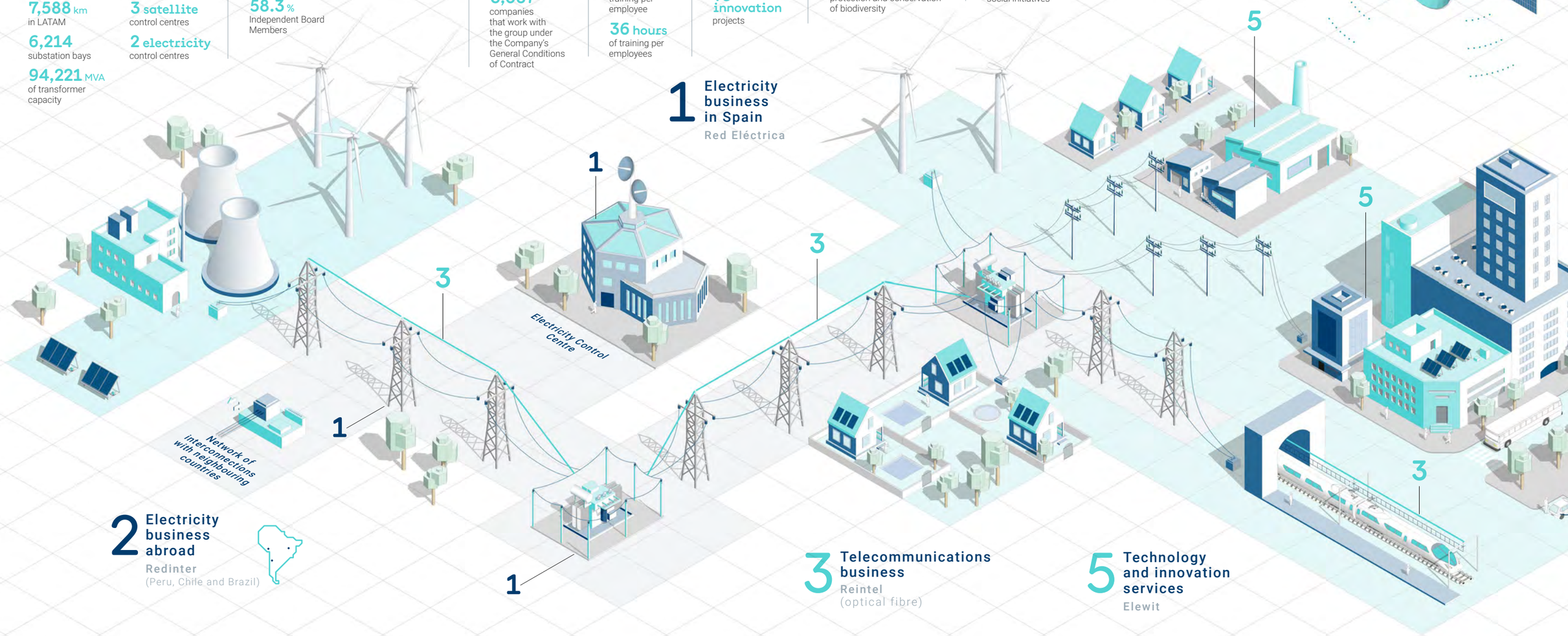
31.3 M€ total investment in innovation and technological development
79 innovation projects

ENVIRONMENT

29.8 M€ allocated to environmental matters
43 initiatives geared towards the protection and conservation of biodiversity

SOCIETY

10.6 M€ investment in the communities where the group is present
592 social initiatives



1 Electricity business in Spain
Red Eléctrica

2 Electricity business abroad
Redinter
(Peru, Chile and Brazil)

3 Telecommunications business
Reintel
(optical fibre)

4 Telecommunications business
Hispasat (satellites)

5 Technology and innovation services
Elewit

Value created

SHAREHOLDERS AND INVESTORS

544 M€ dividends distributed
8,798 M€ capitalisation

EMPLOYEES

211 M€ personnel costs
99.2 % permanent contracts
35.3 % women in the management team
46 % women on the executive committee
0.25 Occupational accident frequency rate

CUSTOMERS

98.53 % availability rate of the electricity grid on the Spanish peninsula
99.89 % availability rate of the transmission system managed in Peru
99.89 % availability rate of the transmission system managed in Chile (TEN)
99.98 % availability of the satellite fleet payload

SUPPLIERS

879 M€ in purchases of goods and services
92.3 % purchases from suppliers within the European Union

ENVIRONMENT

34,957,635 tonnes of CO_2 eq. avoided
43.7 % of the electricity mix in the mainland electricity system was obtained from renewable sources
70.1 % of electricity line in critical priority zones marked with bird-saving devices

SOCIETY

419.8 M€ GDP contribution as a result of investments made in Spain
USD **30.5** M & USD **10.1** M GDP contribution as a result of investments made in Chile and Peru respectively
966 M€ Total Tax Contribution for the year

Letter from the Chairwoman and from the CEO

2-22

Beatriz Corredor Sierra
Chairwoman of Redeia

Roberto García Merino
Chief Executive Officer



We live in a context marked by global challenges such as the climate emergency, progressive de-globalisation, increasing inequalities and the demographic challenge, among others, which in 2022 were joined by the terrible consequences of the war in Ukraine, which, on the other hand, has shown that the **energy transition is now more necessary than ever**.

Spain is facing up to this reality with a tremendous capacity to react and show leadership. A foretaste of this was the approval in March 2022 of the **Transmission Grid Planning for 2021-2026**, whose implementation is binding for our company, which will

enable us to achieve a 67 % share of renewable energy in the national generation mix by 2026, thus setting the stage for a cleaner, more connected and socially and territorially cohesive country.

These same objectives are embedded in Redeia's 2021-2025 Strategic Plan and its Commitment to Sustainability for 2030. To this end, we would like to highlight the approval by the Board of Directors in 2022 of the new **Sustainability Plan for 2023-2025**. This Plan is based on 14 courses of action, 190 measures and 87 objectives, which ensures responsible business management and will allow us to continue to make progress in the group's sustainability priorities, with the ultimate aim of enhancing the creation of shared value with our stakeholders.

2022 was a year of significant achievements that we would also like to highlight:

- Relevant progress in the development of interconnections between electricity systems, highlighting the commissioning of the Lanzarote-Fuerteventura subsea link, the start of the final phase of the permitting process for the electricity interconnection with France across the Bay of Biscay, the granting of a favourable environmental impact statement for the Spain-Portugal North electricity interconnection, the presentation of the Peninsula-Ceuta interconnection project and the declaration of general interest by the government of the Canary Islands regarding the Tenerife-La Gomera subsea link.

- A major effort was made regarding the transmission grid development, with 448.8 million euros of investment earmarked for the commissioning of 326 km of new line circuit and 109 new substation bays, in addition to increasing transformer capacity by 725 MVA.



The new 2023-2025 Sustainability Plan will maximise Redeia's contribution to sustainable development, through responsible management that showcases the value of the cross-cutting nature of the Company's activities and its external alliances and will help consolidate the group as a global benchmark in sustainability matters.

- Commencement of works regarding the Salto de Chira pumped-storage hydroelectric power station in Gran Canaria, as the first major energy storage system in the Canary Islands, that will provide greater security of supply and will help increase the integration of renewable energy.

  In the development and execution of these projects, we have initiated a new dynamic approach to obtain what is known as a social licence to operate (SLO). This involves always working hand in hand with the stakeholders within the territory in which we deploy our facilities; listening to the needs and concerns of the local community, its representatives and institutions, to design the infrastructure best adapted to the socio-economic reality of the territory in order to improve the well-being of its citizens.

- Increase our presence in Brazil through the company's participation in the capital related to five electricity transmission concession contracts awarded to Argo Energía, which are in commercial operation and involve 2,416 km of 500 kV and 230 kV transmission lines and 20 substations.

- Implementation of four pilot innovation projects led by Red Eléctrica, Elewit and Hispasat, to analyse the use of 5G in the management of electricity infrastructure in order to optimise its management and to improve remote visual inspection of high-voltage electricity facilities.

- Acquisition by Hispasat of the company called Axess Networks Solutions Holding, with the aim of giving Hispasat a greater presence in the value chain of services managed by satellite in those markets it targets, thus ensuring a closer relationship with its clients, an improved capacity for adaptation and a more rapid evolution of its services portfolio.

- Approval of two key commitments in environmental matters. On the one hand, the formalisation of the explicit commitment to protect flora and combat deforestation in the execution of our activities and those of our supply chain and, on the other hand, as of 2023, the commitment that all those Scope 1 emissions that the company are unable to reduce will be offset as of 2023.

- Consolidation of Redeia at the forefront of gender equality, as it is a company that has achieved parity on its Board of Directors, and that will continue to increase the percentage of women in its management team. It should be noted that Redeia is currently one of only three companies in the IBEX 35 chaired by a woman.

- Deployment of our new social innovation approach that seeks to contribute, through innovative projects and in alliance with the third sector, local agents and other companies, to reduce territorial, digital, gender and intergenerational inequalities, especially in rural areas. An example of this new focus is the RedeSTEAM competition, included within the framework of the 'STEAM Alliance for Female Talent. Girls on a scientific footing', an initiative of the Ministry of Education and Professional Vocational Training, which was launched this year to promote the study of scientific and technological disciplines among girls in the 3rd year of secondary school studies.

- Our ***'Pastoreo en RED'*** (livestock grazing) project has been recognised as a Nature-based Solution according to the International Union for Conservation of Nature (IUCN) standard and has received a special mention from the European Commission jury in the Good Practice of the Year 2021 awards organised by the Renewables Grid Initiative.



In 2022, we launched our new corporate identity and repositioned our brand through the new slogan, 'valuing the essentials', with the aim of clearly and distinctly conveying the new reality of our company: we are a global operator of essential infrastructure for society.

- Redeia was awarded with the EFQM 700+ Seal by the Excellence in Management Club, making us one of the four Spanish companies to be granted this highest level of recognition, which highlights Redeia's focus on excellence, innovation and sustainability in its strategy, as well as its deployment of the Company's governance model based on transparency.

- Leadership in transparency, for the third consecutive year, in terms of tax responsibility, obtaining the tax transparency seal in the *'t*** de transparente'* modality awarded by the Haz Foundation which analyses the transparency of the voluntary tax information provided by IBEX 35 companies.

- Holding of the 2022 Sustainability Conference sessions under the title 'Accelerating recovery through ESG'. The conference was a forum for reflection and high-level debate on how companies can contribute to the recovery, taking into account environmental, social and governance aspects.

- We maintain our presence in the most prestigious sustainability indexes, such as the Dow Jones Sustainability Index, Euronext Vigeo, MSCI and the Bloomberg Gender Equality Index, among others, which recognise the excellence of our management and our commitment to transparency and accountability.

We would also like to highlight that, in 2022, we launched our **new corporate identity and repositioned our brand through the new slogan, 'valuing the essentials'**, with the aim of clearly and distinctly conveying the new reality of our company. We are a solid and diversified group, and through our five subsidiary companies: Red Eléctrica, Reintel, Hispasat, Redinter and Elewit we are a benchmark in the energy and telecommunications sectors. Through these companies, we seek to drive the green transition and boost universal connectivity, showcasing our firm commitment to sustainability and contributing to social and territorial cohesion.

These achievements are only possible thanks to the talent and human qualities of all the people who make up Redeia, with a Board of Directors that is fully immersed in the day-to-day running of our company and that guarantees and protects the long-term profitability and sustainability of the group. Together we will continue to promote the hallmarks that have characterised us since the company was founded - neutrality, independence and a vocation to serve society - and guided by a business model whose pillars are the guarantee of the electricity supply, connectivity, sustainability and innovation.

A benchmark report at the forefront of reporting standards



ABOUT THIS REPORT

Redeia's Sustainability Report offers transparent, reliable and balanced information on the Company's management and performance during 2022, focusing on those aspects identified as material issues. **/ 2-3**

This focus on quality, rigour and transparency in the Company's yearly communication with stakeholders regarding the progress made in the implementation of the 10 Principles of the United Nations Global Compact in the areas of human rights, labour standards, the natural environment and the fight against corruption and in support of the Sustainable Development Goals (SDGs), has enabled the Company to reach the 'Advanced-level' reporting status, the highest qualification awarded by the United Nations Global Compact.

Redeia's Sustainability Report **was ranked fourth in the 2022 *Reporta* Report.** Redeia is the only company in its sector that has managed to remain in the top five positions of this ranking for the last four years.

The quality, rigour and transparency of Redeia's Sustainability Report are recognised by stakeholders, who consider it a benchmark report in Spain.



Reporting framework

Redeia has published the 19th Edition of this Report, which since 2003 has been prepared in accordance with the **Global Reporting Initiative (GRI)** Guidelines (within its comprehensive option) and includes the additional information applicable and required in the **Electric Utilities** sector supplement.

Since 2019, Redeia has incorporated the information in accordance with the **Sustainability Accounting Standards Board (SASB)** reporting standard and integrates the recommendations of the **Task Force on Climate-related Financial Disclosures (TCFD),** created by the Financial Stability Board (FSB) and the requirements of the Cli**mate Disclosure Standards Board (CDSB)** framework on environmental and climate change reporting.

The Annexes section of this Report includes a table of contents concerning GRI, SASB, TCFD and CDBS reporting standards.

This report responds to Recommendation 55 of the Good Governance Code of Listed Companies of the National Securities Market Commission (CNMV) and also includes aspects defined by the International Integrated Reporting Council (IIRC) for the drafting of comprehensive reports.



In 2019, Redeia became the first company in the IBEX 35 to incorporate the Sustainability Accounting Standards Board (SASB) reporting standard in its annual sustainability report.



Scope, content and assurance

Redeia's Sustainability Report contains relevant information on the management approach, actions, and results of the group's activities. The shareholding structure of the group is described in the Consolidated Annual Accounts Report and the group's governance structure is detailed in the 'Redeia' section of this report **/ 2-1**. If and when the information reported does not cover the full scope desired, the corresponding chapter of this report can provide more in-depth data. **/ 2-2**

In order to assess the evolution of the performance of the group over time, the report provides data from previous years. Regarding previous reports, no relevant information has been reformulated, although it is possible that data has been updated or that the calculation formula for a specific indicator has changed, in which case, the changes are indicated in the corresponding section. **/ 2-4**

To verify and guarantee the reliability of information to be presented to the various stakeholders, Redeia has submitted this report to external assurance by Ernst & Young, who conducted a limited assurance review. Said independent review report is included in the Annexes section of this document. **/ 2-5**

To our readers

Redeia invites the readers of this report to explore in greater detail the information about the Company's management and performance via the data published on its corporate website or through Redeia's Annual Corporate Governance Report and the Consolidated Annual Accounts, which include the Management Report regarding the group's businesses and its Non-Financial Information Statement, which responds to the requirements of Law 11/2018, of 28 December, on disclosure of non-financial and diversity information.

Redeia welcomes opinions on this report. Please feel free to share your comments and suggestions with us through the available channels. **/ 2-3**

CORPORATE WEBSITES
www.redeia.com/en
www.ree.es/en
www.redinter.company/en
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Materiality

3-1 / 3-2 / 3-3



In 2022, to move forward with the 2030 Sustainability Commitment and define its 2023-2025 Sustainability Plan, Redeia carried out an update of its Materiality study with the aim of identifying the relevant materiality aspects and incorporating the new **double-materiality** approach.

The methodological focus applied in the 2022 Materiality Study revolves around the double-materiality approach in order to identify the sustainability issues relevant to Redeia, which affect its value proposition, results, situation and evolution (outside-in perspective) and which have an impact on people, society and the environment (inside-out perspective).



The materiality study, reviewed yearly prior to its publication in this report, stems from an analysis of the group's sustainability context that enables the Company to have a global vision of the environment in which the organization operates, with a view to reviewing the sustainability planning for the 2023-2025 period. The context is prepared taking into account all the business activities and geographical areas in which Redeia operates.

The sustainability context includes an analysis of trends, which define and/or will define the global, sectoral and geographical sustainability framework in which the group operates; the identification of good practices to ascertain the degree of maturity of the group's sustainability performance with regard to other comparable benchmark companies; and the analysis of internal information, the aim of which is to identify stakeholder requirements and expectations and relevant aspects for their integration into corporate commitments and planning. It should also be noted that the development of this study involved the active participation of the group's stakeholders to determine their requirements and expectations. In this regard, strategic interviews were conducted with members of the group's management and technical staff from key areas, as well as with representatives of external stakeholders, to understand the internal and external perspectives in relation to the sustainability challenges, risks and opportunities facing Redeia. Specifically, the 2022 sustainability context involved representatives of the following stakeholder

groups: business partners, suppliers, research and technological development centres, social agents and associations, environmental groups, consumer and end-consumer associations, rating agencies, the media, industry associations, professional and business organisations and associations, companies in the sector and competitor companies.

The solution provided in this analysis has been designed taking into account the recommendations of the leading international sustainability opinion generators, including the Corporate Sustainability Reporting Directive (EU) 2022/2464, IQNet SR10 for Social Responsibility Management Systems, ISO 26000 Social Responsibility Guidelines, Global Reporting Initiative (GRI), RobecoSAM, SASB (sector materiality map) and AA1000AS Assurance Standard (principle of materiality).

This analysis led to the identification of a total of **13 relevant issues.** The results of this analysis are shared with all Redeia areas in order to be taken into account in all company processes.

Drafting process of the Materiality Study

Context from an organisational standpoint

To identify economic, environmental, human rights and other sustainability issues, the company conducts the following analyses:

- Trend analysis.
- Sectoral benchmarking.
- Analysis of stakeholder needs and expectations through strategic interviews with the management team and technicians from key areas and interviews with representatives of external stakeholders.
- Analysis of internal information.

Identification of real and potential impacts

- Identification and assessment of real and potential negative impacts caused or contributed to by Redeia as a result of its activities, as well as those directly linked to its operations, and of real and potential positive impacts, with which the organisation contributes or could contribute to sustainable development through its business activities.

Prioritisation of impacts

- The importance of a potential negative impact is determined by its severity and likelihood of occurrence. The importance of a potential positive impact is determined by its scale, scope, and possibility of it happening.
- The prioritisation matrix provides a two-fold analysis of the issues: the impact on the group, according to how they affect Redeia's value proposition, results, situation and evolution (outside-in perspective) and the impact on people, society and the environment (inside-out perspective).

Evaluation and validation of materiality issues

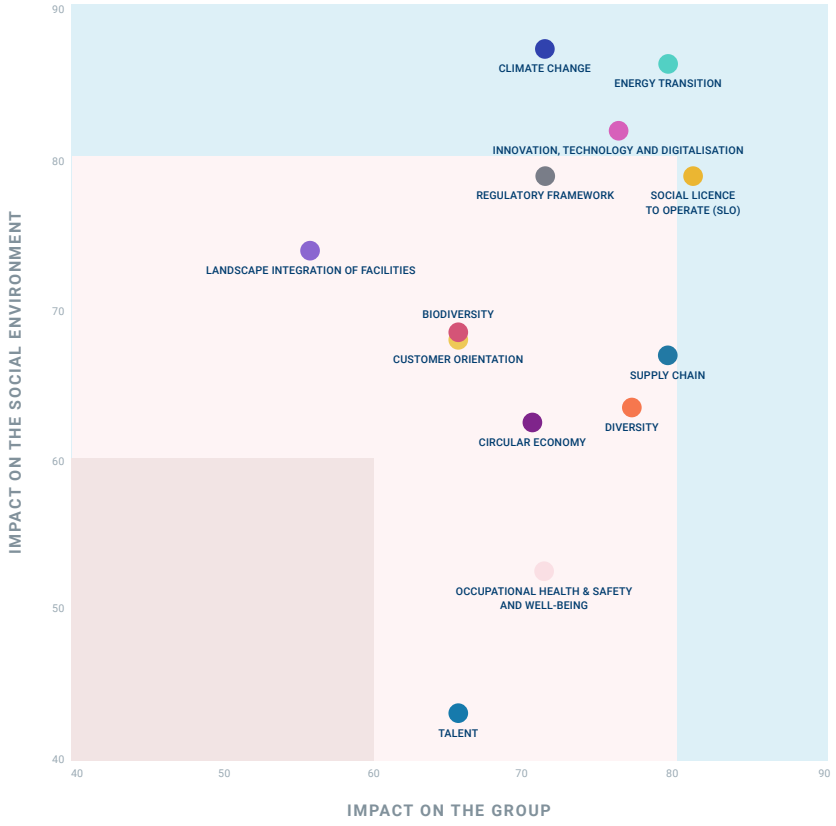
- The validation phase involved the participation of key areas of Redeia. The results of the previous phases were evaluated with each of the areas and the opportunities associated with each of the material issues were identified, as well as their impact on the 2021-2025 Strategic Plan and their link to the Sustainable Development Goals.
- The 2022 Materiality Study has been supervised and validated by Redeia's Executive Committee and Board of Directors.



PRIORITISATION MATRIX OF RELEVANT ISSUES

It is worth noting that, compared to the previous Materiality Study conducted in 2019, there are fewer relevant issues (16 issues in 2019). This shows that the group has evolved to a higher level of maturity in its sustainability management, which allows it to sift through and focus on those issues that are truly relevant to the achievement of its strategic goals.

Prioritisation matrix of relevant issues / 3-2



Average/Medium priority
High priority
Critical priority

Prioritisation of issues

CRITICAL

1 Energy transition
2 Innovation, technology and digitalisation
3 Social Licence to Operate (SLO) (•)
4 Climate change

HIGH

5 Regulatory framework (•)
6 Supply Chain
7 Diversity
8 Biodiversity
9 Customer orientation
10 Circular economy
11 Landscape integration of facilities (•)
12 Occupational health & safety and well-being
13 Talent

(•) New materiality issue with respect to the matrix of 2019.

Materiality issues: Description and impact / 3-3

Issues	Materiality consideration	Section in this Report	Priority GRI Indicators	Sustainable Development Goal (SDGs)	Impact +	Impact −
Energy transition	Redeia is a key player in a green transition that is fair through the integration of renewable energy into the electricity system, developing the necessary infrastructure for electricity transmission, interconnection and energy storage. It also participates in the development of new innovative technologies to increase the capacity and security of the operation of the new energy model, which is much more dynamic and with new challenges: greater volatility of renewable generation compared to traditional generation, increasingly open participation with the emergence of new agents and a strong increase in the electrification of the economy and, therefore, demand.	*Climate Change and the Energy Transition* *Sustainable Development of the Transmission Grid* *Integration of Renewable Energy* *Flexibility of the Electricity System*	**3-3 / 201-2 / EU4 / EU10 / EU12**		•	•
Innovation, technology and digitalisation	The evolution of Redeia's business activities requires innovation processes and the development and application of technologies to obtain efficiencies and improvements in business operations in order to guarantee the services it offers. The company's innovation model must respond to these needs, including not only the development of new solutions, but also the monitoring and adaptation of appropriate innovations and technologies.	*Transformation: Culture, Digital and Technological Innovation* *Comprehensive corporate security*	GRI Standards do not include indicators linked to this issue		•	•
Social licence	In order to achieve the group's objectives, it is essential to obtain a social licence to operate through a value-creation narrative that publicises the commitments and benefits that the company generates for society (positive footprint), with a special focus on the communities and territories in which the group operates. To this end, it is necessary to listen to the needs of the stakeholders and the characteristics of the territories, facilitating participation and consultation mechanisms, responding transparently to the information requested and, through social innovation, support pertinent social development and environmental protection projects.	*Socio-economic Contribution of the Company's Activities* *Social Development within the Territory* *Relationship with the Social Environment*	**3-3 / 2-28 / 201-1 / 204-1 / 401-1 / 2-12 / 2-29 / 413-1 / 413-2**		•	•

Continued on next page

Materiality issues: Description and impact / 3-3

Issues	Materiality consideration	Section in this Report	Priority GRI Indicators	Sustainable Development Goal (SDGs)	Impact +	Impact −
Climate change	Meeting the goal of limiting the temperature increase to 1.5 °C is only possible through the development of ambitious climate change strategies that foster a commitment to carbon neutrality. To this end, it is essential to adopt a proactive stance in mitigating the problem, integrating the development of major projects for the reduction and offsetting of emissions in scopes 1, 2 and 3, as well as the achievement of the reduction targets established, and adaptation to the adverse effects of climate change, through the assessment of the existing risks that may have an impact on the facilities in order to anticipate and establish preventive measures.	*Trends and opportunities* *Risk Management* *Climate Change and the Energy Transition* *Reduction of the Carbon Footprint*	**2-28 / 3-3 / 201-2 / 302 / 305 / EU12**		•	•
Regulatory framework	Redeia carries out its business activities in sectors and environments that are subject to regulation. Currently, there is a strong regulatory drive that affects not only the group's operations but also its strategic decisions. It is essential to identify and swiftly apply changes, as well as to participate in regulatory development, contributing to the group's knowledge and experience to ensure that the changes are appropriate to current requirements and favourable to the sustainability of the business. In line with this, it is essential that the remuneration of the energy transmission activity incorporates the ESG requirements demanded by society.	*The cross-cutting nature of this issue means that it is referred to throughout the various chapters of this report*	GRI Standards do not include indicators linked to this issue		•	•
Supply chain	The globalisation of procurement processes has been strongly affected in recent years by various events that have highlighted the vulnerability of supply chains and the importance of supply chain risk management. In this context, it is key for Redeia to prioritise the integration of ESG criteria in procurement management and decision-making, as well as the extension of commitments based on such criteria to all links of the supply chain, through the creation of alliances and the consolidation of a responsible procurement management model.	*Supply Chain*	**2-6 / 2-8 / 3-3 / 204-1 / 205-2 / 205-3 / 302-2 / 306-1 / 306-2 / 308 / 403 / 407-1 / 408 / 409 / 414 / EU17 / EU18**		•	•

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Materiality issues: Description and impact / 3-3

Issues	Materiality consideration	Section in this Report	Priority GRI Indicators	Sustainable Development Goal (SDGs)	Impact +	Impact −
Diversity	Diversity has been consolidated in Redeia as a clear source of wealth. The group has a strong commitment to equal opportunities, respect for differences and non-discrimination, working both on gender equality and on every element of diversity. In this regard, the company must continue to set increasingly ambitious objectives considering all the diversity vectors: gender, age, vulnerable groups, culture, etc., and adding to the challenges it already had, such as those arising from the Company's international expansion.	*Employees*	**2-7 / 2-9 / 2-10 / 2-19 / 3-3 / 202-2 / 401-1 / 405 / 406-1 / EU15**	8	•	
Biodiversity	In recent years, the interdependence between climate change and biodiversity loss has been consolidated, recognising the crucial role of nature-based solutions in addressing the global climate crisis, increasing the resilience of ecosystems and reducing associated risks, while contributing to mitigation by strengthening ecosystem services. Key in this regard is the definition of goals for the protection for all aspects of nature (biodiversity, land, ocean, water and climate) and the development and implementation of actions to protect and conserve relevant habitats and species and to extend the application of the mitigation and conservation hierarchy to all activities of the group.	*Responsible Environmental Management* *Conservation of Natural Capital*	**3-3 / 304 / EU4 / EU13**	14, 15	•	•
Customer orientation	Redeia stands out for its vocation to serve the interests of the various stakeholders it interacts with. Thus, it has a mature relationship model, which is periodically reviewed to ensure that it identifies all stakeholder groups, establishes the most appropriate frameworks in each case and is capable of detecting needs and expectations. With regard to the services associated with the group's various business activities, it works to guarantee the quality of service, making ever greater efforts regarding the company's customer communication channels and platforms.	*Customer Orientation*	**2-1 / 2-6 / 3-3 / 418 / EU10**	7	•	•

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Materiality issues: Description and impact / 3-3

Issues	Materiality consideration	Section in this Report	Priority GRI Indicators	Sustainable Development Goal (SDGs)	Impact +	Impact −
Circular economy	The need to make more efficient use of natural resources has precipitated a change in production and consumption patterns, driving reutilisation and making savings in the consumption of materials. At the same time, increasing restrictions on access to some of these resources has led to greater price volatility, which generates significant uncertainty in the business world. In this context, it is crucial to incorporate criteria based on the concept of circularity in the activity, which optimises the consumption of resources, minimises the environmental footprint of the facilities and focuses on waste reduction.	*Responsible Environmental Management*	**3-3 / 301 / 306 / EU12**	7, 9	•	•
Landscape integration of facilities	The environmental impact of Redeia's infrastructure is a critical issue for stakeholders, which strengthens their opposition to such facilities, and for the Public Administrations, which focus on regulating this aspect and elevating the level of environmental requirements. In this regard, it is essential to assume commitments to care for and protect the environment, beyond the environmental impact assessments and throughout the entire life cycle of the facilities, incorporating environmental criteria in the projects, from the design stage to the dismantling of the infrastructure, in order to avoid and minimise the environmental impact (with a strong focus on the landscape) of the infrastructure.	*Responsible Environmental Management*	**3-3 / 301 / 304 / 305 / 306 and EU4**	7, 8, 14, 15	•	•

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Materiality issues: Description and impact / 3-3

Issues	Materiality consideration	Section in this Report	Priority GRI Indicators	Sustainable Development Goal (SDGs)	Impact +	Impact −
Health, safety, and wellbeing	Redeia carries out work that entails high health and safety risks. In this regard, the objective of zero accidents is strategic, as well as improving the health, safety and wellbeing of employees, maintaining high safety standards in the workplace. Similarly, the prevention of psychosocial risks is consolidated, protecting the mental health of the workforce and promoting the integration of measures that favour the work-life balance of employees. Lastly, technology must be integrated into the processes to minimise existing risks, and the supply chain must adopt the Company's commitments in this field.	*Employees*	**3-3 / 401-2 / 403 / EU18 / EU25**		•	•
Talent	The evolution of the working environment and new technologies are constantly generating the need for new talent that is not always available in the labour market. Hence, it is vital for the group to swiftly identify in advance the required profiles and new skills. To this end, the Company needs to have adequate professional development plans, flexibility measures, new ways of working and a corporate culture that provides access to the necessary talent, enabling the Company to focus on talent attraction and retention.	*Employees*	**3-3 / 401-1 / 404 / 412-2**		•	•



1. Redeia

2-1 / 2-6

Redeia is a global operator of essential infrastructure that manages the Spanish electricity system in addition to transmission grids in Spain, Peru, Chile and Brazil, and also telecommunications networks (optical fibre and satellites), with a focus on innovation and sustainability.

Since its creation in 1985 as the world's first TSO (sole transmission agent and operator of the electricity system), the company has evolved to become consolidated as a benchmark group in the fields of electricity and telecommunications. Today Redeia follows a business model based on excellence, innovation, integrity and transparency, making its activity compatible with caring for the environment and generating shared value with society.

Purpose

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.

Hallmarks



ELECTRICITY



TELECOMMUNICATIONS



TALENT

Ethical values



RESPECT



INTEGRITY



SUSTAINABILITY

Redeia is a global operator of essential infrastructure and a driving force behind the energy transition and universal connectivity.

Our services

red eléctrica

Backbone of the electricity system in Spain and guarantee of a secure, quality and increasingly renewable electricity supply.

reintel

Largest provider of dark fibre in Spain, essential for offering universal and inclusive connectivity.

hispasat

Leading player in the digital transformation and the reduction of the digital divide in Spain and Latin America.

redinter

Driving force behind the de-carbonisation of the energy model and sustainable development in Latin America.

elewit

Technology platform for innovation focused on boosting the energy tran-sition and promoting connectivity.

More information on Redeia's corporate website

Presence of Redeia in the World

- In addition to Spain, Peru, Chile, Brazil and Colombia, Redeia is present in Mexico, Germany, Ecuador, Great Britain, Greece, Argentina, South Africa, the Netherlands, Luxembourg, Senegal and Belgium
- Satellite coverage area



Relevant facts in 2022

January — Acquisition by Argo Energía of the Brazilian electricity infrastructure company Rialma Transmissora de Energia III.

February — Commencement of work on the Salto de Chira pumped-storage hydroelectric power station on the island of Gran Canaria.

March — Approval of the 2021-2026 Transmission Grid Planning to promote a green future for Spain.

Registration of the patent for the design of the Salto de Chira pumped-storage hydroelectric power station.

April — Environmental impact statement in favour of the Spain-Portugal North cross-border connection.

Presentation of the Peninsula-Ceuta interconnection project.

May — Adaptation of the operation schedule of the mainland electricity system to 15-minute periods.

June — Commencement of the final phase of the permitting processing for the electricity interconnection between Spain and France across the Bay of Biscay.

Launch of the group's new brand to strengthen its position as a global operator of essential infrastructure. Red Eléctrica Group is now called Redeia.

July — Increased presence in Brazil through the Company's participation in the capital related to five electricity transmission concession contracts awarded to Argo Energía.

Implementation of four pilot innovation projects to analyse the use of 5G in the management of electricity infrastructure.

August — Renewal and extension of a credit line for Hispasat, incorporating sustainability criteria for the first time.

Acquisition by Hispasat of 100 % of Axess Networks Solutions Holding.

October — Completion of the 132 kV subsea link between Lanzarote and Fuerteventura.

Holding of the Redeia Sustainability Conference sessions 2022.

November — Commissioning of the Caparacena-Baza electricity axis, key for the economic development of eastern Andalusia.

Structure of the Group

2-2 / 2-6

RED ELÉCTRICA CORPORACIÓN S.A.

- 100 % — Red Eléctrica Sistemas de Telecomunicaciones, S.A.U.
  - 89.68 % — Hispasat S.A.
- 51 % — Red Eléctrica Infraestructuras de Telecomunicación, S.A.
- 100 % — Red Eléctrica y de Telecomunicaciones, Innovación y Tecnología, S.A.U.
- 100 % — Red Eléctrica de España, S.A.U.
- 100 % — Red Eléctrica Internacional, S.A.U.
- 100 % — Red Eléctrica Infraestructuras en Canarias, S.A.U.
- 100 % — Red Eléctrica de España Finance, S.L.
- 100 % — Red Eléctrica Financiaciones, S.A.U.
- 100 % — Redcor Reaseguros, S.A.

2. Strategy



2.1 Economic and Business Context



MACROECONOMIC LANDSCAPE

Global economic activity is experiencing a more rapid than expected generalised slowdown due to several adverse factors. Rising inflation, at levels not seen for decades, has prompted a strong reaction from central banks, which in turn are tightening financial conditions. The economic outlook will depend on the balance of monetary and financial policies, developments in the Ukraine war and China's growth prospects. Forecasts by major international economic institutions predicted a slowdown in global growth for 2022. Specifically, in its World Economic Outlook, the International Monetary Fund (IMF) forecasts that the global economy will slow down by 2.7% in 2023.

Focusing on the energy sector, Russia's restrictions on natural gas supplies to Europe and European sanctions on oil and coal imports are cutting off one of the main arteries of global energy trade and have turned a rapid post-pandemic economic recovery, which strained all supply chains, into a worldwide energy crisis affecting all fuels.

According to the International Energy Agency's (IEA) World Energy Outlook 2022, crude oil prices peaked at 100 US dollars/barrel in mid-2022. Natural gas prices reached record highs, with Title Transfer Facility (TTF) values above USD 50/MMBtu, the equivalent of more than 200 US dollars per barrel. Coal prices also reached record levels in 2022. As a result, the cost of electricity worldwide in 2022 increased by 90% due to high natural gas and coal prices, 5% due to the shift to relatively capital-intensive technologies such as solar thermal and solar photovoltaic, and the remaining 5% due to higher maintenance costs and the price of CO_2.

In terms of economic policies, the stimulus plans implemented to foster economic recovery throughout 2021 were affected by the tightening of monetary policies of major central banks in 2022, which resulted in significant price volatility and whose historical precedents were most often accompanied by a subsequent weakening of economic activity.

Global economic growth of **3.2%** in 2022

and a forecast of 2.7% in 2023 according to the estimation of the International Monetary Fund



For all the reasons mentioned above, apart from what has been observed in the United States, which is exporting more oil than ever while at the same time slowing down its consumption, and in China, due to the expansive monetary and tax measures and the regulatory easing of the housing market, analysts persist in downgrading the outlook for growth in world economic activity in the future, in line with the uncertainty that characterises the current economic and geopolitical scenario.

Spain

In Spain, the lifting of most of the restrictions in the face of the COVID-19 pandemic, which stimulated both economic activity and the reactivation of international tourism, led to a boost in activity in the second quarter. However, higher electricity prices, coupled with the higher cost of raw materials, affected both households and businesses and led to a mixed deterioration in activity. The degree of uncertainty, caused by the increase in inflation linked to the war in Ukraine and the current energy crisis, put downward pressure on the economic outlook for the end of the year. In this regard, the Spanish National Statistics Institute published the GDP forecast for 2022 which predicted a growth of 5.5% compared to the previous year, higher than that forecasted by the main institutions.

ENERGY LANDSCAPE

Spain

High fuel prices marked the energy landscape in Spain. Firstly, the variation in the annual demand of the national electricity system for 2022 was -2.4% compared to the previous year. Electricity prices in Spain also increased considerably compared to the previous year; in 2022, the total average final price was 204.8 €/MWh, compared to 118.68 €/MWh in 2021.



For this reason, throughout the year, the government focused on the fight against high energy prices, aggravated by the war in Ukraine, urgently legislating measures to resolve the situation in the short term:

- Royal Decree-Law 6/2022 of 29 March adopting urgent measures within the framework of the Spanish National Response Plan to the economic and social consequences of the war in Ukraine, which, among other improvements for the consumer, allows a 36% reduction in electricity excise tax due to the extraordinary update of renewable remuneration. The Law also extends the scope of application of the mechanism for the reduction of excess remuneration for non-emitting technologies and extends both this mechanism and some previously implemented tax reductions until 30 June 2022. Subsequently,

The GDP forecast published by the Spanish National Statistics Institute estimates a growth of 5.5% for 2022. The average inflation rate for the year was 5.7%.

Royal Decree-Law 11/2022 extended this measure until the end of the year, further reducing taxation, and Royal Decree-Law 18/2022 will again prolong the extension of the reduction mechanism until December 2023.

- Royal Decree-Law 10/2022, of 13 May, which temporarily establishes a production cost adjustment mechanism to reduce the price of electricity in the wholesale market, hereinafter Iberian Mechanism, and limits the impact of the price on the electricity market of the fossil fuels used in power stations. The cost of these measures will be covered by the additional revenues from the interconnection and by the benefited consumers. The mechanism applies from 15 June 2022 to 31 May 2023.

The Iberian Mechanism limits the impact of the price on the electricity market of the fossil fuels used in power stations.

- Royal Decree-Law 14/2022, of 1 August, on economic sustainability measures in the field of transport, in terms of scholarships and study aid, as well as cost-saving and energy-efficiency measures, and efforts to reduce the energy dependence on natural gas, establishes temperature and humidity limits in order to reduce energy consumption in buildings. Furthermore, the administrative permitting processes regarding electricity grids and networks were streamlined by reducing the necessary requirements, especially in the case of electricity transmission infrastructure or unique facilities, such as inter-island links. On the other hand, measures were implemented to promote the development of self-consumption, energy storage and renewable gases.

- 'Plan Mas Seguridad Energética (+SE)', approved by the Council of Ministers on 11 October, which aims to provide more energy security, presents a contingency plan encompassing 73 measures to help provide energy security, some of which are already approved or are undergoing the consultation process, and others are yet to be developed. The aim is to reduce natural gas consumption by between 5.1 % and 13.5 %, compared to the average of the last five years, and this will run from August 2022 to March 2023. This is being done in order to avoid having to take any additional measures should an alert be issued by the European Union.

- Royal Decree-Law 17/2022, of 20 September, adopting urgent measures in the field of energy in the application of the remuneration system of cogeneration facilities and which temporarily reduces the Value Added Tax rate applicable to deliveries, imports and intra-Community acquisitions of certain fuels and also includes various other measures in the field of energy.





- Royal Decree-Law 18/2022, of 18 October, approving measures to strengthen the protection of electricity consumers and to contribute to the reduction of natural gas consumption in application of the *'Plan Mas Seguridad Energética (+SE)'*. The new Law implements efficiency and consumer protection measures that include the possibility of extending the regulated gas tariff to those blocks of residential homes that have a centralised boiler system used for heating or other purposes, and extending the period during which the mechanism can be applied for reducing the excess remuneration of the price of gas on the electricity market. Furthermore, the number of people who benefit from the *'Bono Social'* (an energy bill rebate for low-income households in Spain) is increased and energy bills will be broken down into the various costs to make them easier to understand.

- Lastly, Royal Decree-Law 20/2022, of 27 December, establishes that before 31 March 2023, the Government will initiate a modification of specific aspects of the development plans of the electricity transmission grid planning in order to include those urgent actions that are strategic and a priority for the energy transition, and that allow for the development of the industrial value chain.

- On the other hand, the Council of Ministers, at its meeting of 22 March 2022, approved the 2021-2026 Transmission Grid Planning.

In addition, in 2022, two auctions were called within the framework of the Renewable Energy Economic Regime (REER), established at the end of 2020 with Royal Decree 960/2020, of 3 November, one auction was held in October and the other in November 2022. As a result of these REER auctions held on 26 January and 19 October 2021 and 26 October and 22 November 2022, MITECO allocated 3,306 MW of wind, 2,933 MW of solar photovoltaic and 146 MW of biomass.

Europe

The global escalation of energy prices and the high dependence on Russian gas by some countries such as Germany and Italy, which became evident after the war in Ukraine began, had a significant impact on the European Union as a whole, which is why the European Commission actively worked on proposing solutions for the Member States which were adopted through the European Council. Among the proposals and regulations approved, the following are of particular relevance:

- The REPowerEU package, through which the EU aims to reduce its energy dependence on Russia. In addition to the financing associated with this package, its main courses of action include

The REPowerEU package aims to reduce Europe's energy dependence on Russia, as well as accelerate the development of renewable energy and protect consumers from high natural gas prices.

proposals to massively accelerate the development of renewable energy, as well as measures to protect consumers from the high prices that are occurring on international gas markets. It also includes the revision of the Renewable Energy Directive 2018/2001, in which it proposes an increase in the renewable energy target for 2030 to 45% (the current target is 32%).

- On 8 August, the European Council Regulation (EU) 2022/1369 of 5 August 2022 on coordinated measures for natural gas demand reduction was published, which includes a voluntary reduction in gas consumption of 15% until 31 March 2023 that, subject to approval by the Council, may become mandatory in the event of a significant risk of shortages, although there are some exceptions.

- One month later, on 30 September 2022, the Council adopted Regulation (EU) 2022/1854 on emergency intervention to address high energy prices, which establishes, among other measures, two savings targets, an optional 10% of monthly electricity demand and another 5% mandatory reduction in electricity demand during peak hours. In Spain, the measures implemented in this regard can be considered even more ambitious.

Moreover, the war has brought to the forefront the need to strengthen the European Union's critical infrastructure. To this end, the European Parliament and the Council reached agreements on the Directive on the resilience of critical infrastructure (Renewable Energy Community Directive) and on the revised Directive on measures to ensure a high common level of cybersecurity in the Union (Network and Information Security 2 Directive).

Beyond these emergency measures, the European institutions have continued with the legislative process of the European Green Deal and the Fit for 55 Package. Within these, the most important regulatory milestone of this period is undoubtedly the publication of Regulation (EU) 2022/869 of the European Parliament and of the Council on 30 May 2022 on guidelines for trans-European energy infrastructure (known as the TEN-E Regulation), which establishes the axes on which the Union's list of Projects of Common Interest (PCIs) will be based. Among the projects to be taken into account for Spain are the cross-border connections with



the Iberian Peninsula, and the definition of new categories of priority corridors and thematic areas, such as marine corridors, hydrogen corridors and electrolysers, as well as the thematic area of smart grids.

Lastly, in order to contribute to climate change mitigation, the European Parliament's non-opposition to the European Commission's delegated act on taxonomy is particularly noteworthy, which includes, with certain limitations, some nuclear and gas activities in the list of environmentally sustainable economic activities to which the so-called 'EU taxonomy' applies. The inclusion of such activities is limited in time.

In this regard, on 22 December, the European Council published Regulation (EU) 2022/2577 establishing a temporary emergency framework laying down provisions to streamline and speed up permitting process for the construction of plants powered by renewable energy sources and their grid connection, which will be applicable for 18 months.

Other countries in which Redeia has subsidiary companies

With reference to the regulatory environment applicable in **Chile**, on 25 April 2022, the modifications made by the Superintendency of Electricity and Fuels to the Regulatory Technical Files RPTD No. 7 on 'Safety Ranges and Distances' and RPTD No. 11 on 'High and Extra High Voltage Lines', which form part of the safety regulations for electricity facilities for the production, transmission, provision of complementary services, energy storage systems and electricity distribution, were published in the Official State Gazette. Broadly speaking, the amendments were aimed at regulating HVDC transmission lines.



With regard to cybersecurity, in October 2022, the Coordinator, as instructed by the Superintendency of Electricity and Fuels, issued a new document containing the minimum cybersecurity and cybernetic safeguards applicable to the electricity sector to prevent and/or mitigate potential cyber threats that jeopardise the security and continuity of the electricity service.

In November, Law No. 21.505 promoting energy storage and electromobility was enacted and published in the Official State Gazette, which aims to amend the General Law on Electricity Services in order to promote the development of energy storage systems and foster electromobility in the country.

With regard to national regulation in **Peru**, on 20 June 2019, Supreme Resolution No. 006-2019-EM was published, by which the Multi-sector Commission for the Reform of the Electricity Subsector (CRSE) was created to review and adjust the current regulatory framework, in order to optimise the efficient development of the Peruvian electricity market aligned with international standards and best practices, and thereby ensure the sustainability of the Electricity Subsector.

Throughout 2023, a white paper is expected to be published that contains institutional legislative proposals and regulatory reforms that promote modernisation and resolve the challenges encountered in the electricity industry. These changes in the regulatory framework are aimed at ensuring there is sufficient generation, as well as the incorporation of renewable energy, smart metering, distributed generation, demand-side management and the harmonious development of the electricity and natural gas sectors.

Lastly, with regard to **Brazil**, it is worth noting that on 15 November 2022, during the 27th United Nations Climate Change

Conference, the Brazilian government presented the 'Agenda Brasil + Sustentable', with the aim of presenting initiatives aligned with the SDGs currently underway and also national priority goals, such as, for example, substantially increasing the proportion of renewable energy in the overall energy mix by 2030.

TELECOMMUNICATIONS AND TECHNOLOGICAL INNOVATION LANDSCAPE

On June 29, 2022, the law establishing the regulatory framework for telecommunications in Spain was published in the BOE, Law 11/2022, of June 28, General Telecommunications, repealing the previous Law 9/2014, of May 9. The new law introduces improvements to facilitate the deployment of very high-capacity networks, as well as more flexible regulation to reach co-investment agreements between operators and a boost for the sharing of passive infrastructure. It also includes the establishment of voluntary commitments for network access, the possibility of deploying small cells (low-powered base stations), with far fewer administrative hurdles to overcome, and the promotion of the secondary market for radio spectrum.

The new General Telecommunications Law introduces improvements to facilitate the deployment of very high-capacity networks and to establish co-investment agreements between carriers.

In addition, the measures of the recently adopted EU Connectivity Toolbox have been incorporated into the law. This will boost coordination between administrations, establishing a single point for information and processing of permits for network deployment to speed up the implementation of the networks.

Regarding innovation, on 11 July 2022, the Council of Ministers approved Royal Decree 568/2022, which establishes the general framework of the regulatory sandbox for the promotion of research and innovation in the electricity sector (Official State Gazette 12 July 2022). This new royal decree develops the general framework of the regulatory sandboxes in terms of the requirements that projects must meet in order to benefit from a regulatory exemption. It also establishes a system for monitoring the regulatory sandboxes, setting out the conditions that can lead to termination or suspension of participation, and detailing issues related to the regulatory learning derived from these initiatives.



2.2

2021-2025 Strategic Plan

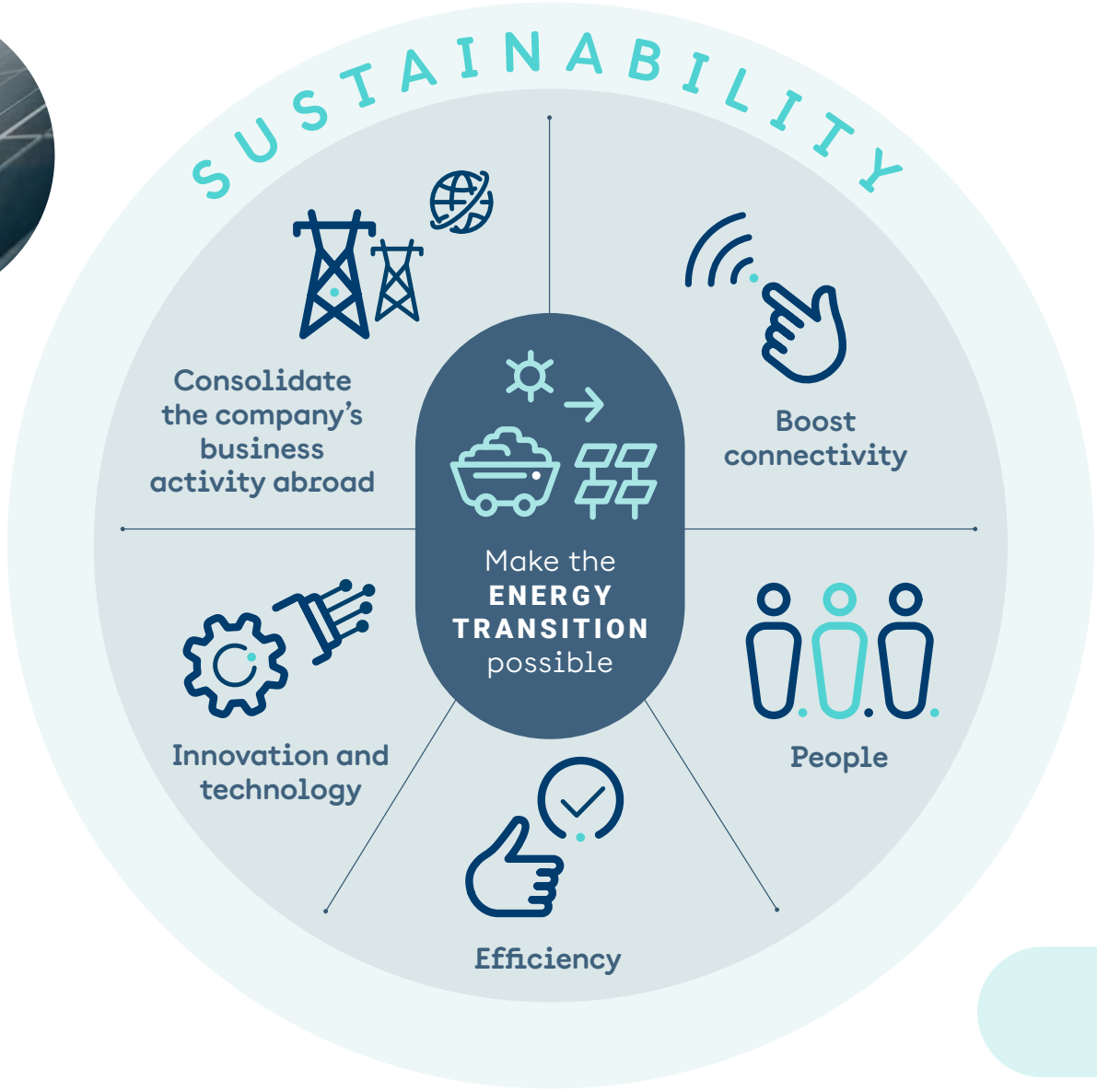


In February 2021, the Board of Directors approved Redeia's 2021-2025 Strategic Plan. This plan is based on three fundamental pillars: **maximum engagement with the energy transition, boosting connectivity solutions and the consolidation of its international business.**

The 2021-2025 Strategic Plan prioritises the development of the energy transition in Spain in order to advance towards a decarbonised economy efficiently, promoting the growth achieved in the field of telecommunications and consolidating the group's activity abroad, guaranteeing the financial and operational efficiency of the group. Furthermore, it seeks to ensure that talent and sustainability are the basis of the corporate culture thus generating positive impacts through alliances with the social environment and with companies in the sector.



The 2021-2025 Strategic Plan prioritises the development of the energy transition in Spain in order to move towards a decarbonised economy efficiently, promoting development in the field of telecommunications.



Strategic pillars

Making the energy transition in Spain a reality



Redeia is a key player in the green transition for the mass incorporation of renewables into the electricity system.

In this regard, the Company will focus its efforts on:

- Developing infrastructure necessary to reach a Net-Zero Carbon economy.
- Designing, building and operating energy storage facilities as tools available to the electricity system operator.
- Operating a more complex, dynamic and digital electricity system.

Progress made in 2022 regarding the 2021-2025 Strategic Plan

- Completion of the subsea link between Lanzarote and Fuerteventura to strengthen the quality and security of supply and reduce dependence on fossil fuels on both islands.
- Progress made on projects aimed at meshing and improving grid reliability and quality, including the Sabinal axis on the island of Gran Canaria, the Caparacena-Baza-La Ribina axis in Andalusia and the Madrid East Plan.
- Favourable environmental impact statement for the Spain-Portugal North interconnection, a project declared to be of common interest to the European Union, which will enable a reduction of 150,000 tonnes of CO_2 per year by increasing the use and integration of renewable energy.
- Continuation of work on the last phase of the permitting process for the future electricity interconnection between Spain and France across the Bay of Biscay.
- Progress made on the first phase of work regarding the Salto de Chira pumped-storage hydroelectric power station on the island of Gran Canaria.
- Adaptation of the mainland system's operating schedule to 15-minute periods, a milestone in the integration and harmonisation of European ancillary services.

Boosting connectivity



Redeia seeks to boost greater connectivity in an increasingly interconnected world with greater data needs through the following key courses of action:

- Boosting the satellite business as a lever to reduce the digital divide, and orienting the company towards the provision of mobility and connectivity services.
- Strengthening the current fibre optic business.
- Developing new opportunities around the deployment of 5G.

Progress made in 2022 regarding the 2021-2025 Strategic Plan

- Completion of the sale of 49% of Reintel to the KKR fund, which consolidates the value of the group's optical fibre assets and boosts Reintel's business.
- Completion of the acquisition by Hispasat of Axess Networks Solutions Holding, a company specialising in satellite services and solutions for the corporate market and the public sector.
- Hispasat spearheads a group of Spanish companies working on the feasibility phase of the first geostationary quantum key distribution mission (Caramuel), which will define the secure communications of the future.

Continued on next page

Strategic pillars

Consolidating the business activity abroad



Redeia foresees consolidating its international presence as an element of diversification and growth. To this end, it defines the following as key aspects:

- Organic growth and consolidation in Brazil, Peru and Chile for the construction, management and operation of electricity transmission grids.
- Analysing opportunities for expansion in countries with a stable remuneration model based on revenue flows that are steady and predictable over time.

Progress made in 2022 regarding the 2021-2025 Strategic Plan

- Commissioning of Tesur 4 in Peru and Redenor 2 in Chile.
- Acquisition of Rialma III in Brazil through the Brazilian company Argo Energía.
- Acquisition of five transmission lines in Brazil through joint investment by Argo Energía and Grupo Energía Bogotá.
- Progress was made in the construction work regarding projects in Peru, Chile and Brazil.

Managing people



Redeia will promote cultural transformation and sustainable management and will seek to convert the organisation into a benchmark company as a healthy workplace. Specifically, it will focus its efforts on:

- Actively promote, develop and evaluate the Healthy Workplace Model, pursuing the safety and full well-being of people.
- Drive the transformation of the Company by developing an innovative, agile and collaborative culture, empowered by self-leadership, to achieve a more resilient organisation capable of tackling the challenges of the Strategic Plan in an environment of change and, acting throughout the employee life cycle, in order to position the group as a benchmark employer.

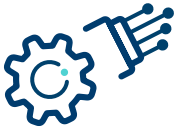
Progress made in 2022 regarding the 2021-2025 Strategic Plan.

- Joining the STEAM Alliance for female talent.
- Promoting the Healthy Workplace model through the prevention of psychosocial risks and the consolidation of best practices in work-life balance.
- Promoting diverse talent as a lever for innovation and transformation, enabling people to maintain their employability and establishing the necessary strategy for retaining critical talent.

Continued on next page

Strategic pillars

Innovation and technology



Redeia will promote a leading position in innovation in the energy and telecommunications sectors, with Elewit as the driving force.

Progress made in 2022 regarding the 2021-2025 Strategic Plan

- Consolidation of the first Despega intra-entrepreneurship programme to promote a culture of innovation and to facilitate the sharing of the best ideas of Redeia's employees.
- Launch of the fourth edition of the Venture Client programme of Elewit to collaborate with startups.
- Red Eléctrica, Elewit and Hispasat spearhead four innovation pilot projects to analyse the use of 5G in the management of electricity infrastructure, taking advantage of the low latency of this technology in applications such as the real-time transmission of images from drones for the inspection of overhead electricity lines, or the use of satellites for 5G connectivity.

Efficiency



Redeia is committed to operational and financial efficiency, continuous improvement and comprehensive corporate security in order to guarantee the resilience and continuity of the business, as key factors in implementing the group's strategic pillars.

Progress made in 2022 regarding the 2021-2025 Strategic Plan.

- Maintain Fitch Ratings and Standard & Poor's long-term rating at A- with a stable outlook for Red Eléctrica Corporación (REC).
- Renewal and extension of Hispasat's 250-million-euro credit line, introducing ESG criteria and indicators for the first time.

Sustainability



Redeia focuses on the responsible development of its activities in order to advance in the fulfilment of the 2030 Sustainability Commitment and to maximise the contribution of all the companies of the Group to the achievement of global targets, among which noteworthy are the Sustainable Development Goals (SDGs) of the United Nations.

Progress made in 2022 regarding the 2021-2025 Strategic Plan.

- Approval of the 2023-2025 Sustainability Plan, which establishes intermediate goals for the Company's 2030 Sustainability Commitment.
- Awarded 82 points out of 100 in Standard & Poor's ESG assessment.
- Adherence to the UN Sustainable Ocean Principles.
- Continued inclusion of the Company in the sustainability indexes as one of the most sustainable companies in the world (Dow Jones Sustainability Index, Euronext Vigeo Eiris, FTSE4Good and MSCI, among others).

OUTLOOK FOR THE COMING YEARS

Redeia's future growth strategy is focused on the development of the transmission infrastructure needed to make the energy transition a reality, energy storage projects for system management, and the incorporation of technological tools and solutions that respond to the future electricity system through reliable and smart grids that will contribute to maintaining the security of supply.

In order to meet the challenges of decarbonisation, it will be necessary to strengthen national and international terrestrial and subsea interconnections, as well as to take advantage of the existing grid, facilitate the connection of renewable generation and promote smart grids.

To meet the challenges of decarbonisation set by the European Union through Spain's National Energy and Climate Plan (NECP), major national and international interconnection axes will be needed, both terrestrial and submarine, as well as making the most of the existing grid and facilitating the connection of renewable energy generators and the construction of new smart grid facilities.

In the international sphere, Redeia will continue to focus on the consolidation and growth of the electricity business in the markets in which it is present.

On the other hand, an increasingly interconnected world with greater data transmission needs will ensure a growing demand for telecommunications infrastructure. Redeia will facilitate connectivity by strengthening the current fibre optic business and will promote the satellite business as a lever to reduce the digital divide. The incorporation of partners in certain strategic assets will help the Company to take advantage of growth opportunities and maximise the value-generating capacity of its telecommunications business.

In the coming years, through Elewit, Redeia will consolidate its commitment to innovation, entrepreneurship and technological development as key elements of sustainability in an environment of transition in the world of both energy and telecommunications.

2021-2025 Commitments

Total Investment

4.4 Bn€

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

Financial Efficiency 2025

EBITDA MARGIN

70%

FFO / DEBT RATIO

>15%

NET DEBT/EBITDA RATIO

<5x

Maintain a solid **credit rating**

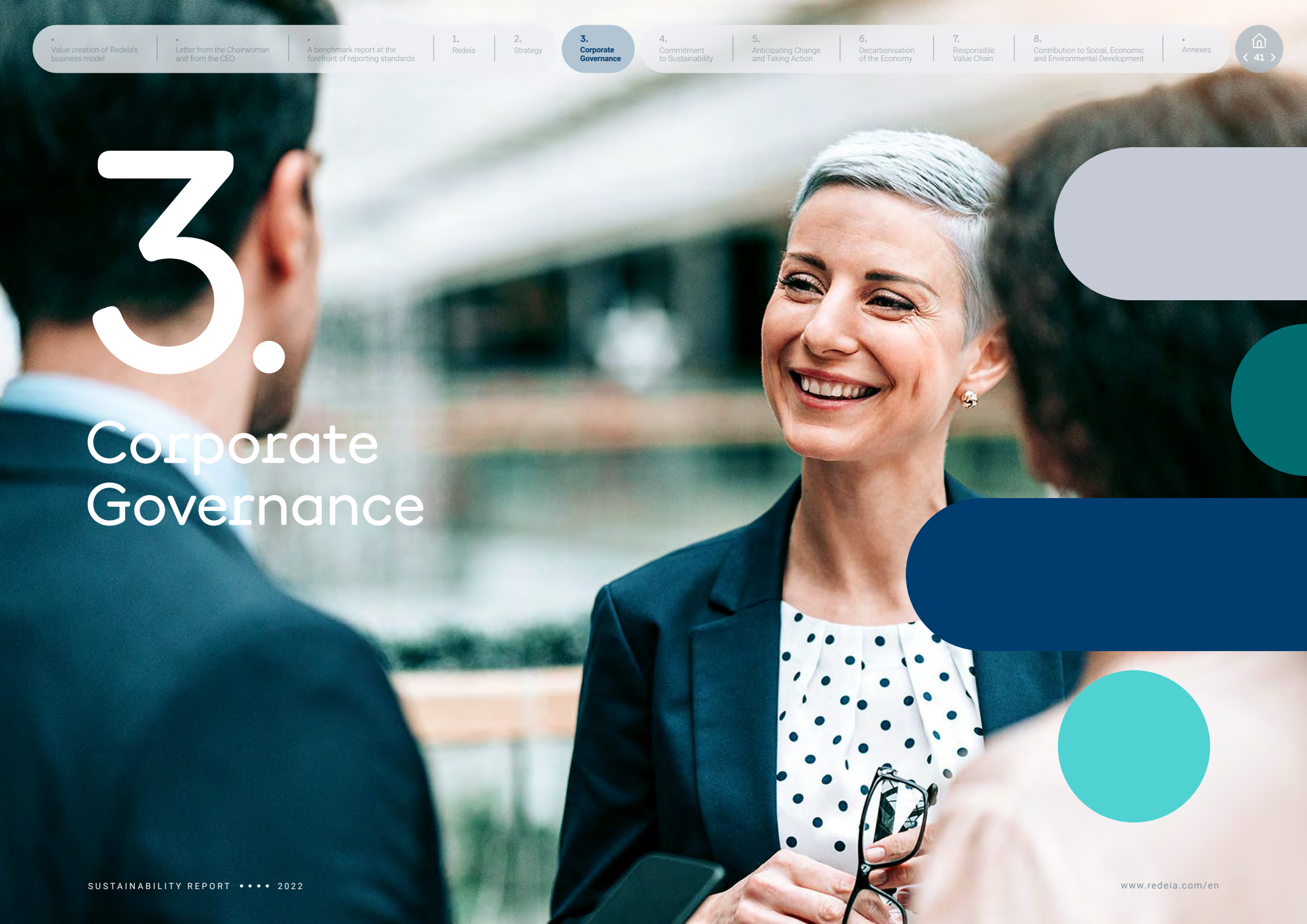
Dividend Policy

2021-2023

1.0 € / share

2024-2025
At least

0.8 € / share



3. Corporate Governance

3

Corporate Governance



Key indicators 2022

92.78% average percentage of votes in favour of the approval of resolutions at the General Shareholders' Meeting.

50% women on the Board of Directors.

64.96% shareholder attendance at the General Shareholders' Meeting.

58.33% independent directors.

2022 milestones

Approval of the Board of Directors' Policy regarding Diversity and the appointment of board members.

Implementation of the 2022 Action Plan regarding the Protocols for the Board of Directors' engagement with Redeia's employees.

Challenges for 2022

Continue promoting the Protocols for the Board of Directors' engagement with Redeia's employees and the approval of a new Action Plan.

Make progress in the monitoring of the implementation of the group's Strategic Plan and in the Board of Directors' ongoing commitment to sustainability.

Corporate Governance

Red Eléctrica Corporación, S.A. (in this chapter, the 'Company' or the 'Parent Company') has a robust and transparent Corporate Governance System which, as stated in the Corporate Governance Policy, updated in 2020, adopts the best international practices and recommendations and constitutes an essential strategic element to ensure the good governance of the Company.

3.1 Corporate Governance and Shareholding Structure





3.2 General Shareholders' Meeting

3.3 Board of Directors



3.1

Corporate Governance and Shareholding Structure



The governance and management of Redeia and of the parent company, Red Eléctrica Corporación, S.A., are entrusted to the General Shareholders' Meeting and the Board of Directors.

As at 31 December 2022, the Company's share capital was represented by 541,080,000 shares of a single class and series, with a par value of 0.5 euros each, fully subscribed and paid up, represented by book entries and admitted to trading on the



four Spanish stock exchanges. For further information on the Company's shareholding structure, please refer to the Significant Holdings and Bought Back Shares section of the Spanish National Securities Market Commission website (CNMV). **/ 2-1**

Corporate shareholding structure

The shareholding limits on the participation in the capital stock of the Company are legally established with the purpose of guaranteeing its independence from the other activities and agents of the electricity sector and are as follows:

- Any natural person or legal entity may own share capital of the Company provided that the total of its direct or indirect share

Governance
STRUCTURE / 2-9

General Shareholders' Meeting

Board of Directors

- Audit Committee
- Appointments and Remuneration Committee
- Sustainability Committee

Management Team

INTERNAL RULES OF GOVERNANCE

as at 31 Dec 2021

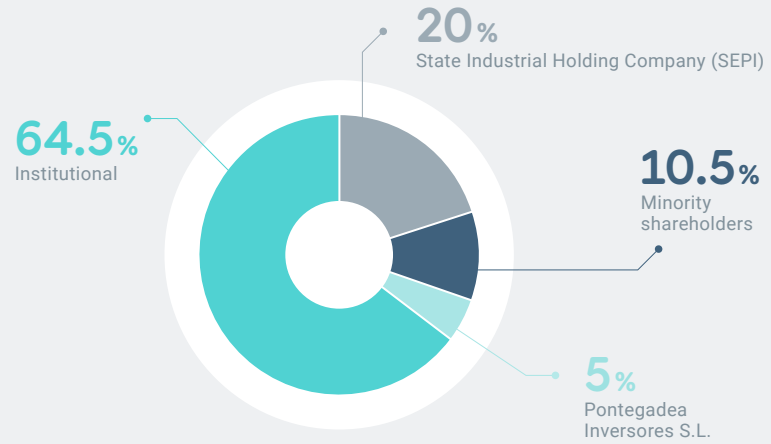
- Code of Ethics.
- Corporate By-laws.
- Regulations of the Board of Directors.
- Internal Code of Conduct on the Securities Market.
- Regulations of the General Shareholders' Meeting.
- Procedure on proxies, voting and information by remote means at the General Shareholders' Meeting (referring to the General Shareholders' Meeting held in 2022).
- Operating Rules of the Shareholders' Electronic Forum (referring to the General Shareholders' Meeting held in 2022).

ownership does not exceed 5% of the capital stock and that it does not exercise voting rights over 3%. These shares may not be syndicated for any purpose.

- Those parties that carry out activities in the electricity sector, including natural persons or legal entities which directly or indirectly own holdings in the capital thereof equal to more than 5%, cannot exercise voting rights in the Company of more than 1%.

- The special conditions for the State Industrial Holding Company (Sociedad Estatal de Participaciones Industriales or SEPI) are maintained, and such company must, in all cases, own a holding of not less than ten per cent (10%) of the capital stock.

Shareholding Structure
(%)





The Law establishes specific shareholding limits regarding the participation in the Company's capital stock with the purpose of guaranteeing its independence from other electricity sector activities and agents.

3.2 General Shareholders' Meeting



The General Shareholders' Meeting **represents all shareholders** and exercises the duties assigned to it as the governance body of the Company. The rules on the organisation and functioning of the General Shareholders' Meeting are set out in the **Corporate By-laws** (Articles 11 through 18, both inclusive) and in the **Regulations of the Shareholders' Meeting.**

TRANSPARENCY AND PARTICIPATION

The Company pays special attention to the shareholders' right to information and facilitates the maximum participation of shareholders. Some of the key mechanisms are:

- Implementation of the electronic voting system at the General Shareholders' Meeting since 2005.
- Publication on the corporate website of complete information on the Meeting.
- Live broadcast of the Meeting via the Internet, with simultaneous translation in English and sign language in Spanish.
- Shareholders' Electronic Forum.
- Possibility of attendance via remote means, if and when approved by the Board.
- Shareholders' and Investors' Office.
- Dissemination via social networks.

ATTENDANCE, REPRESENTATION AND THE RIGHT TO INFORMATION (contemplated in the Corporate By-laws and in the Shareholders' Meeting Regulations)

- Possibility of issuing voting certificate.
- No minimum number of shares required to attend the Meeting.
- External audit of the management processes of the General Shareholders' Meeting.
- Separate voting on each of the items on the Agenda that were submitted for approval at the Meeting.
- Representation at the Meeting by any person, without having to be a shareholder.
- If and when approved by the Board, attendance to the Meeting may be virtual, via a live streaming broadcast, allowing remote electronic voting during the Meeting.

In 2022, the General Shareholders' Meeting was held allowing attendance in person and via remote means, guaranteeing the attendance and voting rights of all shareholders.

2022 General Shareholders' Meeting

KEY INDICATORS

CAPITAL STOCK
270,540,000 €

SHARES
541,080,000

VOTING RIGHTS
541,080,000

MINIMUM NUMBER OF SHARES TO ATTEND THE MEETING
1

SUMMARY OF THE RESOLUTIONS APPROVED BY THE GENERAL SHAREHOLDERS' MEETING IN 2022

- Approval of the Annual Accounts and Management Report of Red Eléctrica Corporación, S.A. and of the Consolidated Annual Accounts and Consolidated Management Report of the consolidated group of Red Eléctrica Corporación, S.A. and subsidiaries for financial year 2021.
- Approval of the proposed allocation of profits adopted by the Board of Directors and, consequently, allocating profits for the 2021 financial year.
- Approval of the report on non-financial information for the Consolidated Group of Red Eléctrica Corporación, S.A. for the 2021 financial year.
- Approval of the management performance of the Board of Directors of Red Eléctrica Corporación, S.A. during the 2021 financial year
- Re-election of Ms. Socorro Fernández Larrea and Mr. Antonio Gómez Ciria as independent directors, and of Ms. Mercedes Real Rodrigálvarez as nominee director. Ratification and appointment of Ms. Esther María Rituerto Martínez as nominee director.
- Approval of the Annual Report on Remuneration of the Directors of Red Eléctrica Corporación, S.A. and the remuneration of the Board of Directors of Red Eléctrica Corporación, S.A., for the 2022 financial year.
- Appointment of Ernst & Young, S.L. as the statutory auditor of the parent company and of the consolidated group for 2023, 2024 and 2025.

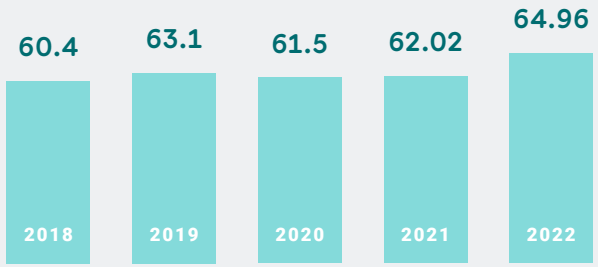
In addition, the following matters were included as separate items on the agenda for information purposes:

- The Annual Corporate Governance Report of Red Eléctrica Corporación, S.A. corresponding to financial year 2021.
- The Annual Sustainability Report of Redeia corresponding to financial year 2021.

The 2021 Sustainability Report was included as an item on the agenda, for the first time, as an informative aspect to be communicated at the 2022 Annual Shareholders' Meeting.



Attendance at the General Shareholders' Meeting
(% over capital stock)



92.78 % (1)

average percentage of votes in favour

in the approval of resolutions at the 2022 Ordinary General Shareholders' Meeting

(1) In the resolutions concerning the remuneration of the Board of Directors, the State Industrial Holding Company (SEPI) abstains as it is the criterion it adopts in all listed companies in which it does not have a majority shareholding. Excluding the aforementioned resolutions, the 2022 General Shareholders' Meeting had an average percentage of votes of 98.27% in favour of the approval of all the items on the agenda.





Redeia annually certifies its General Shareholders' Meeting as a sustainable event.

A Sustainable General Shareholders' Meeting

Company certifies its General Shareholders' Meeting in accordance with the UNE-EN ISO 20121 standard for sustainable events, establishing sustainability objectives applicable to events held by companies of the group.

The Company obtained the Sustainable Event certification from AENOR for its 2022 General Shareholders' Meeting.

MAIN RESULTS

OBJECTIVES FOR SUSTAINABLE EVENTS OF REDEIA	2022 MEASURES	2022 ACHIEVEMENTS
Minimising the carbon footprint of the event.	Calculation of the carbon footprint of the event.	17.12 t CO_2 eq. offset.
Universal access to the event	Accessibility to the event for the hearing impaired. Accessibility to all documentation regarding the Meeting.	100% of the content is interpreted with sign language. 19% of documents are accessible to visually impaired people.
Guaranteeing the health and safety of all participants.	Guaranteeing the health and safety of all participants.	0 accidents occurred at the event.
Promoting the contracting/hiring of services from vulnerable groups.	Promoting the contracting/hiring of services from vulnerable groups.	20% (1 out of every 5 suppliers contracted employed people from vulnerable groups).
Raising awareness regarding sustainability among participants at the event.	Raising awareness regarding sustainability among participants at the event.	807 views during the live-streaming broadcast of the Meeting.
Integrating circular economy criteria in the carrying out and organisation of the event.	Use of recycled or recyclable materials.	95% of all materials used were made of either recycled or recyclable material.

3.3 Board of Directors

2-9 / 2-12



The Board of Directors of Red Eléctrica Corporación, S.A. governs, manages and represents the Company, putting the interests of the Company and of its shareholders above their own interests, while upholding the law, the Corporate By-laws and the principles of good corporate governance.

The Board carries out its duties and responsibilities according to the organisation and functioning rules contained in the Corporate By-laws and the Regulations of the Board.

Duties and Responsibilities of the Board of Directors

Approval

Approval of the general policies and strategies of the Company and the group, with special mention for the Risk Management and Control Policy.

Decision-making

Decision-making on appointments of senior-level directors, the remuneration of Board members, financial & non-financial information and strategic investments (except for those that rest with the General Shareholders' Meeting).

Assessment

Annual assessment of the quality and efficiency of the Board and of the functioning of its Committees.

Board of DIRECTORS

As at 31 December 2021

Chairwoman

Beatriz Corredor Sierra

Chief Executive Officer

Roberto García Merino

External Independent Directors

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

Socorro Fernández Larrea
Chairwoman of the Appointments and Remuneration Committee

Antonio Gómez Ciria
Chairman of the Audit Committee

José Juan Ruiz Gómez
Member of the Audit Committee

Marcos Vaquer Caballería
Member of the Appointments and Remuneration Committee

Elisenda Malaret García
Member of the Sustainability Committee

Jose María Abad Hernández
Member of the Audit Committee

External Nominee Directors (SEPI)

Mercedes Real Rodrigálvarez
Member of the Audit Committee

Esther María Rituerto Martínez
Member of the Sustainability Committee

Ricardo García Herrera
Member of the Appointments and Remuneration Committee

Secretary of the Board of Directors

Carlos Méndez-Trelles García
Non-Board Director

Redeia is the only IBEX 35 company with an equal number of men and women on the Board of Directors, as well as being one of the only three IBEX companies chaired by a woman.

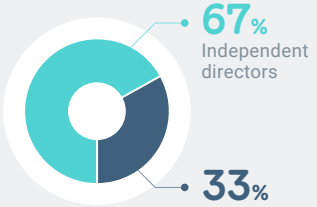
A REDUCED, BALANCED AND EFFICIENT
Board of Directors / 405-1 / 2-9

Board of Directors (12 members)

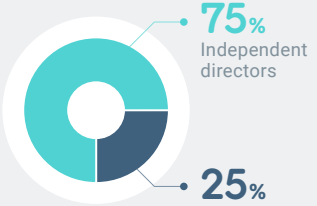
Man Woman

1 / 1 Non-executive Chairperson + 1 / 1 Chief Executive Officer + 7 / 7 Independent directors 58.3% + 3 / 3 External nominee directors 25%

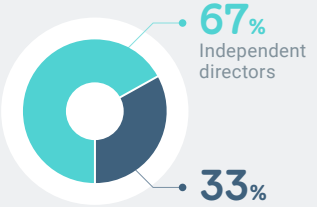
Appointments and Remuneration Committee
(3 members)
CHAIRPERSON
Independent director



Audit Committee
(4 members)
CHAIRPERSON
Independent director



Sustainability Committee
(3 members)
CHAIRPERSON
Independent director



12	97.92%	0.002%	139 (1)	66.7%
Meetings	Attendance at the Meetings	Total voting rights	total attendances (in-person)	of Board directors reappointed in the last 4 years

(1) There have only been three non-attendances, in which the absent directors each appointed a proxy with specific instructions. Similarly, due to the resignation of Ms. Mª Teresa Costa Campi as a director of Red Eléctrica Corporación, S.A., there was a vacant seat on the Company's Board of Directors at two meetings.

Diversity on the Board of Directors / 405-1 / 2-9

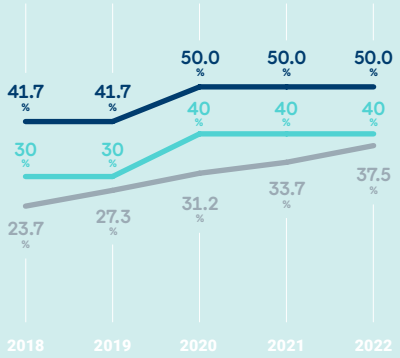
As at 31 December 2022

Gender

50% of the Board members are women

	Woman	Man
Board of Directors	6	6
Audit Committee	1	3
Appointments and Remuneration Committee	1	2
Sustainability Committee	3	0

Women on the Board. Red Eléctrica Corporación vs IBEX 35 (1)



(1) Source: IBEX 35 data, 11th Report on 'Women on the Boards of IBEX 35 Companies'. ATREVIA-IESE.

Age

(No. of Board directors)

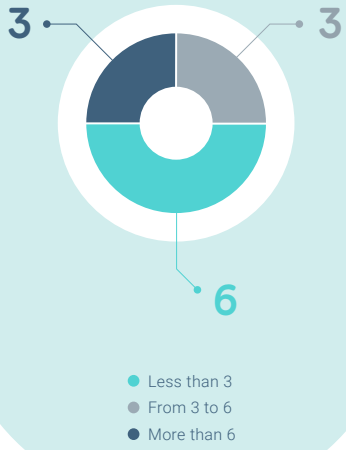
The average age of Board members is 57.4



Length of service

(No. of Board directors)

The average length of service of Board members is 4.18 years



Since 2015, Redeia fully separates the functions between the position of non-executive Chairperson of the Board of Directors and that of the CEO, maintaining the corporate system of separation of powers with the appointment in 2020 of the Chairwoman of the Board of Directors and non-executive Chairwoman of the Company, Beatriz Corredor Sierra.

BALANCE OF POWERS

The Company establishes in its Corporate Governance Policy the essential guideline to preserve an adequate balance and proportionality in the powers inherent to the structure and composition of the Board, by adopting the necessary measures to enable action with unity of purpose and impartiality, pursuing the interests of the Company and of its shareholders, as well as the sustainability of Redeia.

SEPARATION OF THE POSITIONS OF THE CHAIRPERSON OF THE BOARD OF DIRECTORS AND THE CHIEF EXECUTIVE OFFICER (CEO) / 2-11

Responding to the commitment undertaken at the General Shareholders' Meeting held in April 2012, and the commitment to best international practices in corporate governance, the Board of Directors of Red Eléctrica submitted the separation of the positions of Chairperson of the Board and the CEO of the Company, as well as the consequent appointment of a new executive Board director, for approval by the General Shareholders' Meeting at its extraordinary session held in July 2015 and convened solely for this purpose. Both proposals received a favourable vote of 99% of shareholders, with an attendance figure of 58%. The Board of Directors, in July 2015, appointed the new executive Board director as the new CEO of the Company.

In order to complete the process for the separation of powers, a transition phase was established, which culminated at the Annual Ordinary General Shareholders' Meeting in 2016 with the full separation of the duties between the Chairperson of the Board and the Chief Executive Officer. As of said Meeting, the Chairperson of the Board of Directors has been attributed exclusively the responsibilities inherent to said position.

Furthermore, the Board of Directors, in the meeting held on 25 February 2020, resolved to appoint **Ms. Beatriz Corredor Sierra** Board director of Red Eléctrica Corporación, S.A., within the category of 'other external', at the proposal of the Appointments



and Remuneration Committee, until the first General Shareholders' Meeting in 2020 was held. Her appointment was submitted for ratification by the Ordinary General Shareholders' Meeting of the Company held on May 14, 2020, obtaining a percentage of votes in favour of 98.48%.

Similarly, in accordance with the provisions of article 21 of the Company By-laws and article 9 of the Regulations of the Board of Directors and upon a prior favourable report by the Appointments and Remuneration Committee, the Board agreed at its session of 25 February 2020 to appoint Ms. Beatriz Corredor Sierra as Chairwoman of the Board of Directors and non-executive Chairwoman of the Company.

Consequently, with the appointment of Beatriz Corredor Sierra as Chair of the Board of Directors and non-executive Chairwoman of the Company, **an orderly and reasonable succession** took place within the framework of the current corporate system of separation of powers within the structure and composition of the Board of Directors. This new structure allows the coexistence of the management functions regarding the supervision of the group's strategies and of their execution and modification, spearheaded by the group's non-executive Chairperson, who exercises the strategic corporate functions, such as sustainability, institutional relations, communication, compliance, internal audit and risk control, among others, as well as the leadership and promotion of the group's technological and digital transformation process and the function of ensuring the principle of independence of the electricity system operator and the adequate separation between regulated and non-regulated activities, with the management of Redeia's business, managed directly by the CEO; a system that constitutes an international model of good corporate governance.

Moreover, the figure of the **lead independent director** created in 2013 has remained unchanged, despite the fact that it is not mandatory for the Company, it is recognised by shareholders and proxy advisors as an efficient corporate governance practice.

With the appointment of Beatriz Corredor Sierra as Chair of the Board of Directors and non-executive Chairwoman of the Company, an orderly succession took place within the framework of the current corporate system of separation of powers.

At its meeting held on 29 March 2022, the Board of Directors, at the proposal of the Appointments and Remuneration Committee, has agreed to re-appoint Ms. Carmen Gómez de Barreda Tous de Monsalve as Lead Independent Director for a period of three years as established in the Regulations of the Board, pursuant to the Corporate By-laws and the Regulations of the Board.

COMMITTEES OF THE BOARD OF DIRECTORS / 2-9

The Company has three standing Committees of the Board set up by the Board of Directors to support it in the performance of its duties and responsibilities, with the goal of achieving greater efficiency and transparency.

	Audit Committee	Appointments and Remuneration Committee	Sustainability Committee
Composition	4 members	3 members	3 members (2)
Chairperson	Independent director	Independent director	Independent director
Independent directors	75% (3)	66.7% (2)	66.7% (2)
Nominee directors	25% (1)	33.3% (1)	33.3% (1)
Women on the Board	25% (1)	33.3% (1)	100% (3)
Meetings	12	12	11
In-person attendance	97.91% (1) (47)	100% (36)	96.77% (30) (1)
Noteworthy duties and responsibilities	Support to the Board of Directors in its oversight functions regarding the process for the drafting of financial and non-financial information, internal control and risk management systems, the independence of the external auditor, compliance with legal provisions and internal regulations and those relating to the Company's shareholders.	Appointment and removal of directors and senior managers, supervision of the directors' remuneration policy, compliance with the duties of directors, respect for the principles and rules of corporate governance and aspects related to the group's employees.	Ethical leadership, oversight of the group's strategy and practices regarding sustainability and their link to the Strategic Plan, oversight of compliance with the group's sustainability policies, monitoring stakeholder relationship processes and overseeing and coordinating the information reporting process regarding sustainability.

(1) There has only been one non-attendance, in which the director appointed a proxy, with specific instructions.

(2) In the meetings corresponding to the months of April and May, the Committee was composed of only two members, as there was a vacant seat due to the resignation of one member.



The creation of the Sustainability Committee in 2018 was voluntary and contributed significantly to the ranking of Redeia in the field of sustainability.

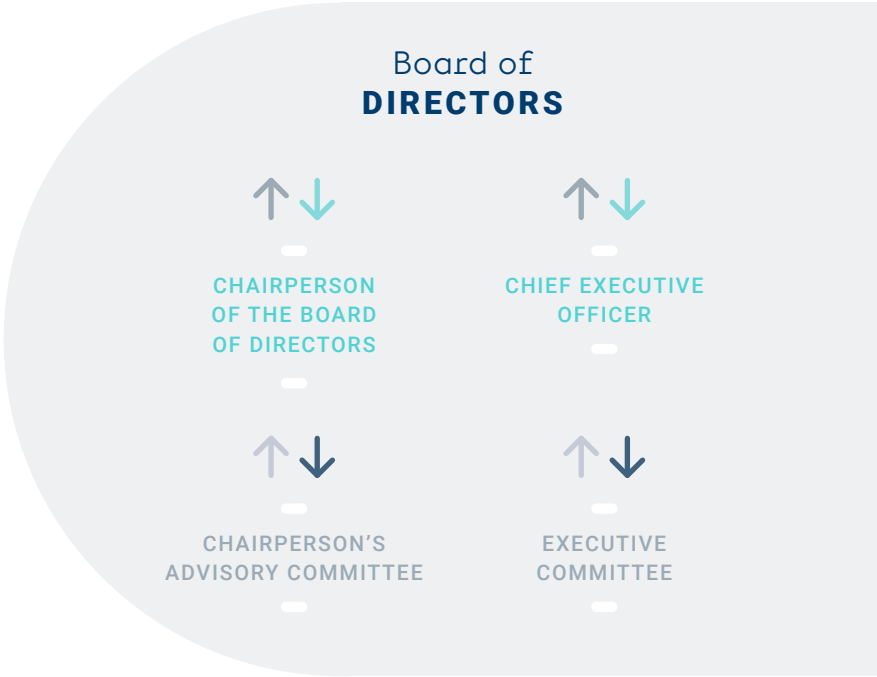
RELATIONSHIP OF THE BOARD OF DIRECTORS WITH THE MANAGEMENT TEAM

2-12 / 2-13

The policy of the Board of Directors is to delegate the day-to-day management of the Company and that of the group to the executive bodies and the management team and focus its activity on the overall function of supervision and approval of the essential guidelines for action.

As a result of the separation of the duties and powers of the Chairperson of the Board and of the Chief Executive Officer, the Company has two clearly differentiated management bodies composed of directors: the **Chairperson's Advisory Committee,** headed by the Chairperson of the Board, and the **Executive Committee,** chaired by the CEO.

The structure and functioning of these two separate committees replicates, within the organisation, the model of separation of duties and powers between the non-executive Chairperson and the Chief Executive Officer.



The Company provides stakeholders with regular and timely access to relevant, sufficient and reliable information, both in relation to the Company's governance rules and practices, as well as the results achieved.

For its part, the Regulations of the Board allow directors to request the Board to contract, at the Company's expense, legal, accounting, financial or other expert services to assist them in the performance of their duties. Similarly, in order to better fulfil their duties and responsibilities, the Board's Committees may seek advice from independent professionals in the exercising of their responsibilities.

It should be noted that in 2019 the Company created the **TSO Supervisory Committee,** chaired by the Chairperson of the Board, and the Regulations of the Board were modified to strengthen the Board's role as supervisor and guarantor of the functional independence of the Electricity System Operator.



DIALOGUE BETWEEN STAKEHOLDERS AND THE HIGHEST GOVERNANCE BODY
2-12 / 2-16

One of the underlying principles of the Corporate Governance Policy of Redeia and that serves as a benchmark for the performance of the Company in its relationship with its stakeholders is: to consolidate, develop and nurture symmetrical mechanisms of dialogue and engagement with shareholders, investors and key stakeholders, guaranteeing transparency, active listening and equal treatment, seeking to improve relationships, increase levels of engagement and thereby increase their level of trust in the organisation.

In compliance with this principle, the Company strives to fulfil the demands of institutional shareholders, given their noteworthy presence in the Company's shareholding structure, as well as the most relevant proxy advisors and other stakeholders, in order to improve its relationship with them, increase commitment and strengthen their trust, notwithstanding the guarantees and equal treatment enjoyed by other shareholders.



The Company provides its shareholders with periodic and standardised information that communicates the corporate environmental, social and good governance objectives that are part of the Company's business interest.

In this regard, the Company has a policy regarding the **criteria for reporting financial, non-financial and corporate information to shareholders, institutional investors, proxy advisors and other stakeholders.** These criteria guarantee the proper exercise of the rights and interests of stakeholders and favour commitment to shareholders through open, transparent and continuous dialogue. The Board of Directors is the body in charge of reviewing the criteria and overseeing their compliance.

The Company provides its shareholders with periodic and standardised information that communicates the corporate environmental, social and good governance objectives that are part of the Company's business interest. In no case does the Company facilitate institutional shareholders with information that could place them in an advantageous or privileged position with respect to other shareholders, but it does provide them with publicly available information in a rational and orderly manner.

Since 2016, the Company has regularly organised **roadshows** for its main proxy advisors regarding corporate governance matters. These roadshows are presented by the Company's top executives and have the active participation of the Lead Independent Director.

Besides the direct communication channels previously indicated in the 'Transparency and Communication' section of this report, the highest governance body also has the following consultation mechanisms for the interaction with stakeholders:

- Whistle-blowing channel and Compliance with the Code of Conduct and Ethics
- Social representation/committees.
- Stakeholder satisfaction reports.
- DÍGAME Service.

SELECTION OF BOARD DIRECTORS - SKILLS AND COMPETENCIES MATRIX

2-10 / 2-17

The system used for the selection, appointment and re-election of members of the Board of Directors is expressly governed by the Corporate By-laws and the Regulations of the Board. Similarly, the Corporate Governance Policy of Redeia includes the principle of ensuring the existence of appropriate procedures for the

selection of Board directors, which guarantee reasonable balance and comprehensive diversity within the Board of Directors for the proper performance of its mission.

In November 2022, the **Board of Directors approved a Diversity Policy** for the Board of Directors and appointment of directors in order to consolidate Redeia's commitment to diversity in a broad sense, not only in terms of gender but also in terms of experience, knowledge, age, nationality or seniority in the position of directors, in the composition of the Board of Directors and its committees and to ensure the existence of appropriate procedures for the selection of directors. These procedures guarantee a reasonable balance and comprehensive diversity within the Board of Directors in the performance of its mission. The aforementioned policy includes the company's objective of having 50% women on the Board of Directors. Similarly, the Appointments and Remuneration Committee has criteria that define the ideal profile to take up the position of Board director, describing the qualities, competencies and experience that the ideal candidate should meet to occupy the position of Board director.

The Company has, since 2018, a **Board of Directors' skills and competencies matrix,** personalised for each Board director, which reflects the competencies, experience, knowledge, professionalism, suitability, independence of criteria, qualities and capacities established by the Corporate Governance Policy for the members of the Board of Directors facilitates the supervision of comprehensive diversity in the composition of the Board of Directors in order to make the most appropriate and informed decisions at all times.

The matrix, which is aligned with the most advanced international practices and recommendations in the area of corporate governance, consists of three blocks (1. Experience-knowledge in the business sectors of the Company's activities and its strategic priorities; 2. Duties and functions related to the responsibilities of the Board; and 3. Diversity) that embody, in turn, a total of t**wenty-three categories** which reflect the experience and knowledge of the members of the Board on aspects such as: the energy and telecommunications sector; financial; capital markets; strategy and business development; infrastructure management; Boards of Directors of public and private entities; sustainability; risk management and compliance; digital transformation, and gender, age or length of service as a Board director, among others.

The aforementioned skills and competencies matrix is continuously revised and updated so that it remains current and perfectly aligned with the strategy of Redeia.

Before issuing its report or making a proposal for the appointment of a director, the Appointments and Remuneration Committee, based on the Board of Directors Diversity and Director Appointment Policy, always analyses the diversity of profiles and contributions of the current members of the Board of Directors. Similarly, when it considers it appropriate, among other proposals and suggestions, it may seek the **opinion of external international advisors specialised in director selection processes.**



When evaluating the candidates participating in the selection process, the procedure takes into account, among other things, the competencies, training, experience, professionalism, suitability, gender, impartiality, knowledge, qualities, abilities and availability of the members of the Board of Directors at all times, as it is the Appointments and Remuneration Committee that takes on the most relevant role in this process, with the possibility of contracting external advisory services (head hunters) if considered appropriate. The appointment and removal of Board directors as well as the ratification of appointments by co-optation, if applicable, is subject to approval at the General Shareholders' Meeting.

CONFLICTS OF INTEREST
2-15

In all cases, directors shall disclose to the Board of Directors any situation of direct or indirect conflict that may exist between their own interests, or those of persons related to them, and the interests of the Company. Any conflicts of interest that involve Board directors shall be disclosed in the notes to the financial statements.

With respect to directors of the Management team, conflicts of interest are regulated within the Code of Conduct and Ethics and in the Guide for the Management of Conflicts of Interest approved in 2018, as set out in the section in this report entitled 'Ethics and Compliance'.

ASSESSMENT OF THE COMPETENCIES AND PERFORMANCE OF THE BOARD
2-17 / 2-18

For many years now, the Company has been applying the principle of conducting an annual assessment of the functioning and performance of the Board of Directors, the Chairperson of the Board, the Chief Executive Officer of the Company as well as of the Committees of the Board, ensuring that this is conducted with the support of independent external advisors. The process carried out in 2022 has once again counted on the collaboration of an external consultant and was carried out under the oversight of the Appointments and Remuneration Committee in coordination with the lead independent director. A summary of its main conclusions is voluntarily published in the Annual Corporate Governance Report.

In terms of knowledge development, the company has an Induction **Plan for new directors,** which includes the information and basic training that must be provided to the directors who have recently

joined the Company. It should be noted that the said Plan includes information on sustainability matters, among other aspects. Said Plan was updated by the Board in 2022.

In addition, internal information programmes on national and international trends in corporate governance may be established regularly.

In 2022, informal meetings with directors will be held as part of the **Protocol for the Board of Directors' engagement with employees.** These sessions aim to provide employees with a better understanding of the role of board members and the work they carry out, and the work of the various Committees of the Board.

One of the tools that has contributed to increasing the efficiency of the Board and its committees has been the **digitization of the meetings of the Board of Directors and Board committees and the Board of director's intranet,** in which the documentation on the sessions of the Board of Directors and its Committees is published, as well as corporate information of interest.

BOARD REMUNERATION
2-19 / 2-20

The Company applies the principle of maintaining a remuneration policy for the Board of Directors based on the **principles of moderation, relationship with its effective dedication, alignment between the strategies and long-term interests of the Company and its shareholders and other stakeholders, and includes performance incentives** whose monetary value would, in no way, have an influence on the independence of the Board director.

The Company carries out comparative analyses with other comparable companies and maintains permanent contact with



its shareholders and proxy advisors. A new remuneration structure was established in 2021, replacing variable remuneration with fixed remuneration, thus eliminating the variable remuneration component of external directors. Only the Chief Executive Officer's remuneration includes variable elements linked to short and long-term performance and aligned with the Company's key objectives.

The proposal regarding the remuneration of the Board was approved by a clear majority at the General Shareholders' Meeting held on 7 June 2022 with just 0.65 per cent of votes against. For many years now, the State-owned Industrial Holding Company (SEPI) has abstained from voting at the Ordinary General Shareholders' Meeting on proposals regarding the remuneration of the Board and, it is a well-known fact, that this is the stance the SEPI maintains in the listed companies in which it has a minority shareholding.

Noteworthy aspects regarding the remuneration of the Board

- Since 2010, the Company has voluntarily submitted the Annual Report on Remuneration of Board Directors and, since 2007, the proposal for the annual remuneration of the Board of Directors, to the approval of the Ordinary General Shareholders' Meeting, as separate and independent items on the Agenda of the General Shareholders' Meeting.

- As of 2015, the Company submits the Remuneration Policy for Board Directors to the General Meeting for approval. Due to the fact that the period of validity (2019, 2020 and 2021) of the Remuneration Policy for Board Directors of Red Eléctrica Corporación, S.A., approved by the General Shareholders' Meeting on 22 March 2019, expired in 2021, the new **Remuneration Policy for Board Directors,** applicable for 2022, was approved for the following three-year period by the General Shareholders' Meeting held on 29 June 2021.

Sustainability objectives have a weighting of 12% within the management objectives included in the CEO's variable compensation plan.

The remuneration system for the Chief Executive Officer, as well as for the senior-level executives, includes fixed elements and variable components tied to short and long-term goals, aligned with the objectives and strategies of Redeia. In particular, the variable annual remuneration of the CEO is based on compliance with a combination of predetermined and quantifiable business objectives, measured at group level - which have a 75% weighting in the total variable annual remuneration - as well as compliance with the operational objectives of the management team linked to the businesses of Redeia - which have a 25% weighting in the total variable annual remuneration. Among the latter is the objective connected to sustainability, which has a weighting of 12% and which is linked to making progress in the fulfilment of Redeia's Sustainability Plan and ensuring the Company's continued presence in the most relevant indexes in the field of sustainability.



With regard to multi-year variable remuneration, once the 2014-2019 Plan regarding objectives had been finalised, on 23 February 2021, the Board of Directors approved the new 2021-2025 Strategic Plan, as well as the Long-Term Incentive Plan to promote the energy transition, reduce the digital divide and promote diversification, whose objectives are linked to the targets set out in the Redeia's new Strategic Plan and are aligned with the guidelines established in the current Remuneration

Policy for Board Members. The Plan has a duration of six years and will end on 31 December 2025. Entitlement to receive the incentive is conditional on the fulfilment of objectives linked to the said 2021-2025 Strategic Plan, as well as on the obligation to remain in the Company during the complete term of the Plan. Furthermore, it should also be noted that 10% of the incentive is linked to Sustainability.

Similarly, the General Shareholders' Meeting held on 29 June 2021 approved the remuneration through the delivery of Company shares as provided for in the new Long-Term Incentive Plan regarding the energy transition, reduction of the digital divide and the promotion of diversification aimed at executive directors and members of the management team of the Company and of the companies belonging to Redeia who, due to their position or responsibility, are considered to contribute decisively to the creation of value and are included in the Plan during its term.

All detailed information on the remuneration of the Board of Directors can be found in the Annual Report on Remuneration of Board Directors and in the Remuneration Policy for Board Directors, published in the Corporate Governance section of the corporate website.

Redeia applies sustainability criteria to calculate the variable remuneration of the CEO and senior-level executives.

Principles of the Company's remuneration policy

COMMON GENERAL PRINCIPLES REGARDING REMUNERATION	• Balance and moderation. • Alignment with the practices demanded by shareholders and investors. • Transparency. • Voluntary submission of any decision related to director remuneration to the approval of the Annual General Shareholders´ Meeting. • Alignment with the Company's and the group's strategy. • Alignment with the remuneration established in comparable companies. • Non-discrimination on the basis of gender, age, culture, religion and race • Based on the actual amount of time dedicated to the Board and its functions. • Linked to the execution of their duties and responsibility as Board members.
BESPOKE PRINCIPLE FOR THE REMUNERATION OF THE CHIEF EXECUTIVE OFFICER	• Reasonable balance between the fixed and variable remuneration components, which reflects a fair assumption of risks combined with the achievement of the defined objectives, linked to the creation of sustainable value.
BESPOKE PRINCIPLES FOR THE REMUNERATION OF NON-EXECUTIVE DIRECTORS	• Non-inclusion of variable components in their remuneration in order to guarantee total independence. • Incentivising in nature, but the amount should not condition their independence.

4.

Commitment to Sustainability

4

Commitment to Sustainability



5 Anticipating change and taking action



6 Decarbonisation of the economy



7 Sustainable value chain



8 Contribution to social, economic, and environmental development

Key indicators 2022

98.5% fulfilment of the 2020-2022 Sustainability Plan.

8 points out of 10 in the perception index of all stakeholder groups analysed.

2022 Milestones

Approval of the 2023-2025 Sustainability Plan.

Approval of the update of the Sustainability Objectives for 2030.

Holding of the third edition of the Sustainability Conference sessions.

Challenges for 2023

Continue to advance in the implementation of the new Stakeholder Management Model in the various companies within the group.

Carry out the actions defined in the 2023-2025 Sustainability Plan.

Adaptation of the sustainability report to European Directive 2022/2464 on sustainability reporting.

Awards and Recognitions

Redeia was awarded the EFQM 700+ Seal of Excellence, Innovation and Sustainability.

The Company was awarded the Silver Class distinction in the Electric Utilities sector in The Sustainability Yearbook 2023 published by S&P Global.

4.1

2030 Sustainability Commitment



The **2030 Sustainability Commitment of Redeia,** approved by the Board of Directors, materialises the commitment made by the Company to its long-term continuity and success through a business model capable of creating shared value for all its stakeholders through the responsible execution of its activities.

The 2030 Sustainability Commitment is based on ten principles defined in the Sustainability Policy and is based on four sustainability priorities aimed at responding to the sustainability challenges.

Principles that underpin sustainability in Redeia



Financial Sustainability



Corporate Responsibility and Excellence



Innovation



Corporate Governance and Ethics



Transparency



Talent, Diversity and Equality



Partnership with Stakeholders



Creating Shared Value



Caring for the Environment



Respect for Human Rights

Redeia's priorities in sustainability matters

Anticipating change and taking action

Promote a corporate culture of innovation and flexibility that allows the Company 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.





Decarbonisation of the economy

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.

Responsible value chain

Extend the Company's responsibility commitment to all links in the value chain, ranging from employees to suppliers and clients, accomplishing this through the creation of alliances and by basing it on our corporate governance and integrity model.





Contribution to social, economic and environmental development

Contribute to society's economic, environmental and social progress by providing a key service safely and efficiently. This is achieved by promoting environmental conservation, the quality of life and the social well-being of people. We also seek to involve the communities where our facilities are located in all aspects related to the Company's activities to generate a mutual benefit that positively impacts society as a whole.

2030 SUSTAINABILITY GOALS

In 2019, Redeia established **eleven sustainability objectives** with a 2030 vision, aligned with the Strategic Plan. The drafting, during 2022, of the 2023-2025 Sustainability Plan has made it possible to define mid-term objectives to achieve Redeia's 2030 ambition and, consequently, to update and/or firm up the 11 already existing objectives.

These goals, validated by the Sustainability Steering Committee, the Executive Committee, the Board's Sustainability Committee and approved by the Board of Directors, contribute directly to the achievement of the United Nations Sustainable Development Goals.

Redeia establishes 11 sustainability objectives with a 2030 vision associated with the priorities of the Company's Commitment to Sustainability.

Decarbonisation of the economy

	2030 Goals	2025 Goals
Climate change	• **55% reduction in Scope 1 and 2 emissions and 28% reduction in Scope 3 emissions** compared to 2019.	• 30% reduction in Scope 1 and 2 emissions. • Two-thirds of suppliers (in terms of emissions) were SBTi approved (compared to 2019). • 100% of Scope 1 emissions offset.
Energy transition	• Safely integrate 100% of available **renewable energy** into the electricity system: 74% of renewable energy in the electricity generation mix. • Empower society to promote their **active participation** in the energy transition process.	• >60% renewable energy in the electricity generation mix. • Launching of the expanded Datahub, which, in accordance with regulations, can be accessed by authorised participants and stakeholders. • Greater content on the REData and RedOS platforms.
Sustainable financing	• 100% **sustainable financing.**	• 60% sustainable financing.



Responsible value chain

	2030 Goals	2025 Goals
Biodiversity 	• Generate a net positive impact on the **natural capital** of the environment surrounding the new facilities. (1)	• 100% of critical spans of line marked by Red Eléctrica. • 100% of investment projects committed to protecting vegetation and combating deforestation.
Circular economy 	• Be a leading company in **circular economy:** Group: 0% of waste to landfill. Group: 6.5 m³ of water consumption per employee per year in work centres.	• Red Eléctrica: 0% of waste to landfill. • Red Eléctrica: 6.5 m³ of water consumption per employee per year in work centres.
Suppliers 	• Be a driver of change for our **suppliers:** at least 25 supplies with the greatest impact on the transmission grid shall include circular criteria (LCA – Life Cycle Assessment), climate change, security, diversity and biodiversity.	• At least 10 supplies with the greatest impact on the transmission grid shall include circular criteria (LCA), climate change, security, diversity and biodiversity.

(1) All Red Eléctrica facilities subject to the environmental assessment process (simplified or ordinary), whether or not they are included in the planning, whether they are affected by state or regional legislation.

Contribution to social, economic and environmental development

	2030 Goals	2025 Goals
Diversity 	• Be a company of reference in gender equality: 50% of women on Redeia's Board of Directors and the group's management team. • Promote the inclusion of groups at risk of social and labour exclusion.	• 50% of women on Redeia's Board of Directors. • 38% of women in the group's management team. • At least 40% of the legal percentage of direct hiring of people with disabilities. • Increase by 20% the volume managed through Special Employment Centers for the provision of services in Redeia.
Digital divide 	• Reduce the digital divide: promote connectivity of 100% of people located in the vicinity of our facilities.	• Promote the development of the fibre optic business of at least three local carriers. • 100 Mbps connectivity deployed throughout Spain.

Anticipating change and taking action

	2030 Goals	2025 Goals
Innovation and technology	• Be a benchmark company in technological innovation. Adoption of 64 innovative technological solutions in Redeia that address the group's key challenges, contributing tangible or intangible value.	• Adoption of 24 innovative technological solutions in Redeia that address the group's key challenges, contributing tangible or intangible value.

SUSTAINABILITY ORGANISATIONAL STRUCTURE

Since 2018, Redeia has had a **Sustainability Committee** within the Board of Directors, mainly owing to the strategic nature that sustainability has within the Company. Furthermore, the Sustainability Steering Committee and the Corporate Sustainability and Research Area carry out a key role by reinforcing the implication of decision-makers at the highest level within the Company and involving all areas of the organisation in the implementation, supervision and monitoring of the 2030 Sustainability Commitment.



The 2030 Sustainability Commitment is driven by the Board of Directors and the Redeia management team, incorporating sustainability into the day-to-day decision-making process of the entire organisation.



Duties and responsibilities

Approval	**Board of Directors**	• Approve the Sustainability Policy. • Approve the Commitment to Sustainability deployment plans and objectives.
Monitoring and Assessment	**Sustainability Committee**	• Promote ethical leadership that encourages conformity with the Code of Conduct and Ethics, as well as the adoption of corporate values, both inside and outside the organisation. • Supervise compliance with the group's sustainability policies aimed at helping contribute to meeting the Sustainable Development Goals. • Monitor the group's strategy and practices in relation to the 2030 Sustainability Commitment and the sustainability policies and how they are linked to the Strategic Plan. • Supervise the relationship processes with the various stakeholders. • Supervise and coordinate the process of reporting information on sustainability matters in accordance with international standards of reference.
	Sustainability Steering Committee	• Propose the group's Sustainability Principles and Guidelines. • Guarantee the fulfilment of the targets and priorities of the 2030 Sustainability Commitment. • Ensure the establishment of a management system and promote its efficient implementation. • Guarantee that stakeholders' requirements are properly analysed and assessed within the Company's strategies. • Promote internal awareness.
Oversight	**Corporate Sustainability and Research Area**	• Advise the group on matters related to sustainability. • Define and design the activities and structural elements of the Group's management model. • Design and monitor the Group's plans and programmes. • Ensure the development and ongoing improvement of sustainability management systems, structures, plans and projects.
Implementation	**Organisational areas**	• Carry out their activities and projects in accordance with the principles and guidelines set out in the 2030 Sustainability Commitment, ensuring the involvement of all collaborators concerned. • Participate in the implementation of the management model.

2020-2022 SUSTAINABILITY PLAN

The 2030 Sustainability Commitment is deployed through multi-year plans. The 2020-2022 Sustainability Plan was approved by the Executive Committee in 2020 following a review by the Sustainability Committee of the Board of Directors.

The Plan, which has reached a fulfilment level of 98.5%, is made up of 17 courses of action aligned with the Group's Strategic Plan and the Sustainable Development Goals and consists of a total of 39 targets, 71 indicators and 210 actions.

The vision of the 2020-2022 Sustainability Plan is to maximise the contribution of Redeia towards solving global challenges, consolidating its position as a worldwide benchmark in sustainability.

2020-2022 Sustainability Plan: courses of action

Decarbonisation of the economy

1 Leading role in the energy transition.

2 Mitigation of climate change: reduction of the carbon footprint.

Responsible value chain

3 Exemplary performance in corporate governance, compliance and ethics.

4 Contribution to financial strength.

5 Guarantee occupational health and safety, and well-being.

6 Consolidation of a customer-centric culture.

7 Progress in the social acceptance of electricity infrastructure.

8 Conservation of biodiversity and natural capital.

9 Responsible management of the supply chain.

Contribution to social, economic and environmental development

10 Promotion of biodiversity.

11 Elimination of the digital divide.

12 Consolidation of a positive social footprint

Anticipating change and taking action

13 Acceleration of innovation and technology.

14 Boost for digital transformation.

15 Development of the necessary talent.

16 Adaptation to climate change.

17 Transformation towards a circular economy.

Throughout 2022, Redeia designed its **2023-2025 Sustainability Plan,** which was approved by the Board of Directors in October after its validation by the Sustainability Steering Committee, the Executive Committee and the Board's Sustainability Committee. The new Plan will enable progress to be made on the group's sustainability goals and priorities, responding to the expectations and demands of stakeholders.

It should be noted that Redeia annually defines **a sustainability objective for the management team.** The fulfilment of this objective has an impact on the remuneration of the workforce. In 2022, the managerial objective was defined on the basis of the degree of fulfilment of the 2020-2022 Sustainability Plan and the Company's presence in the main sustainability indexes (DJSI and Euronext Vigeo).

CONTRIBUTION TO THE SUSTAINABLE DEVELOPMENT GOALS (SDGS)

Redeia is an active agent in the achievement of the Sustainable Development Goals (SDGs) through the deployment of its 2030 Sustainability Commitment.

Priority SDGs in Redeia



98.5%

fulfilment level of the 2020-2022 Sustainability Plan





Based on the nature of its activity and the countries in which it operates, Redeia identifies the priority SDGs, indicating its contribution to each of them. However, as a socially responsible agent, Redeia meets the global 2030 Agenda of the United Nations through its performance in sustainability.

Redeia prepares a **specific annual report on its contribution to the SDGs,** which it publishes on its website.

CORPORATE RESPONSIBILITY MANAGEMENT SYSTEM

The activities of Red Eléctrica, as well as the services received from Red Eléctrica Corporación, are within the scope of a corporate responsibility management system certified in accordance with the international standard IQNet SR10 (Social Responsibility Management System). The proper implementation and operation of the system are assessed annually through external audits, and periodically through internal audits. In 2022, both audits were successfully passed and no deviations from the system were detected.

Furthermore, Red Eléctrica Andina, Red Eléctrica del Sur S.A. and the TESUR, TESUR 2 and TESUR 3 projects have maintained the certification of this standard in 2022.

GUARANTEE OF EXCELLENCE

Redeia's commitment to excellence in management constitutes one of the pillars of its corporate culture. The Company has a Policy of Excellence, revised in 2021, which establishes the principles in relation to the commitment to excellence in management. This is focused on the creation

Redeia obtains the EFQM 700+ Seal of Excellence for Innovation and Sustainability.

of sustainable value that satisfies or exceeds the requirements and expectations of the stakeholders within the ecosystem of Redeia, acting as a lever for the achievement of outstanding results in the present and in the future.

Red Eléctrica adopted the **EFQM (European Foundation for Quality Management)** excellence model in 1999 as a tool to achieve enhanced performance in the Company's management and since then, it conducts external evaluations regularly as required by this model. In 2022, Redeia carried out the external assessment of Red Eléctrica Corporación S.A. and Red Eléctrica de España S.A.U. in accordance with the EFQM 2020 model, obtaining a score of over 700 points and, therefore, was granted the **EFQM 700+ Seal of Excellence for Innovation and Sustainability.** Following this assessment, the model will be extended to the rest of Redeia's activities.

Similarly, Redeia has quality systems certified in accordance with the ISO 9001 standard in the parent company and in the main subsidiaries of the group. Noteworthy is the certification of the international standard UNE-ISO 19650-1 and UNE-ISO 19650-2 related to Information Management Systems for the construction of buildings and civil engineering works, which use the Building Information Modelling (BIM) collaborative work methodology in the construction project of the Salto de Chira pumped storage hydroelectric power station in Gran Canaria.



4.2 Stakeholder Management Model



The aim of Redeia's Stakeholder Management Model is to achieve a relationship based on trust with a focus on the creation of shared value.

The design of this Model has taken into account the indications of the main reference norms and standards in stakeholder management, such as AA1000, ISO 26000, IQNet SR10 or the Global Reporting Initiative (GRI), in order to ensure that the Company

analyses the main impacts on its stakeholders derived from its business activities, as well as the influence that these stakeholders have, or could have, on the Company. In this way, Redeia focuses its relationship on the creation of shared value, strengthening the positive impacts and quickly identifying the negative impacts that could affect the relationship, in order to minimise them.

In 2020, Redeia initiated the review of the **group's Stakeholder Management Model.** In 2022, the update included the electricity business in Spain (Red Eléctrica) and it is expected to be extended to the rest of Redeia's subsidiary companies in 2023.

Phases of the Stakeholder Management Model



1
Identify the groups that constitute stakeholders, based on the analysis of the interrelationships between the Company's processes and activities with the socio-economic environment, and segment them according to the reason why they are of interest. The groups that share the reason for the relationship are grouped together, using a bottom-up approach, to form stakeholder categories.

2
Once the stakeholder groups have been identified, their relevance is determined based on the three prioritisation factors: impact of the Company on the stakeholder, influence of the stakeholder on the Company, and lastly, tension, understood as the need for special attention at specific moments in the relationship, derived from the fact that this relationship is not linear and that variations in impact and influence may occur.

3
The definition and deployment of the optimal stakeholder relationship framework will depend, firstly, on the commitments assumed by the Company with the stakeholder and, furthermore, on its level of priority and the level of engagement considered appropriate.

4
The evaluation of stakeholder management is based on the systematic and periodic identification of stakeholder requirements and expectations through different methodologies based on the framework of the relationship with each stakeholder group. From this assessment, action plans emerge, aimed at responding to the relevant issues, and to the needs and expectations identified.

5
The Stakeholder Management Model itself is reviewed periodically, in principle every three years, in line with the Materiality Study. This review may also arise in connection with relevant changes in the Company's external or internal context, thus ensuring that the Model is a useful management tool and is in line with the business reality.



Stakeholder Groups(*)

- BUSINESS ECOSYSTEM
- REGULATORY BODIES AND THE PUBLIC ADMINISTRATION
- FINANCIAL-ECONOMIC ECOSYSTEM
- EMPLOYEES
- SUPPLIERS
- CUSTOMERS
- SOCIAL ECOSYSTEM

(*) Inventory corresponding to the review carried out at Red Eléctrica Corporación, S.A. and Red Eléctrica de España, S.A.U.



Commitment to stakeholders

Regulatory bodies and the public administration



- Independence of the System Operator.
- Transparency, reliability, accuracy, integrity and promptness of information.
- Proactivity in analysing problems and proposing solutions.
- Respect for the principle of legality, compliance and respect for international standards of business conduct.
- Provision of advice and collaboration with European and national institutions.
- Good corporate governance.
- Driving the energy transition in Spain.
- Contribution to sustainable economic, environmental and social development.

Economic and financial ecosystem



- Application of best practices in corporate governance and risk management.
- Voluntary adoption of the Code of Good Governance of Listed Companies.
- Ethical conduct.
- Transparency and rigour in information.
- Quality and security in operations.
- Financial solvency in the medium and long term.
- Long-term relationships based on trust.
- Creation of economic value in the short and long term.
- Dividend policy (profit distribution).
- Sustainable financing by 2030.
- Provision of information promptly and under equal conditions.
- Fluid, transparent and close dialogue.

Employees



- Ethical culture and integrity, favourable to diversity and equal opportunities.
- Compliance with legislation and with collective bargaining agreements.
- Continuity of the business project and job stability.
- Talent management and professional development.
- Healthy work environments from a unique perspective of comprehensive well-being.
- Work-life balance.
- Two-way dialogue based on fluid and close communication.
- Facilitating free association and direct dialogue with the management team.
- Participation in the management of the Company through workers' representatives.
- Visibility of management.
- Adequate and timely response to requests and requirements.
- Attention to specific needs: provision of solutions.

Continued on next page



Commitment to stakeholders

Suppliers

- Guarantee of equal competition, fair treatment and non-discrimination.
- Proportionality in the procurement model.
- Compliance with contractual commitments.
- Guarantee, solvency, payment made in due time and form.
- Ethical conduct, transparency and integrity.
- Visibility of needs and resources with the fair and necessary anticipation.
- Act as a driver of change.
- Promotion of responsible practices throughout the supply chain: sustainability criteria and extension of the commitment to sustainability to all links in its supply chain.

Customers

- Acting as a driver and facilitator of the energy transition in Spain.
- Respect for the principle of legality and regulatory compliance.
- Proactivity acting as a facilitator for legal compliance.
- Excellence in all processes and services.
- Equal treatment for all electricity system users.
- Transparency, security, reliability, rigour and veracity of information.
- Capacity for close dialogue and active listening and the provision of useful information.
- Confidentiality of information.
- Compliance in terms of deadlines and quality with the functions assigned in the transmission grid planning process and in the commissioning of facilities.
- Efficient management (in due time and form) of incidents, enquiries and claims.
- Creation of shared value.

Social ecosystem

- Respect for the principle of legality and regulatory compliance.
- Generation of social, environmental and economic value in the areas surrounding the facilities and in projects.
- Transparency of the Company's information in a clear, timely, complete, relevant, orderly and simple manner.
- Creation of spaces and channels for fluid dialogue and prior consultation, favouring participation, guaranteeing a swift response, proximity, active listening and identifying and analysing needs.
- Prevention and mitigation of the effects and impacts of works and facilities.
- Rapid response to incidents and emergencies.
- Allocation of the necessary resources for the fulfilment of the commitments undertaken.

Continued on next page

Commitment to stakeholders



Business ecosystem

- Respect for the principle of legality and regulatory compliance.
- Transparency, rigour and reliability regarding the information shared.
- Ethical conduct and honesty in the defence of the interests of associations and their members.
- Professionalism, commitment and representation in working groups.
- Active participation in projects seeking common objectives regarding efficiency and effectiveness in the face of common processes and challenges.
- Generation of alliances in the quest for solutions.
- Trust, active listening and closeness.
- Systematic dialogue, strengthening communication channels.

RESPONDING TO STAKEHOLDER REQUESTS / 2-29

Redeia aims to achieve a trusting and lasting relationship with its stakeholders and is therefore aware of the need to maintain a constant dialogue with them. To this end, it provides them with various stakeholder attention channels, with multiple means of contact, through which they can send any type of request related to the services provided by the companies in the group.

In order to achieve this objective, there is a robust stakeholder **service and attention model,** which ensures the traceability of communications and guarantees their resolution in the shortest possible time.

Requests received in 2022, by type and company of the group

	TOTAL REDEIA	Red Eléctrica	Redinter	Reintel	Hispasat
	Global	Spain	Latin America	Spain	Spain
Claim	94	91	3	-	-
Incident	5,668	-	-	585	5,083 (1)
Attention service	9,982	3,701	707	-	5,574
Complaint	34	25	3	-	6
Enquiry	8,341	2,069	704	-	5,568 (2)
Suggestion	5	5	-	-	-
Request for information	1,402	1,402	-	-	-
Notification	200	200	-	-	-
Total requests	15,744	3,792	710	585	10,657

(1) Includes: incident, problem, terminal incident, platform incident, service incident and scheduled work.

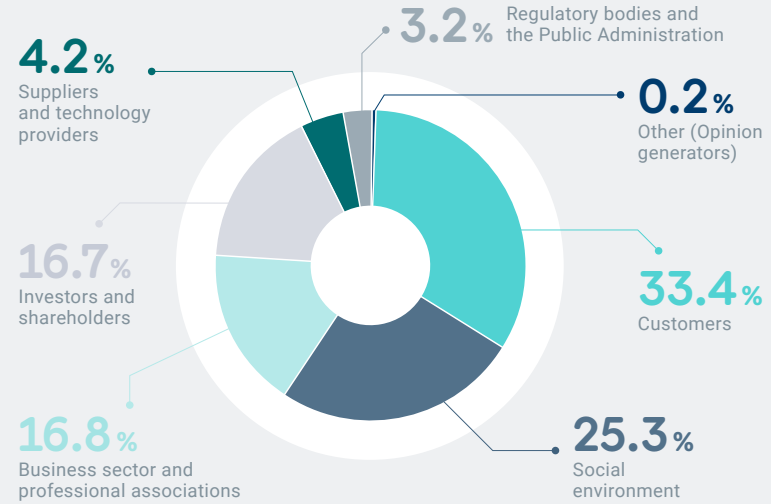
(2) Includes: operational issue, request for information, alignments, change, service provisions and other.

Red Eléctrica

The *DÍGAME* service has guaranteed, since 2008, the professional management of enquiries related to Red Eléctrica's services regarding the operation of the national electricity system and the management of the transmission grid submitted by external stakeholders through the Group's various communication channels available (phone, e-mail, online web form and post or registered fax). This service is staffed by personnel from the Juan XXIII Roncalli Foundation, a non-profit organisation that facilitates the professional integration of people with some type of disability.

Throughout 2022, a total of 3,792 enquiries were received and managed, with Clients being the stakeholder group which contacted the service the most (1,268 requests), followed by Social environment (960) and Business sectors and associations (637), and Investors and shareholders (634). To a lesser extent, there were also enquiries from regulatory bodies and administrations, suppliers and other stakeholder groups.

Requests by stakeholder group
(%)





Throughout 2022, a total of 3,792 requests were received and managed by the *DÍGAME* Service, with stakeholders and customers, being the ones that contacted the service the most.



Red Eléctrica pays special attention to complaints/claims as they are communications that reveal a breach of the commitments acquired, or that report real damage derived due to the Company's activity, and for which a solution is expected.

Of the 91 grievances received in 2022, 45 have been considered 'applicable' as they correspond to the functions and responsibilities of Red Eléctrica. Of these, 33 have been upheld (i.e., grievances accepted based on arguments submitted, in full or in part, and which are considered to be true and justifiable).

Most of the grievances received relate to the impacts of facilities and infrastructure belonging to Red Eléctrica, mainly in aspects regarding the felling and clearing of vegetation or damage to infrastructure.

Applicable grievances managed

	2022	2021
By type of grievance		
Quality and continuity of supply	10	13
Impact of facilities	28	29
Power measurement	1	-
Other	6	2
Total	45	44
By claimant (stakeholder group)		
Social environment	38	36
Business sector/Professional associations	4	6
Customers	3	2
Total	45	44

38 grievances were resolved by the end of 2022, with 7 relating to the impact of the facilities which, due to their complexity, are in the process of being resolved. Similarly, work is underway on 3 grievances that were registered in 2021.

Redinter

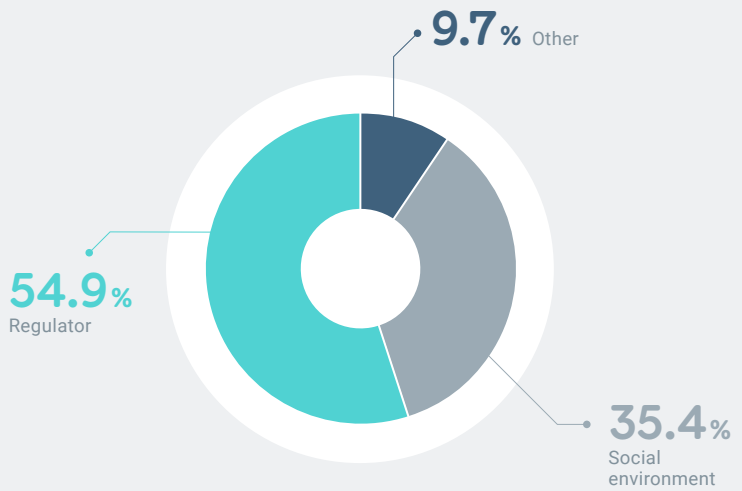
The DÍGAME International Service offers its stakeholders a communication channel for sending requests related to the Company's activities in Peru and Chile. These can be formulated through various communication channels (telephone, email, web form, customer service desks, field offices or via community relations representatives).

Throughout 2022, a total of 710 requests were received and managed in Latin America, with the regulator being the stakeholder group that contacted the Service the most (390 requests), followed by the social environment (251 requests).

In Peru, two claims were registered during 2022, related to the TESUR 4 concession, while in Chile, one was registered in relation to REDENOR. With regard to complaints, three were received in Peru, corresponding to the CCNCM concession company, and none were registered in Chile.

At the close of 2022, 43 requests are in process in Peru and there are none in Chile.

Requests by stakeholder group in Redinter
(%)



Reintel

Reintel has its own permanent (24/7) network operation centre that controls and monitors the status of the network and deals with incidents and scheduled customer work, in order to offer a reliable, high-quality service.

During 2022, 585 network incidents affecting customers were attended to. Of the total number of incidents, 62.9% were due to electricity supply failures, works by third parties, natural causes and vandalism, while the remaining 37.1% corresponded to scheduled work on the network.

In line with normal operations, incidents were dealt with, and faults were repaired within the time periods established in customer contracts.

Hispasat

Hispasat also maintains a continuous dialogue with its customers. To this end, it provides them with several tools that facilitate direct communication. These are a call centre (24/7) in three languages

(Spanish, Portuguese and English) and with local numbers, and a support centre or web portal, through which customers can open service incidents or request specific information.

During 2022, a total of 10,657 requests were received, most of them related to operational matters, requests for information, alignments, changes, or service provisions, among others.

Information on the attention channels available to HISPASAT stakeholders is detailed in the Customer Orientation section of this report.

8 out of 10

Perception index

of all stakeholders analysed



PERCEPTION STUDIES
2-29

Perception studies allow us to detect the requirements and expectations of our stakeholders, covering a wide range of groups. The studies are conducted periodically, according to a multi-year plan, and are carried out with the collaboration of an external consultant to guarantee the validity and confidentiality of the process.

Global indicators of the stakeholder perception survey

	2020	2021	2022
Perception index	**8.0**	**8.0**	**8.0**
Perception level	**8.2**	**8.1**	**8.1**
Overall satisfaction level of services	**8.0**	**7.9**	**8.0**
Assessment of the communication and information activities	7.9	7.8	7.9
Assessment of the execution of activities	8.2	8.2	8.3
Reputation	8.0	8.0	8.1

As a result of the information gathered, the Company identifies actions to make progress on the expectations and improvements expressed, once they have been analysed, in accordance with its commitment to continuous improvement. Both the results of the studies and the improvement plans are communicated to the stakeholder group analysed in order to reach a consensus with them on the improvements proposed by the Company.

In 2022, the Company conducted studies on the perception of suppliers, institutional investors, financial analysts, financial institutions and the insurance market. Internally, the study focused on the perception of the Whistle-blowing and compliance channel, corporate services, the Documentation Centre and studies aimed at assessing the management of IT services and the satisfaction of users of IT applications.



Assessment of the reputational aspects

	2020	2021	2022
Corporate reputation	8.0	8.0	8.1
Overall image	8.4	8.5	8.5
Ethics and compliance	8.2	8.3	8.4
Good governance and transparency	7.5	7.8	8.0
Strategic vision and financial strength	7.4	7.8	7.9
Business leadership	8.0	7.9	7.9
Risk management	8.2	8.2	8.2
Innovation and Change	7.8	7.8	7.8
People management	8.2	8.2	8.3
Orientation to stakeholder	7.9	8.0	8.0
Environmental conservation and improvement	7.9	7.9	8.0
Local development	7.9	7.9	7.9

4.3 Leadership in Sustainability



2022 SUSTAINABILITY CONFERENCE SESSIONS

In October, Redeia held the third edition of the Sustainability Conference Sessions under the title 'Accelerating recovery from an ESG perspective'. The conference was a forum for reflection and debate on how companies can contribute to recovery, taking into account environmental, social and governance aspects.

Some thirty national and international experts reflected on current issues structured around the following themes: nature and the new economy, people, protagonists of change, and corporate governance and risk management.

The Company was awarded the Silver Class distinction in the Electric Utilities sector in The Sustainability Yearbook 2023 published by S&P Global.

PRESENCE IN SUSTAINABLITY INDEXES

The presence of Redeia in the most internationally recognised sustainability indexes shows its firm commitment to sustainability and its commitment to responsible transparency and accountability towards stakeholders.

In 2022, it is worth noting that Standard & Poor's published the Company's evaluation report on ESG performance with a rating of 82 points out of a maximum of 100. For Standard & Poor's, Redeia "is a key player in the energy transition" and highlights its efforts to protect biodiversity, which are considered "greater than those of the sector", and its talent management, with a workforce that it considers "highly committed and diverse".

Additionally, the Company is voluntarily adhered to various initiatives that strengthen its commitment to sustainability, among which noteworthy are the following: the United Nations Global Compact Principles, the UN Women's Empowerment Principles, the New European Green Deal, Climate Ambition Alliance, Caring for Climate, the Biodiversity Compact, the Code of Good Tax Practices and the initiative CEO for Diversity, among others. **/ 2-28**

ESG Profile of Redeia

Sustainability Analysts	Scale	Results	Evolution
S&P Global	0 - 100	86	↓
Moody's	0 - 100	69	↑
FTSE 4 Good	0 - 5	4,3	→
MSCI	CCC - AAA	AAA (8.1)	↑
ISS ESG	D- / A+	B+	→
Stoxx Global ESG Leaders	·	·	→
Sustainalytics	0 - 100	75.8	↓
Bloomberg GEI	0 - 100	72.8	↓
CDP Climate Change	F - A	A	↑

Presence in sustainability indexes

4.4

Transparency and Communication



With the birth of the new brand, Redeia has launched a new visual ecosystem that has been reflected on its new website (www.redeia.com/en).

In addition, the websites of Red Eléctrica (www.ree.es/en), Reintel (www.reintel.es/en), Hispasat (www.hispasat.com/en) and Elewit (www.elewit.ventures/en) have been redesigned and the website of the international business, Redinter (www.redinter.company/en), has been created.



These new digital spaces are windows of living information that provide visibility of the group's activities and facilitate knowledge of its businesses, strengthening direct contact with stakeholders, promoting transparency, reliability and trust.

In 2022, the Red Eléctrica website was enriched with new content, such as the creation of a new space for the publication of electricity system reports, the extension of the REData service and the revision of the Customers' section.

On the other hand, the Blog Red2030 continues to be the forum for the group's actions aimed at contributing to the achievement of a sustainable, fair and inclusive development model.

Lastly, noteworthy is the new website with the 2021-2026 Transmission Grid Planning to inform the various stakeholders of how this Planning impacts the green transition, the role of Red Eléctrica and of the Ministry in this process and which projects are included in the future development of the electricity transmission grid.

Figures 2022

Corporate websites

OVER 11 MILLION

VISITS

Blog Red2030

OVER 56,500 VISITS

WITH MORE THAN 37,400 USERS

Twitter

31,454

USERS

Facebook

5,492

FOLLOWERS

LinkedIn

65,369

FOLLOWERS

YouTube

2,521

FOLLOWERS

5. Anticipating Change and Taking Action

Anticipating Change and Taking Action

Redeia takes on the following commitment as one of its sustainability priorities: promote a corporate culture of innovation and flexibility that allows the Company to identify growth opportunities and respond to the challenges of the future, therefore anticipating and adapting to both global trends and the regulatory environment arising from the new energy model.



5.1
Trends and opportunities

5.2
Risk management





5.3
Comprehensive corporate security

5.4
Transformation: corporate culture and digital & technological innovation



5.1 Trends and opportunities



Within a socio-economic environment like the current one we are living in, and in which global challenges mark the agendas of companies and determine their long-term continuity and sustainability, Redeia conducted a comprehensive analysis of its sustainability context in 2022, identifying the 34 existing trends that determine issues with a relevant present and future influence on the group's business model.



The analysis of Redeia's sustainability context identifies 34 key trends.

REDEIA'S trend map



OPPORTUNITIES ARISING FROM CLIMATE CHANGE

201-2

The fight to curb climate change requires a profound transformation towards a decarbonised economy that implies a set of opportunities for the group. The main ones are associated with the transition to a new energy model, in which the electricity sector plays a key role, as the Company must boost its activities and strengthen its role as a central player in the system. Digitalisation and increased connectivity, which are also important elements in the decarbonisation process, bring additional opportunities for Redeia's telecommunications businesses.

The group applies a methodology for the identification, prioritisation and economic quantification of opportunities associated with climate change that considers the recommendations of the **Task Force on Climate-related Financial Disclosures (TCFD),** takes into account different



The Board of Directors annually oversees the identification and assessment of climate-related opportunities with the aim of taking these opportunities into consideration in the group's decision-making processes and strategic and operational plans.

The main opportunities

arising from climate change are associated with the energy transition, a process in which Redeia is a key actor due to its essential role in the electricity system.



scenarios and is aligned with the management of risks. Following the aforementioned recommendations, the identification and the assessment of opportunities are systematically reviewed once a year, and the results will be submitted to the Sustainability Committee of the Board of Directors, in order to strengthen the consideration of opportunities in the decision-making process and in the group's operational and strategic plans.

For Redeia, transition opportunities are relevant and linked to the changes involved in the fight against climate change (regulatory, technological, market and reputational).

Given the Company's main activity, aspects of particular importance are those related to energy policies aimed at reducing emissions, aligned with a scenario of climate neutrality in 2050 (NZE2050 scenario of the International Energy Agency), which in the case of activities in Spain would be those established within the framework of the European Union and specifically in Spain's National Energy and Climate Plan (NECP), whose scenarios have been taken as a reference for the analysis carried out.

These policies entail, among other aspects, greater electrification, a larger share of renewable energy in the energy mix and changes in mobility policies, with the promotion of rail transport and the implementation of electric vehicles.

In this context, the electricity transmission grid, in addition to its essential role in transporting energy to the distribution networks and enabling the connection of new renewable power capacity, plays a fundamental role in providing critical services for the security of supply (reliability, wave quality, response capacity when faced with excess energy generation and the control of voltage level and frequency), which become even more relevant in a more decentralised system and with new elements (digitalisation,

distributed generation, self-consumption...), requiring greater coordination between all agents.

All these aspects imply a clear need for new investments to tackle the challenges posed by the energy transition and, therefore, represent a clear opportunity for growth for the Company. It should be noted that these opportunities have also been identified for the group's business in Latin America, where the development of the transmission grid will also be required to meet the challenges associated with the climate targets of the different countries.

In terms of telecommunications businesses, opportunities are identified that are linked to policies focused on reducing the digital divide and improving the quality of connectivity in the territories where the Company provides its services.

Lastly, it is worth mentioning that the improvement in the performance of the group in matters related to the mitigation and adaptation to climate change can positively influence the Company's reputation, which could entail additional opportunities.

Transition opportunities for Redeia

New investments for the energy transition

Development of the existing grid: integration of new installed renewable power capacity, interconnections, power supply for the high-speed train and support for enhanced electrification of society (investment in lines, substations, interconnections, protection systems and other grid infrastructure control and monitoring equipment).

- Type of impact: revenue.
- Time horizon: short-medium term.
- Quantification: high.

Development of energy storage in island systems.

- Type of impact: revenue.
- Time horizon: medium-long term.
- Quantification: high.

Development of infrastructure for the energy transition in Latin America.

- Type of impact: revenue.
- Time horizon: medium-long term.
- Quantification: high.

New business opportunities linked to digitalisation and increasing connectivity

Development of infrastructure that promotes the reduction of the digital divide in telecommunications (digital satellite connectivity and broadband deployment).

- Type of impact: revenue.
- Time horizon: short-medium term.
- Quantification: high.

Improvement of the reputation associated with Redeia's performance

Increase in share price.

- Type of impact: capital.
- Time horizon: medium term.
- Quantification: medium.

5.2 Risk Management



Key indicators in 2022

More than 500 action plans to reduce the level of risk.

More than 300 indicators to monitor risk evolution.

2022 Milestones

Development of the model for analysing the actions carried out to mitigate risks.

Analysis of insurance management as a mitigating measure for Redeia's relevant risks.

Identification and internal analysis of the main emerging risks with a potential impact on Redeia.

Challenges for 2023

Analyse the alignment with best market practices in the field of comprehensive risk management and develop the improvement actions identified as a priority.

Review and improve Redeia's relevant risk reporting model.

Redeia has a Comprehensive risk management system in place in order to facilitate the fulfilment of the group's strategies and objectives, ensuring that the risks that could have an impact on them are identified, analysed, assessed, managed and controlled in a systematic manner, with uniform criteria and within the level of acceptable risk approved by the Board of Directors.

The management System conforms to the ISO 31000 standard regarding risk management principles and guidelines and is ongoing and comprehensive in nature.



Comprehensive risk management and control procedure

	Phases	Objectives
1	IDENTIFICATION	Identify risks and exposure to the factors that produce them.
2	ASSESSMENT: PROBABILITY/ IMPACT	Define the probability of occurrence of the risk and its level of impact.
3	ANALYSIS OF THE RISK LEVEL	Determine the risk value: low, medium or high.
4	ACTION PLAN	Develop action plans that mitigate or reduce the risk to maintain them at the acceptable level.
5	MONITORING AND CONTROL	Incorporate information on relevant risks (risk map) and inform the governing bodies.

Redeia has a Comprehensive Risk Management Policy and general Procedure for comprehensive risk management and control, based on the COSOO (1) ERM Enterprise Risk Management-Integrated Framework that was revised and updated in 2021.

(1) Committee of Sponsoring Organizations of the Treadway Commission.

ORGANISATIONAL STRUCTURE REGARDING RISK MANAGEMENT AND CONTROL / 2-12

RISK MANAGEMENT AND CONTROL: ORGANISATIONAL STRUCTURE AND RESPONSIBILITIES



- Approve Redeia's **Comprehensive Risk Management Policy.**
- Approve the **criteria of the acceptable risk level.**
- **Periodic monitoring of the efficiency** of the comprehensive risk management system.

- Monitor the **map of relevant risks.**
- Ensure the **adequate control and monitoring of risk management** and mitigation action plans.

- **Support organisational units** of the Company in the implementation of the Comprehensive Risk Management and Control Procedure.
- Control that the **risks are managed within the acceptable risk level** established and in accordance with the principles and guidelines set out in the Comprehensive Risk Management Policy.
- **Monitor the risk level of Redeia** and the evolution of its risks.
- Ensure the **flow of information on risks to the bodies responsible for their control** and from these to the units responsible for the management of the corresponding processes or projects.

- **Identify and report to the Internal Audit and Risk Control Management Area on new relevant risks** that may arise, or regarding relevant changes in risks already identified, and that may have an impact on the activities, processes and projects managed.
- **Assess relevant risks** with the support of the Internal Audit and Risk Control Management Area and manage such risks.
- **Manage the activities, processes and projects in accordance with the acceptable risk level established.** Design and execute, when appropriate, action plans to bring the risks within the corresponding acceptable level and keep them at said level. Carry out said management in accordance with principles and guidelines established in the Comprehensive Risk Management **Policy.**

(1) This management area reports to the Chairperson's Office.

RISK STRUCTURE

Redeia has a taxonomy or classification of risks in order to facilitate a more complete identification of threats and to allow a more detailed analysis. This structure allows the risks identified to be classified into three levels of aggregation.

As a result of the risk analysis carried out by Redeia, in the most recent risk map presented, led to the identification of **96 risks**.

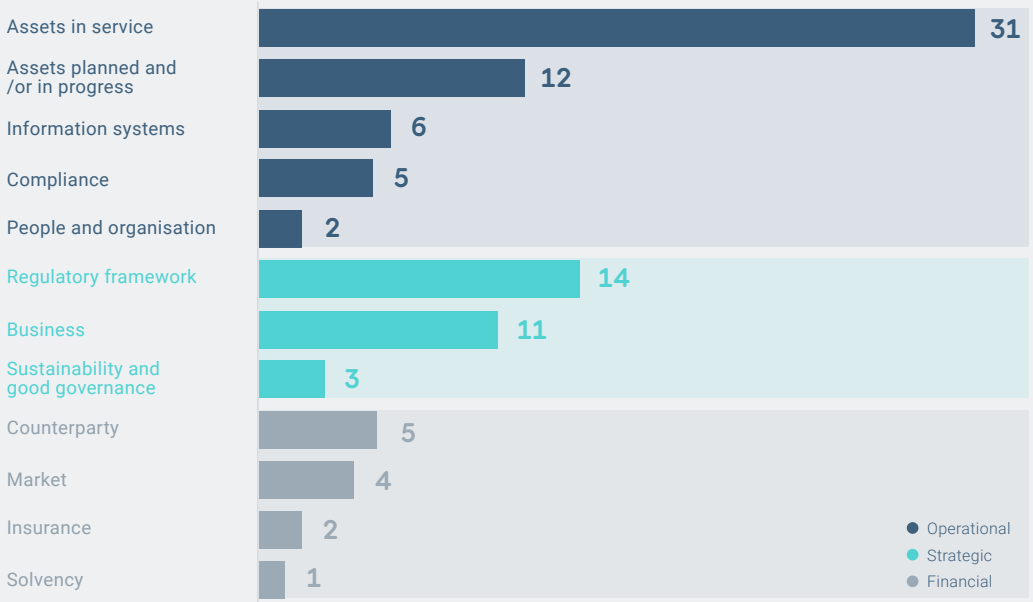


RISK distribution

Risk distribution (first level) (%)



Risk distribution (second level) (N°)



ACCEPTABLE RISK LEVEL

The Risk Management System of Redeia establishes a methodology for determining the level of risk. In this way, all risks identified are classified individually into three categories: high-level risks, medium-level risks and low-level risks.

The level of risk is established by combining two variables, the probability of occurrence and the impact that the risk would potentially have on the Company and on the four key elements of the business should it materialise: Electricity Supply, Achievement of the Strategic Plan, Reputation and Financial Loss.

Depending on the probability of occurrence and the level of impact of each risk, it is placed in the matrix that automatically determines the level of risk.

Distribution of risks (impact / probability)



Impact axes for determining the level of risk

Electricity supply

Energy not supplied (ENS) to which the possible event would give rise.

Reputation

Stakeholder perception as a result of failing to meet their expectations and dissemination of the project via communication channels and social networks.

Achievement of the Strategic Plan

Degree of impact on the achievement of the Strategic Plan.

Financial loss

Impact on the income statement, after corporate tax.

The level of risk that Redeia is willing to accept is established individually for each risk and in aggregate for each of the four impact axes.

The overall acceptable risk level that the Company is willing to assume for each of the axes of impact considered in the Comprehensive Risk Management System is approved by the



Board of Directors. As a general rule, the overall risk level in each axis should not exceed the acceptable risk level approved for each one.

In 2021, the overall acceptable risk levels for each of the four impact axes were reviewed and updated to align them with the latest revisions of the 2021-2025 Strategic Plan.

On the other hand, as established in the Comprehensive Risk Management Policy, any individual risk that does not exceed the level of low risk is considered acceptable. Risks that exceed this level must be subject to actions until it is within the acceptable level. Risk management must be carried out by applying coherent criteria that take into consideration the importance of the risk and that of the cost and the means/resources necessary to reduce it. However, for activities that have an impact on the electricity system, the impact of these risks must also be taken into account.

RISKS MATERIALISED IN 2022

In relation to operational risks, it is necessary to highlight that the facilities of the transmission grid are exposed permanently to events that may have an impact on the continuity and security of the electricity supply. These events are mainly caused by third parties and by meteorological phenomena. Should these events materialise, Redeia has insurance policies that limit the potential impact these events may have on the income statement.

The overall acceptable risk level that Redeia is willing to assume for each of the four axes of impact considered in the Comprehensive Risk Management System is approved by the Board of Directors.

In February 2022, a localised fault on the 66 kV Las Salinas-Gran Tarajal line interrupted the electricity supply, affecting the Gran Tarajal 66 kV and the Matas Blancas 66 kV substations, and the 132 kV substations of Matas Blancas and Jares, located in the south of the island of Fuerteventura, causing a loss of 44 MW of demand that affected 23 % of the demand at the time of the incident.

The current Risk Management System includes the monitoring of more than 500 action plans aimed at reducing the level of risk and encompasses more than 300 indicators to control their evolution.



Normal service was restored on the same day after implementing the actions contemplated in the contingency plan designed to guarantee the security of supply on the island of Fuerteventura.

MONITORING AND RESPONSE PLANS

In the process of identifying, analysing, assessing and controlling risks, the necessary actions are established to reduce the level of risk and bring it into line with the acceptable risk level. For the monitoring of risks, the Risk Management System currently includes the **monitoring of more than 500 action plans aimed** at reducing the level of risk and encompasses **more than 300 indicators** to control their evolution.

The Risk Control Management Area of Redeia, together with the risk management units, reviews the evolution and mitigating effect of the established action plans. This review is carried out annually, covering all risks on the corporate map and with a biannual periodicity for those risks of high level and others subject to special monitoring. Regarding the latter, this review is carried out in anticipation that changes in their situation could lead them to achieve the high-level risk assessment in the medium/long term.

Furthermore, Redeia has an **Internal Control Over Financial Reporting (ICFR)** system with the fundamental objective of obtaining improvements in the efficiency and security of the processes related to the group's financial reporting, proactively adopting the best international practices in this field. The ICFR specifically includes the information related to the tax processes of Redeia, as well as the controls associated thereto. In 2022, the Company started work on the implementation of an internal control system for non-financial information.



Redeia also has **contingency plans** that govern the various crisis situations that could arise in the event of an electrical incident (to guarantee the security of supply) or a non-electrical incident that could impact any of the following: the environment; people; the Company's operations; the availability of its systems; business results, or any other aspect with an impact on the Company and its reputation.

The Company has a **Business Continuity Pla**n to prepare the necessary actions and plan those procedures that allow an adequate response to a disaster, crisis or emergency situation, from the moment it occurs until it returns to normality. The Business Continuity Plan makes it possible to reduce the impact on the Company's business activity to the least possible degree, as well as streamline and automate decision-making processes in disaster, crisis or emergency situations.

During 2022, the Crisis Management Protocol was reinforced with the development of a specific Crisis Communication Management Plan, the aim of which is to establish the basic strategic lines and actions necessary to respond to the communication needs that arise in a crisis situation: in the institutional sphere, with public administrations and stakeholders, and in the sphere of the media and social networks.

Main risks of Redeia at present

	RISK	DESCRIPTION	POTENTIAL IMPACT	MAIN ACTIONS FOR THE MANAGEMENT OF RISKS
STRATEGIC RISKS				
Regulatory framework	Changes in electricity system regulation	• Regulatory changes occurring that could have a negative impact on the activities related to transmission and system operation and telecommunications activities.	Decrease in the remuneration of the regulated business, which accounts for most of the group's revenues.	• Dialogue with the Regulator. • Presentation of proposals to the Regulator. • Active presence in national and international organisations to defend the group's stance.
Regulatory framework	Regulatory risks of the business abroad	• Regulatory changes that could negatively affect subsidiaries abroad.		• Maintaining good relations with entities and organisations where the Company's subsidiaries are located. • Monitoring of regulation.
Regulatory framework	Other regulatory risks	• Tax risks. • Changes in environmental regulation.	Increased costs due to increased tax and environmental requirements. Operational costs associated with the increase in regulatory requirements.	• Adherence to the Code of Best Tax Practices. • Establishing the tax strategy of Redeia. • Incorporation of Tax Risk Policy into the Comprehensive Risk Management Policy of the group. • Adaptation to the legislation related to climate change.
Business	Circumstantial risks	• Risks related to the set of elements (economic, political and social) that affect the situation of a specific country or geographical area.	Unfavourable impacts derived from the situation of the country where the activity is carried out.	• Country-risk analysis. • Monitoring of the economic, political and social evolution of the country.
Business	Technological risks	• Risks associated with not staying abreast of technological advances in the energy and telecommunications sectors.	Loss of opportunities associated with the energy and telecommunications transition.	• Consolidation of Elewit, a startup company of the group responsible for promoting technological innovation. • Launching of the Elewit commercial brand to promote the presence of the group in the innovation ecosystem. • Deployment of venture client programmes, the corporate venture capital (CVC), the technology labs or the creation of a global innovation hub (GIH). • Technological monitoring. • Management of the portfolio of Innovation Projects. • Grid2030 Programme.

Continued on next page

Main risks of Redeia at present

RISK	DESCRIPTION	POTENTIAL IMPACT	MAIN ACTIONS FOR THE MANAGEMENT OF RISKS
STRATEGIC RISKS			
Sustainability and good governance			
Risks of non-compliance with best practices in sustainability and good governance	• Risks associated with not adopting the best practices in sustainability, good governance and transparency, which entail a deterioration in the perception of the Company by the stakeholders.	Loss of the group's reputation, of socially responsible investment and of the percentage of votes in favour of resolutions submitted to the General Shareholders' Meeting for approval.	• Corporate Responsibility and Corporate Governance Policies. • Execution of the 2030 Sustainability Commitment and the fulfilment of the 2030 Goals aligned with SDGs. • Sustainability Committee of the Board and the Executive Sustainability Committee. • Status of non-financial information and the Sustainability and Corporate Governance reports. • Participation in the assessments linked to the main sustainability indexes. • Corporate Responsibility Management System certified according to SR10. • Stakeholder Management Model. • Approval of communication criteria with shareholders, institutional investors and proxy advisors.
OPERATIONAL RISKS			
Assets planned and/or in progress			
Risks associated with the Investment Plan	• Risks associated with the execution of investment projects for new electricity transmission infrastructure and of telecommunications that entail deviations in cost and/or deadlines, among which we can include difficulties in the permitting process for electricity infrastructure, and social and institutional opposition to infrastructure.	Financial loss due to delays in incorporating assets into the remuneration model	• Strengthening ties with the communities in the territories where the facilities are located. • Institutional collaboration agreements. • Collaboration with the Public Administrations to improve the permitting process for electricity infrastructure from both a national and a European perspective. • Implementation of the LISO Project, to facilitate the development of transmission grid facilities. • Monitoring of the Investment Plan and Transmission Grid Planning. • Monitoring of the associated budget. • Inspection of construction works. • Development of the risk management model for investment projects. • INTEGRA project, to facilitate the adequate planning for the supply of services and material needs.

Continued on next page

Main risks of Redeia at present

OPERATIONAL RISKS

Assets in service

RISK	DESCRIPTION	POTENTIAL IMPACT	MAIN ACTIONS FOR THE MANAGEMENT OF RISKS
Risks related to power outages and the evacuation of generation	• Risk of a breakdown/fault occurring in the facilities that may significantly impact the electricity system, causing power outages on the Spanish Peninsula or on the islands.	Electricity supply interruptions and possible sanctions arising from claims regarding the service.	• Emergency equipment and procedures. • Periodic inspections of equipment and systems. • Preventive and predictive maintenance programmes. • Renovation and improvement plans for facilities. • Improvement of grid meshing and increase in the construction of facilities to respond to the Electricity Infrastructure Planning approved by the Government. • Contracting insurance policies to cover possible damages that can be derived from an incident. • Contingency plans. • MANINT project, to optimise the management and maintenance of transmission grid assets. • Risk assessment model associated with transmission grid assets.
Risks associated with the operation of the electricity system	• Human errors in the coordination or configuration of equipment. • Malfunction of telecommunications. • Failure of computer systems that support the activity.	Potential non-availability or reductions in the normal operation of facilities. Increase in claims due to supply interruptions.	• Specific actions for strengthening the transmission grid. • Power service restoration plans. • Plan for the renovation and improvement of facilities. • Improvement of the telecommunications systems. • Implementation of security mechanisms in the IT systems used. • Ongoing training of system operators. • Contingency plans.
Risks associated with the provision of telecommunications services	• Faults/breakdowns in the facilities that may lead to an incident in the provision of telecommunications services.	Service interruptions and possible sanctions due to claims.	• Ongoing monitoring of the functioning of the system. • Analysis and strengthening of infrastructure.

Continued on next page

Main risks of Redeia at present

OPERATIONAL RISKS

Assets in service

RISK	DESCRIPTION	POTENTIAL IMPACT	MAIN ACTIONS FOR THE MANAGEMENT OF RISKS
Risks that may affect the security of the facilities	• Impact on security in facilities (substations, control centres, buildings, etc.) such as vandalism, sabotage, theft, terrorism, etc.	Damage to facilities and possible effects of this on the availability of the service provided.	• Security systems in facilities. • Permanent security surveillance of facilities. • Contact with the Spanish Civil Guard and National Police. • Comprehensive Corporate Security Management Model. • Consultation and collaboration with the CNPIC (National Centre for Critical Infrastructure Protection). • Operator Security Plan (OSP) and Specific Protection Plans (SPP).
Risks of impacts on the environment	• Impact on flora. • Impact on fauna, especially birdlife. • Contamination of soil and water. • Impact on archaeological heritage. • Risk of fires.	Damage to the environment with relevant consequences that could involve sanctions, in addition to the costs associated with repairing the impacts caused by the event. Reputational loss of Redeia.	• Application of strict environmental criteria in all phases of planning, construction and maintenance of facilities. • Environmental supervision of construction works. • Biodiversity strategy and actions. • Development of research projects and fire prevention plans. • Projects for birdlife conservation. • Environmental training courses for field staff. • Environmental awareness of suppliers. • Implementation of Environmental Work Certification. • Establishment of collaboration agreements in the field of environmental protection with the various Autonomous Communities. • Fire protection plans. • Contingency plans. • Environmental Management System certified in accordance with ISO14001. • Emergency Intervention System (SIU) for oil spills due to breakdowns. • Implementation of the VEGETA Project to optimize vegetation treatment tasks. • Start of the DALIA Project, which will facilitate inspection work through image processing by means of artificial intelligence.

Continued on next page

Main risks of Redeia at present

OPERATIONAL RISKS

	RISK	DESCRIPTION	POTENTIAL IMPACT	MAIN ACTIONS FOR THE MANAGEMENT OF RISKS
IT/Information systems	Risks related to cyber security	• Risks associated with the non-availability of systems. • Risks associated with unauthorised access to specific IT applications.	Impacts on the normal operation of equipment and services as well as reputational loss depending on the extent of the impact of the incident.	• Firewalls and anti-intrusion systems. • Antivirus systems. • Increase in the security of access requirements. • Mechanisms for the detection of incidents. • Software updates. • Hacking simulations. • Training and awareness programmes. • Comprehensive Corporate Security Management Model. • Consultation and collaboration with the CNPIC (National Centre for Critical Infrastructure Protection). • Development of the Operator Security Plan (OSP) and Specific Protection Plans (SPP). • Contingency plan in the event of cyber incidents.
People and organisation	Risks related to people	• Risks derived from workforce ageing. • Accident rate. • Adaptation of the occupational health and safety risk prevention system.	Reputational and financial loss to the group arising from possible claims.	• Professional development plans. • Contracting of young employees with potential. • Comprehensive age management model. • Cultural transformation project: Imagina • Maintenance and improvement of the structured prevention system in accordance with the ISO 45001 Standard. • EFR 1000 certifications. • Application of the personnel performance appraisal system. • Technical procedures for the organisation of security. • General procedure for managing accidents and events. • Prevention Task Force.

Continued on next page

Main risks of Redeia at present

RISK	DESCRIPTION	POTENTIAL IMPACT	MAIN ACTIONS FOR THE MANAGEMENT OF RISKS
OPERATIONAL RISKS			
Compliance Compliance risks	• Non-compliance with legislation, internal regulations and commitments assumed by Redeia. • Corruption and fraud.	Reputational and financial loss for Redeia as a result of possible sanctions.	• Code of Conduct and Ethics of Redeia, Ethics Manager and the Whistle-blowing and Compliance channel (enquiries and grievances). • Anti-Bribery and Crime Prevention Management System certified according to UNE 19601 and ISO 37001 Standards • Internal audits. • Implementation of the Compliance System encompassing 16 regulatory areas. • Committee on Crime Prevention. • Compliance Unit and control and supervision bodies (criminal prevention and data protection). • Development of a due diligence model regarding counter-party compliance. • Training and awareness-raising plan regarding ethics and compliance.
FINANCIAL RISKS			
Market and solvency Risk of increased costs of equipment and raw materials	• Risks associated with the increase in the price of equipment and raw materials.	Increased cost of the activity and impact on the profitability of certain investment projects.	• Promoting competitiveness in the supply chain. • Increase normalisation and standardisation. • Drafting of turnkey contracts. • Guaranteeing the price of raw materials and/or the EUR€/USD$ exchange rate in large projects. • Making suppliers aware of the Company's upcoming needs; review and adaptation of purchasing strategies, and active sourcing of suppliers for higher impact supplies; strategic stock assessment; ordering and paying in advance to facilitate the stockpiling of raw materials, as well as increased monitoring of manufacturing and delivery processes.

Continued on next page

Main risks of Redeia at present

	RISK	DESCRIPTION	POTENTIAL IMPACT	MAIN ACTIONS FOR THE MANAGEMENT OF RISKS
FINANCIAL RISKS				
Market and solvency	Risks associated with variations in market conditions	• Risk associated with variations in interest rates and credit margins or inflation that may affect the Company's results. • Possible negative effects of an unfavourable change in currency exchange rates.	Financial impacts derived from market fluctuations affecting both debt and investment.	• Periodic reviews of interest rates and their impact on financial accounts. • Maintenance of percentages in the fixed / variable financial structure. • Monitoring possible actions that would imply a downgrading revision of the ratings from credit-rating agencies. • Development of financial risk policy and instruments for its management and control. • Establishment of new financing mechanisms that allow access to markets in an agile and efficient manner. • Establishment of hedging mechanisms for transactions carried out in currencies other than the euro.
Counterparty	Non-compliance by third parties	• Risk associated with non-compliance by third parties of the payment obligations established. • Risk associated with dependence on suppliers and providers. • Incidence in accounts receivables regarding agreements signed with clients regarding telecommunications services.	Impact on the normal functioning of the activity. Financial loss due to price renegotiations and contract cancellations.	• Design of an international financing scheme. • Monitoring of the quality of the service provided. • Monitoring of the client portfolio. • Request for bank guarantees and financial considerations to grant the credit facilities requested by customers. • Development of contracting strategies for key services by the procurement department.
Insurance	Inadequate coverage in the event of an accident	• Insufficient coverage when faced with a significant increase in claims. • Loss of solvency of the reinsurance company.	Increase in costs.	• Provision of supplies. • Continuous monitoring of the number of claims. • Risk reinsurance.

EMERGING RISKS

During 2022, the identification and analysis of the Company's potential **emerging risks** continued, which are understood as those new risks whose origin differs from those traditionally managed, resulting from economic, social, technological, political and environmental transformation and with possible impacts of a special relevance for the organisation, which given their nature are difficult to predict, estimate and assess and their time horizon is uncertain.

This category of risks also refers to those that already exist and have been identified but which may undergo significant changes in the medium and/or long term, either due to their scope or to a considerable change in the consequences they generate. In addition, a project has been carried out to identify and analyse long-term trends and scenarios (with a 2050 horizon), in order, among other reasons, to try to foresee the possible risks and opportunities that Redeia could face and try to anticipate action measures that could prepare the Company for these future scenarios.

Similarly, there has been a brainstorming regarding trends and the configuration of possible social, technological and economic scenarios in the very long term, analysing the implications for Redeia.

The Company plans to continue this project in the coming years.

RISKS ASSOCIATED WITH CLIMATE CHANGE / 201-2

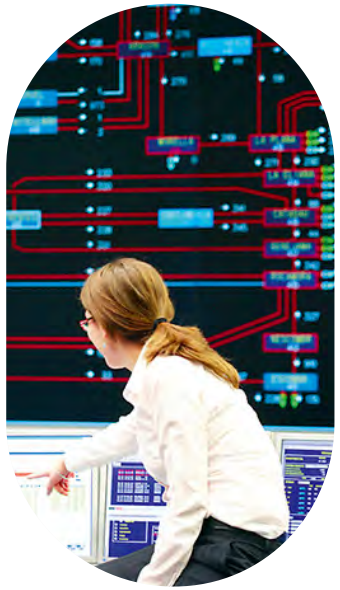
Since the approval of its commitment to combat climate change in 2011, Redeia has expressed the need to address issues related to adaptation to climate change. Therefore, the Company works with the aim of being able to face both the physical changes associated with modifications in climate parameters **(physical risks)**, as well as other changes associated with the fight against climate change **(transition risks).**



Redeia follows the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) in its management of climate risks.

The latter, due to the function of Red Eléctrica as a transmission and system operator of the Spanish electricity system, are especially relevant to the organisation, as the regulatory and technological changes necessary for the energy transition (required to achieve the climate objectives) pose a series of challenges and uncertainties with a potential impact on the Company's business.

The Company follows the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) in its management of climate risks and has a methodology for its identification, prioritisation and economic quantification, which it began to apply for the electricity business in 2019 and transferred it to it business activities in Latin America and telecommunications business in 2021.



Climate change scenarios

Physical scenario IPCC (1) *2030-2050-2070 Horizon*	**Energy transition scenarios** (2) **(IEA/NECP)** *2030-2050 Horizon*	
RCP 8.5	Business As Usual (BAU) status quo	• No climate policies are implemented. • Very significant increase in emissions.
RCP 6.0	**Trends (STEPS)** **NECP Base Scenario**	• Trend development of climate policies. • Emissions growth in excess of the Paris Agreement target. • Scenario compatible with an average temperature increase of **2,7°C** by 2100.
RCP 4.5	Sustainable Development Scenario (SDS)	• Relevant policy changes needed to achieve the Paris Agreement target. • The SDS is compatible with an average temperature increase of **1.65°C** and NET ZERO with an increase of **1.5°C** by 2100.
RCP 2.6	**Net Zero Emissions by 2050 (NZE 2050)** **NECP target scenario**	

(1) In the case of Spain, the projections developed by the State Meteorological Agency (AEMET) for the most important scenarios of the fifth report (AR5) of the Intergovernmental Panel on Climate Change (IPCC) have been considered. In the case of Latin America, the projections made by the World Bank for these same scenarios have been taken as a reference.

(2) The scenarios proposed by the International Energy Agency in its Word Energy Outlook 2020 report have been considered as a benchmark, which are completed with additional information on the relevant variables depending on the business and geographical area. In the case of the electricity business in Spain, the scenarios proposed in Spain's National Energy and Climate Plan (NECP) have been considered. This Plan sets out the following targets for 2030: a 23% reduction in emissions compared to 1990 levels and reaching a level of 74% renewables in the electricity generation mix. These targets are aimed at achieving carbon neutrality by 2050 (which implies a 90% reduction in emissions compared to 1990 levels and reaching a 97% share of renewables in final consumption, with the electricity sector being 100% renewable), and are therefore in line with the NZE 2050 scenario and IPCC 2.6, and therefore in line with the objective of limiting the temperature increase to below 1.5º C.

Those that have been specifically taken into account in the assessment process are marked in **bold**. It should be noted that, according to the governance model defined for the management of climate risks and opportunities, there is no requirement to update the scenarios annually. It is foreseen that this update will take place in the following year.

Redeia has identified a total of **114 potential risks** (47 relating to the electricity business in Spain, 36 relating to the electricity business in Latin America and 31 for the telecommunications business) which are evaluated considering the criteria of exposure, sensitivity and adaptability. It should be noted that the procedure takes into account both economic variables and other business indicators (impact on electricity supply, impact on the telecommunications service and impact on reputation). Furthermore, as included in the TCFD recommendations, different physical and transition scenarios are considered in the analysis.

As a result, risks are classified into 4 categories (low, medium-low, medium-high and high) with high and medium-high risks being considered relevant for the business, which will be monetised to quantify their financial impact. Given Red Eléctrica's status as a regulated activity, not all priority risks for Redeia necessarily imply a financial impact for the organisation.

	RISKS ASSOCIATED WITH CLIMATE CHANGE (1)	CLASSIFICATION	BUSINESS ACTIVITY/ COUNTRY	TIME HORIZON (2)	SCENARIOS	POTENTIAL IMPACT ON THE BUSINESS	TYPE OF FINANCIAL IMPACT	MITIGATION ACTIONS
Physical risks	• Impact on outdoor facilities (electricity lines) due to extreme events (wind). **(3)**	High	Red Eléctrica (Spain)	S/M/L	RCP 4.5 RCP 8.5	- Damage to infrastructure. - Increase in maintenance cost. - Impact on the electricity supply. - Reputational impacts (associated with power outages). - Impacts on third parties or the environment (in the case of fire).	Increased costs	- MANINT project, to optimise the management of transmission grid assets. - Projects for the improvement and strengthening of transmission grid facilities. - Tree-felling and pruning (forestry) plans. *VEGETA* project. - Innovation. PRODINT Project and Bseed WATCH®. - Contingency plans. - Insurance policies.
	• Fires beneath electricity lines and in the vicinity of electricity substations. **(3)**	Medium-high						
	• Damage to outdoor equipment due to high temperatures.	Medium-low	Red Eléctrica (Spain)	L	RCP 8.5	- Increased equipment repair and replacement costs and reduction of its useful life. - Increased cost of equipment due to design modifications to increase resilience.	Increased costs / Reduced revenues	- Detailed review of the technical specifications (design) of the equipment. - Incorporation of additional technical requirements, if necessary. **(4)** - Insurance policies.
	• Damage to infrastructures, associated with desertification conditions.	Medium-low	Red Eléctrica (Spain)	L	RCP 8.5	- Damage to infrastructure. - Increased maintenance costs. - Reputational impact associated with poor infrastructure condition.	Increased costs	- Use of materials with improved corrosion performance. **(4)** - Insurance policies.

Transition risks

RISKS ASSOCIATED WITH CLIMATE CHANGE (1)	CLASSIFICATION	BUSINESS ACTIVITY/ COUNTRY	TIME HORIZON (2)	SCENARIOS	POTENTIAL IMPACT ON THE BUSINESS	TYPE OF FINANCIAL IMPACT	MITIGATION ACTIONS
• Claims/grievances due to limitations to renewable production and incidents that may impact the security of supply in the Canary Islands, associated with the noteworthy increase in the share of renewables in the energy mix foreseen in the coming years. (It is foreseen that it will increase from 17% to over 50% in the 2030 horizon. **(3)**	Medium-high	Red Eléctrica (Spain)	L	NZE 2050	- Increased difficulty in system operation (volatility of production, lack of monitoring...). - Increased risk of incidents in system operation that may affect electricity supply. - Increased production constraints and restrictions. - Increase in the number of claims/ grievances. - Impact on reputation.	Increase in costs/ Decrease in revenues	- Development of system operation tools and the safe integration of renewables (Control Centre of Renewable Energies, CECRE). Adaptation to more demanding monitoring and control requirements. - Development of prediction models regarding renewable generation. - Construction of new transmission lines to evacuate renewable energy.
• Loss of staple generation sources associated with the closure of coal-fired, combined cycle and nuclear power stations.	Medium-low					**(5)** NA	- Strengthening of cross-border connections. - Promotion of flexibility initiatives and smart grids. - Development of large-scale energy storage projects (Salto de Chira pumped storage hydroelectric power station) and energy storage batteries in non-peninsular territories and in networks at an end-user level (innovation projects). - Insurance policies.
• Difficulties in commissioning the infrastructure needed for the energy transition (mainly linked to the social opposition to this type of infrastructure and the long periods of time needed to process the permits required for its development).	Medium-high	Red Eléctrica (Spain)	S/M	NZE2050	- Economic impact due to delays in incorporating the assets into the remuneration model, or total loss of remuneration due to not being able to put them into service. - Increase in the number of claims/ grievances. - Impact on the Company's reputation (in the case of delays in the development of infrastructure required for the National Energy and Climate Plan).	Decrease in revenues	- Communication plan regarding the transmission gird planning process. - Feasibility study regarding the infrastructure proposed for the transmission grid planning process. - Stakeholder management model related to transmission grid investment projects. - Development of public participation/ consultation processes. - INTEGRA project, to facilitate the adequate planning for the supply of services and material needs.
• Remuneration framework associated with adapting the grid infrastructure to the needs arising from climate change.	Medium-low	Red Eléctrica (Spain)	M/L	RCP 4.5 RCP 8.5 Trend NZE2050	- Financial loss associated with an unfavourable regulatory framework. - Costs associated with the adaptation of infrastructures to the physical conditions derived from climate change.	Increase in costs/ Decrease in revenues	- Dialogue with the regulator. - Monitoring and participation in regulatory development processes.

	RISKS ASSOCIATED WITH CLIMATE CHANGE (1)	CLASSIFICATION	BUSINESS ACTIVITY/ COUNTRY	TIME HORIZON (2)	SCENARIOS	POTENTIAL IMPACT ON THE BUSINESS	TYPE OF FINANCIAL IMPACT	MITIGATION ACTIONS
Transition risks	• Increased legal requirements associated with the use of fluorinated gases (SF_6). (3)	Medium-high	Red Eléctrica (Spain)	S/M/L	NZE 2050	- Increased costs associated with taxes related to the use of gas/gases. - Higher operational costs associated with increased requirements related to leakage monitoring and control. - Technical difficulties and costs associated with potential restrictions on gas usage.	Increased costs/ Decreased revenues	- Voluntary agreement for the comprehensive management of SF_6 in the electricity industry, between the Ministry of Ecological Transition, equipment manufacturers (AFBEL), UNESA, REE and waste management companies. - Development of leak repair methodology. - Renewal of equipment. - Training and certification of personnel. - R&D in the search for alternatives to SF_6 gas. - Participation in working groups. - Monitoring and participation in regulatory development processes.
	• Prohibition or restrictions associated with the use of refrigerant gases / increase in emissions.	Medium-low	Reintel (Spain)	M/L			Increased costs	- Technology watch in relation to alternatives. - Monitoring of regulatory processes.

(1) Includes risks identified as high, medium-high and medium-low in the context of the Company. **Risks rated as high or medium-high are considered relevant.**

(2) Time horizon: S (short term. Horizon 2025, aligned with the Company's Strategic Plan); M (medium term. Horizon 2030); L (long term. Horizon greater than 2030).

(3) Monetised risks. The annual financial impact for each of the risks is less than 2% of the group's results. (The calculation of the impact takes into account the result of the mitigation measures implemented. For example, in the case of physical risks, the financial impact is significantly reduced thanks to insurance policies).

(4) These actions have not materialised. They are possible measures to be implemented in the event that the need for them is identified. These are long-term risks and therefore are not relevant for the time being.

(5) No financial risk for the organisation.

The management of climate-related risks is integrated into the Company's risk management system, which is why the established **governance model** applies to these types of risks. Nonetheless, in addition to being supervised by the Board's Audit Committee, as befits its oversight function regarding the comprehensive risk control system, climate risks are escalated to the Sustainability Committee. Among the functions of this Committee is that of reviewing the corporate responsibility and climate change policies, which must facilitate the integration of the results of the analysis of risks and opportunities arising from climate change into the group's decision-making process.

It should be noted that, in the case of climate risks, the Internal Audit and Risk Control Management Area and the Corporate Sustainability and Research Area share the following functions: supporting the organisational units in the identification, assessment and management of risks; monitoring the level of risk and its evolution and informing the bodies responsible for its control and the units responsible for its management.

The process of evaluating risks associated with climate change is carried out annually by the Sustainability Area and the organisational units responsible for such risks.

Relevant risks arising from climate change with an impact on a time horizon of one year have been included in the **Corporate Risk Map** in accordance with the Comprehensive Risk Control System, relevant risks are reviewed every six months.

5.3 Comprehensive Corporate Security



Key indicators in 2022

100% fulfilled regarding the implementation of the Comprehensive corporate security risk management process in the supply chain.

82% fulfilment of Comprehensive corporate security plan.

2022 milestones

Deployment and implementation of the risk analysis and business continuity model in Redeia.

Deployment and implementation of the supply chain security risk management model.

Challenges for 2023

Develop and implement the ability to manage comprehensive security in the supply chain.

Increase the ability to anticipate actions and implement prevention measures in Redeia.

Redeia's purpose in terms of comprehensive corporate security is to protect the Company against the possible materialisation of high-risk threats that could endanger its human resources and assets, as well as the continuity of the services it provides.



This manner in which Redeia conceives corporate security in a broad and interdisciplinary way allows the group to respond to physical and cyber threats in a global and joint manner and facilitates the ability of the Company to respond to a new scenario defined by:

- New regulatory developments (adaptation to the legislation regarding the security and protection of critical infrastructure and adaptation to the NIS Directive - Directive on security of network and information systems).
- Alliances with the National Centre for the Protection of Critical Infrastructures (CNPIC) and the National Institute of Cyber Security (INCIBE).
- New services (security based on analysis and control of risk).
- New trends derived from the implementation of new technologies.

Comprehensive corporate security, aligned with the business strategy, is shared by all the people that form Redeia and is part of its corporate culture.

COMPREHENSIVE CORPORATE SECURITY MANAGEMENT MODEL

The governance, management and operation model of Redeia is based on good practices and reference standards in this field. The Model encompasses the eleven key areas where the organisation must have the ability to respond effectively in order to maximise its resilience in adverse situations.



Key areas of the Comprehensive Corporate Security Management Model

Risk Management

Security plan

Assets, changes and configuration

Information exchanges

External units

Security personnel

Incidents and business continuity

Threats and vulnerabilities

Identities and access

Regulatory compliance

Situational awareness

These key areas, following what is also specified by international standards such as COBIT (Control Objectives for Information and related Technology), ISO 27014 (Information Security Governance) or ISO 38500 (Governance of Information Technology), are addressed and managed through a three-level approach:

- **Comprehensive corporate security governance.** Level responsible for defining the strategic objectives, fundamentally through a Comprehensive Corporate Security Strategic Plan, and for monitoring its correct implementation.

- **Comprehensive corporate security management.** Level responsible for defining the Comprehensive Corporate Security Plan that must meet the requirements defined by the security governance, as well as managing the functions and security processes that derive from the said plan.

- **Comprehensive corporate security operations.** Level responsible for the execution of comprehensive corporate security processes related to infrastructure.

COMPREHENSIVE CORPORATE SECURITY ACTION PLAN

Redeia has a **Comprehensive Corporate Security Action Plan**, which defines the activities to increase the maturity of the capabilities associated with the Comprehensive Corporate Security Management Model and contributes to realising the vision of the Company's Strategic Plan.

Comprehensive Corporate Security Action Plan: axes of action

1 Continuous alignment of the comprehensive corporate security function with the strategic objectives of Redeia

Adaptation of the Department of Corporate Security structure to the strategic needs raised by the group and establishment of the related framework and the Comprehensive Dashboard that allows the achievement of the same to be monitored.

- Comprehensive corporate security plan
- Situational awareness

2 Comprehensive identity and access management within Redeia

Definition of identity and access management protocols within the group, adapting them in accordance with the hiring of resources and the training of employees and collaborators.

- Identity and access management
- Personnel involved in security and training

3 Business continuity management and integration of the response to incidents

Implementation of business continuity capabilities that include, in addition to identification, the continuous testing of the suitability of the mechanisms and the definition of tools and procedures to allow a global and harmonised response to security incidents. Technical penetration tests (pentesting) are regularly performed on IT Systems that simulate real cybersecurity attack scenarios and serve to find vulnerabilities and to train and prepare cybersecurity teams.

- Incidents and continuity of the operations
- Testing of penetration techniques to find vulnerabilities in IT systems.



4 Management, monitoring and control of the risk of external dependencies and suppliers

Application of the security policies of Redeia to its suppliers, establishing a control model for their compliance.

- Assets, changes and configuration
- External dependencies
- Compliance and regulations

5 Improvement and integration of prevention and monitoring capabilities

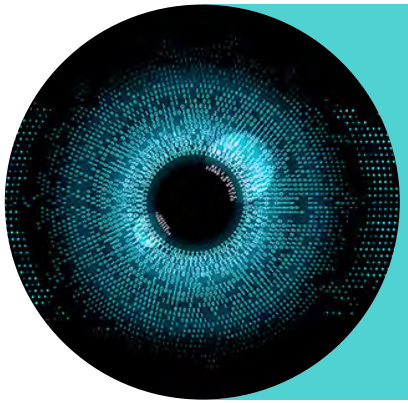
Definition of the threat level and the vulnerability management policy for the group, defining the intelligence and information analysis model, enabling the Company to have resilient and flexible systems that are adaptable to given situations.

- Threats and vulnerabilities

6 Governance and comprehensive management of the overall risk

Implementation of a governance and risk management function based on global procedures, the provision of a unified asset repository and a benchmark security architecture and harmonised framework of controls.

- Risk management
- Exchange of information



The Comprehensive Corporate Security Plan defines the activities to increase the maturity of the capabilities associated with the Management Model and contributes to realising the vision of the Company's Strategic Plan.

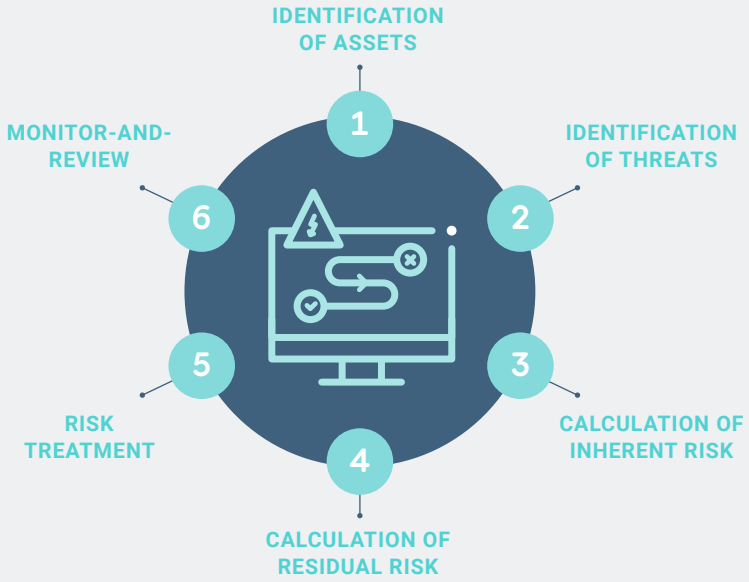
COMPREHENSIVE RISK MANAGEMENT

Redeia has established a comprehensive risk management system that facilitates compliance with the group's strategies and objectives, which ensures compliance with current legislation, including the need to extend cyber security to industrial environments and increase the group's resilience.

The main objective of comprehensive risk management is to provide Redeia with a **risk management capacity tailored to the characteristics and needs** of the Company and its business, thus becoming a benchmark company in terms of corporate security matters within the energy sector.

The group has developed a methodology based on the international standard ISO 31000:2018 Risk Management Guidelines, which defines in general terms the set of activities to be considered in the risk management process.

Current risk management methodology





COMPREHENSIVE SECURITY MANAGEMENT MODEL IN THE SUPPLY CHAIN

In the 2022 action plan, Redeia addressed the review of the intrinsic risk of all the group's supplies, and it assessed the suppliers of those supplies with the highest level of risk.

In this regard, the contract monitoring area was set up as part of the Corporate Security process. These actions were completed with an effort to disseminate and raise awareness of the Corporate Security Management Model for the supply chain through a supplier forum.

The aim of the project is to ensure that the products and services provided to Redeia meet optimum security levels. In this way, supplier security management allows the following:

- Manage the security aspects with suppliers, from the tendering phase to its termination.
- Control and reduce the risk associated with the products and services contracted.
- Evaluate and periodically review the security protocols related to products and services provided by suppliers.
- Maintain an updated supplier security control framework and a management tool to automate the process.

More information on supplier management can be found in the *'Supply Chain'* section of this report.

Benefits of adequate comprehensive security management in the SUPPLY CHAIN

- **REDUCE** the risk level of the organisation
- **SAFEGUARD** an optimal level of security
- **PREPARE** for incidents or disasters
- **IMPROVE** the quality of products and services
- **REDUCE** costs
- **STREAMLINE** relationships with suppliers

TRAINING, SENSITISATION AND AWARENESS-RAISING PLAN

Redeia has implemented a Training Plan to enhance the skills of professionals, with the aim of filling the gap that exists regarding professionals and talent in the cybersecurity market. To this end, the areas, roles and training necessary for each of them are identified, and an annual training plan is carried out.

During 2022, work was carried out on managing the cyber risk associated with the organisation's employees, preparing them for the new ways of working that involve more mobility, more technology and more digitalisation. This training has had a twofold objective: to detect employees' weaknesses in terms of security in order to train them in cybersecurity behaviours as part of an ongoing training process through a personalised training model, and to measure results by assessing the level of awareness, providing information in order to maintain the highest levels possible.



In 2022, Redeia worked on the management of cyber risk associated with its employees through an Awareness-raising Plan that includes activities aimed at the proper use of technology in both the personal and family sphere.



Cybersecurity for employees

Cyber risk and alertness assessment

Personalised security awareness

Mock cyber-attack drills

Training and awareness-raising plan

CREATION OF A SECURITY CULTURE

- Encourage the secure and safe use of information.
- Provide the necessary concepts to protect the group.
- Onboard employees on Redeia's comprehensive corporate security systems.

SECURITY-ORIENTED EMPLOYEE

- Protect the integrity of each employee.
- Protect the information that each employee uses and/or handles.
- Protect the assets of Redeia.
- Conduct talks with families of employees to raise awareness on security.



RISK MITIGATION

- Mitigate the possible effects of security risks.

INCREASED KNOWLEDGE

- Be aware of the consequences of possible security incidents.
- Know how to act in emergency situations.

5.4

Transformation: Culture, Digital and Technological Innovation



Key indicators in 2022

Improvement of 0.26 points in the 360-degree Feedback process from the management team compared to the previous evaluation.

12 innovative technological solutions adopted.

94.7% compliance with the Annual IT Plan.

5 alliances formalised in the field of technological innovation and 2 agreements reached for the commercialisation of joint solutions.

2022 Milestones

Redesign of the Redeia Campus.

Implementation of the Managers' Programme.

Consolidation of the 1st Intrapreneurship Programme and launch of the 2nd Redeia Programme.

Challenges for 2023

Consolidate the Redeia Campus as a driver of the group's transformation strategy.

Develop the new digital training programme.

Adopt 8 innovative technological solutions with an impact on the generation of value or cultural change.

Awards and recognitions

The DALIA energy transmission initiative was recognised as the best Energy Innovation initiative sponsored by Aleasoft.

Elewit received the award for **'Outstanding Company of the Year'** at the 8th edition of the BIGBAN Awards presented by the National Association of Private Investors.



CULTURE

Redeia seeks to become a benchmark in the transformation of talent and corporate culture, based on digitalisation, technology, innovation, sustainability and diversity.

Until 2022, *Imagina* was the cultural transformation project from which all those initiatives that brought the Company closer to being an organisation of the future were channelled. These initiatives will now be integrated into the Talent and Culture area, in order to continue driving the cultural changes necessary to achieve Redeia's goals.

In this area, it is worth highlighting the Hispasat project for the transformation of this company from an infrastructure company to a services company, reinforcing and adapting its satellite fleet to businesses with growth potential and committing to be a leader in satellite communications services. To this end, a new organisational model was implemented, which involved the incorporation of new profiles that complement and strengthen different areas of the Company.

Leadership Model

Leadership at Redeia seeks to transform the organisation, relying on a set of values and attributes to achieve the desired culture that allows the Company's future and that of its employees to become a reality. Thanks to this leadership, the Company becomes an agile, flexible, innovative, disruptive, efficient and sustainable organisation, meeting its commitment towards the culture and purpose of the organisation.

In addition, Redeia has a series of resources that help and support leaders:

- **Leader's portal:** exclusive leadership space on the internal corporate website *NuestraRED*, as a communication channel through which news and content of general interest to leaders is shared.

LEADERSHIP
Model



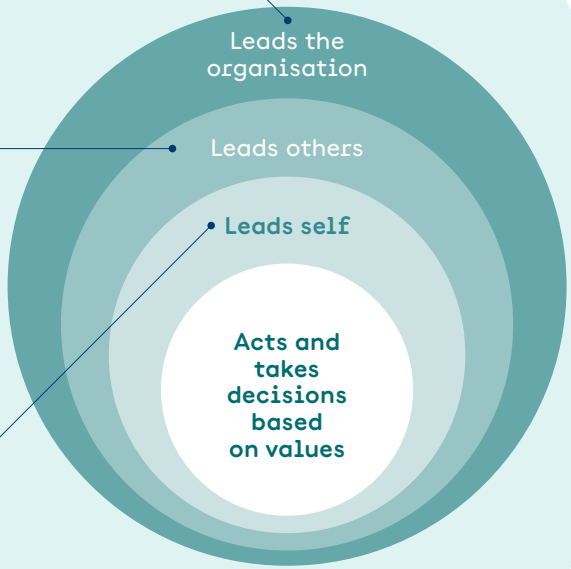
Leads the organisation
thinks in terms of global contribution, always placing the general interest before personal interests and organising internal resources with generosity and flexibility to ensure that goals are met.

Leads others
motivates through a positive influence, using their role to inspire and contribute to the growth and development of their colleagues, increasing both their commitment and their contributions.





Leads self
maintains a continuous and proactive commitment to self-development, seeking to improve and adapt their leadership skills to different circumstances. Pursues personal and professional growth as a starting point for adding value to others.



- **Communication Guide:** a document that develops the role of the manager as a key 'communication channel' within the organisation.

- **Digital content library:** that offers the manager access to a micro-learning resource platform with more than 27,000 summaries of books, videos and reports, which constitutes a self-learning ecosystem with the latest trends.

The Transformational Leadership Model embodies what is expected of the manager as a leader in terms of principles, values and behaviours so that the whole team moves forward in the same direction.

Consequently, their contribution is understood as the leaders' application of the features of the Model in order to mobilise their teams and achieve the Company's results.

The sources for assessing the manager's fit with the Leadership Model are the following: 360-degree Feedback, the climate survey, the talent identification panels and the leadership objectives. During 2022, the latter focused on the axis '**Leads the Organisation and Leads Others'.**

In 2022, 81 % of the management team was assessed through the 360-degree Feedback process and 100 % of the management team has drafted their own Personal Development Plans. In addition, the Company has implemented a new Manager Programme, with a development training programme for 75 new managers.

During 2023, work will continue on the implementation of the behaviours associated with the Leadership Model, with the implementation of actions such as the Leadership Skills Programme, the Cross-Mentoring Programme, actions aimed at

Improvement of 0.26 in the development of the 360-degree Feedback process in 2022, compared to previous assessments.

continuing to foster the cohesion of the management team and the design of the new Induction and On-boarding Programme aimed at new members of the management team.

More information on inclusive leadership initiatives can be found in the *Diversity* subsection of the Employees section of this report.

Skills Development Model

Redeia is committed to an adapted and differential proposal of initiatives that allow employees to manage their own professional development, committing leaders to the achievements of their teams.

The Skills Development Model deploys the Leadership Model for technical staff and is structured around four axes (self-leadership, relationship management, resource management and change management) which in turn are each made up of three attributes.

Noteworthy actions regarding the 2022 Transformational Leadership Model

Initiative	Objective	Participants and employee group
360-degree Feedback Assessment	Reinforcing strengths and areas for improvement.	• Participants: 150 • Group: management team.
360-degree Feedback Programme	Helping the management team to evolve and advance in their role as leaders at the head of teams through individualised mentoring.	• Participants: 150 • Group: management team.
Management Team seminars	Work on strategic issues related to business development and promote team cohesion.	• Participants: 161 • Group: management team.
Workshops: How to maintain meaningful conversations	Consolidate the importance of these conversations through messages consistent with our contribution assessment model.	• Participants: 42 • Group: management team.
Digital Coaching sessions	Contribute to the improvement of leadership style by using AI to provide the most appropriate coach.	• Participants: 11 • Group: management team.
Talentia programme	New programme designed as a development tool and space for cohesion and the elimination of cross-functional barriers.	• Participants: 62 • Group: non-managerial employees considered to have a high potential to occupy managerial or people management positions in the future.

Redeia's Skills Development Model, implemented in 2022, fosters professional growth aligned with the Company's objectives through the following key actions:

- **Development recommendations**, which include internal mobility applicable to 100% of the organisation (6% mobility in 2022) and which involves rotation where employees are temporarily assigned to other companies of the group, in addition to covering vacancies or participation in international mobility processes and temporary assignment to strategic projects.
- **Catalogue of resources**, which includes training actions in different modalities so that employees can work on their chosen skills either independently or accompanied.

In addition, internal workshops were conducted to identify personal development action plans for 130 employees, with the aim of guiding the identification of the axes or attributes of the Skills Development Model on which to focus development, as well as to select the best actions in order to achieve the goals.



Axes of the skills DEVELOPMENT MODEL



Specific development programmes by employee group 2022

Programme	Objective
Manager Programme	To provide tools and skills to help them manage teams. Complemented by the Manager Portal on the corporate intranet, to consolidate their role.
Programme for Specialists from Regional Offices (Gem3)	Improve key skills and provide an environment of overlapping experiences for this group.
Personal development actions for individual job positions	Develop communication skills, planning and prioritisation of tasks in newly created job positions covered by just one professional, therefore requiring specific training for their performance.

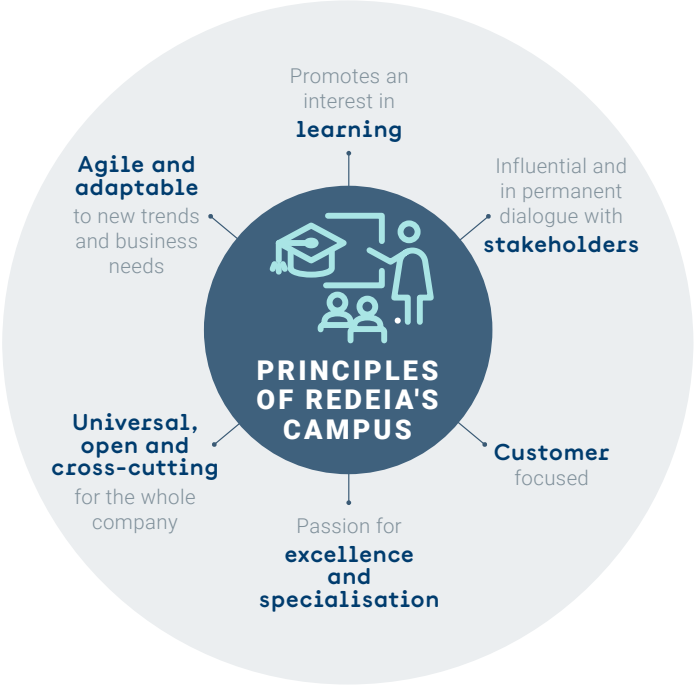
As a result of the talent differentiation process, Personal Development Plans (PDPs) are deployed for the individual development and improvement of employees. During 2022, 182 people worked on defining their own PDP.

Redeia Campus

The Redeia Campus enables business objectives to be achieved, placing the talent of people at the disposal of the Company, supported by an internal, external and educational observatory, which allows the current context to be analysed, research to be carried out in order to share knowledge and drive and promote innovation.

It also serves as a platform for the deployment of the organisation's strategy, values and culture, acting as a meeting place and catalyst for learning and development, contributing to the management of stakeholder knowledge and covering the various areas on which learning is focused.

The digital version through the Virtual Campus is an open learning environment, with a catalogue of more than 800 resources where employees can conduct their learning plan using any type of digital device. This platform favours self-learning through the possibility of self-enrolment in open courses (369 in 2022), which represents more than 40 % of the total offer.





In 2022, the Company worked on the evolution and redefinition of Redeia's Campus, as an ally to deploy the organisation's corporate strategy, strengthening values and driving the Company's transformation.

All of this is deployed through initiatives that are disseminated internally and externally, facilitating this valuable knowledge to both the organisation and society. In 2022, two initiatives stand out: the sessions to share best practices of system operators with companies such as XM (Colombia), in regards to the control centres' structure, processes and agility and also through the Company's participation in the Conference on supervision and cybersecurity, with a presentation focused on the experience of Red Eléctrica as system operator, from a regulatory perspective in Colombia.

In addition, in 2022, a new Digital Training Programme was designed, and this will be launched throughout 2023.

DIGITAL TRANSFORMATION

Digital transformation is a process of change in operations, business models and ways of working, thanks to the rapid development of new digital technologies, which add value to the organisation and contributes to the achievement of the challenges that Redeia will address in the coming years.

With regard to the implementation of technologies that facilitate modern and flexible working models, during 2022, the revision of the role of control centre operator began, taking advantage of new technologies to simplify and facilitate the role, while maintaining the necessary safety criteria.

Supporting people in the adoption of new digital tools continues to be a priority. Thus, the **Comprehensive Digital Change Management Plan** has addressed training, dissemination and personalised service actions through various channels set up for this purpose. Under this Plan, in 2022, 806 people from Redeia were trained on tools such as Office 365, Adobe Sign, Power BI, Power Automate and others specific to the Company.



In these processes, it is essential to guarantee an adequate level of cybersecurity, minimising risks and with the capacity to respond to incidents. Information on the group's Corporate security model is detailed in the *Comprehensive Corporate Security* section in this report.

The **Intelligent Automation Service**, which aims to automate processes through technologies such as RPA (Robotic Process Automation), virtual assistants, advanced analytics and artificial intelligence. Following the analyses of 148 of the Company's processes, this service has automated 26 of them, 10 of which were addressed in 2022.

Development of IT applications

OPTIMIZA

Enables the evolution of the current operating model of the corporate processes implemented in the applications, making it more efficient, digital and agile in decision-making processes.

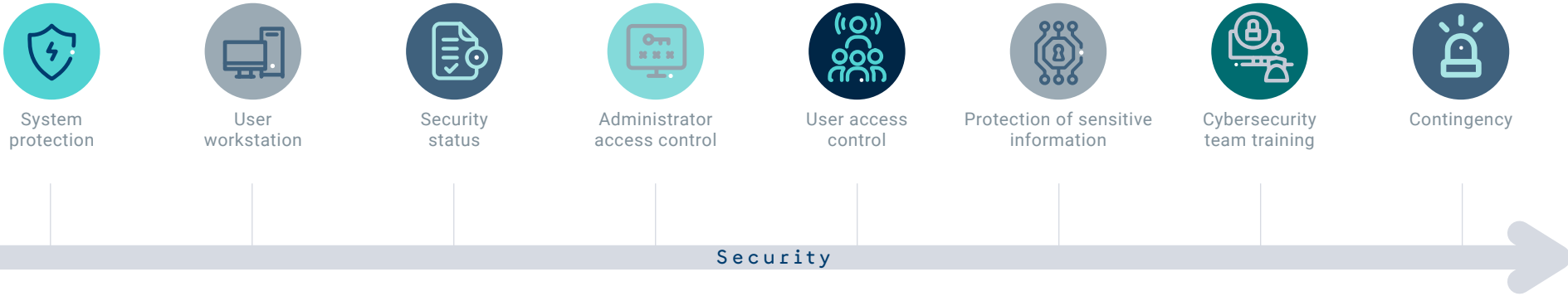
ORIGEN

Its objective is to incorporate digitalisation as part of the design and construction of the physical assets of the transmission grid, thus making it possible to have a single point of access to all the information of such assets.

EUROTRANS

Aimed at identifying and coordinating the necessary adaptations of the system operator's information systems due to the implementation of European balancing platforms and the migration to the new SP7 control system.

Comprehensive Corporate Security Plan: scope



One of the main courses of action in digital transformation is to develop IT systems and solutions that enable the energy transition, with actions focused primarily on the following: the integration of renewables, transformation of operating systems as well as in the field of transmission grid asset management projects.

Following the analysis of 148 processes, the Intelligent Automation Service has automated 26 processes, 10 of which were completed in 2022. Redeia has also worked on 106 IT projects and trained 1,206 people on digital tools.

Systems and solutions that enable the energy transition



Operation

INTEGRATION OF RENEWABLES

Projects:
- *QUIJOTE*
- VOLTAIREE

TRANSFORMATION OF SYSTEM OPERATION SYSTEMS

Projects:
- EUROTRANS
- ESIOS QH
- SIMEL
- *PASOS*
- COORDINET





Transmission

TRANSFORMATION OF PROJECT MANAGEMENT FOR TRANSMISSION GRID PROJECTS

Projects:
- AGORA

ASSETS OF THE TRANSMISSION GRID AND THEIR STRUCTURAL INFORMATION

Projects:
- MANINT
- SIGIPM
- KAIROS
- MOVIMAN
- *ORIGEN*

Data governance

In order to continue driving the data culture within the organisation as the backbone of the digital transformation of the business, a new **Redeia Global Data Service** was created, unifying the current services of the Data Governance Office, the provision and integration platform and the Advanced Analytics

In 2022, Redeia enhanced the organisation with the appointment of the first 12 business analysts and the publishing of the first Data Governance and Management Policy was published.



area of the current Intelligent Automation Service. The new service aims to fully address the Company's data-centric organisational strategy.

One of the key objectives of the Global Data Service is to provide support and the necessary tools for the new role of business analyst, ranging from the identification of information needs to the self-consumption of data and the creation of dashboards for decision-making or optimisation of business processes. In 2022, Redeia appointed the first 12 business analysts, who are part of a pilot training project.

In addition, the first Data Governance and Management Policy was published in Redeia, and the self-consumption of data was consolidated with the implementation of the following use cases:

- Cross-cutting dashboards regarding regional offices generated automatically with the information residing in the corporate data lake.
- Evolution of the data quality control process of the asset management process of the Facilities Maintenance Department with 8 areas to monitor and the inclusion of 29 quality controls processes deployed in the corporate data lake.
- Evolution of the traditional audit process towards a continuous audit process with the creation of 15 indicators deployed in the corporate data lake associated with the procurement of goods and services process. This process now submits the resulting continuous audit report to the Audit Committee, together with 15 indicators associated with the payroll process.
- First PVM of the IT Department's dashboard by developing the existing data domains in the corporate data lake: financial, projects, assets, processes, evolutions, incidents and requests.



The 2022 IT Architecture Plan has addressed initiatives aimed at reviewing and improving integration, IoT and traditional architectures. Two activities within the Plan are noteworthy:

- Democratisation of technology: this lays the foundations to allow business units to carry out their own developments using approved/certified platforms.

- Cloud Centre of Excellence: this involves the creation of a service specialising in cloud management. In addition, cloud exploitation models have undergone an in-depth study, analysing the possibilities and risks of a multi-cloud policy.

In 2022, the Company worked on 65 IT application development projects, of which 43 were initiated in previous years; 6 technological projects, 9 initiatives in the area of Data Governance, 13 initiatives in the Comprehensive Corporate Security Plan, 9 in the IT Architecture Plan and 4 in the Improvement Plan.

TECHNOLOGICAL INNOVATION

Elewit continues its activity as the technology platform of Redeia with the aim of offering solutions to the new challenges faced by the electricity and telecommunications sectors, with the goal of driving the energy transition and connectivity to create a sustainable future.

With the backing of Elewit, Redeia structures its innovation and technological development activity around key challenges and key technologies that maximise the Company's contribution. Similarly, various tools or capabilities developed by Elewit have been deployed, some of which are shown below.

Venture Client

This model is designed to introduce innovation in Redeia through the development of proofs of concept and pilot projects with various startups that have been selected to explore the use cases and applications that can favour the Company's activity.

The deployment of the first three Venture Client programmes has resulted in 23 pilot projects with 17 startups selected from the more than 1,500 companies analysed. In the fourth programme, startups will be selected to present their solution to the Selection Committee in early 2023.

In parallel, Elewit has channelled other opportunities arising from the interest of the business units, leading to two additional pilot projects with startups.

Corporate Venture Capital

This investment model seeks to attract companies to Redeia that have a strong strategic fit and a high innovation component. This helps to strengthen the Company's core business and enables the organisation to stay abreast of

new trends, incorporating new technologies and thus generating competitive advantages.

The Venture Capital investment strategy is materialised through investments in venture capital funds or through direct investments, as indicated on the Elewit website.

In 2022, noteworthy was the execution of three follow-ons in Redeia's investees (via a capital increase in Zeleros and through the issue of two convertible securities for Nearby Computing and CounterCraft), the approval of the disbursement of the second tranche of investment in Aerolaser and the investment in OKTO GRID, a company that offers a solution that facilitates proactive maintenance of assets, giving the user visibility of deviations in expected behaviour and enabling the early detection of faults.

In addition, Elewit has worked on anchor investor opportunities for an energy transition fund with a CNMV-approved fund manager managed by ADARA Ventures (Elewit's first investment).

Intrapreneurship

DESPEGA continued its path in 2022, the first intrapreneurship programme of Redeia that allows employees to turn their ideas into real projects, leading their development with the possibility of devoting 100% of their time to it, with the support and resources of Redeia.

In June 2022, the intrapreneurs of the Advanced Grid Insights and SafeDeLimit projects started working full-time on their projects with the aim of evolving the prototypes and validating the commercial potential of the solutions. The intrapreneurs received various mentoring sessions from Elewit as well as from relevant entrepreneurs and investors within the innovation ecosystem in Spain. Among other advances, they developed their technology and defined a strategy for approaching potential customers, partners and distributors. It was decided to give continuity to both projects, seeking commercial traction by obtaining the first sales of their solutions through Elewit, and therefore consolidating them as a new line of business for Elewit and Redeia.

Regarding the Skylinks project, Hispasat decided to integrate this solution directly and give continuity to the project, to support Amazonas Nexus and market it to third parties as part of Hispasat's key value proposition, and therefore, it is considered a success story of the programme.

Communication and generation of ecosystems

In 2022, Redeia continued to improve its position in the innovation ecosystem through its collaboration with startups, universities, technology centres and other corporations. Thus, the Company signed two new framework agreements with R&D centres that serve as a basis for the development of projects in different key technologies. Elewit currently has twelve partnerships in place with universities and technology centres.

In 2022, Elewit joined Indesia, an association to promote the use of data and artificial intelligence in Spanish companies and SMEs, and also the Cross Industry Innovators alliance, where it shares knowledge with other TSOs, which has enabled it to lay the groundwork for a series of proofs of concept together with six other European TSOs. It also launched four technological challenges to the ecosystem, contributing to technology watch and providing novel and disruptive responses to some of the business challenges, and additionally, it joined the 6th edition of the 'Rising UP in Spain' programme and the 'ICEX-Invest in Spain' programme to optimise its capacity for scouting startups abroad. Detailed information on Elewit's current partners can be found on its website.



During 2022, various initiatives were organised to promote the generation of the ecosystem, including the holding of the second edition of the Innovation Sessions, the first Elewit DEMO Day, in which the startups of its ecosystem presented projects developed jointly with Redeia, or the webinar aimed at potential customers of the Lessons Learned Management Model developed between Red Eléctrica and ICA2, among others.

Additionally, in 2022, the sponsorship and participation in various events such as the Al Andalus Innovation Venture in Seville, the Digital Summit in Valencia, the South Summit in Madrid, the Expo Dubai, etc., stand out.

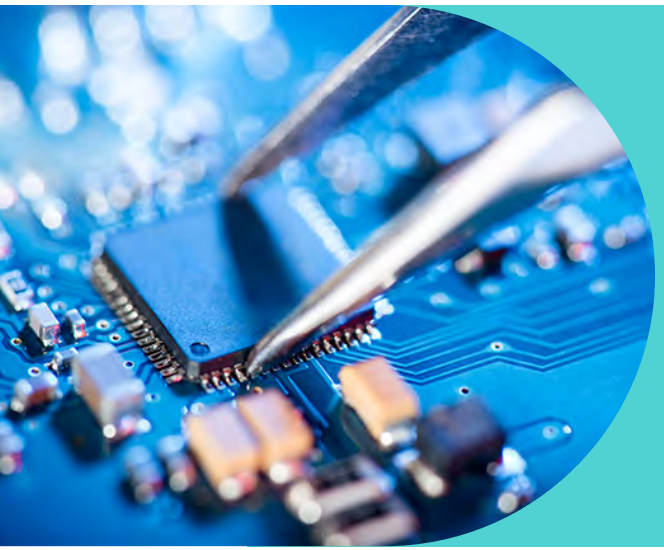
Technology Lab

Elewit's Lab boosts innovation in Redeia, through the introduction and rapid adoption of technologies that are incorporated as part of the innovative technological solutions that are developed. In addition, the Lab facilitates the innovation process in all its phases, from the initial idea to the end product, supporting and taking the initiative to streamline and simplify all the administrative, legal and management activities that may be necessary.

Technology Factory

The technology factory allows industrialising and scaling the minimum viable products in an agile way and bringing to reality the technological innovation opportunities that have been generated in Redeia, for their subsequent scaling, implementation and, if necessary, commercialisation.

During 2022, innovative solutions were being industrialised in the technology factory such as 5G Infrastructure, which will



Kadri Simson, the European Union Commissioner for Energy, visited Elewit where she had the opportunity to learn first-hand about initiatives supported by Elewit such as the Hyperloop or the EPICS project for the digitalisation of infrastructure, among others.

enable the use of transmission grid infrastructure to provide connectivity, and ZEPAS, which will enable the installation of a versatile, portable and easy-to-install power supply to feed the auxiliary services of substations through the use of a Power Voltage Transformer (PVT), avoiding the use of off-grid generators in different phases of substation construction.

Project Management Office

This office centralises the planning and management of Elewit's innovation projects and programmes and provides the Lab with specific management tools and resources.

During 2022, Redeia managed 79 innovation projects, which have entailed a financial investment in innovation of 8.3 million euros. Additionally, it also invested 23 million euros, which represents a significant effort in technological innovation and development linked to Elewit that amounts to 31.3 million euros.

The most relevant innovation projects can be found on the Elewit website.

Global Innovation Hub

This Hub seeks to connect the internal and external talent of Redeia, through workshops, expert talks and discussion groups that allow the exchange of experiences and knowledge in the field of technological innovation. All this in order to promote the transformation and support the growth of the innovation ecosystem in Redeia.

During 2022, the Global Innovation Hub hosted various sessions, including the Caixa Day One conference session on SF_6 (taking into consideration the different perspectives of Redeia), the conference at the Vodafone Business LAB, with the sharing of all the 5G use cases carried out in Spain under the National 5G Plan, and the conference held at the Morveda substation in Morveda, with Redeia's System Reliability team to jointly design its technological roadmap, and which also included a visit to the ITE and Hess laboratories in Valencia, with their latest developments in grid-forming technology.



During 2022, Redeia managed 79 innovation projects, with an expenditure of 8.3 million euros and investments of 23 million euros, for a total financial investment of 31.3 million euros.

Go to Market

During 2022, Elewit boosted the commercial activity of those technological solutions developed by Redeia, which are in a mature state.

Elewit also participated in various forums to publicise its innovative activity, its most advanced projects and its products. These include the Global IBM Forum, CIGRE 2022, 2nd SINTRE (International Seminar on Electricity Transmission: Innovation, Regulation and Quality of Public Service) and Perumin 2022 (35th Mining Convention organised by the Peruvian Institute of Mining Engineers).

SAGA continues to be the most mature product in Elewit's portfolio and, as a result, has been the focus of most commercial efforts. Thus, work has continued on its external visibility through initiatives with other TSOs and other companies, both in the electricity sector and related to the energy sector, in Europe, Asia, the United States and Latin America.



Venture Building

Venture Building seeks to identify attractive new business logic in the market, as well as underutilised assets, technology or knowledge within Redeia with the potential to respond to market needs.

During 2022, this tool continued to be deployed together with an operational partner, always with a medium/long-term portfolio vision, and with the objective of promoting investment in at least one start-up company per year over the next three or four years.

Noteworthy technological solutions developed by Redeia

DALIA	System for autonomous detection of anomalies in overhead lines through digitalisation and the use of LiDAR technology or photogrammetry.
PDEye	Platform for monitoring partial discharges in isolated environments that enables the development of predictive maintenance techniques and increases the availability of the transmission grid.
Automatic identification of tree and shrub species	Initiative that uses artificial intelligence to recognise vegetation growing underneath electricity lines.
SF_6 monitoring	System for the remote inspection of facilities by monitoring SF_6 gas, which enables the identification of greenhouse gas leakage both in electricity substations and in the pipelines that run through them.
Electrical calculation software	Calculation program for determining power flow, linear calculation and other essential functions in the planning and operation of electricity systems.
PRODINT	Sensor that enables the early detection of fires and the issuing of alerts/warnings.



6. Decarbonisation of the Economy

Decarbonisation of the Economy

Redeia undertakes the following commitment as a sustainability priority: Be an active 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 more robust and interconnected grid, as well as through the development and operation of energy storage systems.



6.1 Climate Change and Energy Transition



6.2 Sustainable Development of the Grid



6.3 Integration of Renewable Energy



6.4 Flexibility of the Electricity System: New Tools for the System Operator



6.5 Reduction of the Carbon Footprint

6.1 Climate Change and Energy Transition



Climate change is a worldwide challenge that is high on the global agenda. In a context of decarbonisation, the role of the electricity sector is essential to achieve the transformation of the energy sector.

CLIMATE CHANGE: A CALL TO ACTION

3-3

The Paris Agreement, reached at the 21st Conference of the Parties (COP21) in 2015, marked a historic milestone and, since then, the international community has been working on the development of the mechanisms for its implementation.

The main element of the Agreement is the commitment of the signatory parties to keep the rise of global average temperatures below 2°C with respect to pre-industrial levels, striving to limit it to 1.5°C. In 2018, the Intergovernmental Panel on Climate Change (IPCC) published a technical report confirming the urgent need to increase climate change targets to more ambitious levels and work to keep the temperature rise below 1.5°C. The international community has recognised this urgency.

The European Green Deal sets out a new strategy to reconcile economic growth with emission reductions, prosperity and social justice. In 2021, the EU adopted the European Climate Law, which includes a binding target of climate neutrality by 2050 and an intermediate target of at least 55% reduction of greenhouse gas emissions by 2030 compared to 1990 levels.

In order to implement the necessary changes to achieve these targets, the EU has adopted and is implementing the Fit 55 package, which contains a number of legislative proposals aimed at ensuring a transformation of the economy and society that is fair for all, and that reinforces the EU's leading position in the global fight against climate change.

The Climate Change and Energy Transition Law, approved in 2021, sets out the targets the targets included in Spain's 'National Energy and Climate Plan (NECP) 2021-2030' and in the 'Long-term strategy

Redeia actively participates in the energy transition towards a zero-emission model, supporting the electrification of the economy and the efficient integration of renewable energy through a robust and better-interconnected grid, the development and operation of energy storage systems and the promotion of new services and innovative activities that facilitate the coordination between the different agents.





The targets adopted by Spain include a commitment to achieve an electricity system that includes a national generation mix with a share of at least 74% renewable energy, in order to achieve 42% renewable energy in final consumption by 2030.

for a modern, competitive and climate-neutral Spanish economy by 2050' which is fully aligned with the European targets and the ambition of not exceeding a temperature increase of 1.5 °C.

Within this context, the transition towards an energy model that allows affordable and clean energy for all is set out in the Decarbonisation Goal (SDG 7) and the Climate Action Goal (SDG 13). In this regard, the role of the electricity sector is crucial as it facilitates the incorporation of renewable energy into the generation mix and is key to achieving improvements in energy intensity and efficiency values. This fact is fully reflected in the goals adopted by Spain, which include the commitment to achievingan electricity system with at least 74% renewable energy capacity, in order to reach a level of 42% of renewable energy in the generation mix by 2030.

Redeia's emission reduction targets approved by the Science-Based Targets initiative (SBTi)

Commitment to achieving net zero emissions by 2050 compared to 2019 levels

Targets for 2030

- 55% reduction of Scope 1 and 2 emissions compared to 2019.
- 28% reduction in Scope 3 emissions compared to 2019.
- Suppliers that account for two-thirds of the supply chain emissions need to have science-based targets implemented (approved by SBTi) by 2025.

Targets for 2050

- 90% reduction of Scope 1 and 2 emissions compared to 2019.
- 90% reduction in Scope 3 emissions compared to 2019 levels.

REDEIA'S COMMITMENT IN THE FIGHT AGAINST CLIMATE CHANGE

Redeia, through its subsidiary, Red Eléctrica, is a key player and an essential agent in the transition towards a new energy model in Spain. Its main purpose is that of ensuring overall efficiency of the electricity system, the electrification of the economy, the maximum integration of renewables into the energy mix, all while guaranteeing security of supply at all times. This position of the Company is reflected in its 2021-2025 Strategic Plan, whose central pillar is to make the energy transition a reality in Spain by boosting the digital and green transition.

The elements that will be decisive in order to advance in this transition are the development of a robust, smart and increasingly interconnected transmission grid, the establishment of energy storage systems that maximise the integration of renewables and increase the flexibility, efficiency and security of the system and the incorporation of tools that enable the operation of a more complex, dynamic and digital electricity system of the future.

The 2021-2025 Strategic Plan also envisages the development of telecommunications so as to promote digitalisation and improve connectivity, elements that also contribute significantly to the process of decarbonisation of society.

Noteworthy is that, since 2011, Redeia has stated its voluntary commitment to the fight against climate change, which is materialised in specific objectives and a concrete Climate Change Action Plan. Both the commitment and the Action Plan were updated in 2021, with the aim of increasing the Company's climate ambition and aligning it with the global objective of limiting the increase in average temperature to 1.5°C.

Climate Change Action Plan: Courses of action

Contribution to a sustainable energy model

Actions related to the activity of Red Eléctrica as transmission agent and electricity system operator and which are necessary in order to achieve Spain's National Energy and Climate Plan (NECP) by 2030.

- Development of **infrastructure to facilitate the electrification of the economy,** connect new renewable energy power capacity and provide the power to feed the railway network. Noteworthy is the development of electricity interconnections, both international and between islands, which guarantee supply when dealing with the variability associated with renewable generation.

  This information is detailed in the *Sustainable Development of the Transmission Grid* section of this chapter.

- Achieve the **maximum level of integration of renewable energy** into the electricity system through the optimisation of system operation and the operation of the Control Centre of Renewable Energies (CECRE), the improvement of generation forecasting tools, the greater integration of distributed generation and the development of **energy storage** systems that will enable the integration of renewables, while guaranteeing the security of the system at all times.

  This information is detailed in the *Integration of Renewable Energy* section of this chapter.

- Make progress in the **efficient management of the grid,** promoting technological innovation (smart grids and digitalisation), incorporating new elements and services and applying new flexibility measures.

  This information is expanded upon in the *Flexibility of the Electricity System: New Tools for the System Operator* section of this chapter.

Continued on next page



Climate Change Action Plan: Courses of action

Reducing the carbon footprint

Redeia has set ambitious reduction targets for 2030, consistent with its long-term goal of achieving net zero emissions by 2050. This commitment and the one related to the contribution to a sustainable energy model, have been endorsed by the **Science Based Target initiative (SBTi).**

The main areas of action in order to achieve the targets are:

- Reduction of SF_6 emissions through leakage control and reduction, the renewal of switchgear and the establishment of measures to limit the increase of installed SF_6 gas.
- Reduction of energy consumption and associated emissions through increased use of renewable energy and the implementation of energy efficiency measures and a higher level of sustainable mobility.
- Reduction of emissions associated with the supply chain:
  - Execution of collaborative programmes aimed at encouraging the setting of reduction targets aligned with the SBTi's of suppliers.
  - Consideration of sustainability criteria in purchasing decisions, prioritising the most sustainable supplies and promoting changes that result in a reduction of emissions.
- Offsetting emissions to move towards the group's carbon neutrality target, mainly through the Redeia Forest project. Along these lines, in 2022, Redeia undertook the commitment to offsetting all Scope 1 emissions that it is not able to reduce; this is programmed for as of 2023.

This information is detailed in the *Reduction of the Carbon Footprint* section of this chapter.

Adaptation to climate change

Redeia is aware of the need to make progress in adapting to climate change, in order to tackle both the inevitable physical changes in climate parameters and the social, economic and regulatory changes associated with the fight against climate change.

The Company periodically identifies and assesses both risks and opportunities derived from climate change and applies various measures defined within the framework of this analysis. It should be noted that Redeia's activity as a whole is a key element in the adaptation of the energy system to the risks arising from climate change.

Continued on next page



Since 2018, Redeia has integrated the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) into its Climate Change Action Plan.

Climate Change Action Plan: Courses of action

As established in the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), the financial impacts of relevant risks and opportunities are quantified, incorporating consideration of different physical and transitional scenarios. Information related to this work is included in the *Trends and Opportunities* and *Risk Management* chapters of this report.

Positioning and dissemination

Redeia works to communicate with stakeholders and involve them in its commitment to climate change. The main objective is to **disseminate knowledge and provide complete and transparent** information on the electricity system and its role in the energy transition, as well as to promote different energy efficiency measures.

Redeia participates in numerous initiatives, such as the publication, in 2021, together with seven other European TSOs, of an informative document on the role of Transmission System Operators (TSOs) in the decarbonisation of the energy system.

In 2022, Redeia, together with the Spanish Federation of Popular Universities, set up *Hémera*, a digital school for the energy transition, a free training space to empower citizens as protagonists of the new energy model. Redeia also presented the new exhibition 'Connected to the future' in 2022, a travelling exhibition that will tour the different science museums in Spain.

It is a new interactive and digital experience designed to promote knowledge of the energy transition and the active role that consumers will play in the electricity system of the future.

Lastly, it should be noted that Redeia is a member of the Spanish Green Growth Group, an association for the promotion of public-private collaboration to jointly advance in the decarbonisation of the economy, working mainly on aspects related to the mitigation of and adaptation to climate change and the circular economy.

6.2 Sustainable Development of the Grid

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Key indicators in 2022

448.8 M€ of investment in the transmission grid.

326 km of new line circuit and 109 new substation bays.

2022 milestones

Approval of the 2021-2026 Transmission Grid Planning.

Significant progress made on the Ibiza-Formentera axes (36 million euros), access for the evacuation of renewables (25 million euros), Caceres-Trujillo link (15 million euros) and reconductoring transmission of lines (10 million euros).

Commissioning of the Nueva Pozo Almonte-Parinacota line; the Nueva Pozo Almonte-Pozo Almonte line; the Nueva Pozo Almonte-Cóndores line (Chile).

Commencement of the experimental operation of the TESUR 4 project (Peru) and the commissioning and commercial operation of phase II of the REDENOR project (Chile).

Challenges for 2023

Publication of the public consultation document of the European Indicative Planning (TYNDP2022).

Continue progressing with the Bay of Biscay axis (130 million euros) and facilitating lines for the evacuation of renewable energy (52 million euros). Commissioning of reactors (23 million euros), reconductoring of transmission lines (22 million euros) and the Galicia-Portugal cross-border connection (20 million euros).

Commissioning of the Centinela substation for the connections with the Sierra Gorda Photovoltaic Farm (Chile).

Continue to make progress on the enlargement of the Centinela substation, with its commissioning and commercial operation planned for 2024 (Chile).

SUSTAINABLE DEVELOPMENT OF THE GRID

EU10

In February 2019, the planning process for the 2021-2026 electricity transmission grid was launched following the publication of Ministerial Order TEC/212/2019, of 25 February. This Order establishes the guiding principles of this process, which include as new innovative aspects:

- The fulfilment of the commitments set out in the target scenario of Spain's National Energy and Climate Plan (NECP) for 2021-2030.
- The evacuation of renewable energy in those areas where there are considerable renewable resources and it is environmentally possible to operate and manage the infrastructure and transport the energy generated.
- Maximising the use of the existing grid, renewing, increasing capacity, using new technologies and reusing existing facilities.

Cornerstones of the
TRANSMISSION GRID PLANNING



SECURITY OF SUPPLY



ECONOMIC EFFICIENCY



ENVIRONMENTAL SUSTAINABILITY

With an investment of 6,964 million euros, the new 2021-2026 Transmission Grid Planning is a strategic instrument for the development of the infrastructure necessary for Spain to continue to enjoy a high-quality electricity supply and to continue making progress in the decarbonisation of its energy model.



The study phase began in June 2019. In December 2019, Red Eléctrica, in its capacity as System Operator, submitted the 'Initial Proposal for the development of the transmission grid' to the Ministry of Ecological Transition and the Demographic Challenge (MITERD), meeting the deadlines that had been established. Subsequently, the Ministry of Ecological Transition and the Demographic Challenge manages the next steps of the process in which the CNMC (Spanish National Markets and Competition Commission) and the 17 Regions (Autonomous Communities) in Spain, in addition to Ceuta, and Melilla, participate during the consultation phase.

In December 2021, after obtaining the Strategic Environmental Statement issued by the environmental department of MITERD, the proposal was consolidated in the Transmission Grid Planning. Lastly, the Planning was passed on to the Council of Ministers to be submitted to the Congress of Deputies prior to its approval on 22 March 2022 and its subsequent publication in the Official State Gazette on 19 April.

Key aspects of the 2021-2026 Transmission Grid Planning

- Projects for new transmission grid infrastructure necessary to guarantee the electricity supply throughout the national territory, considering the aspects of economic efficiency and sustainability of the electricity system.

- Physical, technological and environmental feasibility, prioritising those alternatives that allow a better use to be made of the existing grid.

- Development of interconnections between electricity systems: international interconnections, links between island systems and connections between the mainland and non-mainland electricity systems.

- Greater use of the existing grid. 72% of the actions are the upgrading of transmission line capacity, enhancement of grid

assets, reconductoring or the installation of dynamic capacity monitoring equipment on existing infrastructure.

- Greater integration of renewable generation (up to 67% of electricity production in the national generation mix will come from renewable sources), which will reduce CO_2 emissions in the electricity sector by up to 66%. In total, this will mean a saving of 1.6 billion euros per year in electricity system costs.

The 2021-2026 Transmission Grid Planning is published on the website www.planificacionelectrica.es

European indicative planning - ENTSO-E TYNDP - and Projects of Common Interest (PCIs)

Every two years, the European Network of Transmission System Operators for Electricity (ENTSO-E) drafts a non-binding Ten-Year Network Development Plan (TYNDP), which describes the future evolution of the European electricity system.

In July 2022, ENTSO-E submitted the Ten-Year Plan for 2022 to a public information and consultation process, comprising, among others, an executive report of main findings and a system needs identification report showing what the system should look like in 2030 and 2040 in order to create maximum value for Europeans.

The final version of the Ten-Year Plan for 2022 will be published in due course in 2023. Further information on the Company's participation in ENTSO-E is detailed in the Relationship with the Social Environment ↪ section of this report.

Related to the projects considered in the TYNDP, in November 2021, the 5th list of Projects of Common Interest (PCIs) was adopted by the European Commission and approved by the European Parliament in March 2022. These are energy infrastructure projects necessary for the development of priority corridors or areas in the European Union. Such projects can benefit from improved regulatory conditions, simplified permitting procedures and increased public



The 2021-2026 Transmission Grid Planning will enable a greater integration of renewable generation (up to 67% of electricity generation in the national mix will come from renewable sources), which will reduce CO_2 emissions in the electricity sector by up to 66%.

participation through public consultations, lower administrative costs, the possibility of receiving subsidies for studies and, exceptionally, for the work, and eligibility for special funding under the so-called Connecting Europe Facility. The list adopted in 2021 by the European Commission includes four projects promoted by Red Eléctrica together with neighbouring TSOs:

- Interconnection between Aquitaine (France) and the Basque Country (Spain) (Bay of Biscay project).



- Interconnection between Aragon (Spain) and Pyrénées-Atlantiques (France).

- Interconnection between Navarra (Spain) and Landes (France).

- Portugal-Spain interconnection between Beariz-Fontefría (Spain), Fontefría (Spain)-Ponte de Lima (Portugal) and Ponte de Lima-Vila Nova de Famalicão (Portugal), including substations in Beariz (Spain), Fontefría (Spain) and Ponte de Lima (Portugal).

In June 2022, the European Union adopted Regulation (EU) 2022/869, which will apply to the 6th list of Projects of Common Interest which will be drawn up in 2023.

Implementation in ENTSO-E of the European Resource Adequacy Assessment (ERAA)

In November 2021, for the first time, ENTSO-E published the report and results of ERAA. The public consultation on the new ERAA 2022 report was launched in December 2022.

The ERAA is a major step forward in terms of joint coverage analyses of the European interconnected system, compared to previous Mid-Term Adequacy Forecasts. The ERAA analyses how the electricity demand of the next decade can be covered by a system that needs to be increasingly compatible with the decarbonisation targets.

Therefore, it represents a fundamental tool for regulators, system operators and other stakeholders to determine the future coverage needs of the European interconnected electricity system. The ERAA analyses is repeated every year using the most up-to-date generation, demand and flexibility hypotheses.

DEVELOPMENT OF THE TRANSMISSION GRID

EU4

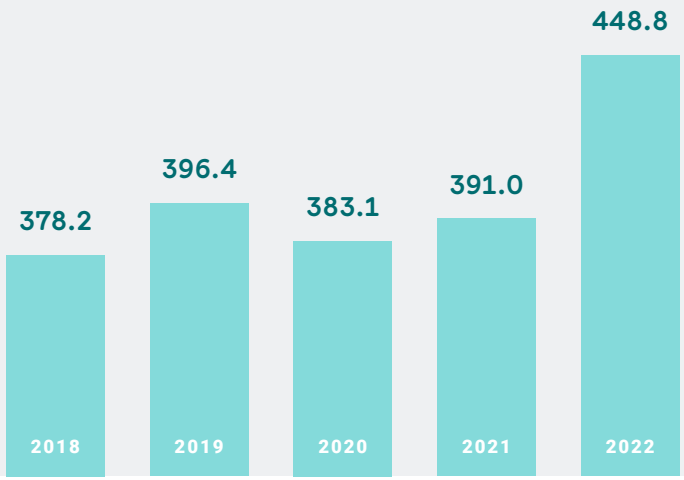
In 2022, investment in the transmission grid was basically allocated to: security of supply, the resolution of technical constraints, the development of interconnections between electricity systems, providing electricity to power the high-speed train and enabling grid access for the evacuation of energy from wind farms.

Throughout 2021, the Company commissioned 326 km of new line circuit and 109 new substation bays, and increased the transformer capacity by 725 MVA, with an overall investment in the transmission grid of 448.8 million euros.

326 km of new line circuit

and 109 new substation bays commissioned by Red Eléctrica in 2022





Investment in the transmission grid
(M€)

Transmission grid development: actions 2022



INCREASES IN POWER TRANSMISSION CAPACITY	Carrying out work to increase the height of electricity towers, thus allowing the reconductoring of the existing transmission lines. 2021-2026 Transmission Grid Planning envisages increasing the transmission power capacity of 7,000 km of line circuit. During 2023, it is estimated that 673 km of lines will have their transmission capacity increased.	2021-2026 Transmission Grid Planning
COMMISSIONING OF REACTORS	Actions to resolve technical constraints associated with voltage control. The 2021-2026 Transmission Grid Planning includes the action included within the System Operation Requirements section, which consists of the installation of 14 new reactors from 2021 to 2026.	2021-2026 Transmission Grid Planning
RENEWAL OF TRANSMISSION GRID ASSETS	Actions included in the 2021-2026 Transmission Grid Planning, included within the System Operation Requirements section, for a total of 346 million euros, with the aim of guaranteeing the security and continuity of supply when facing the degree of ageing of assets, obsolete technology and the non-availability of spare parts, as well as favouring the integration of renewables, or avoiding possible impacts on the natural environment.	2021-2026 Transmission Grid Planning
EVACUATION OF SPECIAL REGIME	Commissioning of new substation bays for the evacuation of renewable energy. The volume of requests for grid access and connection has increased significantly as a result of Royal Decree-Law 15/2018 on urgent measures for the energy transition and consumer protection.	2021-2026 Transmission Grid Planning
IBIZA–FORMENTERA INTER-ISLAND LINK	Construction of the 132 kV underground-subsea transmission line to interconnect the islands of Ibiza and Formentera, thus reinforcing the inter-island transmission grid. In May 2022, the Torrent substation, located in Ibiza, was commissioned.	Expected to be commissioned in 2023
CALETILLAS–EL ROSARIO	Increased security of supply and reliability of the transmission grid in the metropolitan area of Santa Cruz de Tenerife, as well as strengthening the transmission grid and reducing its vulnerability to incidents. The El Rosario substation was commissioned in 2021, and the Caletillas substation and the Caletillas-El Rosario lines were also commissioned in 2022.	Expected to be commissioned in 2024

Continued on next page



Transmission grid development: actions 2022

(continued)

CAPARACENA–BAZA–RIBINA	Facilitation of the evacuation of ordinary regime energy, renewable generation, cogeneration and energy to waste, as well as the meshing of the transmission grid, support for distribution and increasing the overall structure of the transmission grid. The Caparacena substation was commissioned in 2021 and the Baza substation and the Baza-Caparacena line were commissioned in 2022.	Expected to be commissioned in 2024
NORTH–ORIENTAL	Improvement in the evacuation of electricity from Asturias to supply Cantabria and the Basque Country. The actions underway were the enlargement of the Itxaso substation, commissioned in September 2021, and the construction of the Güeñes-Itxaso line.	Expected to be commissioned in 2024
MADRID EAST PLAN	Its purpose is to mesh the transmission grid and support the distribution network. In September 2022, the ingoing and outgoing feeder lines at the San Fernando substation of the Morata-Morata ET line were commissioned.	Expected to be commissioned in 2024
GALICIA–PORTUGAL CROSS-BORDER CONNECTION	Increased exchange capacity with Portugal available to the Iberian Electricity Market (MIBEL). Contribution to the integration of existing and future renewable energy in the Iberian Peninsula, avoiding shedding. Improving Spain's interconnection level with a view to meeting the objectives set by the EU.	Expected to be commissioned in 2024
TINTAYA NUEVA–AZÁNGARO	Strengthening the transmission of existing energy in southern Peru, especially in the areas of Cuzco and Puno.	Commissioning forecasted for 2023
ENLARGEMENT OF THE CENTINELA SUBSTATION AND THE INSTALLATION OF A LOAD BREAK SWITCH ON THE 2x220 kV EL COBRE–ESPERANZA LINE	Improving energy distribution and voltage profiles and strengthening the electricity system in northern Chile for the local mining companies and for the Antofagasta region.	Forecasted for 2023
CONNECTION OF THE SIERRA GORDA SOLAR PHOTOVOLTAIC POWER PLANT	Integration of Chile's largest photovoltaic power plant into the national electricity system by connecting it to the Centinela substation.	Forecasted for 2023

Lanzarote-Fuerteventura inter-island link

This project consists of the creation of a new 132 kV double-circuit Tías-Playa Blanca axis between Macher and Matas Blancas on the island of Lanzarote, as well as a new 132 kV subsea link between the islands.

The interconnection consists of a single high voltage alternating current circuit rate at a power of 120 MVA and 132 kV voltage. The new interconnection will bolster the existing interconnection between the two islands, which was commissioned in 2005 and carries 66 kV of alternating current electricity, making it possible to form an electricity system that currently has 476 MW of both conventional and renewable installed power capacity.

The interconnection was commissioned in June 2022.

Interconnection with France across the Bay of Biscay

The purpose of the new interconnection with France is to further increase interconnection capacity with Europe in order to achieve common energy targets.

The project consists of a double subsea link in direct current, which is 393 km long, 300 km of which is underwater, and it has a power capacity of 2,200 MW. This project, which is scheduled to be commissioned in 2027, will increase energy exchange capacity with the European electricity system up to 5,000 MW.

The project is currently in the pre-construction phase, focused on archaeological studies in French waters and other necessary technical and environmental studies.

In 2022, the last phase of its administrative and permitting processing began after the public information procedures and the construction phase is expected to begin in mid-2023.

Peninsular and non-peninsular transmission grids

	2020	2021	2022 (1)
km of 400 kV line	21,764	21,768	22,013
km of 220 kV line	19,886	20,095	20,136
km of 150-132-110 kV line	753	753	770
km of <110 kV line	2,078	2,098	2,100
Total km of line circuit	**44,482**	**44,715**	**45,019**
400 kV substation bays	1,549	1,591	1,628
220 kV substation bays	3,320	3,377	3,423
150-132-110 kV substation bays	151	159	165
<110 kV substation bays	951	978	998
Total substation bays	**5,971**	**6,105**	**6,214**
Transformer capacity (MVA)	**93,021**	**93,496**	**94,221**

The 2021-2026 Transmission Grid Planning includes a new concept called 'Renewal of transmission grid assets'. These works may consist of partial or total renewals (the commissioning of the new asset implies the decommissioning of the old one) in line with existing actions being carried out regarding the Planning.

Note: the lack of correlation between the total figures and the sum of the partial data is due to the rounding of decimal places.

(1) Provisional data pending audit - in progress.

Kilometres of line circuit (1)

	Spanish peninsula	Balearic Islands	Canary Islands	Total
Overhead lines (km)	40,624	1,113	1,254	42,991
Submarine cable (km)	265	582	47	893
Underground cable (km)	613	207	316	1,135
Total	**41,502**	**1,901**	**1,616**	**45,019**

MAINTENANCE OF THE TRANSMISSION GRID

Red Eléctrica guarantees that the facilities of the transmission grid are always in optimum condition, in terms of availability and reliability, through the application of sustainable, efficient and safe maintenance policies. To do this, the Company annually establishes a maintenance programme.



Noteworthy actions in 2022

MANINT	Consolidation of the new Asset Management Model based on new maintenance strategies aimed at asset risk management, planning O&M activity for 2023 and performing a predictive analysis of transmission grid risk until 2044. In addition, physical state, degradation, impact and risk algorithms have evolved, and innovation in asset management processes has been accelerated through the innovative and unique European-wide partnership with the Belgian operator ELIA.
Drones	Progress made in the use of remote-controlled aerial drones for the inspection of lines, which will result in improvements in terms of occupational health and safety as it will not be necessary to climb the towers, this will also make the inspections more efficient and with better results in terms of the quality of the data obtained.
VEGETA	Continuation of the implementation of the VEGETA project for the management of flora/vegetation, defining part of the 2023 budget, having validated the quality of the data regarding forest inventory, and having trained staff in the use of the new tools and on the methodology applied.
Optical fibres (OF) cables	Progress made in the procedure for extracting insulating fluid from OF insulated cables included in the renewal plans, in particular in the search for the best existing technologies, carrying out tests on inactive cables to check their effectiveness and establishing procedures to be followed in order to extract the insulating fluid from OF cables.
Partial Discharge (DP) monitoring	Deployment of partial discharge monitoring systems for the detection of insulation faults in insulated cables prior to circuit failure. To this end, the number of pieces of monitoring equipment with data communication with the Integrated Facilities Maintenance Centre (CMI²) has been increased and a partial discharge diagnostic platform is being developed using Artificial Intelligence to automate the detection of defects.



SERVICE QUALITY
3-3 / EU28 / EU29

The service quality indicators highlight for yet another year the high level of security and quality of supply provided by the facilities of Red Eléctrica, being well within the benchmark established in the current legislation.

Service quality indicators

	2020	2021	2022 (1)
Peninsular Transmission Grid			
Grid availability (%)	98.57	98.48	98.13
Energy Not Supplied (ENS) (MWh)	83	188	140
Average Interruption Time (AIT) (minutes)	0.185	0.407	0.31
Balearic Islands Transmission Grid			
Grid availability (%)	98.66	98.60	98.53
Energy Not Supplied (ENS) (MWh)	4	1	7
Average Interruption Time (AIT) (minutes)	0.472	0.070	0.61
Canary Islands Transmission Grid			
Grid availability (%)	99.07	99.23	98.86
Energy Not Supplied (ENS) (MWh)	65	33	415
Average Interruption Time (AIT) (minutes)	4.286	2.118	25.51

(1) Provisional data pending audit - in progress.

6.3 Integration of Renewable Energy



Key indicators in 2022

69.5 GW of installed renewable power capacity in the national electricity system (56.4% of total installed capacity).

43.7% of energy production from renewable sources in the mainland electricity system.

20.1% of energy production from renewable sources in the Canary Islands electricity system.

7% of energy production from renewable sources in the Balearic Islands electricity system.

2022 milestones

New all-time record highs for wind power generation and instantaneous power, hourly energy, daily energy, coverage of the mainland electricity system using energy produced using solar technologies.

Commissioning of the Automatic Reduction of Active Power Output System, due to compliance with contingency safety criteria.

New all-time record highs for instantaneous power, hourly energy and coverage of demand with photovoltaic energy production in the Balearic Islands' electricity system.

New all-time record highs for instantaneous power, hourly energy and coverage of demand with wind energy production in the Canary Islands' electricity system.

All-time lows in the production of energy from coal-fired power stations.

Challenges for 2023

Start of construction and earth-moving works for the desalinated water conducts, the high-voltage overhead line and adaptation works for the Santa Águeda substation (Salto de Chira pumped storage hydroelectric power station).

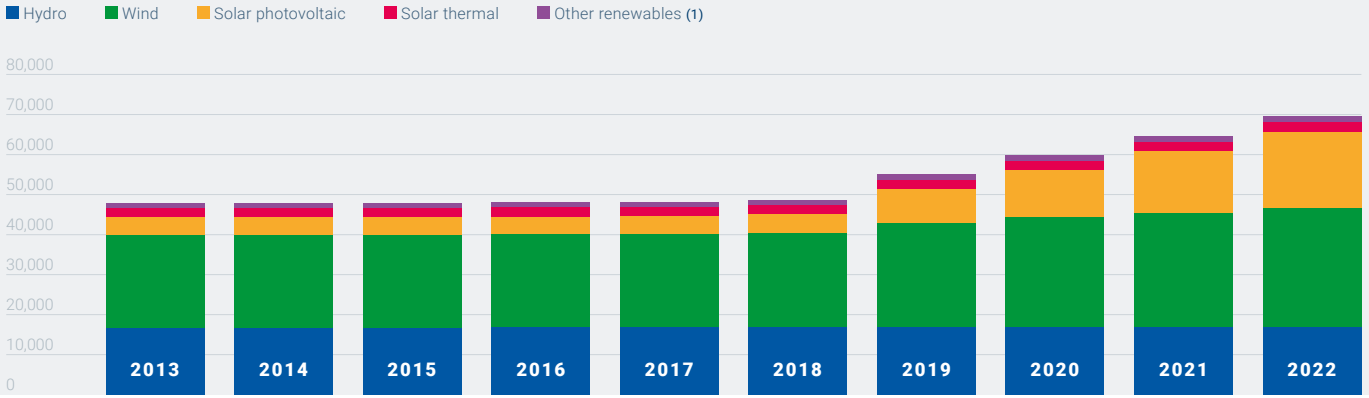
The core mission of the operation of the electricity system is **to guarantee the security and quality of the electricity supply, maximising the integration of renewable energy,** with the aim of contributing to the provision of a safe, efficient and sustainable electricity supply to citizens.

INTEGRATION OF RENEWABLE ENERGY

In recent years, Red Eléctrica has successfully taken on the challenge of integrating a large amount of new renewable capacity, as a result of the energy transition promoted by the Ministry of Ecological Transition and the Demographic Challenge (MITERD) and due to the challenging National Energy and Climate Plan (NECP).

Installed renewable power capacity in the Spanish electricity system in 2022 increased by an additional 5 GW, bringing the total installed renewable power capacity in the Spanish electricity system to 69.5 GW, which represents 58.8% of the overall installed power capacity nationwide.

Red Eléctrica makes all the necessary resources available for the integration of renewables with the aim of enabling access and connection of new facilities, always complying with the technical and administrative requirements established in the current legal system.



Evolution of installed renewable power capacity (MW)

(1) Includes biogas, biomass, geothermal, marine hydro, wind-hydro and renewable waste-to-energy generation.

The Control Centre of Renewable Energies (CECRE) continues to be a pioneering control centre of worldwide reference for the integration of renewable energy.



The integration of this new renewable energy capacity, mostly wind and solar photovoltaic, represents a strong boost to the energy transition and compliance with the integration roadmap set out in Spain's National Energy and Climate Plan (NECP), with a 2030 horizon.

Peninsular electricity system

To make the operation of an electricity system possible, under safe conditions, with such a high penetration of renewable energy, the monitoring and control tasks undertaken by Redeia's **Control Centre of Renewable Energies** (CECRE) is key.

The work of CECRE has made it possible for **new record highs** to be recorded in 2022 for instantaneous power, hourly energy and daily energy and coverage of instantaneous demand with photovoltaic production and of instantaneous power with wind production.

Record all-time high values in the peninsular system in 2022

	Photovoltaic energy generation	Wind energy generation
Instantaneous power	12,371 MW (06/05/2022 at 2.13 p.m.)	20,330 MW (21/11/2022 at 6.37 p.m.)
Hourly energy	12,304 MWh (06/05/2022 from 2 to 3 p.m.)	19,899 MWh (08/12/2021 from 2 to 3 p.m.)
Daily energy	121,826 MWh (06/05/2022)	415,981 MWh (08/12/2021)
Instantaneous demand coverage	54.3% (01/05/2022 at 3.41 p.m.)	83.6% (28/12/2021 at 3.03 a.m.)

In 2022, electricity production from renewable sources accounted for 43.7% of the total energy production generated in the Spanish mainland electricity system.

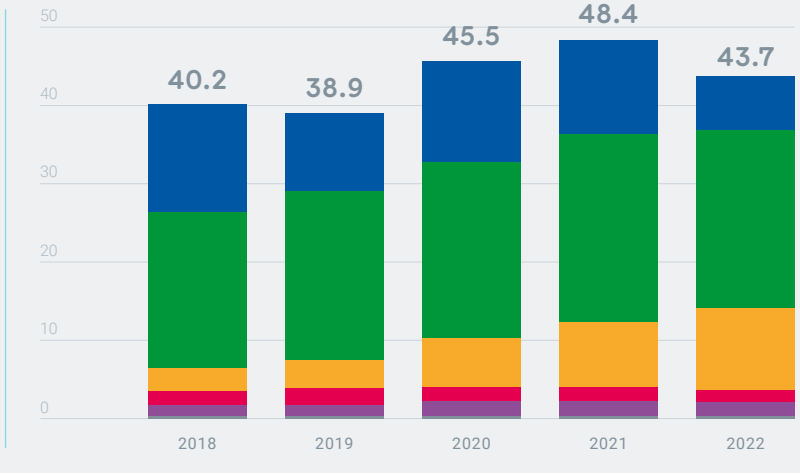
In line with previous years, it is worth highlighting the significant contribution of wind generation, whose contribution to total energy production reached 22.8%, which ranks this technology in second place after combined cycle generation, in terms of the share of the different types of energy in demand coverage. Similarly, in the months of January, March, April, May, November and December 2022, wind power generation was the technology with the greatest contribution to the total energy production of the peninsular electricity system, reaching 23.2%, 29.7%, 26.8%, 21.9%, 32% and 26.4%, respectively.

In 2022, the system operator went live with the new Automatic Power Reduction Service. This system makes it possible to reduce the need for power constraints in the event of contingencies at the facilities authorised to provide this service, which favours the integration of renewable energy into the system. The total capacity authorised in 2022 to participate in the Automatic Power Reduction Service stood at 16,513 MW.

Noteworthy is the decrease in the generation of energy from fossil fuels. In this regard, it is worth noting the decrease in the production of energy from coal-fired power stations. The contribution of these facilities has remained below 2.9% of the total energy mix of the mainland electricity system during 2022. This fact contributes to the reduction of CO_2 emissions and marks a step forward along the path to achieving decarbonisation targets. From 2015 to the present, CO_2 emissions associated with national electricity generation have been reduced significantly, going from 77.6 million t CO_2 eq. in 2015 to 44.5 million t CO_2 eq. in 2022.



Renewable energy generation on the mainland
(%)



Balearic Islands' electricity system

The energy transferred from the Spanish mainland to the Balearic archipelago through the HVDC link helped cover 10% of the overall annual demand of the Balearic Islands in 2022 and reached peaks of up to 41% of hourly consumption, which has made it possible for renewable generation to cover 11% of the demand on the Islands.

In 2022, the production of electricity from coal-fired generation stood at 86 GWh, which covered just 1% of the demand. This was due to the restriction in the use of the G3 and G4 generation units in the Alcudia II thermal power station to 500 hours. As of August 2022, fuel oil has disappeared from the generation mix of the Balearic Islands.

The installed solar photovoltaic generation capacity in the Balearic Islands grew from 151 MW at the end of 2021 to 217 MW in 2022, representing an increase of 44% over the year.

Canary Islands' electricity system

Installed wind power generation capacity on the Canary Islands has increased from 559.6 MW to 573.3 MW in the last year, representing an increase of 2.4 %. Installed solar photovoltaic energy generation capacity has grown to 205.3 MW from 178 MW in 2021, representing an increase of 15.5 % over 2022. Renewable energy generation in the Canary Islands generation mix represented 20.1% of the total, 1.0% higher than in 2021.

For the island of El Hierro, an electricity system that is particularly relevant due to the Gorona del Viento hydro-wind power station, the continuous review of its operating criteria has enabled it to achieve even higher levels of renewable integration. In this regard, in July, the integration of renewable into this system reached 75% for the month, achieving a level of 48.5% for the year as a whole.

Record all-time high values in the Balearic Islands system in 2022

	Photovoltaic energy generation	Renewable energy generation
Instantaneous power	139.4 MW (01/07/2022 at 1:50 p.m.)	164.5 MW (01/07/2022 at 1:50 p.m.)
Hourly energy	148.0 MWh (02/10/2022 from 2 to 3:00 p.m.)	169.7 MWh (01/07/2022 from 2 to 3:00 p.m.)
Daily energy	1,162.6 MWh (01/07/2022)	1,749.3 (01/07/2022)
Instantaneous demand coverage	24.3% (05/11/2022 at 12:25 p.m.)	27.2% (06/11/2022 at 11:30 a.m.)

Record all-time high values in the Canary Islands system in 2022

	Gran Canaria	Tenerife	Lanzarote-Fuerteventura
Instantaneous wind energy	217.60 MW (29/07/22 at 6:33 p.m.)	209.79 MW (07/01/22 at 5:28 p.m.)	79.8 MW (27/07/22 at 7:42 p.m.)
Hourly wind energy	213.27 MWh (29/07/22 from 7 to 8:00 p.m.)	204.76 MWh (07/01/22 from 5 to 6:00 p.m.)	73.85 MWh (27/07/22 from 7 to 8:00 p.m.)
Daily wind energy	4513.01 MWh (21/07/22)	4322.5 MWh (10/12/21)	1342.47 MWh (27/07/22)
Hourly renewable energy	274.65 MWh (28/07/22 from 1 to 2:00 p.m.)	288.24 MWh (04/03/22 from 1 to 2:00 p.m.)	90.34 MWh (29/07/22 from 1 to 2:00 p.m.)
Instantaneous demand coverage	61.96% (18/06/2022 at 3:45 p.m.)	65.75% (14/04/22 at 12:05 p.m.)	43.6% (29/07/22 at 1:40 p.m.)

ENERGY STORAGE

Red Eléctrica, pursuant to Law 17/2013, is the company responsible for developing energy storage projects through pumped storage hydroelectric power stations whose main purpose is to guarantee supply, system security and the integration of non-manageable renewable energy in isolated electricity systems.

The Salto de Chira pumped storage hydroelectric power station

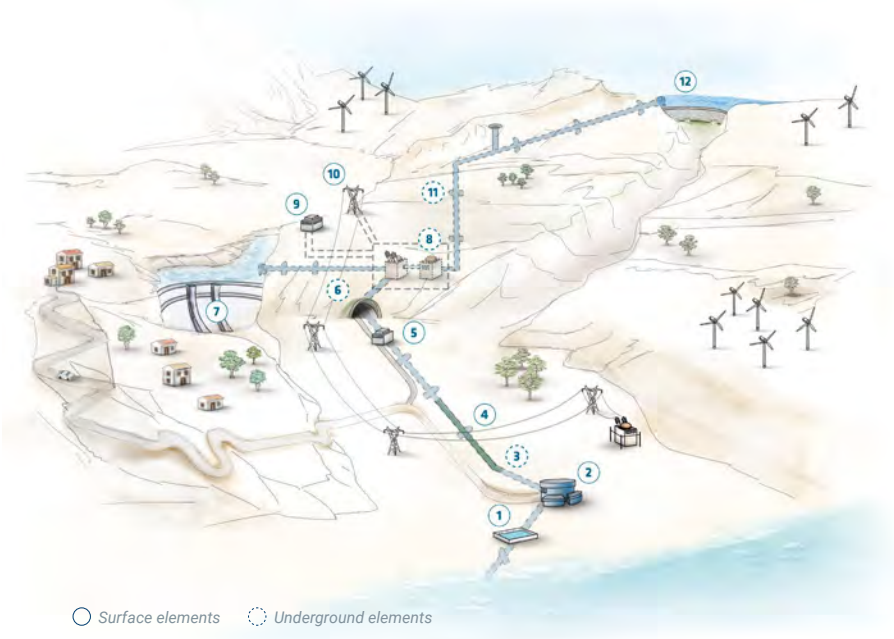
The **Salto de Chira** project, corresponding to the pumped storage hydroelectric power station located on the island of Gran Canaria, is a key element in maximizing the integration of renewable energy into the electricity system by storing the surplus of unmanageable renewable generation that will occur when the production of this type of energy is high. In short, facilities such as this one makes it possible to move towards a more sustainable and efficient energy model, especially in isolated or weakly interconnected systems such as the one of the Canary Islands.

With an investment of over 600 million euros, the Salto de Chira project entails the construction of a pumped storage hydroelectric power station that will have 200 megawatts of turbine power

Key elements of the

Salto de Chira pumped storage hydroelectric power station

1 Seawater intake system
2 Seawater desalination plant (includes pumping station I)
3 Desalinated water channel, 20 km in length
4 Tourist trail built over water channels
5 Desalinated water pumping station II
6 Access tunnel to the power station, 2 km in length
7 Soria reservoir
8 Power station cavern and transformers cavern (includes 220 kV substation)
9 Auxiliary services and control building
10 220 kV electricity line
11 Hydraulic circuit
12 Chira reservoir



With an investment of over 600 million euros, Red Eléctrica undertook the construction of the 200 MW Salto de Chira pumped storage hydroelectric power station.



capacity (which represents around 36% of the peak demand in Gran Canaria) and 3.5 GWh of energy storage capacity. The project includes the construction of a seawater desalination plant, and the associated marine construction works, as well as the facilities necessary for its connection to the transmission grid.

2022 marked the culmination of years of engineering with the start of works for the desalination plant, as a key element of the system. With an execution period of 70 months, 2023 will be a key year in the development of the project, as in addition to the progress of the construction works for the desalination plant and the launch of the associated works, there will be the start of the underground works where the plant's equipment will be housed, the execution of the works for the pipework to channel the water from the desalination plant to the upstream reservoirs, the works regarding the line for the evacuation of electricity and the upgrading of the Santa Águeda substation.

The Salto de Chira pumped storage hydroelectric power station **IN FIGURES**

3.5 GWh
Energy storage capacity

200 MW
Turbine power capacity

OVER 20%
reduction of CO_2 emissions

51%
Penetration of renewable energy by 2026

MORE THAN 100,000
hours of engineering work

4,366
Jobs created at a national level

2.7 million m³
Desalinated water produced annually

1.2%
of the Canary Islands GDP

122 M€
Savings in variable generation costs

3,518
Jobs created in the Canary Islands

OVER 600 M€
Planned investment

Red Eléctrica has joined forces with the Canary Islands Regional Employment Ministry and the Labour Foundation for the Construction Sector to train unemployed people in the skills required for the construction of the new hydroelectric power station. This will help increase their specialisation and, therefore, the employability of the students registered for the 40 specialised training courses that have been planned.

Salto de Chira, an innovative and social project

The new power station will be an **infrastructure that will serve society** in Gran Canaria that will promote its progress by strengthening the water-energy binomial and will integrate the four functions necessary to establish a sustainable and ecological development of the island because it stores energy, desalinates seawater, generates employment and is respectful towards both the territory and the natural environment. With regard to this last point, the strict controls exercised by the authorities from an environmental point of view make the project a benchmark in terms of biodiversity conservation and sustainability criteria.

Salto de Chira is noteworthy as a project with a **markedly innovative character**. Proof of this is that, in March 2022, the Spanish Patent and Trademark Office registered the design of the Salto de Chira pumped-storage hydroelectric power station as a patent, belonging to Red Eléctrica, due to the technological innovation it provides regarding the flexible storage of energy and the safe integration of renewables into electricity systems. The patented design provides an energy storage facility with the capacity to regulate and control power throughout its operating range on a continuous basis, ranging from maximum in turbine mode to minimum in pumping mode.

The design and construction of the Salto de Chira pumped storage hydroelectric power station is carried out using Virtual Design & Construction (VDC) technology, which allows the optimisation of the design and construction processes.

Benefits of the Salto de Chira pumped storage hydroelectric power station

- Greater integration of renewable energy
- Surplus water for agricultural recovery
- Increased guarantee and security of supply
- Regeneration of the aquifer, allowing the recovery of flora and fauna
- Greater energy independence and cost savings
- Positive social impact in terms of local employment and use of resources
- Reduction of Greenhouse Gases (GHGs)
- Promotion of the Canary Islands as a sustainable tourist destination



The criteria adopted in the design of the Salto de Chira pumped storage hydroelectric power station contribute to reinforcing the commitment of Red Eléctrica to innovation.

Furthermore, it also allows improvements to be implemented quickly and safely.

Furthermore, the power station project incorporates sustainability criteria as of the earliest design phases. An example of this is the design of the main control building in accordance with the LEED certification criteria. This certificate rewards the use of sustainable strategies in all construction processes of the building, from the suitability of the site to the efficient use of water and energy, among other things.

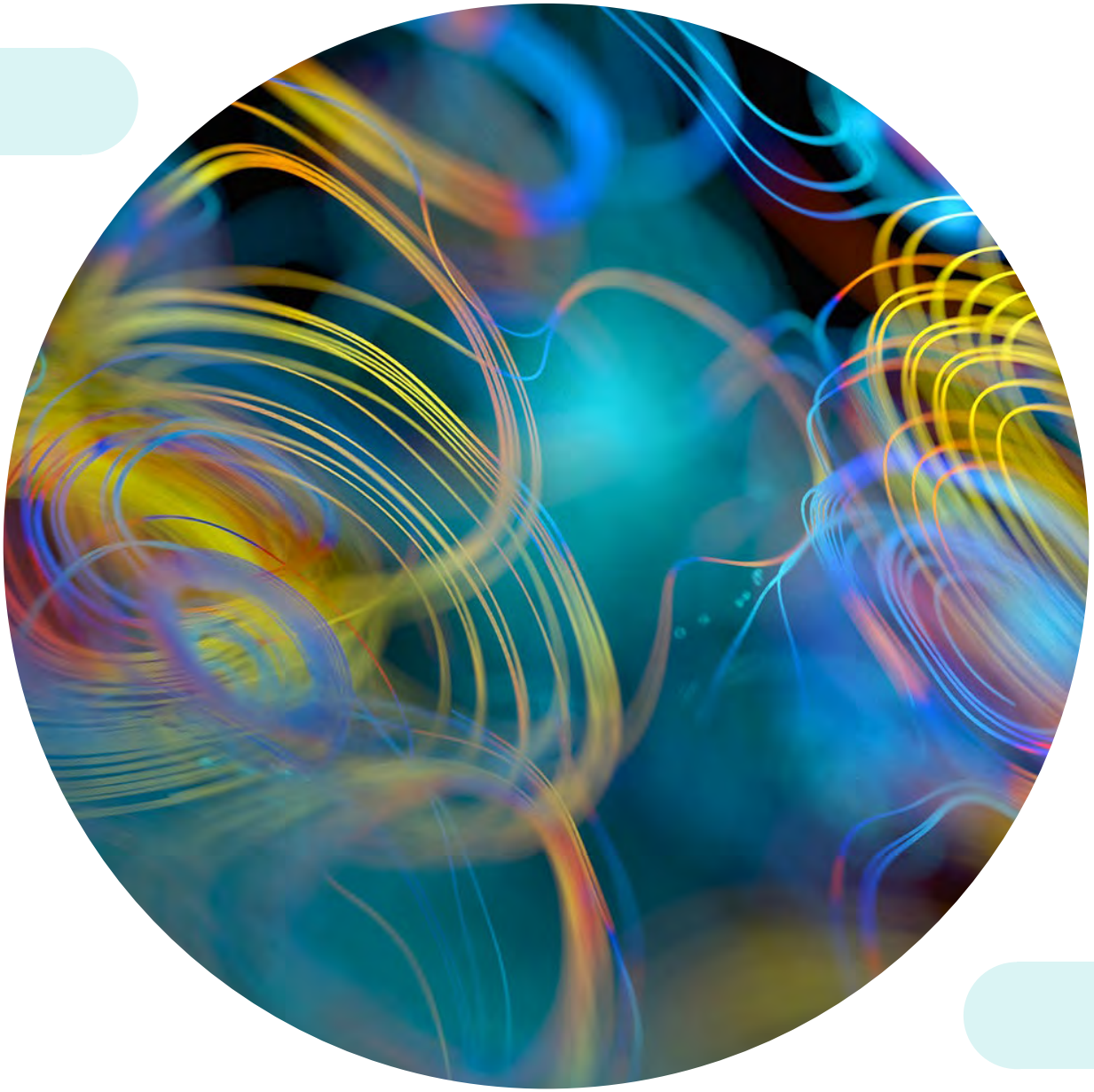
Other energy storage projects

Red Eléctrica has developed and carried out other relevant projects with the aim of incorporating new energy storage technologies.

Among these, noteworthy is **OSMOSE.** This European H2020 project aims to identify and develop the optimal combination of flexibility for the European electricity system in order to facilitate the energy transition. The project is in the process of developing four large-scale demonstrators in Spain (Canary Islands electricity system) to analyse the hybridisation of different energy storage technologies. The demonstrator led by Red Eléctrica consisted of designing and building a prototype hybrid electricity storage system (combining ultracapacitors and Ion-Li batteries) to cover voltage and frequency control needs for the Canary Islands system.

The project was successfully validated.

6.4 Flexibility of the Electricity System: New Tools for the System Operator



Key indicators in 2022

27 R&D projects underway, aimed at improving the tools for the operator of the electricity system.

16 suppliers subscribed to the interruptible load service in the Canary Islands' electricity systems.

2022 milestones

Implementation of the Automatic Reduction of Active Power Output System, VoltaiREE and the DLR (Dynamic Line Rating) service.

Implementation of the Active Demand Response Service as a new electricity balancing service.

Challenges for 2023

Continue to lead the evolution of the electricity system to provide it with greater flexibility for the energy transition.

Improve observability and foresight capabilities and tools.

Red Eléctrica, as system operator, continues working actively on the promotion, development and dissemination of initiatives that enable the current operation of the electricity system to move forward by providing it with greater intelligence that will make the energy transition possible. The new energy model is characterised by a high presence of renewables and, therefore, greater variability in the generation that will be balanced through the use of new flexible resources in all the elements of the electricity system (generation, demand and energy storage) in order to achieve this goal.

MAKING THE TRANSFORMATION TOWARDS A MORE FLEXIBLE OPERATION OF THE ELECTRICITY SYSTEM

The new tools for the operation of the system, based on digitalisation and the use of emerging technologies will allow greater integration of renewable energy and an improvement in efficiency, facilitating the energy transition and the fulfilment of the targets established in these matters aimed at reversing the process of climate change.

The system operator is involved in initiatives that seek to improve demand forecasting, transmission grid planning, controllability of the system and the provision and management of greater information to favour its operation.

ACTIVE DEMAND-SIDE MANAGEMENT

Balancing Services. Active demand response service

During 2022, Red Eléctrica continued to materialise its drive for demand-side participation in balancing services through the creation of a new specific balancing service. In order to ensure the coverage of the electricity system in the current context of the energy crisis in Europe, the new service is aimed at covering a relevant need of the system, and will only be applied at specific times, and in situations of shortage of manually activated balancing energies in the system, such as replacement reserve and tertiary control.

The system will have an additional flexibility of around 500 MW of power, which will be provided by the suppliers of said service, consisting of retailers and direct consumers, with at least 1 MW

Noteworthy actions in 2022

SRAP **Automatic reduction of active power**	New development implemented in 2022 that enables possible violations of safety criteria to be quickly resolved and to reduce generation constraints and, therefore, contribute to a greater integration of renewables, through the automatic scheduling of actions, including the automatic power reduction of production and pumping facilities.
VoltaiREE	System for the implementation of a new voltage control mechanism and the start-up of a market for additional reactive energy capacity, which will optimise system voltage control and allow participating entities to offer their entire available resources of reactive energy capacity.
SRAD **Active Demand Response Service**	New specific balancing service, applicable as of November 2022, provided by the demand-side customers, allows exceptional periods of high deviations between generation and consumption to be resolved in specific situations of shortages of manually activated balancing energy in the system. The service is established by means of an annual auction in addition to the order for real-time activation.
DLR service	This technology, which will be installed in 23 line circuits (722 km) of the system, allows us to continuously estimate the transmission capacity of a line circuit depending on the weather conditions to which it is subjected, so that the system can make better use of the asset's capacity. It is, therefore, an additional planning tool applied to overhead lines and aimed at managing grid congestion.

Continued on next page

of demand. The allocation of the service was carried out by means of an online auction with a sealed bid within certain pricing bands.

In 2020, the figure of the Independent Aggregator was introduced in the Electricity Sector Act. In this regard, Red Eléctrica set up a working group to boost this new figure in the electricity system and enable its participation in the balancing services.

This new figure, included in the roadmap of the Internal Energy Market in Europe (IEM), has continued to be developed during the year 2022, expecting to take its final impetus in the coming year. This process is being addressed, as usual, by maintaining a constant dialogue with stakeholders, through the corresponding public consultations and information communicated in various forums.

Interruptible load service

Order IET/2013/2013, of 31 October 2013, introduced the incorporation of an allocation mechanism for the interruptible load demand-side management service (interruptibility) based on an auction procedure. During 2022, no auctions for the provision of the Interruptible Load Service have been conducted following this framework, therefore the service has not had active providers in the peninsular system since 1 July 2020. Failing this, electricity intensive consumers can participate in the active demand response service by facilitating their participation through their suppliers.

On the other hand, regarding the electricity systems of the non-peninsular territories, the providers of the interruptible load service (within the framework of Order ITC/2370/2017) provide Red Eléctrica with a valuable resource for the operation of the electricity systems of these territories.

Noteworthy actions in 2022

HESSTEC INERTIA +	Analysis of energy management systems that allow optimisation in the operation of hybrid energy storage systems (HESS) (batteries + ultracapacitors), operating jointly with renewable sources. Grid services were researched for their application in scenarios with high penetration of non-synchronous generation, including grid forming functionality, black start, frequency control and inertia emulation. Proof of concept tests were also carried out in the HESSTEC GridLab laboratory.
HESSTEC RES +	Analysis of grid services with hybrid energy storage systems (HESS) (batteries + ultracapacitors) and flexibility provided to renewable energy plants to facilitate grid requirements and capacity to provide grid services. Among the grid services tested were frequency control and inertia emulation, among others. Of particular note, is the implementation of the HESS system at a renewable energy plant in Barasoain (Navarra).
Grid Forming Conver	Research into converters with grid forming control and their behaviour in scenarios with a high presence of power electronics devices. A study was carried out on the necessary amount of generation with converters of this type to guarantee the stability of the system in different case studies.
ENIGMA	Study on the implementation of optimisation and reinforced learning techniques for the power-frequency control equipment of new power electronics generators on the island of Gran Canaria.
RITSE	Innovative control systems to improve the transient and small-signal stability of the electricity system, acting on the behaviour of VSC-HVDC links (DVAC), battery storage systems (BATTERTIA) and the correct coordination of both.

6.5 Reduction of the Carbon Footprint

3-3



Key indicators in 2022

747,756 $tCO_2eq.$ Scope 1 and 2 emissions.

15% reduction in Scope 1 emissions compared to 2021.

92.2% of electricity consumed came from renewable sources.

2022 milestones

Definition of the neutralisation and offsetting strategy, towards net zero emissions.

Offsetting of 100% of Scope 1 emissions.

94% of electricity contracted from renewable sources.

Implementation of solar photovoltaic facilities for self-consumption in 14 work centres.

Challenges for 2023

Continue to offset 100% of Scope 1 emissions.

Increase the percentage of energy contracted from renewable sources.

Bring 10 self-consumption facilities into service.

Awards and recognitions

CDP DISCLOSURE INSIGHT ACTION A LIST 2022 CLIMATE

Redeia, as part of its commitment to the fight against climate change, is working hard to reduce the emissions associated with the execution of its activities, despite not being subject to any regulations that apply to it in this regard.

The Company has set a target of zero net emissions by 2050, in line with the ambition of limiting the increase in global temperature to 1.5°C.

Specifically, by 2030, the Company has committed to a 55% reduction in Scope 1+2 emissions and a 28% reduction in Scope 3 emissions compared to 2019 in both cases. In addition, an intermediate target has been defined, which implies that suppliers accounting for 2/3 of emissions in the supply chain should have Science-Based Targets (SBTi) in place by 2025.

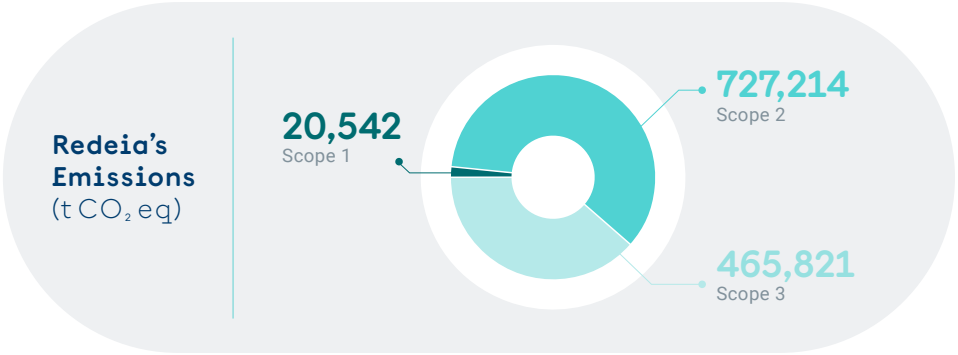
By 2050, a 90% reduction in Scope 1+2 emissions and a 90% reduction in Scope 3 emissions compared to 2019 have been set. Both targets have been assessed and approved by the Science Based Targets initiative (SBTi).



Redeia's 2030 emission reduction targets and 2050 net zero emissions target have been approved by the SBTi initiative.

SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

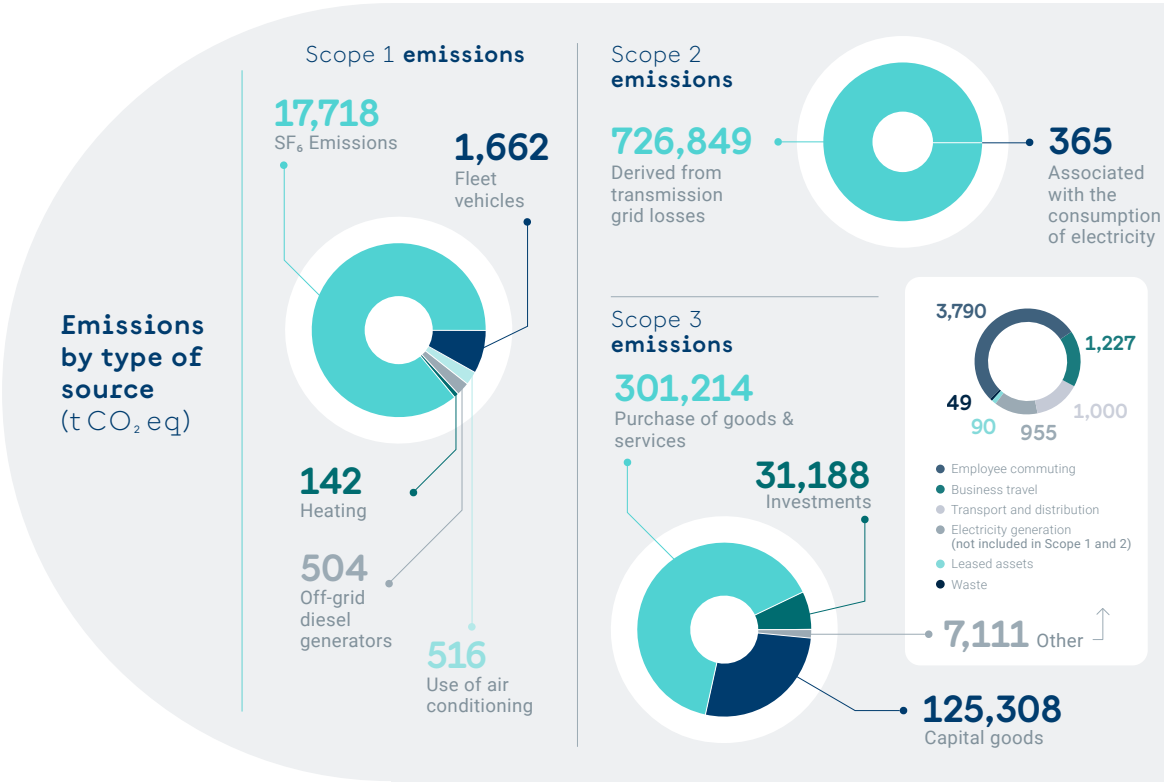
Since 2020, the GHG inventory has included all Redeia's subsidiary companies.



In addition, as of 2023 and in order to move towards climate neutrality, Redeia has undertaken to offset all Scope 1 emissions that it cannot reduce.

The actions and projects necessary to achieve the climate objectives are set out in the **Climate Change Action Plan**, described in the *Climate Change and Energy Transition* section of this chapter.

Throughout this section, we present the main courses of action foreseen by the Company for the coming years that are included in the Action Plan. Also detailed are the main actions carried out and progress made in each area of action.

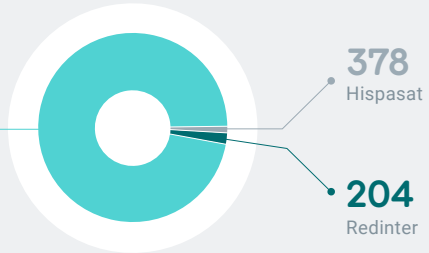


CALCULATION OF THE CARBON FOOTPRINT

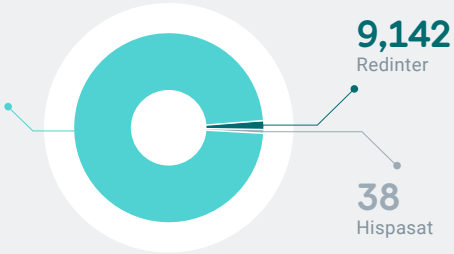
Redeia prepares its emissions inventory based on the GHG Protocol methodology. Since 2013, this inventory has been subject to independent review in accordance with the ISAE 3410 standard. The Independent Assurance Report is included in the *Annex* section of this report.

Emissions per company of the group
(t CO_2 eq)

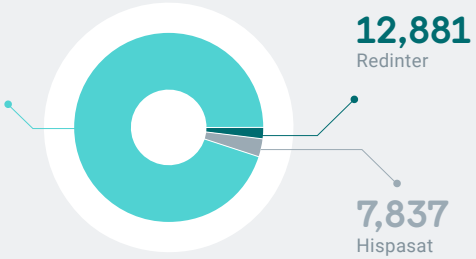
Scope 1



Scope 2



Scope 3



In addition, the Company has developed a methodology for calculating the carbon footprint associated with the life cycle of the different types of equipment installed and facilities built by Red Eléctrica, the application of which facilitates the identification of improvements and specific reduction measures that can be implemented on a case-by-case basis.



CONTROL OF SF_6 EMISSIONS

The main direct emissions derived from the activities of the group are those of sulphur hexafluoride (SF_6), which is present in the electricity transmission equipment. This gas, despite its high global warming potential has enormous technical advantages. It is a non-toxic gas that allows the distances between the various elements of the facilities to be much less, which makes it possible for the overall size of the facilities to be reduced and, therefore, enable them to be better integrated into the environment.

SF_6 emissions are mainly associated with small leaks in the equipment due to it losing its gas tightness, or due to leaks during gas decanting and accidents or breakdowns that may occur. For Redeia, this is a priority issue, which is why it has implemented different reduction initiatives that have been reinforced in the Climate Change Action Plan.



Objectives (1)

Specific SF_6 reduction target

- 25% net reduction of SF_6 emissions compared to 2015 by 2030
- Maximum cumulative emissions in the period 2021-2030: 252,000 tCO_2eq

Progress made in 2022 in regard to the target (2)

- 45.7% reduction in SF_6 gas emissions compared to 2015
- 2021-2022 Cumulative emissions: 38,706 tCO_2eq

(1) SF_6 emission values in terms of CO_2 eq. were recalculated considering the GWP set out in the fifth report of the Intergovernmental Panel on Climate Change (IPCC).

(2) Actions aimed at reducing SF_6 gas emissions are proving to be very effective. However, it should be considered that the probability of SF_6 leakage is directly related to the amount of gas installed and the age of the equipment. In 2030, a significant increase in installed gas is expected, associated with the development of the transmission grid and an increase in the average age of the installed equipment. Considering these circumstances, the expected trend is an increase in emissions.

Noteworthy actions in 2022

SF_6 Gas inventory

Improvement in the procedures for the recording of leaks and the monitoring thereof.

Training

The Company has two legally certified centres that can provide training on SF_6 gas handling. 509 employees have been trained since 2013 (444 of them have an official SF_6 gas handling certificate). In addition, in order to optimise maintenance and leak repair work, specific technical training sessions in GIS technology were conducted.

Renewal and replacement of switchgear

The progressive renewal of old equipment and equipment with very high leakage rates of SF_6 represents a significant control measure in quantitative terms. In this regard, it is worth highlighting the start of the project to renovate the equipment in the 400 KV Litoral substation, one of the facilities in which, due to its age and environmental conditions, most gas emissions have occurred in recent years.

Measures for the prevention, detection and control of SF_6 Gas

The preventive maintenance work and the efforts made by the Company to reduce the leak detection and intervention times, as well as in the development of more effective leak repair methodologies, make it possible for SF_6 emissions to be maintained at low levels, in no case exceeding an average emission rate of 0.2%.

Noteworthy is the **'Development of SF_6 leak repair methodology in GIS facilities'**, which enables the repair of breakdowns/faults in GIS substations without the need to disassemble the damaged sections, and this significantly speeds up the work.

The Climate Change Action Plan envisages the strengthening of the resources dedicated to these actions and includes additional measures. The most relevant in the period 2022-2023 are the following:

- Design of protective roofing for existing facilities to prevent degradation of materials due to atmospheric agents and, therefore, leakage.
- Incorporation of requirements in procurement tenders that help minimise gas losses (rapid intervention in cases of leakage and equipment design criteria, among others).
- Substitution of SF_6 gas for nitrogen (N2) in equipment that has been stored as back-up units.

Reduction of installed SF_6 gas

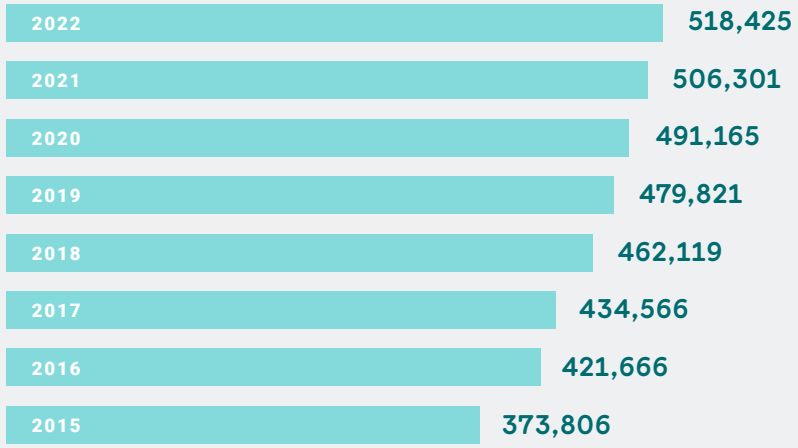
Red Eléctrica is committed to promoting the development of alternatives to the use of SF_6, which are currently under development. The Company has begun to work on the assessment and application of different solutions at lower voltages and passive elements in substations. In relation to this last point, two very relevant pilot projects have been launched, in which the use of an alternative gas has been planned for 400 kV insulation gas ducts and substation busbars. In addition, it should be noted that Red Eléctrica has two 66 kV cubicle-type GIS equipped with alternative gases, located in the Canary Islands for use as mobile substation units.

Search for SF_6 gas alternatives

In 2022, progress was made in the technical qualification of SF_6-free AIS (Air Insulated Switchgear), which will continue in 2023. Also, in 2023, one of these devices will be commissioned, and a control protocol will be drawn up for the certification process.

controlling and reducing these emissions within the framework of the voluntary agreement, signed in May 2015, between the Ministry for the Ecological Transition and the Demographic Challenge and the manufacturers and suppliers of electrical equipment that use SF_6, electricity transmission and distribution companies and waste management companies that handle this gas and the equipment that contains it, for a comprehensive management of the use of SF_6 in the electricity industry that is more respectful towards the environment.

Evolution of installed SF_6 gas in Red Eléctrica (kg) (1)



In 2022, Redeia's total installed SF_6 gas, including Redinter facilities, stood at 523,131 kg.

(1) The increase in installed gas is mainly due to the commissioning of new facilities and the replacement of old equipment with SF_6 insulated equipment.

The commissioning of these facilities is essential for the development of the transmission grid necessary in order to undertake the energy transition.

SF_6 emission rate (% of gas compared to installed gas) (2)



(2) The rates reflected in the graph are calculated using real data collected in the field and include, in addition to leaks as a result of maintenance work, the estimated emissions corresponding to the end of the life cycle of the equipment.

The maximum leakage rate for in-service equipment established in the Voluntary Agreement for the management of SF_6 signed in 2015 is based on the number of years the equipment has been in service. This annual rate is fixed at 0.5% for equipment commissioned as of 2008 (equipment installed before 2008 is known to have higher leakage rates).

The low emission rates reflect the enormous effort of the Company in improving the management and control of SF_6 emissions. Specifically, the decline shown in recent years due to the breakdown repair work performed since 2018. In addition, as of 2019, there has been no accident that has led to a gas leak.

In 2022, Redeia's emission rate, including Redinter, was 0.144%.



Redeia collaborates with the public administration and other entities in the search for solutions aimed at controlling and reducing SF_6 emissions. Additionally, the Company participates in different international working groups focused on exchanging best practices regarding the reduction of GHG emissions and sharing experiences on alternatives to the use of gas.

REDUCTION OF ENERGY CONSUMPTION AND EMISSIONS ASSOCIATED WITH ENERGY GENERATION

Reduction of electricity consumption

One of the pillars of the climate change commitments of the Company is to undertake energy efficiency at all levels. There are different projects and measures aimed at reducing the consumption of electricity in the different facilities of the Company.

Efficiency targets and reduction of emissions associated with electricity consumption

Eléctrica Targets (compared to 2015)

- Reduction of emissions associated with electricity consumption: 90% by 2030.
- Reduction of electricity consumption in work centres: 30% by 2030.

New 2023-2025 target (compared to 2019) in the group

- 10% reduction in electricity consumption by 2025.

Progress made in 2022 regarding the targets

- Reduction of emissions associated with electricity consumption in work centres: 93.3%.
- 8.7% Reduction in electricity consumption in work centres compared to 2015.

Noteworthy efficiency measures in 2022

Buildings

- **Energy management system certified** under the ISO 50001:2001 standard in the buildings of the Head Office and the Redeia Campus.
- **Buildings with reduced energy consumption.** The buildings in which the control centre and the technology company of the group, Elewit, are located, include a system that helps maximise the available geothermal energy and have construction measures that significantly reduce their electricity consumption, in accordance with NZEB (Nearly Zero Energy Buildings) criteria. The training campus also has a solar photovoltaic installation for self-consumption.
- **Efficiency measures in buildings.** In 2021, the implementation of a set of energy efficiency measures was approved, the associated estimated savings of which is expected to exceed 1,700,000 kWh in the period 2021-2030. Throughout 2022, measures related to indoor and outdoor lighting (replacement with LED lamps) and with the reduction of standby consumption of equipment.
- Design of the main control building of the **Salto de Chira pumped storage hydroelectric power station** in accordance with the criteria of **LEED Platinum** certification (US Building Council).

IT Systems

- **Renewal of IT equipment and systems i**n accordance with maximum efficiency criteria.
- Application of **efficient use policies** in all end-user IT systems.
- Consolidation of the **use of collaborative communication platforms** that reduce work-related travel or commuting. This aspect has been especially relevant in the last two years due to the COVID-19 pandemic.
- Migration to and intensive use of **virtual servers** (since 2015), which improve energy efficiency if compared to physical servers.

Substations

- **Rationalising the use of lighting:** thanks to the improvement in remote control systems for outdoor lighting, currently, there are 426 substations whose night-time exterior lighting does not switch on unless it is necessary.



(1) Some work centres do not have a mains electricity supply and receive their electricity directly from the transmission grid. For this reason, these work centres are not considered in the evaluation regarding the fulfilment of the target. In 2022, their consumption accounted for 2% of the total electricity consumed in all work centres.

Use of renewable energy

Redeia, in addition to having a key role in the integration of renewable energy into the Spanish electricity system as a whole, is committed to the use of renewables to cover the electricity consumption of its facilities. Most of the electricity supply contracts managed by the Company have guarantees of origin (GoO) or international renewable energy certificates (IRECs), being

Renewable energy usage targets

Objective	Progress made in 2022
• 100% renewable electricity contracted by 2024.	• 94% of electricity contracted from renewable sources. **(1)**
• Implementation of self-consumption solar installations in work centres (21 centres).	• Implementation of self-consumption solar installations in 14 work centres.

92.2% of the electricity consumed in Redeia comes from renewable sources (with guarantees of origin, GoO or international renewable energy certificates, IREC).

mainly the electricity supplies of leased work centres the ones that do not have these certificates at the moment.

Regarding the use of **renewable energy for self-consumption** in work centres, headway is being made in the progressive incorporation of solar thermal energy installations for domestic hot water, and three buildings have HVAC installations based on geothermal energy.

In addition, in 2022, **14 solar photovoltaic installations were implemented for self-consumption in work centres**, four of which were in operation for part of the year:

- Tres Cantos training campus, which since June has had a saving of 45,550 kWh representing 16 % of the building's total consumption.
- Seville's Regional Office, which has generated 26,950 kWh since June, 8 % of the building's total consumption.
- La Eliana and Mangraners work centres, which were commissioned in the last quarter of the year.

Sustainable mobility

Redeia is working on the optimisation of work-related travel and in the reduction of the emissions associated with them. The Company has a **Sustainable Mobility Plan** in place in order to incorporate a new culture of mobility within the Company. Among the most important measures developed in recent years, noteworthy are the following:

- **Efficient management of fleet vehicles.** The Company is committed to using the best technologies currently available (100 % of the new vehicles incorporated into the fleet are either hybrid, plug-in hybrid or electric cars) and to optimise their use through the application of CARS (Agile, Responsible and Safe Driving System), which facilitates the use of efficient routes and promotes responsible driving. Since 2015, the Company maintained the 'Ecological Fleet Accreditation' in its 'Master' category (the most demanding one) received from the Fleet Managers Association (AEGFA) and the Institute for Diversification and Energy Saving (IDAE).



80.6 % of the group's fleet of vehicles (including passenger cars, 4×4s, vans, car-derived vans, trucks, shared leasing, management vehicles and pool of electric vehicles) have an energy rating of 'A'.

- **Provision of a pool of 100% electric vehicles** to cover corporate needs.

- **Measures to optimise business travel**, by promoting and improving communication tools to reduce travel (video conferences and remote accessibility platforms) and the consideration of sustainability criteria in the Company's travel policy. In this regard, it is worth highlighting the clear positioning in favour of the use of trains rather than other means of transport, and the communication of this to the workforce.



- **Rationalising the use of private vehicles in the daily commute to work centres.** The Company has a Company bus service and shuttle services connecting the office with various locations. The transport pass is included among the options of the benefit in kind for employees, and the use of car-sharing is promoted. Additionally, the Company has various electric vehicle charging points on their premises for use by employees.

CARBON FOOTPRINT IN THE SUPPLY CHAIN

The emissions associated with the supply chain are those that have the greatest impact on the indirect emissions of the Company (Scope 3) and, therefore, the Company has implemented various actions to further reduce emissions in order to meet the targets the Company committed to in 2021.

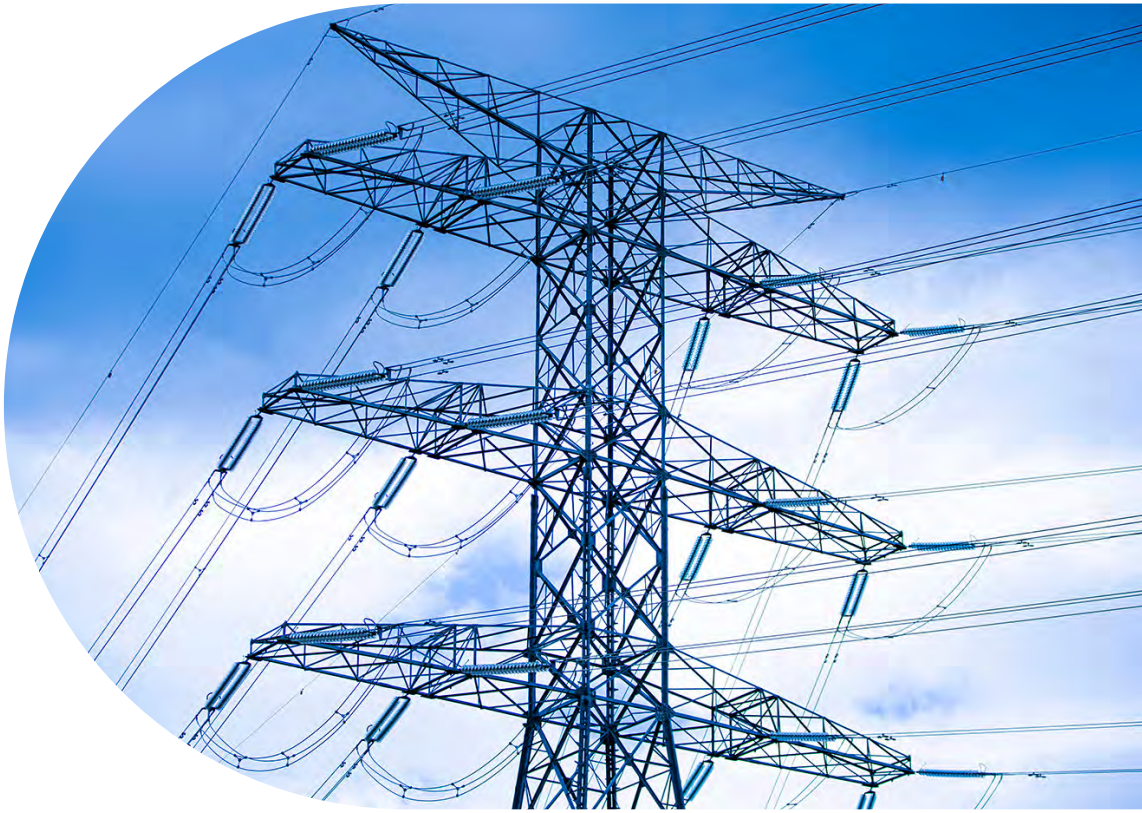
In addition to the actions aimed at incorporating circularity and climate change criteria in purchasing decisions (see the *Circular Economy* sub-section of the Responsible Environmental Management section), noteworthy is the development of a **specific collaboration programme with its main suppliers in matters related to reducing the carbon footprint.**

Supply chain footprint reduction targets

- Suppliers accounting for two-thirds of supply chain emissions need to have science-based targets implemented by 2025.
- 28% reduction in Scope 3 emissions compared to 2019 levels. **(1)**

(1) Emissions associated with the supply chain account for 92% of total Scope 3 emissions.

The Company was recognised by CDP as a Supplier Engagement Leader in 2021.



Once the first phase (2019-2021) was completed, a second phase was initiated in 2022, aimed at ensuring that suppliers representing 2/3 of the emissions associated with the supply chain have targets approved by SBTi.

To this end, in addition to identifying and promoting common initiatives and projects to reduce emissions, accompanying actions to establish these targets will be strengthened through actions aimed at improving the collection of quantitative information.

During 2022, 26 suppliers, representing 47% of the emissions of the supply chain, were contacted and they agreed to participate. A diagnosis of the situation and a first proposal for development measures were made, which will be agreed and implemented in 2023.

As a result of the programme carried out between 2019 and 2021, there was a positive evolution in the number of suppliers with a third party verified emissions inventory and, more importantly, of suppliers with SBTi approved targets.

The final assessment carried out showed that 35% of participating suppliers improved their climate performance level and 50% were at high maturity levels.



OFFSETTING OF EMISSIONS

In addition to the measures aimed at reducing emissions and to minimise the carbon footprint of the group as much as possible, specific actions have been implemented to offset emissions. In this regard, and as part of its strategy to move towards climate neutrality, Redeia is committed to offsetting all direct emissions that it cannot reduce as of 2023.

One of the main offsetting projects is the **Redeia Forest,** which is described in the *Conservation of Natural Capital* section of this report.

It should be noted that the Cuevas del Valle and Mombeltrán Forests (both in Ávila) are registered in the absorption projects section of the Spanish Climate Change Office (MITERD) registry, with projected absorption of 3,403 tCO_2eq. and 8,321 tCO_2eq. respectively, and available absorption at the start of the project of **619 tCO_2eq** y **1.513 tCO_2eq**.

Emission offsetting targets

- Offset 100% of Scope 1 emissions as of 2023.

Note: the target was achieved by the end of 2022.

The Company has also acquired a total of 18,428 VCUs (Verified Carbon Unit) verified under the VCS standard, associated with a project to stop deforestation in the Cordillera Azul National Park in Peru.

These credits, together with the absorption of the forest, allowed for the offsetting of 100% of Redeia's Scope 1 emissions in 2022, as well as the emissions associated with corporate events (the General Shareholders' Meeting and the 2nd Sustainability Conference sessions).

TRANSMISSION GRID LOSSES

EU12

The emissions associated with energy losses in the transmission grid are accounted for within the emissions of Scope 2, as indicated by the GHG Protocol. These are calculated taking into account the energy dissipated in the form of heat by electricity lines in the transmission grid (transmission grid losses) and the emission factor of the energy mix (calculated by Red Eléctrica according to the amount of energy generated by the different technologies). None of these variables is under the direct control of Red Eléctrica, although it should be noted that increased efforts to integrate more renewable energy into the energy mix results in a lower emission factor and, therefore a greater reduction in emissions associated with losses.

The transmission of electricity inevitably leads to energy losses in the grid. This means that to satisfy a given final consumption, a slightly higher generation level is required.

Several factors generate losses: the Joule effect, the corona effect and the own consumption of the electricity substations necessary for their correct operation. Of these, the most relevant,

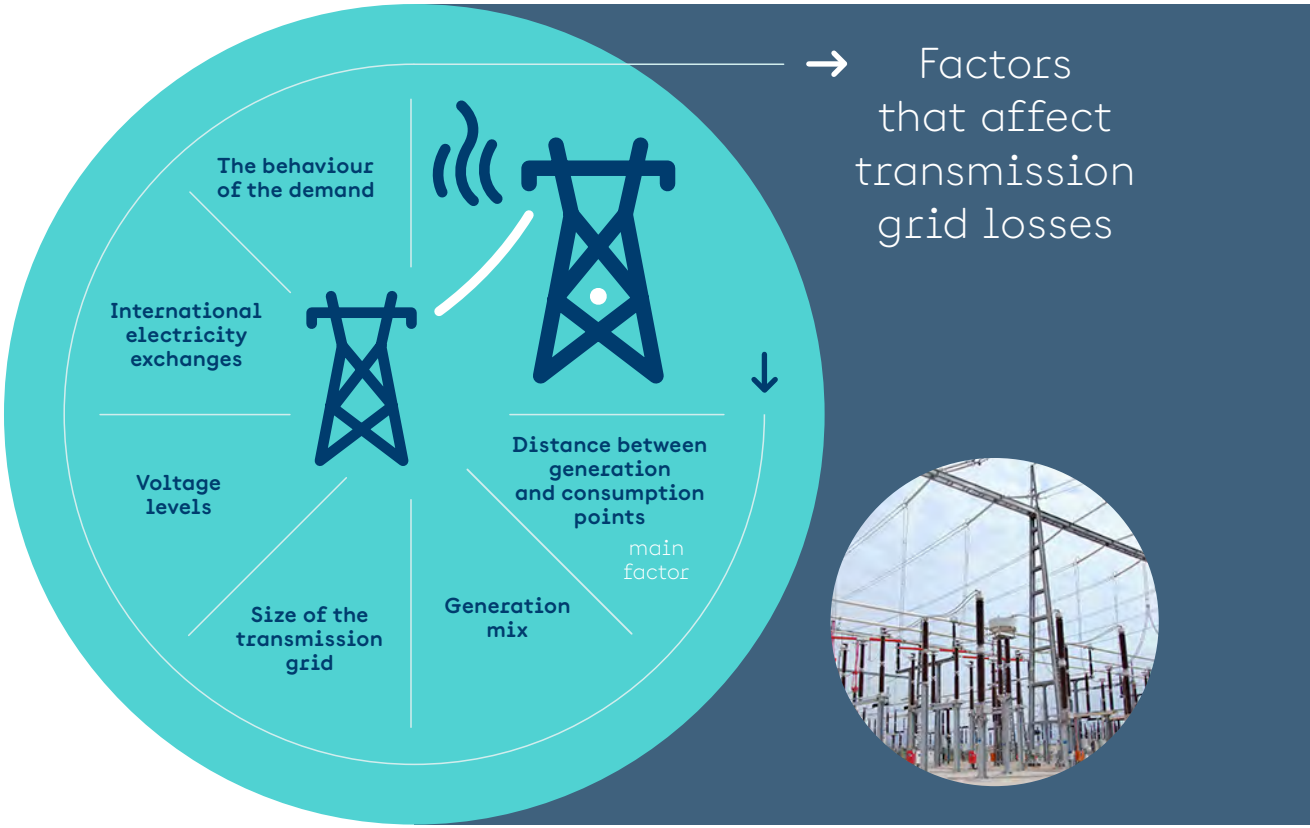
without a doubt, is the Joule effect (1), associated with the flow of current through the conductors.

Red Eléctrica works to improve the aspects that depend on its management and that can influence the reduction of these losses. Among them, the following actions are noteworthy:

- Development and meshing of the transmission grid.
- Increase in the number of conductors per circuit.
- Use of technologies and systems that offer the best performance.
- Maintenance of the facilities in the best conditions to ensure their proper functioning.

The first two measures seek to create parallel routes in order to allow a given intensity to flow, which in turn results in lower resistance and, therefore, reduced losses. However, all these improvements have a minor impact on the evolution of energy losses, while other aspects not controlled by Red Eléctrica have proven to have a greater overall impact on this aspect.

Increased losses are mainly due to the following: distances between generation and consumption points (losses increase notably when there are significant distances), the amount of energy demanded in the year, the electricity generation mix, international electricity exchanges, the shape of the demand curve and weather conditions. It is important to highlight that the **evolution of the electricity system towards a more decarbonised and flexible** one in which the participation of renewables (generation generally far from consumption points), the demand (greater electrification) and international energy flows **will entail a higher level of losses.**



(1) When an electrical current flows through a conductor, part of the kinetic energy of electrons is transformed into heat which thereby raises the temperature of the conductor. Joule effect losses are proportional to the intensity flowing through the conductor and the resistance thereof; the greater the length of the line, the greater this resistance is.

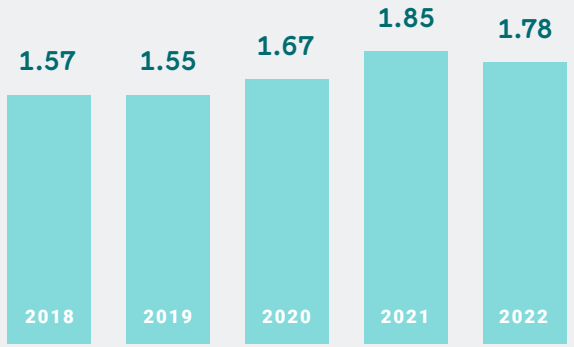
Therefore, it can be understood that the losses are mainly related to the distance between points of generation and consumption; such points are determined by the result of the wholesale electricity market.



The electricity generation mix and the flows in the transmission grid depend on the rules of the electricity market, regulated by an independent body. The function of Red Eléctrica, as operator of the electricity system, is carried out in accordance with specific and mandatory operating procedures. In accordance with these procedures, it is not possible to operate the electricity system based on loss reduction criteria, so the Company has little capacity to act in relation to said reduction.

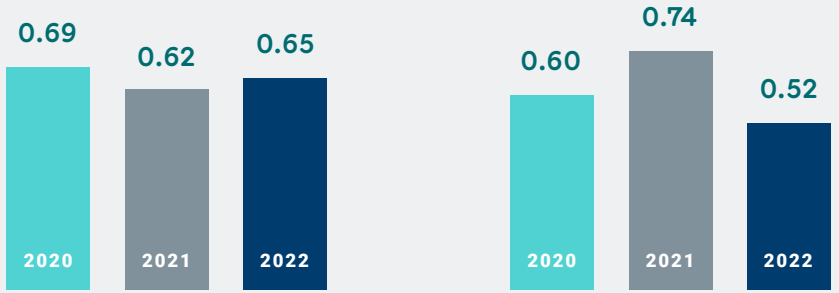
Transmission
GRID LOSSES

Transmission grid losses with regard to the demand in Spain (%)



Note: The decrease in the percentage of losses in 2022 compared to 2021 is mainly associated with the lower share of renewable energy in the national generation mix, from 46.7% in 2021 to 42.2% in 2022.

Transmission grid losses in infrastructure managed and operated in Latin America (%)



Red Eléctrica Andina

Red Eléctrica Chile

Carbon Footprint Indicators

Fuel consumption (litres) / 302-1

	2015	2019	2020	2021	2022
Diesel (1)	450,752	443,251	409,252	436,398	291,035
Petrol (1)	23,799	250,643	246,415	394,270	450,083
Gasohol (1)	0	0	1,278	3,435	6,436
Biodiesel (1)	121	0	0	0	0
LPG Autogas (1)	33	0	0	0	0
Off-grid diesel generating units (2)	5,061	2,472	243,124	235,001	259,418
Heating oil (3)	0	0	50,282	34,859	49,000

As of 2020, the data has a group-wide scope.

(1) Includes fuel consumed by fleet vehicles and shared leasing.
(2) In 2020, the methodology for calculating this indicator was modified.
(3) This type of fuel is only consumed at Hispasat facilities in Spain.

Electrical energy consumption (kWh) / 302-1

	2015	2019	2020	2021	2022
Total	**16,169,682**	**14,051,381**	**18,254,864**	**19,770,100**	**20,603,887**
% Renewable	-	87	79	80.6	92.2

Note. Includes the consumption of the Head Office, the electricity control centres (centres that operate 24/7 and have a high energy consumption) and the work centres (Regional offices and maintenance centres). Except for 2015, the consumption of electric vehicles and the electricity consumption of telecommunications shelters (Reintel's activity) are included. As of 2020 the data corresponding to Redinter and Hispasat is included. **Energy generated and self-consumed** is not included: **72,500 kWh in 2022.**

Total energy consumption (1) / 302-1

	2015	2019	2020 (2)	2021 (2)	2022 (2)
Total energy consumption (kWh)	21,024,947	20,905,365	27,693,250	30,785,060	31,076,582
Total energy consumption (joules)	$7.59 \cdot 10^{13}$	$7.56 \cdot 10^{13}$	$10 \cdot 10^{13}$	$11 \cdot 10^{13}$	$11.2 \cdot 1013$
% Renewable	-	-	52	52	61,2

Note. 1kWh=$36 \cdot 10^5$J; 1l diesel=$37 \cdot 10^6$ J; 1l petrol=$34 \cdot 10^6$,1l gasoil=$37 \cdot 10^6$ J; 1l biodiesel=32.79 $\cdot 10^6$ J; 1l de LPG=$25.7 \cdot 10^6$ J

(1) Total energy consumption = fuel consumption + electricity consumption.
(2) The increase from 2020 is linked to the incorporation of the companies Redinter and Hispasat and the change in the methodology for calculating gasoil consumption of the off-grid generators.

Indirect energy consumption. Electrical energy / 302-1

	2015	2019	2020	2021	2022
Transmission grid losses (MWh) (1)	3,943,023	4,088,490	4,190,759	4,790,251	4,503,670
Transmission grid losses (joules)	$1.42 \cdot 10^{16}$	$1.47 \cdot 10^{16}$	$1.51 \cdot 10^{16}$	$1.72 \cdot 10^{16}$	$1.62 \cdot 10^{16}$

Note. The data reflected in this table includes the losses in the peninsular system and those of the Balearic Islands and Canary Islands systems. Since 2020, losses from Redinter's facilities have also been included, which in 2022 amounted to 44,374 MWh.

(1) Variations in transmission grid loss values are mainly related to generation and demand characteristics for each year (generation mix - distance between generation points in relation to consumption points - international exchanges, total demand and the shape of the demand curve). These factors depend on the electricity market and cannot be controlled by Red Eléctrica. However, the Company is working to identify and improve those areas where it could have an influence. The decrease in 2022 is mainly associated with the lower share of renewable energy in the generation mix and the increase in energy generated with combined cycle power stations (the increase in renewable generation is associated with a higher % of losses).

External energy consumption. Internal logistics / 302-2

	2015	2019	2020	2021	2022
Fuel consumption (litres)	238,240	194,558	149,437	209,109	247,921
Fuel consumption (joules)	$8.82 \cdot 10^{12}$	$7.19 \cdot 10^{12}$	$5.53 \cdot 10^{12}$	$7.73 \cdot 10^{12}$	$9.17 \cdot 10^{12}$

Applies to Red Eléctrica and Reintel activities.

Note 1. This fuel consumption corresponds to the transportation of materials between the Company's various facilities (internal logistics). Does not include other types of transportation of materials or people.

Note 2. 1 litre of gas oil = 37·106 joules.

Energy intensity / 302-3

	2015	2019	2020	2021	2022
Electricity consumption per employee in Head office (kWh/employee) (1)	7,126	5,645	5,630	6,859	6,359
Transmission grid losses – peninsular and insular systems (MWh/MWh transported) (%) (2)	1.503	1.548	1.667	1.854	1.784
Average consumption of vehicles for logistical use (external) (litres/100 km)	26.6	22.8	21.0	22.31	22.83

(1) For the calculation, all personnel working in the Head Offices -Moraleja and Albatros- (employees of the group, interns, temporary workers and collaborators) are taken into account.
(2) The percentage indicated corresponds to the energy dissipated in losses with respect to total demand.

Reductions in electricity consumption / 302-4

Net savings in 2022	kWh	Joules
Implementation of self-consumption solar installations (Tres Cantos and Seville)	72,500	$2.61 \cdot 10^{11}$

Estimated annual savings	kWh/year	Joules/year
Efficiency measures in work centres: lighting and reduction of standby consumption of equipment.	59,701	$2.15 \cdot 10^{11}$
Implementation of self-consumption solar installations in work centres (12 centres) (1)	461,686	$1.66 \cdot 10^{12}$
Efficiency measures in electricity substations: switch-off of night-time lighting.	10,050,655	$36 \cdot 10^{12}$
Efficiency measures in IT equipment: renewal of equipment and data storage systems.	57,459	$2.07 \cdot 10^{11}$

(1) No actual data available at present.

Direct GHG emissions (scope 1) (CO_2eq) (1) / 305-1

	2015	2019 (2)	2020	2021	2022
SF_6 (3)	32,623	21,943	22,896	20,988	17,718
HVAC systems	840	975	1,185	741.5	516
Fleet vehicles	2,124	1,845	1,529	1,926	1,662
Off-grid diesel generating units	182	321	485	501.5	504
Heating		232	144	100	142
Total direct emissions (3)	**35,769**	**25,316**	**26,239**	**24,257**	**20,542**

(1) The calculation of emissions is performed from an operational control perspective. The information on the inventory scope and methodology is available on the corporate website. The inventory was submitted to independent review in accordance with ISAE 3410.
(2) As of 2020, the data has a group-wide scope. **2019** was defined as the new **base year** for the emission reduction targets, so the emissions in that year were recalculated to consider all the subsidiaries of the group.
(3) There has been a relevant change in the methodology for calculating SF_6 emissions, as the 100-year GWP (23,500) of the 5th IPCC report, (Intergovernmental Panel on Climate Change), has been used instead of the GWP (22,800) of the 4th IPCC report. For this reason, these emissions have been recalculated for the entire historical series and, as a consequence, the total data for Scope 1 emissions has also been updated.

Emissions offset	2022
Emissions offset	2,132
VCS	18,428
Total	**20,560**

Note: These offset emissions are equivalent to all Scope 1 emissions in 2022 plus 18 tonnes related to the holding of corporate events (the General Shareholders' Meeting and Sustainability Conference sessions).

Indirect GHG emissions linked to electricity generation (Scope 2) (tCO_2eq) (1) / 305-2

	2015	2019 (2)	2020	2021	2022
Associated with electricity consumption (3)	5,441	1,238	649	625	365
Derived from transmission grid losses (4)	1,135,791	791,544	600,175	645,906	726,849
Total indirect emissions	**1,141,232**	**792,782**	**600,824**	**646,531**	**727,214**

(1) The calculation of emissions is performed from an operational control perspective. The information on the inventory scope and methodology is available on the corporate website. The inventory was submitted to independent review in accordance with ISAE 3410.
(2) As of 2020, the data has a group-wide scope. 2019 was defined as the new base year for the emission reduction targets, so the emissions in that year were recalculated to consider all the subsidiaries of the group.
(3) Emissions are calculated under the 'market-based' approach, applying the emission factors associated with the market agents that supply the electricity. The emissions for 2022 calculated under the 'location-based' approach would total 730,220 tCO_2eq.
(4) The emissions associated with the transmission grid losses, in the same way as for the emissions associated with the consumption of electricity, do not occur during the activities of Red Eléctrica as they take place at the various electricity generation points. The calculation of these emissions is calculated not only taking into account the emission factors corresponding to each system (Spanish mainland, Balearic Islands or Canary Islands), which are calculated by Red Eléctrica based on the annual generation balance, but also the emission factors corresponding to each country (taking as a reference the value provided by the IEA for Peru and the value published by the National Energy Commission in Chile). The increase in emissions in 2022 is mainly due to the increase in the emission factor of the electricity generation mix in Spain - average factor 0.163 tCO_2eq./MWh compared to 0.14 tCO_2eq./MWh in 2021 - mainly due to low hydroelectric power and an increase in combined cycle generation (53% higher than in 2021) and coal (56% higher than in 2021).

Other indirect GHG emissions (Scope 3) (tCO_2eq) (1) / 305-3

	2015	2019 (2)	2020	2021	2022
Purchase of goods and services (1)	304,596	268,836	202,819	283,234	301,214
Capital goods	312,797	319,485	162,834	193,394	125,308
Energy production (not included in Scope 1 and 2)	1,092	675	709	2,364	955
Waste	96	193	217	70	49
Transportation and distribution (3)	1,416	2,093	1,178	1,253	1,000
Business or Work-related travel (4) (5)	1,421	3,477	649	562	1,227
Employee commuting (5)	2,894	5,317	1,114	1,716	3,790
Leased assets	117	39	184	162.5	90
Investments (6)		17,341	10,622	15,033	32,188
Total indirect emissions (Scope 3)	**624,430**	**617,456**	**380,326**	**497,788**	**465,821**

As of 2020, the data has a group-wide scope.

The information on the inventory scope and methodology is available on the corporate website. The inventory was submitted to independent review in accordance with ISAE 3410.

(1) For the correct interpretation of the data, it is necessary to consider that the emissions associated with the purchase of goods and services depend on the characteristics of the specific goods and services purchased each year (which entail different carbon emission intensities) and the financial amount earmarked for these purchases.
(2) As of 2020, the data has a group-wide scope. 2019 was defined as the new base year for the emission reduction targets, so the emissions in that year were recalculated to consider all the subsidiaries of the group.
(3) Corresponds to the emissions associated with internal logistics and other emissions related to the transportation of materials.
(4) Includes trips made by train, plane, own vehicle, rental vehicle and taxi.
(5) The data for 2020 reflects the situation derived from the COVID-19 pandemic, which entailed a drastic reduction in work-related travel and a situation in which teleworking has predominated.
(6) Incorporates the emissions associated with the group's shareholding in the following companies: Transmisora Eléctrica del Norte S.A, Argo Energia Empreendimentos e Participações S.A. and Hisdesat Servicios Estratégicos, S.A.

Greenhouse gas emissions intensity / 305-4

	2015	2019	2020	2021	2022
Emission of SF_6 / installed SF_6 (%)	0.37	0.19	0.20	0.18	0.15
Emissions from fleet vehicles (kg of CO_2 / km) (1)	0.27	0.16	0.15	0.15	0.13
Emissions (Scope 1 and 2)/revenue (tCO_2/million euros) (2) (4)	645	415	315	343	371
Emissions /revenue (tCO_2/million euros) (3) (4)	22.1	12.47	13.20	12.42	10.38
Emissions /energy transported (tCO_2/GWh) (5)	4.5	3.0	2.5	2.5	2.9

(1) Fleet vehicles + shared leasing (does not include management vehicles or Company trucks).
(2) Emissions of Scope 1 and 2 (including transmission grid losses).
(3) Emissions of Scope 1 + emissions of electricity consumption. Redeia considers it relevant to monitor this indicator, without including the transmission grid losses.
(4) The emissions and revenue as of 2019 include the activities of REINTEL. The data for 2020 additionally includes data regarding REA, RECH and HISPASAT.
(5) Emissions of Scope 1 and 2 (including transmission grid losses). The total energy transported corresponds to the annual demand as measured at power station busbars (the point where it leaves the power station) and it covers the Spanish mainland, Balearic Islands and Canary Islands systems, and also the energy fed into Redinter's facilities.

Reduction of GHG emissions / 305-5

Net savings in 2022	**$tCO_2eq.$**
Emissions savings by contracting electricity with Guarantees of Origin or IRECs (1)	3,006
Reduction of emissions by carrying out SF_6 leak repairs on equipment	2,357

Annual savings (2)	**$tCO_2eq.$ / year**
Reduction of SF_6 emissions by replacing old equipment with equipment with lower leakage rates	26.3
Switching off of night-time lighting in electricity substations	1,437
Implementation of energy efficiency measures and self-consumption (2)	16

(1) Electricity with Guarantee of Origin or IRECs: 0 tCO_2/kWh.
(2) The energy efficiency measures that were implemented in the work centres result in minor emission savings as most of the energy consumed (saved) comes from renewable sources.

7.

Responsible Value Chain

Responsible Value Chain

Redeia takes on the following pledge as one of its sustainability priorities: extend our commitment to responsibility to all links in the value chain, ranging from our own people to suppliers and customers, accomplishing this through the creation of alliances and by basing it on our governance and integrity model.

7.1 Ethics and Compliance



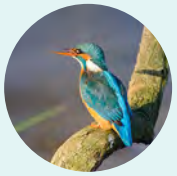


7.2 Financial Strength

7.3 Employees



7.4 Responsible Environmental Management



7.5 Supply Chain





7.6 Customer Orientation

7.1 Ethics and Compliance



Key indicators in 2022

100% of the grievances reported to the ethics manager were resolved within the established timeframe. 86% of employees received training in aspects regarding ethics and compliance.

No company of the group has been investigated or convicted of infringements related to criminal risks, including those related to corruption risks.

80% of employees of Redeia companies in which the data protection compliance system is deployed, trained in aspects regarding the protection of personal data.

No human rights grievances received through the DÍGAME Service, the ASA Channel (Procurement Support and Helpdesk Service) or the DÍGAME International Service.

314 suppliers trained in human rights.

2022 milestones

Renewal of the UNE 19601 and ISO 37001 standard certifications on anti-bribery and crime prevention compliance management systems, respectively.

Implementation of Reintel's Anti-bribery and Crime Prevention Compliance system and the governance model for the anti-bribery and crime prevention compliance systems of those companies where Redeia is not a majority shareholder.

Review and update of the Guidelines for the Prevention of Corruption.

Consolidation of the general counterparty due diligence system on integrity and human rights.

Approval of the Commitment to promote and respect human rights and the implantation of procedures regarding counterparty integrity and human rights due diligence in addition to human rights in the Company's own activities.

Challenges for 2023

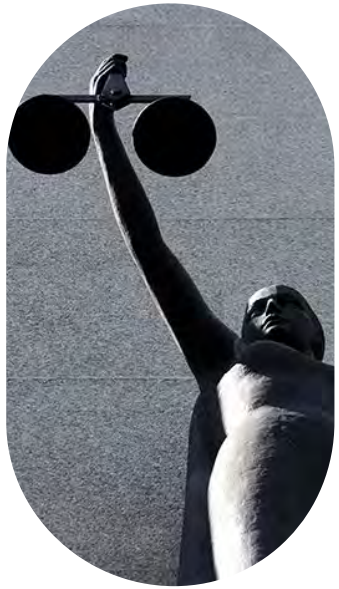
Implementation of a protocol to investigate irregularities and non-compliance related to the Ethics and Compliance Management System.

Implementation of Reintel's Compliance Model for the protection of fair competition.

Holding of the Compliance Forum to strengthen the coordination and reporting of the organisation's compliance issues.

Training of 100% of Redeia's workforce in the field of human rights.

Approval of the new 'Guidelines for the Prevention of Corruption and Fraud: Zero Tolerance' and implementation of specific training.



Ethics and compliance for Redeia are fundamental pillars for the proper functioning of the business activity. The Company is dedicated to acting with the utmost integrity in the performance of the obligations and commitments entrusted to it, as well as in the relations it maintains with its stakeholders.

Redeia has a series of corporate conduct rules that establish the ethical values and professional conduct guidelines that are undertaken by all the people who make up the Company in the performance of their professional duties and responsibilities.

CODE OF CONDUCT AND ETHICS / 2-23

The Code of Conduct and Ethics of Redeia, approved by the Board of Directors in May 2020, aims to formalise the commitment of the Company to ethical conduct, consolidating a responsible business model that ensures the creation of shared value, aligning the interests of the organisation with those of its stakeholders.

The Code responds to the requirements and recommendations on ethics management established by the United Nations (UN) (through the Sustainable Development Goals, the Ten Principles of the Global Compact and the Universal Declaration of Human Rights and the conventions that develop it), the Organisation for Economic Co-operation and Development (OECD), the International Labour Organisation (ILO) and Transparency International, among others.

Redeia's Code of Conduct and Ethics includes the ethical values of respect, integrity and sustainability, offering a global framework of conduct for the organisation's professionals. These values are structured around fifteen principles that have been established taking into account the criminal risks associated with the activities of the companies of Redeia.

Through the Whistle-blowing and Compliance Channel, Redeia's stakeholders benefit from a system for reporting possible non-compliance with the Code of Conduct and Ethics and submitting consultations regarding ethics and compliance.

For each of the aforementioned principles, guidelines are established that govern business conduct related to the Code of Conduct and Ethics, so as to avoid situations that could lead to crime being committed. The business conduct principles and guidelines are structured in three blocks, according to the relationship of Redeia with the socio-economic environment, employees or the organisation itself.

Additionally, Redeia has a specific code of conduct for its suppliers in which it highlights the prevention of corruption, the respect for human rights, and compliance with the requirements of the environment and occupational health and safety by its suppliers in the development of products or the procurement of services requested by the Company, whether they are carried out directly or through other companies.

Detailed information on the Supplier Code of Conduct is detailed in the Supply Chain section of this report.



Redeia's
INTEGRITY MODEL

- CODE OF CONDUCT AND ETHICS
- COMPLIANCE SYSTEM
- SUPPLIER CODE OF CONDUCT
- ANTI-BRIBERY AND CRIME PREVENTION COMPLIANCE SYSTEM
- GUIDELINES FOR THE PREVENTION OF CORRUPTION AND FRAUD: ZERO TOLERANCE

ETHICS MANAGER AND STAKEHOLDER OMBUDSMAN

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

WHISTLE-BLOWING AND COMPLIANCE CHANNEL

2-26

Redeia has a **Whistle-blowing and Compliance channel,** available on the corporate website, through which enquiries, grievances or suggestions can be submitted.

The Whistle-blowing and Compliance channel, managed by the Ethics Manager in coordination with the Compliance area, in accordance with the guidelines for the management of the channel, is audited periodically and guarantees user confidentiality through the use of an IT tool which reinforces the necessary guarantees and enables a better follow-up of the enquires and grievances reported to the Ombudsman.

Redeia has another channel for reporting non-compliance, grievances, enquiries and suggestions regarding ethical matters through the DÍGAME service in order to provide a reporting channel to collect requests from external stakeholders who are not aware of the aforementioned channel. This service transfers to the Ethics Manager the requests received, preserving the confidentiality of those who use the Channel.

Duties and responsibilities of **THE ETHICS MANAGER**



RESOLVE ENQUIRIES

in relation to the Code of Conduct and Ethics



INSTITUTE PROCEEDINGS

concerning grievances that have been submitted in relation to the application of the Code



DRAFT ACTION PLANS

to resolve the grievances made and submit them for approval by the Chairperson of Redeia. If the grievance is related to any member of the Executive Committee or the Board of Directors, it shall be submitted to the Chairperson of the Audit Committee or, if appropriate, to the Chairperson of the Sustainability Committee, depending on the nature of the grievance



DRAFT A PERIODIC REPORT

reviewing the ethics management system and propose actions to improve it



Redeia continually fosters a culture based on ethics and compliance as a key factor of due diligence in the management of compliance risks.

In 2022, the Company conducted a survey to assess the understanding, knowledge and use of the Whistle-blowing and Compliance Channel by Redeia's employees. 97% of the employees who participated (40% of the total workforce) stated that they were aware of the existence of the Whistle-blowing and Compliance Channel.

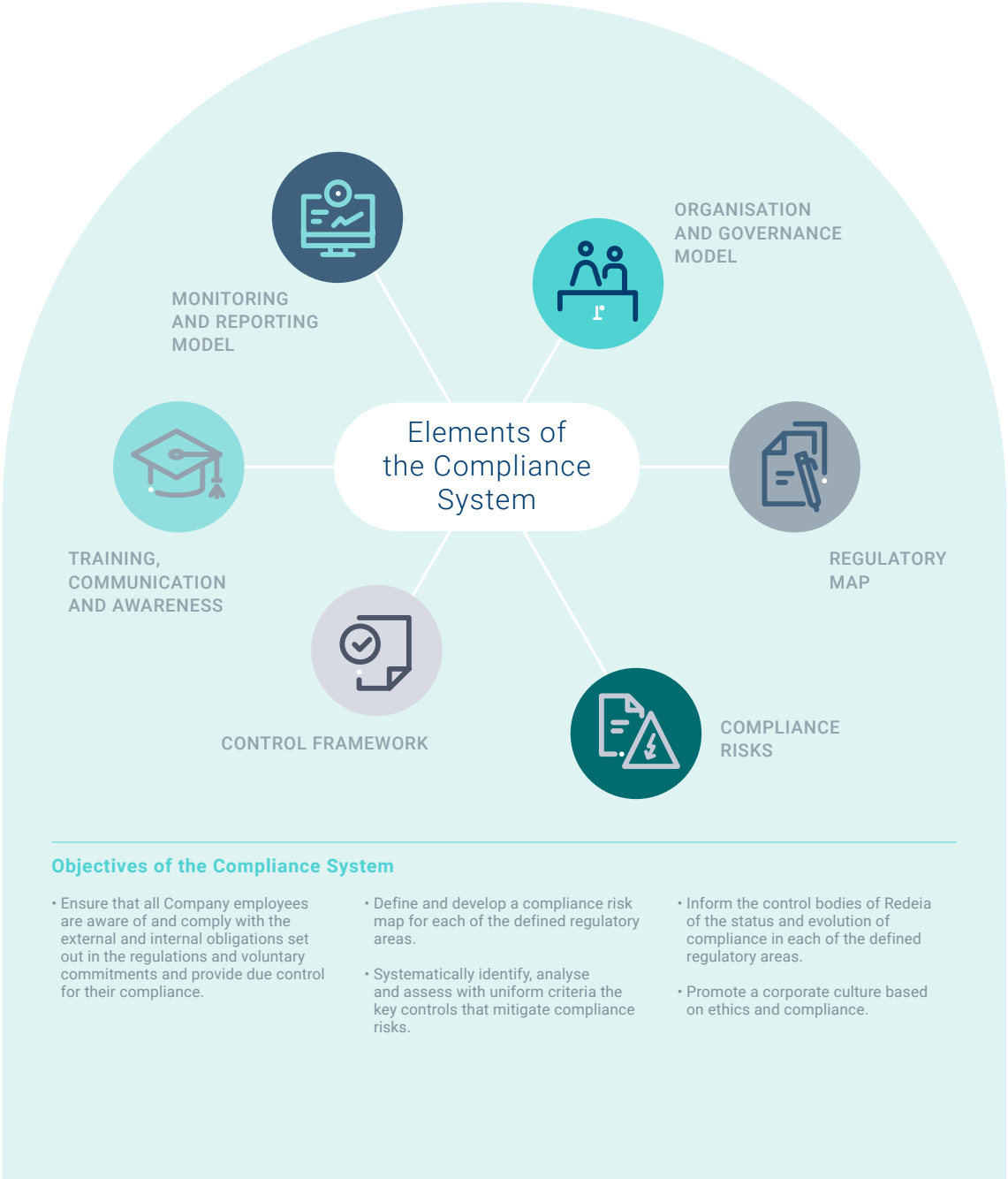
During 2022, in addition to the different periodic internal communication actions, the specific Whistle-blowing and Compliance Channel section on the corporate website was updated to facilitate access to this channel and provide visibility among Redeia's stakeholders.

In 2022, 8 queries were submitted, with a ten-day maximum resolution time, in line with the Company's standard regarding the management of the Whistle-blowing and Compliance Channel.

Two grievances were received during the year in relation to compliance with the Code of Conduct and Ethics. Neither of the grievances relates to infringements of the organisation in the field of criminal risk. More detailed information on these grievances can be found in the Annual Executive Report on the management of the Code of Conduct and Ethics 2022, which can be found in the Annex section of this report. **/ 406-1**

COMPLIANCE SYSTEM

Redeia's Corporate Compliance System establishes the Model for the prevention, oversight and monitoring of the Company's compliance risks, which is aligned with the ethical and compliance culture defined not only in Redeia's Code of Conduct and Ethics but also in its Compliance Policy. The Model also considers other compliance regulations that may have an impact on either



Objectives of the Compliance System

- Ensure that all Company employees are aware of and comply with the external and internal obligations set out in the regulations and voluntary commitments and provide due control for their compliance.
- Define and develop a compliance risk map for each of the defined regulatory areas.
- Systematically identify, analyse and assess with uniform criteria the key controls that mitigate compliance risks.
- Inform the control bodies of Redeia of the status and evolution of compliance in each of the defined regulatory areas.
- Promote a corporate culture based on ethics and compliance.

the Code or the Policy as well as incorporating best practices in this field.

The System aims to ensure compliance with the obligations established and the commitments undertaken, all based on a proactive culture of compliance risk management.

When implementing the Compliance System, Redeia has considered the applicable legal requirements and the main international rules and standards in the field of compliance.

Compliance Policy

Redeia has a Compliance Policy that was approved by the Board of Directors in 2021, which stipulates the principles that govern the organisation regarding the prevention, detection and response to any conduct that could imply an act contrary to the legal obligations and the commitments voluntarily undertaken by the Company.

The Policy contains Redeia's express commitment to compliance with anti-bribery and crime prevention regulations applicable to the organisation and the rejection of any criminal conduct, all of which is consistent with the values, principles and conduct guidelines set out in Redeia's Code of Conduct and Ethics.

In accordance with the provisions of the UNE 19601 on crime prevention and ISO 37001 on anti-bribery management systems, respectively, all staff of the organisation who are particularly vulnerable (management team), in addition to the Company's governing body, shall submit a statement at intervals that are deemed reasonable confirming their commitment to complying with the Anti-bribery and Crime Prevention Policy that is incorporated in Redeia's Compliance Policy.



The Company has a Compliance area, as part of the Internal Audit and Risk Control Department, which is responsible for the design, development, implementation and monitoring of the organisation's global compliance system, with the objectives of promoting a global and proactive vision of compliance risks, and ensuring efficient control of such risks, guaranteeing the coordination and homogeneity of their management in the corporate sphere, improving internal control in Redeia.

Relationship model with partners in ethics and compliance matters

During 2022, Redeia implemented the governance model for the ethics and compliance management systems in those companies in which Redeia does not hold a majority shareholding (TEN and ARGO), as well as the related compliance policies, which include an express commitment to the anti-bribery and crime prevention legislation applicable to each of the companies, as well as the rejection of any criminal conduct. This work has been carried out jointly with Redeia's partners in the following companies, ENGIE and Grupo Energía Bogotá (GEB), respectively.

Development of a compliance culture

Redeia promotes adequate awareness and disclosure actions to the entire organisation regarding the relevance and strategic nature the Compliance System has for Redeia within the corporate integrity culture of the organisation.

During 2022, the Awareness and Training Plan on compliance culture was carried out, continuing the e-learning course on ethics and compliance in Redeia, which was taken by more than 86 % of the employees. The course develops the ethical values, principles and guidelines of the Code of Conduct and Ethics and the principles of Redeia's Compliance Policy.

Regulatory scope

Cross-cutting

- Integrity and ethics management
- Criminal law
- Counterparty integrity and human rights due dilligence

Specific

- Protection of personal data and information
- Corporate governance
- Economic-Financial
- Labour law
- Industrial and intellectual property
- Prevention of corruption and conflicts of interest
- Tax
- Occupational Health & Safety
- Comprehensive corporate security
- Transparency in the markets and defence of fair competition
- The natural environment
- Procurement

Through this training, Redeia provides the Company's professionals with the tools to resolve possible risk situations in the execution of their duties and responsibilities, as well as the existing means to communicate any issue related to ethics and compliance.



Among the internal communication actions carried out in 2022, noteworthy is the regular publication of web-based informative news articles aimed at Redeia's employees regarding the principles

The set of questions in the Climate Survey concerning the organisation's compliance culture obtained positive results, in line with, or exceeding the established target value (75% favourable).

For the third consecutive year, Redeia is a leader regarding the code of conduct indicator according to the Dow Jones Sustainability Index, obtaining the highest score in this respect (100 points). Similarly, Redeia also received a rating of 87 points in the corruption prevention field, according to Moody's 2022 report.



and guidelines concerning Redeia's Code of Conduct and Ethics, thus enabling the Company's professionals to reinforce and consolidate the organisation's ethics and integrity culture.

Within Redeia's commitment to ethics and compliance, noteworthy is its participation, as a premium member, in the Integrity Forum of Transparency International España. In addition, the Company is a member of the Spanish Compliance Association (ASCOM) and participates in the group of large companies that form part of the Forética Transparency, Good Governance and Integrity Cluster.

Counterparty integrity and human rights due diligence

Redeia provides its employees with the necessary tools to ensure that the Company's relations with third parties are governed by integrity and transparency, which are key to maintaining the trust and reputation of Redeia's companies within its stakeholders.

The Company's Compliance Policy includes the establishment of the due diligence measures necessary for the adequate selection and monitoring, in matters of ethics and compliance, of business partners or counterparties defined as those stakeholders with whom the Company maintains or intends to maintain relations of any nature.

The counterparty due diligence model seeks to promote the highest ethical and compliance standards, the respect



The Global Counterparty Integrity and Human Rights Due Diligence System enables the Company to assess the risks to which it is exposed in order to mitigate them by implementing suitable control measures.

for legislation and regulations in force in the field of integrity, as well as promoting a culture of compliance based on the principle of zero tolerance for unlawful acts, especially those related to the field of integrity (corruption, bribery, money laundering, financing of terrorism or others of a similar nature).

In 2022, Redeia adopted guidelines for action to provide the necessary criteria and measures to endow the Company with an appropriate mechanism for selecting and monitoring counterparty integrity and human rights, defining third-parties or counterparties as those stakeholders with whom the Company maintains or intends to maintain any relationship.

The guidelines incorporate human rights requirements as a result of the proposal of a Directive of the European Parliament and of the Council on corporate sustainability due diligence.

This effort has enabled the consolidation during 2022 of the Global Counterparty Integrity and Human Rights Due Diligence System, relying on the Risk Centre Screening & Monitoring platform of Dow Jones as a support tool that facilitates submitting queries about entities or individuals regarding non-compliance, unlawful conduct or sanctions that may affect integrity and/or human rights.

Among the actions aimed at disclosing the Counterparty Due Diligence Model in 2022, Redeia launched a specific section in this area on its corporate website.

ANTI-BRIBERY AND CRIME PREVENTION COMPLIANCE SYSTEM

The purpose of Redeia's Anti-bribery and Crime Prevention Compliance System is to identify the rules, procedures and tools established in the Company to avoid non-compliance with legal regulations of criminal relevance applicable to the Company and its personnel. The management and prevention of criminal risks that may affect the group in relation to its activity and business sector is thus incorporated into the due control exercised by the Company.

Redeia's Anti-Bribery and Crime Prevention Compliance System in Spain is compliant with the provisions of article 31 bis of the Spanish Criminal Code and the Circular of the Spanish Public Prosecutor's Office 1/2016 on criminal liability of legal entities, as well as the UNE 19601 and ISO 37001 standards on Anti-Bribery and Crime Prevention Compliance Management Systems, respectively.

In 2022, Redeia's Anti-Bribery and Crime Prevention Compliance System Manual was reviewed and updated in order to reflect the Company's evolution since its approval by the Board of Directors in March 2019. Among the included modifications are the review of the Manual for its adaptation to the new version of Redeia's Code of Conduct and Ethics and its Compliance Policy as well as the renaming of the Crime Prevention Compliance Committee as the Anti-Bribery and Crime Prevention Compliance Committee in order to formalise its role in the monitoring and control of this business aspect.

An internal follow-up audit regarding the Anti-Bribery and Crime Prevention Compliance System of the parent company of Redeia, Red Eléctrica Corporación and Red Eléctrica was conducted to verify compliance in accordance with the UNE 19601 and ISO 37001 standards.

In addition, AENOR carried out an external audit to renew the certification of the aforementioned companies regarding such standards, verifying the system's compliance and efficiency.

Anti-Bribery and Crime Prevention Compliance Committee

The Board of Directors, as the highest body responsible for Redeia's risk management, in accordance with the applicable regulations and, in particular, with the provisions of article 31 bis of the Criminal Code, has appointed the Anti-Bribery and Crime Prevention Compliance Committee as the specific control body of the Company's Anti-Bribery and Crime Prevention Compliance System.

Anti-Bribery and Crime Prevention Compliance Committee

Members

- Ethics Manager and the Stakeholder Ombudsman.
- Director of Internal Audit and Risk Control Management.
- Director of Regulation and Legal Services.
- Director of People and Culture (HR).
- Head of the Risk Control, Compliance and Quality area.

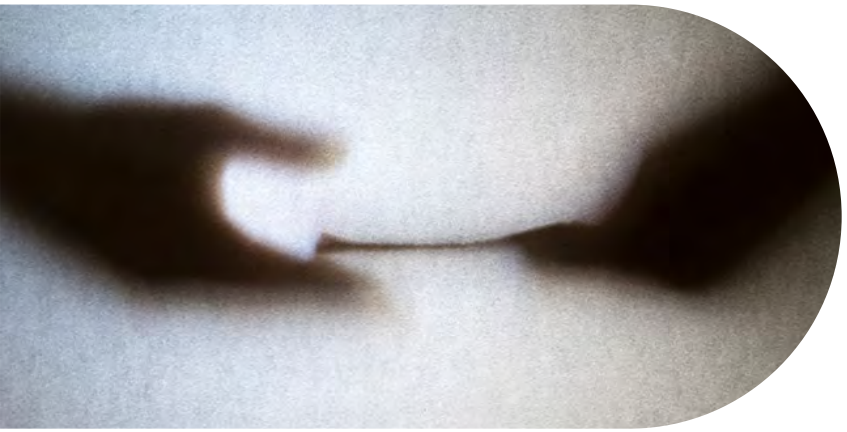
Key Functions

- Supervise the effectiveness of the Anti-Bribery and Crime Prevention Compliance System.
- Promote a culture of ethics and compliance.
- Investigate grievances that fall within the scope of the Anti-Bribery and Crime Prevention Compliance System.
- Prepare an annual report on the follow-up and effectiveness of the Anti-Bribery and Crime Prevention Compliance System, to be submitted to the Board of Directors.

Receives Direct Reports from

- Director of Internal Audit and Risk Control Management.
- Director of Regulation and Legal Services.
- Director of People and Culture (HR).
- Heads of Compliance in the subsidiaries of Redeia.

In addition, the Ethics Manager reports on the grievances submitted with possible criminal implications, maintaining the confidentiality of all information received at all times.



The Anti-Bribery and Crime Prevention Compliance Committee is both self-governing and independent, and reports to the Board of Directors, through the Audit Committee, on the activities it carries out, as well as on the adequacy and effectiveness of the Anti-Bribery and Crime Prevention Compliance System.

In 2022, none of Redeia's companies was investigated or convicted of infringements related to criminal risks within the organisation or for non-compliance related to criminal risks. The Anti-Bribery and Crime Prevention Compliance Committee has been informed of the matters within its remit, has had free access to the documentation necessary to carry out its work and has had the cooperation of the various management areas of the Company to perform its functions.

Monitoring of the Anti-Bribery and Crime Prevention Compliance System

The Anti-Bribery and Crime Prevention Compliance System Monitoring Plan encompasses the activities aimed at overseeing the correct functioning of the same and ensuring that the information on the levels of crime prevention and anti-bribery compliance risk faced by the organisation is kept up to date, so that those responsible for making decisions on the System do so in an informed manner.

The Plan includes verification activities, monitoring and follow-up of the System, the results of which are set out in an indicator dashboard for appropriate monitoring.

One of the control objectives included in the Monitoring Plan is the oversight of the design and implementation of the Crime Prevention and Anti-Bribery Compliance Map, through the identification and assessment of the risks and control activities that mitigate these risks. In 2022, Redeia updated a new methodology for describing the control activities mentioned above, which was validated by the organisational units.

Implementation of Reintel's Anti-Bribery and Crime Prevention Compliance System

Following the entry of a minority shareholder in the Company's share capital in 2022, the evolution of Reintel's governance model has led to the development of the specific Anti-Bribery and Crime Prevention Compliance System for this subsidiary of Redeia, aligned with the principles and guidelines of the group's Compliance Policy, as well as the design and implementation of the monitoring and coordination model.

In the first half of 2022, Reintel's Anti-Bribery and Crime Prevention Compliance Manual was completed. The Manual lays down the organisation, prevention, management, and control model of criminal and bribery risks implemented in this company. Reintel's Board of Directors approved this Manual in July 2022.

In addition, Reintel has developed a 2022-2023 Compliance Plan, which is aligned with Redeia's Plan.

PREVENTION OF CORRUPTION AND CONFLICTS OF INTEREST
205-1 / 205-2 / 205-3

The Code of Ethics and the Whistle-blowing channel, as a system for the management of enquiries and grievances, constitute an effective mechanism for the detection and handling of possible cases of corruption, fraud and conflict of interest.

Code of Conduct and Ethics

WHISTLE-BLOWING AND COMPLIANCE CHANNEL

Guidelines for the Prevention of Corruption and Fraud: Zero Tolerance | Guidelines for the Management of Conflicts of Interest



Redeia's Guidelines for the Prevention of Corruption: Zero Tolerance, approved by the Board of Directors in 2015, develops the corporate values and professional conduct guidelines contained in the Code of Conduct and Ethics related to the main manifestations of corruption.

During 2022, in accordance with the guidelines set out in the Code that prohibit contributions to political parties or organisations, there were no donations, grants or loans to political parties made on behalf of Redeia. Additionally, it should be noted that there have been no allegations of possible corruption, nor have any of the subsidiary companies of Redeia been investigated or convicted by any court of law for non-compliance related to corruption.

Review and update of the Guidelines for the Prevention of Corruption

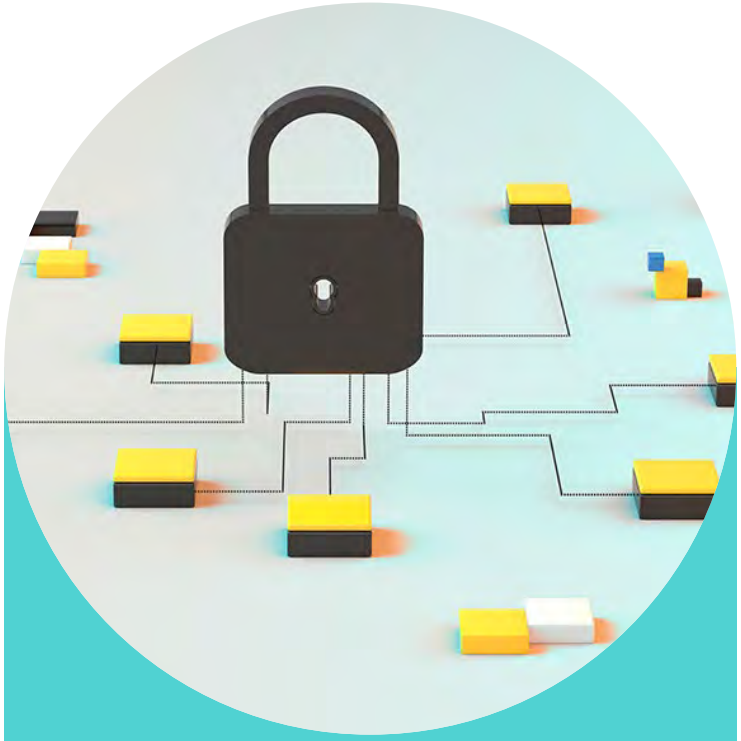
The process of reviewing and updating the Guidelines for the Prevention of Corruption was conducted in 2022.

During the review process, in which Transparency International took part, the best business practices and international standards in the field (ISO 37001) were taken into account.

The proposed update of the Guidelines, which broadens its scope to include (internal) fraud, and which is aligned with Redeia's Code of Conduct and Ethics and its Compliance Policy, has been validated by the Company's Anti-Bribery and Crime Prevention Compliance Committee and its Executive Committee, prior to its approval by Red Eléctrica Corporación's Board of Directors and its final acceptance by the governing bodies of Redeia's companies, which is expected to take place in the first quarter of 2023.

Management of conflicts of interest

In addition, since 2018 Redeia has Guidelines for the Management of Conflicts of Interest in order to fulfil the commitments undertaken in the Code of Conduct and Ethics in this field,



Redeia's Data Protection Compliance System ensures good governance of personal data pursuant to the applicable legislation.

to detect and prevent potential conflicts of interest that may affect the management team.

The Company also has a Consultative Body on conflicts of interest that is responsible for the implementation and proper application of the procedure for the identification, management and resolution of conflicts of interest established in the Guidelines for the Management of Conflicts of Interest. The Advisory Body received three queries regarding conflicts of interest during 2022.

PROTECTION OF PRIVACY

Redeia has a Data Protection Compliance System, with the aim of promoting and maintaining a responsible and proactive attitude in the protection of personal data, guaranteeing the good governance of such data and preserving the trust of the Company's stakeholders.

During 2022, the following actions were carried out in the area of data protection:

- Approval of an internal rule that sets out the criteria for the retention of personal data, as well as the periods that allow personal data to be blocked and/or deleted when there is no reason to justify its retention, in accordance with the principle of limitation of the period of retention, blockage and deletion as established in the applicable legislation.
- Approval of a protocol for the use of geolocation devices in the workplace.
- Design and implementation of the Model for monitoring the personal data protection compliance system in all of Redeia's companies.

- Holding of training workshops for the staff responsible for personal data protection (through a network of interlocutors working in the different lines of business) and for specific groups of employees within the People and Culture Department.

- Verification of the personal data protection control framework for the relevant data processing operations in accordance with the schedule established.

In 2022, the Data Protection Officer did not receive any grievance regarding breaches related to the protection of personal data and none of Redeia's companies have been investigated or convicted of breaches related to privacy regulations.

Similarly, three requests were received to exercise the rights related to the protection and processing of personal data, which were duly replied to on time, and the necessary technical measures were taken to provide an effective response to the individuals concerned to exercise their right, pursuant to the protocol for dealing with the General Data Protection Rights of Redeia and in compliance with the applicable privacy regulations.

Lastly, it should be noted that in 2022, the Company's Data Protection Advisory Body received 58 enquiries, 98% of which have been closed. The Advisory Body regularly monitors these enquiries to ensure their correct resolution.

Data Protection Governance Model

Party responsible	Function
Data Protection Officer (DPO)	Ensure compliance with current data protection legislation and liaise with the data protection advisory body in this area.
Data Protection Advisory Body	Support the proper functioning of the Data Protection Compliance System and propose improvements to the System within a legal, technical and organisational scope. The areas of Compliance, Legal Services, Comprehensive Corporate Security, Information Technology and People & Culture form part of this Advisory body, in addition to the role of the DPO itself.
Interlocutor network	Deploy the data protection culture within the Company, connecting the management areas with the fulfilment of the regulatory requirements in this field.

In the S&P assessment for the Dow Jones Index, the area of privacy protection in Redeia has been positively rated, achieving 96 out of 100 points.

In 2022, the group continued with its training and awareness plan regarding data privacy. Since 2019, when the e-learning course on privacy was launched, more than 80% of the people employed by the companies of Redeia in which the data protection compliance system has been deployed have received training in this area. Additionally, this course forms part of the training material for new employees joining the Company.

Key elements involved in personal data protection

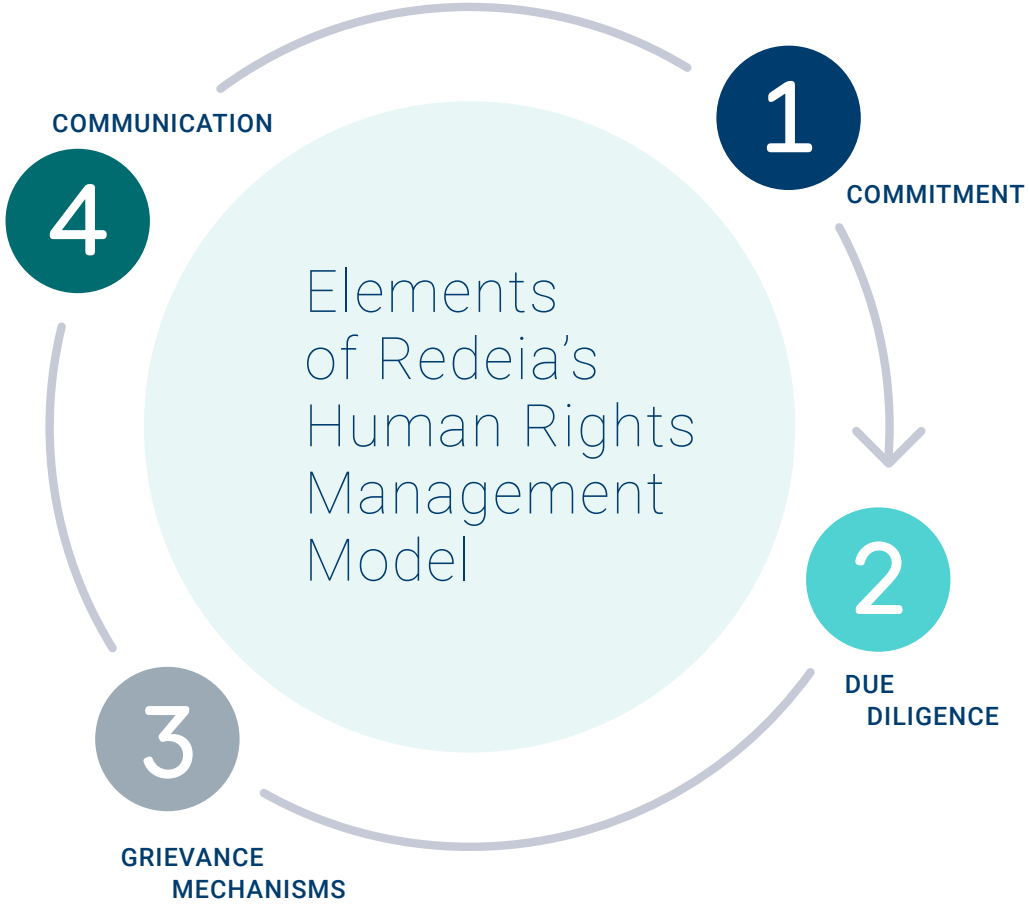
A privacy policy applicable to all data processing operations carried out by the Company, including those conducted by suppliers acting as data processing agents.	A specific risk analysis methodology for personal data processing activities.
A methodology for identifying, assessing, qualifying and responding to security incidents related to compliance with data protection regulations.	A Protocol for managing and dealing with the General Data Protection Rights of citizens regarding their right to access, rectification, erasure, opposition, portability and limitation of the processing of personal data.
Protocol for hiring agents responsible for personal data processing.	An internal standard that regulates privacy principles by design and by default that incorporates in projects, activities and initiatives, an approach oriented towards the principles of risk management and proactive responsibility.
An internal rule establishing the criteria regarding personal data retention.	A Monitoring Plan for the control framework of the organisational and legal measures for the data protection compliance system that is completed on a three-year cycle.
Biennial audits to review Redeia's level of adequacy in terms of data protection and compliance with the applicable legislation, carried out in collaboration with external auditing firms specialised in this field.	

HUMAN RIGHTS MANAGEMENT MODEL
2-23 / 2-25

Since 2017, Redeia has had a Human Rights Management Model in accordance with the United Nations (UN) Guiding Principles on Business and Human Rights, which covers all the business activities and geographical areas in which the Company operates. The Model structures and systematises the necessary actions to protect and respect human rights, as well as to remediate, in this field, any risk that may be originated by the Company or by a third party with which the Company has a relationship of any nature.

The commitment to human rights of Redeia is reinforced by its adherence to the Ten Principles of the United Nations Global Compact.

Redeia addresses human rights management from a continuous improvement approach, evaluating its performance at least once a year and updating its policies and commitments whenever new principles arise concerning respect for human rights.



Redeia's commitment to promoting and respecting human rights incorporates not only the traditional principles but also the new human rights aspects that may arise.

Commitment to human rights
407-1 / 408-1 / 409-1

Respect for human rights is one of the ten principles underpinning Redeia's 2030 Commitment to Sustainability.

The Company maintains an explicit and public commitment to respect human rights in the development of its activity in all the territories in which it operates, with special attention to the freedoms and rights of vulnerable groups, such as Indigenous populations, women, children, people with disabilities, ethnic minorities, LGBTI population and migrant workers, among others.

Additionally, the Company extends this commitment to third parties with which it maintains relations.

The Commitment to human rights strengthens the principles set out in the Code of Conduct and Ethics and the Sustainability Policy of Redeia.

This commitment was reinforced in 2022 with the formal inclusion of the 10 Principles of respect for human rights, which is disclosed in the Commitment to the promotion and respect for human rights, strengthening the corporate values and the principles and guidelines regarding conduct as established in the Code of Conduct and Ethics and in the Sustainability Policy of Redeia.

In the undertaking of this commitment, Redeia takes into account the internationally recognised principles contained in the Universal Declaration on Human Rights and the binding provisions of the Declaration, the International Covenant on Economic, Social and Cultural Rights and the regulations of the International Labour Organisation. It has also been deemed necessary to incorporate new rights to address new human needs through the so-called emerging human rights (e.g., the right to a healthy environment or the right to decent work).

This commitment is incumbent on all employees and members of the governing bodies of the companies that form part of Redeia in the execution of their duties and responsibilities and also applies to those companies in which



the group has a majority shareholding, regardless of their geographic location and business activity.

In those companies where Redeia is not a majority shareholder or has no overall control over the board of directors, Redeia will suggest that said commitments be adapted accordingly.

Similarly, to extend the principles of sustainability throughout the supply chain, the Supplier Code of Conduct of Redeia establishes the duty of this stakeholder group to respect human rights. Through the acceptance of the general conditions of contract, all suppliers of the Company undertake to comply with the Code of Conduct, which can be verified by carrying out social audits. In addition, in 2022, the Company implemented a training programme focused on human rights management.

More information can be found in the Supply Chain section of this report.

Human rights due diligence process
411-1 / 412-1 / 412-3

Redeia has conducted regular due diligence analyses since 2013, covering all group companies, to identify potential risks arising from their direct and indirect activity.

During 2022, Redeia updated its due diligence procedures in its activities and relationships with third parties to align them with national and international legislation, the latest trends, emerging rights, and new holders of such rights that may be affected.

To ensure ongoing improvement in this regard, Redeia annually reviews the internal rules that govern this procedure.

Redeia conducts annual due diligence assessments on human rights. In 2022, it was once again evident that the level of risk was low and that the necessary controls had been properly applied.

Phases of Redeia's due diligence process

Mapping of human rights risks

Identification, prioritisation, and assessment of potential and actual adverse impacts through a bespoke method based on the probability of occurrence of the impact and its severity. This is reviewed on an annual basis.

Implementation of measures for prevention, mitigation, and remediation of risks

Integration of the conclusions drawn from the Human Rights Risk Map into the Company's functions and procedures and implementation of the prevention, mitigation and/or remediation measures for the risks identified together with specific improvement goals.

Follow-up on the implemented measures

Periodic evaluations based on previously defined qualitative and quantitative indicators conducted at least every twelve months. Should the results not be as desired, the Company will review the implemented measures and consult with the parties affected to define new solutions.

The review carried out in 2022 analysed the activity of the entire organisation in Spain, Peru, Chile, and Brazil (including the investee companies ARGO and TEN).

The Company extends its commitment regarding human rights to the third parties with whom it maintains a relationship and applies due diligence measures according to the associated counterparty risk.

The result of the due diligence process has once again shown that the Company maintains a l**ow level of risk** and applies the appropriate material risk controls to ensure that no human rights risks are breached. To date, no remediation action has been necessary.

Moreover, Redeia has concluded that according to the sectors in which the Company is involved, the most significant human rights risks are associated with forced and child labour, human trafficking, freedom of association and collective bargaining, equal pay, discrimination, health and safety, decent work, privacy and data protection, identity of indigenous peoples and their economic, social and cultural rights, property rights, fair taxation, corruption, a healthy natural environment and ethical management. With this in mind, the Company's policies, commitments and control procedures have been examined and reinforced to minimise these risks, ensure respect for human rights and remedy potential violations of such rights.

No risks have been identified that combine severity of impact and high probability of occurrence, as the Company adopts multiple prevention measures through its internal regulations. In both Spain and Latin America, the risks related to corruption, child labour and human trafficking were identified as having a high severity of impact (4.3 out of 5). However, they all were covered by excellent mitigation measures thanks to various internal procedures that minimise their possible occurrence (1.3 out of 5). For its part, the risk related to working conditions (psychosocial risks, excessive workloads or right to digital disconnection) is identified as the most likely (2.1 out of 5) in both Spain and Latin America, although the possibility of occurrence is very low (1.9 out of 5). In line with the above, Redeia has a very high prevention level due to its internal regulations and standardised controls in this field.



It should be noted that in 2021, it became evident that is was necessary to assess the potential effects of these rights on Latin America's local communities, primarily indigenous populations. Although Peru has indigenous populations, there are no indigenous communities or settlements in the direct area of influence of Redinter's activities, and, therefore, there is no impact on this population group. However, to avoid their occurrence, Redinter worked on identifying similarities between the United Nations Guiding Principles on Business and Human Rights and the environmental impact studies that Redinter carries out.

On the other hand, the certification of the Corporate Responsibility Management System entails auditing all work centres in three-year cycles in aspects linked to the respect for human rights.

Additionally, the Company extends its commitment regarding human rights to those third parties with whom it maintains or intends to maintain any relationship and applies counterparty due diligence measures in accordance with the related risk. Redeia conducts a study before formalising any relationship with a third party to collect information on its integrity and its respect for human rights, focusing on previously identified rights holders. To this end, several due diligence measures have been established, which are applied accordingly to counterparty risks and the features of the relationship it intends to establish. This process is carried out whenever a new relationship starts that involves corporate operations, business partners, external agents, administrators, the management team, collaborating entities in the social environment, title holders and landowners, suppliers and customers.

Redeia has not identified, in 2022, any supplier that violates

human rights

According to the control mechanisms established in the supplier portal





Through the supplier portal, Redeia also establishes mechanisms to prevent the violation of human rights in its supply chain. In 2022, no suppliers were identified that have compromised the compliance with human rights.

Grievance mechanisms

Redeia has a Whistle-blowing and Compliance Channel, accessible to all its stakeholders, as a formal mechanism for responding to enquiries and grievances regarding human rights. Additionally, the Company has other communication channels open to its stakeholders, where they can share their concerns regarding any matter in the area of human rights, such as the DÍGAME service that manages the enquiries and suggestions from external stakeholders related with the transmission of energy and the system operation, the ASA Channel (Procurement Support and Helpdesk) for providing specific attention to suppliers, or the International DÍGAME Service focused on business activities in Latin America.

In order to adequately manage stakeholder enquiries about possible human rights violations, the group has made progress in improving the identification of the grievances received through its channels. It should be noted that during 2022, Redeia did not receive any grievance regarding human rights through either its Procurement Support and Helpdesk (ASA), the DÍGAME Service or the International DÍGAME Service.

Communication

Redeia makes its stakeholders participate in its performance on human rights issues through the Sustainability Report.

In 2022, the Company did not carry out any new training activities for its employees in the field of human rights. **/ 412-2**

Moreover, 100% of the security guards working in the Company's premises have received the mandatory training on human rights applicable to security companies. **/ 410-1**

Furthermore, it should be noted that the Company annually publishes its Report on the Management of the Code of Ethics, which includes an analysis of the possible grievances received in this field and whose Executive Report is included in the Annex section of this report.

During 2022, Redeia continued with its training initiative for suppliers in matters related to human rights, obtaining an average overall satisfaction score of 9 points (out of 10) from the participants.

Respect and protection of human rights in the supply chain

To implement sustainability principles throughout the supply chain, Redeia's Supplier Code of Conduct establishes the obligation for these stakeholders to respect human rights.



By entering into the General Conditions of Contract, all of the Company's suppliers undertake their compliance with the Code of Conduct, which can be verified through social audits.

Redeia also implements procedures to prevent human rights violations in its supply chain. As of 2022, no suppliers have been reported to have breached their compliance regarding human rights.

The Company has a specific communication channel with suppliers, the ASA Channel (Procurement Support and Helpdesk service). It is worth mentioning that during 2022 Redeia did not receive any complaints regarding human rights via this channel.

Lastly, it is worth pointing out that, in 2022, Redeia continued training its suppliers on human rights in collaboration with the Spanish Global Compact Network. In particular, 235 participants from 107 different suppliers have benefited from this initiative since its inception, with an average overall satisfaction score of 9 points (out of 10). A total of 79 users took part in the training programme in 2022.

More information can be found in the Supply Chain section of this report.

7.2 Financial Strength



Key indicators in 2022

1.62% average cost of debt.

11% proportion of variable-rate debt.

5 years average maturity of financial debt.

42% of financing based on ESG criteria.

2022 milestones

Signing of Hispasat's financing with ESG criteria.

Extending Redeia's green syndicated loan until 2027.

Challenges for 2023

Issue the first green hybrid bond.

Consolidate an ESG financing ratio of over 45%.

EVOLUTION OF THE FINANCIAL RESULTS

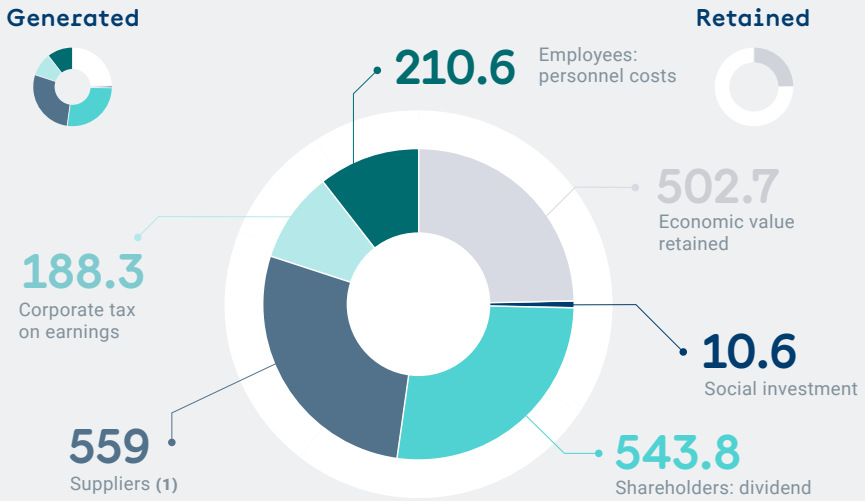
For yet another year, Redeia has been able to maintain stable growth. The Company has obtained sound financial results and has significantly strengthened its main financial indicators, maintaining a clear focus on operational efficiency and the ongoing generation of value.

FINANCIAL STRATEGY

The financial strategy followed by Redeia has traditionally been geared towards highlighting the nature of the Company's business it carries out while adapting to the legislation in force at each moment.



Economic value generated and distributed (M€) **/ 201-1**



(1) Includes supplier costs, other operating costs and other capital suppliers: net financial costs.
Note: data included in the Consolidated Annual Accounts.

Main Financial Indicators (M€)

	2020	2021	2022
Revenue	1,985.8	1,953.5	2,015.0
Gross operating profit (EBITDA)	1,568.5	1,498.6	1,491.2
Net operating profit (EBIT)	929.0	992.0	961.6
Net profit	621.2	680.6	664.7
Non-current assets	10,929.5	11,097.1	11,834.2
Net equity	3,492.0	3,685.1	4,894.3
Operating cash flow after tax	1,232.2	1,178.4	1,146.7
Total investment	895.0	576.0	1,032.3
Net Financial Debt	6,113.3	5,647.9	4,633.8

Sustainable financing

Since 2019, Redeia has a **green financing framework**, through which it issues green financial instruments to finance and/or refinance projects that promote environmental progress. This framework is the result of the Company's commitment, even prior to the definition of the framework, to the integration of Environmental, Social and Good governance (ESG) criteria in its financing.

During 2021, the Company updated its green financing framework, **adapting it to the taxonomy of the European Union** and obtained a favourable opinion from the external agency Sustainalytics confirming its alignment with this taxonomy, thus becoming one of the first TSOs in the world to carry out this adaptation.

Similarly, in 2021 Redeia became a member of the Nasdaq Sustainable Bond Network, one of the most important professional repositories on sustainable financing. This platform promotes the

Redeia's long-term, strategic, and cross-cutting commitment to sustainability and digital transformation is showcased through the Company's responsible and transparent management, which promotes innovative and sustainable financing.

Evolution of sustainable financing in Red Eléctrica

2017

First company in the utilities sector to transform its **syndicated loan** of 800 million euros into sustainable financing (green financing). The credit conditions are linked to the Company's credit profile and sustainability ratings of Vigeo Eiris, an international provider of ESG research and services for investors and organisations.

2018

Reduction in the cost of its syndicated loan, thanks to the improvement in the rating granted by the Vigeo Eiris rating agency.

2019

New long-term **financing** of 375 million euros and 30 million US dollars, incorporating sustainability criteria.

-

Drafting of the green financing framework.

2020

Inaugural green bond issue by Red Eléctrica for an amount of 700 million euros and with a maturity of 8.5 years.

-

New financial **transaction in Peru** for an amount of 30 million US dollars, also incorporating sustainability parameters.

2021

Second issue of green bonds by Red Eléctrica for an amount of 600 million euros and a maturity of twelve years.

-

New **transaction in Peru** of 30 million US dollars that incorporates sustainability parameters.

-

First transaction in Chile also incorporating sustainability parameters for an amount of 120 million US dollars **and first transaction in the telecommunications business** incorporating sustainability parameters for an amount of 325 million euros.

2022

First financing transaction within the group's **satellite-based business** that incorporates sustainability parameters for 250 million euros, with a 2025 maturity date and an option to be extended to 2027.

-

Redeia's **green syndicated** loan extended to 2027.



investment process in sustainable bonds by allowing investors to obtain detailed information for the selection and monitoring of their investments.

The alignment of the green financing framework with the EU Taxonomy has allowed the concept of projects to be replaced by that of assets, with **all of Red Eléctrica's assets being eligible** as its activity as TSO is considered to comply with the technical and environmental criteria and minimum safeguards required by the European Union.

Red Eléctrica's assets are considered to contribute to two of the categories established by ICMA and the LMA in their Green Principles:

Category	Eligible green projects
Renewable energy	Projects aimed directly at increasing the production of renewable energy
Clean transport	Projects aimed at improving the efficiency of the national railway system

During 2022, Redeia maintained its commitment to linking sustainable criteria to its financing operations. In this respect, the Company signed a 250-million-euro green syndicated loan for its subsidiary Hispasat. In addition, the existing 800-million-euro green syndicated loan was extended to 2027

The *Annexes* chapter of this report details the **green bond report**, fully disclosing the allocation of the green bond funding issued and the environmental impacts associated with green projects.

Red Eléctrica's green financing framework is aligned with the 2021 Green Principles of the ICMA (International Capital Markets Association) and the LMA (Loan Markets Association). Eligible assets are also aligned with the European Union's draft taxonomy.

Lastly, it is worth mentioning that Redeia will maintain the cost of the syndicated loan during the 2023 fiscal year as it has improved the rating obtained in 2021 in the sustainability performance assessment carried out by Moody's ESG Solutions (formerly Vigeo Eiris), although not reaching the level required to qualify for a higher reduction in the credit costs.

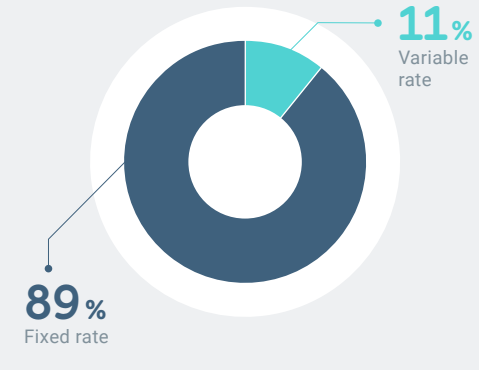
Financial debt structure

The transmission of electricity and the operation of the electricity system are highly capital-intensive activities, wherein investments mature over long periods. In addition, the remuneration of these assets occurs over long periods. Therefore, the financial debt of the Company is primarily contracted long-term and is referenced mainly at fixed rates.

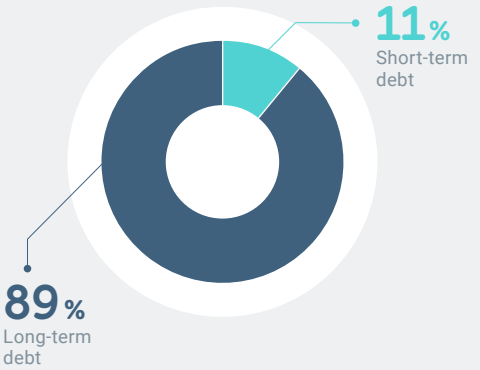
Net financial debt as at year-end 2022 amounted to 4,634 million euros. The average term to maturity of drawdown debt at year-end stood at 5.0 years.

FINANCIAL
Debt

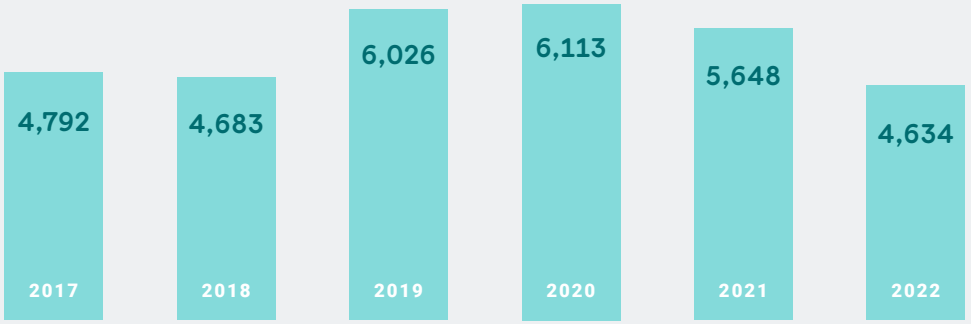
Financial debt structure: Fixed rate vs variable rate (%)



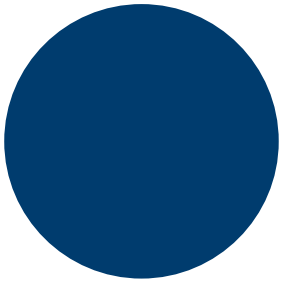
Financial debt structure: Short-term vs long-term (%)



Evolution of the financial debt structure (M€)







The group's liquidity position for 2022 is based on its robust capacity to generate cash flow, as well as on the proceeds from the sale of 49% of the shareholding of Reintel, all of which are supported by the maintenance of undrawn credit lines., supported by undrawn credit facilities. As at 31 December 2021, the undrawn amount of these credit facilities is 1.795 billion euros (1.426 billion euros long-term and 396 million euros short-term). With regard to the classification of financial debt according to maturity, short-term debt is defined as all debt maturing within twelve months as of 31 December 2022.

Credit rating

Red Eléctrica has been given a long-term credit rating of 'A-' with a stable outlook by both Standard & Poor's and Fitch and a short-term rating of 'A-2' from S&P and 'F1' from Fitch.

Standard & Poor's highlights in its report that Redeia is on its way to achieving the goals outlined in its 2021-2025 Strategic Plan, which confirms its 'A-' credit rating.

In turn, Fitch underlines Redeia's low-risk business as owner and operator of the natural monopoly for electricity transmission in Spain and as a long-term concession contract owner of electricity transmission projects in Latin America.

SHAREHOLDER RETURN

Stock market performance

2022 was a bad year for investors, with widespread falls in the world's most significant stock exchange markets. The MSCI World index, on which the stocks of 23 developed and emerging countries are weighted, fell by 19.8% over the year. The rise in inflation, causing interest rates to soar, and the concerns regarding economic growth have made variable equity securities unattractive in the eyes of investors.

The pandemic, with the resulting imbalances in the production and distribution systems worldwide, which have still not been fully remedied, and the invasion of Ukraine have been the main causes of a generalised hike in prices that has been addressed by increases in the annual effective discount rates applied by the main central banks. In parallel, due to the worsening economic outlook, a recession period in the coming months has not been ruled out in the world's largest economies.

Variable equity securities have been in the red in all markets worldwide. On Wall Street, the Standard & Poor's 500 was down more than 19% for the year, while the tech-heavy Nasdaq index, stricken by the tech stock collapse, had lost 33% of its value by the end of 2022. In Asia, the Japanese Nikkei fell by just over 9%, while the Chinese Hang Seng fell by 18%, a victim, perhaps, of the anti-covid policy enforced by the Chinese authorities throughout the year. The major stock exchange markets of the old continent were also in the red, with drops ranging from 13.3% for the Italian MIB to 5.6% for the IBEX, although the significant importance of the banking sector in the composition of the Spanish index helped to minimise the setbacks. The exception among the major European markets was the British stock market, with the FTSE registering a slight rise of 0.9% over the year, as a result of the strong presence of large energy companies allowing it to end the year with a positive balance.

Redeia's share price

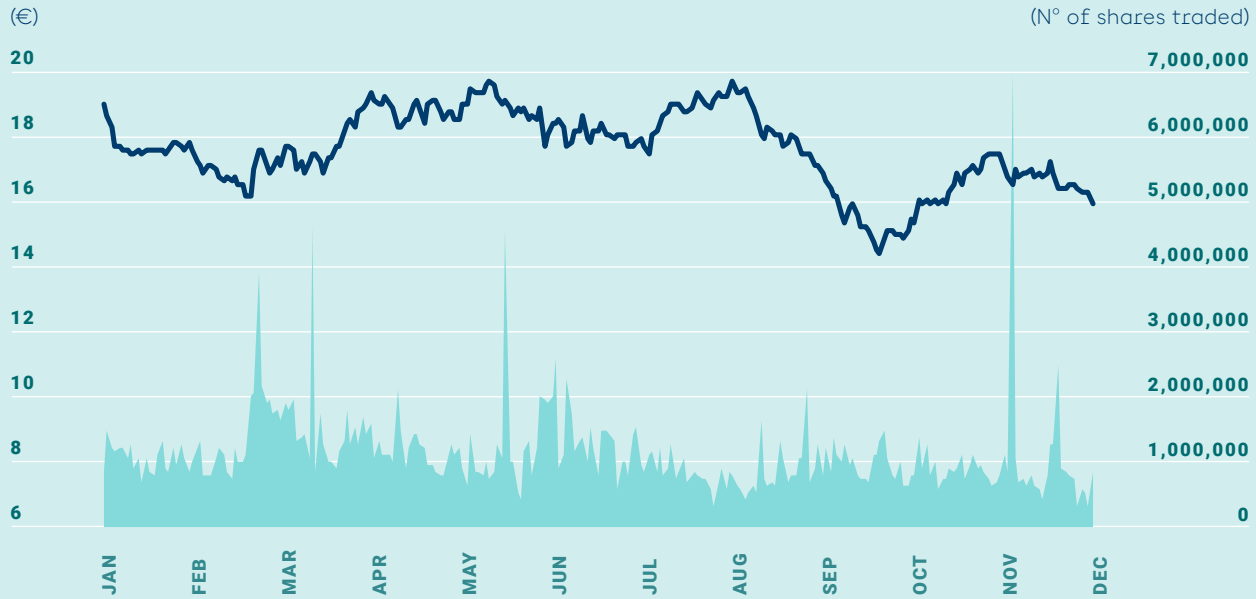
Redeia's share price fell by 14.5% in 2022, a performance similar to that of European stocks with comparable characteristics. The general rise in interest rates pushed investors into fixed-income instruments instead of shares such as Redeia's, known for offering attractive returns. The share price ranged throughout the year from 20.05 euros, reached on 25 May, before the interest rate hike began, to 14.505 euros on 13 October, when the outlook for the evolution of inflation in Europe was at its worst. The share closed 2022 at 16.26 euros.

A total of 348.9 million shares were traded on the Madrid Stock Exchange during the year, equivalent to 64% of the Company's total number of shares. Purchases made in cash totalled 6,251.7 million euros.





Share price performance and daily volume



Distribution of dividends

The gross dividend proposed to the General Shareholders' Meeting for the 2022 financial year is 1 euro per share, thus placing Red Eléctrica's shares among those offering one of the most attractive dividend yields on the Spanish stock market. On 9 January this year, a gross interim dividend payout of 0.2727 euros per share was made, with 0.7273 euros per share pending distribution as part of the gross complementary dividend.

Main stock market indicators

	2021	2022
Share price (in €)		
Maximum	19.47	20.05
Minimum	13.565	14.505
Year-end	19.025	16.26
Number of shares (millions)	541.08	541.08
Market capitalisation at the close of the year (in M€)	10,294	8,798
Earnings per share (EPS) (in €)	1.26	1.23
Share price/EPS (No. of times)	15.12	13.24
Dividend per share (in €)	1.00	1.00

7.3 Employees



Key indicators in 2022

35.3% of women in the management team.

0.9% of people with disabilities.

0.25% overall accident severity rate.

36 hours of training per employee.

2022 milestones

Evolution of the Healthy Workplace Model to the new Well-being Management System.

Definition and implementation of the methodology for identifying and filling critical job positions.

Challenges for 2023

Progress towards the goal of making Redeia a comprehensive well-being company.

Draft a map of knowledge, skills and competencies within Redeia.

Awards and recognitions

Renewal of the certification by INTRAMA as a Top Diversity Company and one of the TOP 40 Spanish companies in terms of best practices in diversity and inclusion.

In its Employee Policy, Redeia sets out the principles that govern people management through leadership, efficiency, innovation, cultural transformation and personal and professional development, with a focus on the employee experience.

In terms of governance, people management is regularly reported to the three Committees of the Board of Directors: the Sustainability Committee, the Appointments and Remuneration Committee and the Audit Committee.

A COMMITMENT TO QUALITY EMPLOYMENT: A STABLE, COMMITTED AND HIGHLY QUALIFIED TEAM

401-1

As at 31 December 2022, Redeia had a global workforce of 2,420 people. During the year, Redeia's workforce grew by 14%, of which 77% was due to the incorporation into Hispasat of 233 employees coming from Axess Networks, following the acquisition of this well-known teleport operator and satellite services provider, which has a presence in Latin America, Europe, the Middle East and Africa

99.2% of the positions at Redeia are permanent contracts, showcasing the Company's commitment to employability and functional mobility as the drivers of growth and professional development.

Redeia's commitment to stable and quality employment is reflected in two key areas:

- The extremely low number of employees on temporary contracts. During 2022, only 0.8% of the total were trainee contracts or contracts with Temporary Employment Agencies. These were used exclusively to guarantee the coverage of temporary project assignments, maternal/paternal leaves and long-term temporary disabilities.
- The objective of keeping the voluntary turnover rate below 2% (it was 3.1% in 2022), for which action plans are being designed, using the information obtained in exit interviews and in the Climate survey as input to be analysed to better understand the exact reason for leaving the organisation.



Redeia's employee strategy

VISION

- Develop the cultural aspect of the transformation process in which the company is immersed.

GLOBAL OBJECTIVES

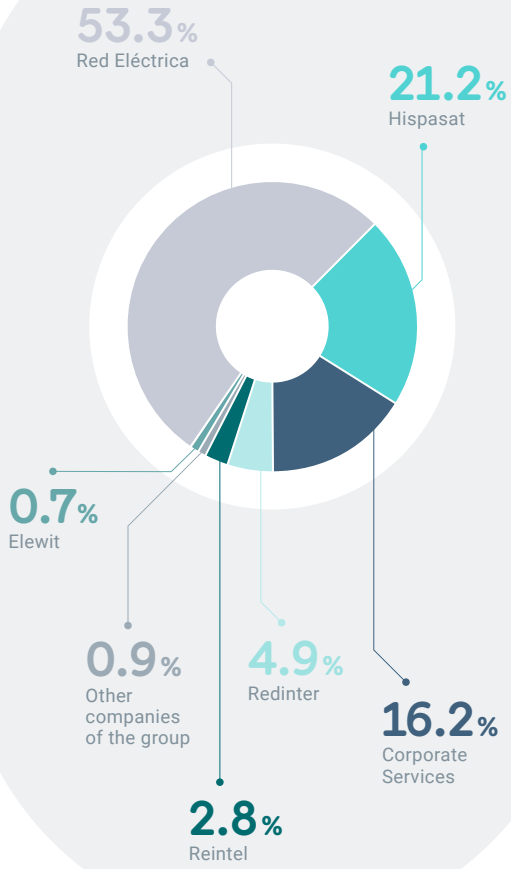
- Promote cultural transformation, sustainable management and help the organisation become a benchmark as a healthy workplace.
- Seek the occupational health & safety and well-being of people to achieve healthy working environments.
- Develop an innovative, agile and collaborative culture, promoting talent, anticipating needs and consolidating the company as an organisation capable of meeting the challenges of the Strategic Plan in a changing environment.

ACHIEVEMENTS IN 2022

- 50% women on the Board of Directors.
- 33.3% women in the management team.
- Included in the Bloomberg Gender-Equality Index (GEI) for yet another year.
- 5.8% internal mobility in the non-managerial staff.
- An increase of 0.26 points in the average rating of the 360-degree Feedback performance indicator compared to the previous rating.
- A decline of 0.39 points, to 0.25, in the accident severity rate, including contractors, compared to the reference value for the period (2022: 0.64)

Distribution of Redeia's workforce

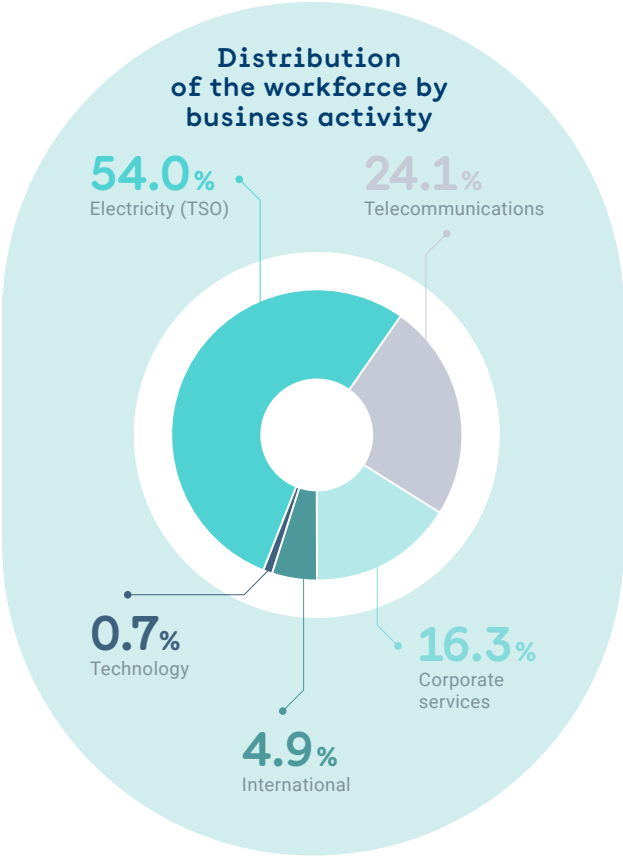
Distribution of the workforce by company



2,420
Total headcount

99.2 %	5.8 %	14.5 yrs.	6.0 %
Permanent positions	Mobility	Average length of service	Overall external turnover

Distribution of the workforce by business activity



Distribution of the workforce by country

5.8 % Peru	81.3 % Spain	5.5 % Colombia
1.7 % Chile	2.4 % Brazil	1.2 % Mexico
0.2 % Ecuador	1.0 % Germany	0.2 % Great Britain
0.1 % Argentina	0.2 % Greece	0.1 % South Africa
0.04 % Luxembourg	0.1 % Netherlands	0.04 % Senegal
	0.04 % Belgium	

In order to adapt the workforce to the needs of the business and incorporate the new skills and competencies required for the energy transition and transformation of Redeia, during 2022 the Voluntary Exit Scheme was completed, with a take-up rate of 76 % of the total number of possible candidates to leave the Company under the terms of the proposed scheme.

RECRUITMENT, SELECTION AND INTEGRATION OF TALENT: NEW HIRES

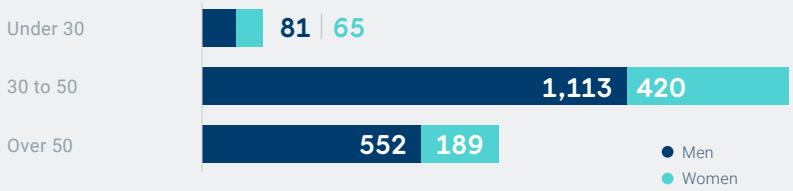
401-1

All the companies that form part of Redeia join forces to attract and incorporate talent. This provides the organisation with the best professionals to help the Company reach its goals by anticipating its personnel needs with a methodology that defines

Redeia offers its employees stable and quality employment, focusing on employability and functional mobility as a lever for professional growth and development.

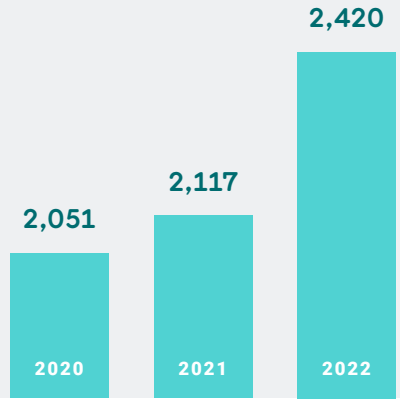
Distribution of Redeia's workforce

By age and gender





Evolution of Redeia's workforce
(No. of employees)



specific strategies for each type of vacancy and guarantees non-discrimination, diversity and the inclusion of all groups of people. In addition, during 2022, the Company continued working on the employer brand Strategy, supported by the hashtag ***"Pon tu #TalentoEnRed",*** **(an initiative to attract talent to the Company)**, which was promoted on the leading social media sites. The process is completed with contributions from entry and exit interviews and the climate Survey, which provide feedback regarding the departure of talent, in order to design action Plans to mitigate this risk.

In 2022, progress continued to be made in this area. In this regard, Redeia has:

- Incorporated 228 new employees into the various companies of the group, 34.6% of whom are women and 65.4% are men.
- Improved the visibility of the new brand through the 'Careers portal' web space, which covers 100% of the organisation.
- Redefined the offers of professional opportunities to promote and guarantee non-discrimination for any reason whatsoever, diversity and inclusion, with minority groups receiving equal opportunities from the outset of the process.
- Improved the recruitment process, thanks to the positioning, analysis and exploitation of data from the main social networks for recruitment.
- Defined and implemented a methodology for the identification and coverage of critical job positions in order to favour talent retention.

To maintain the desired level of employee experience, the 'Candidate Portal' was redesigned, where the process of incorporating future professionals is facilitated digitally, giving them the opportunity to learn about the Company and its main projects and initiatives, prior to joining the Company. Once incorporated, the new employee joins the induction and integration Plan, called **'On board Redeia'**, where, through a game-based educational experience, they are introduced to the Company culture. Within this Plan, the role of the tutor is especially important, as they accompany the professional throughout the entire process. A notable milestone in 2022 was the implementation of the Onboarding Plan for 100% of the new employees of Redinter (Chile, Peru and Brazil).



Furthermore, Redeia has designed a Company Knowledge Plan, with sessions where professionals with high performance and potential share their insights and showcase the activities of the organisation. This Plan also includes networking sessions attended by colleagues in the same programme and incorporates visits to the most representative areas of the business.



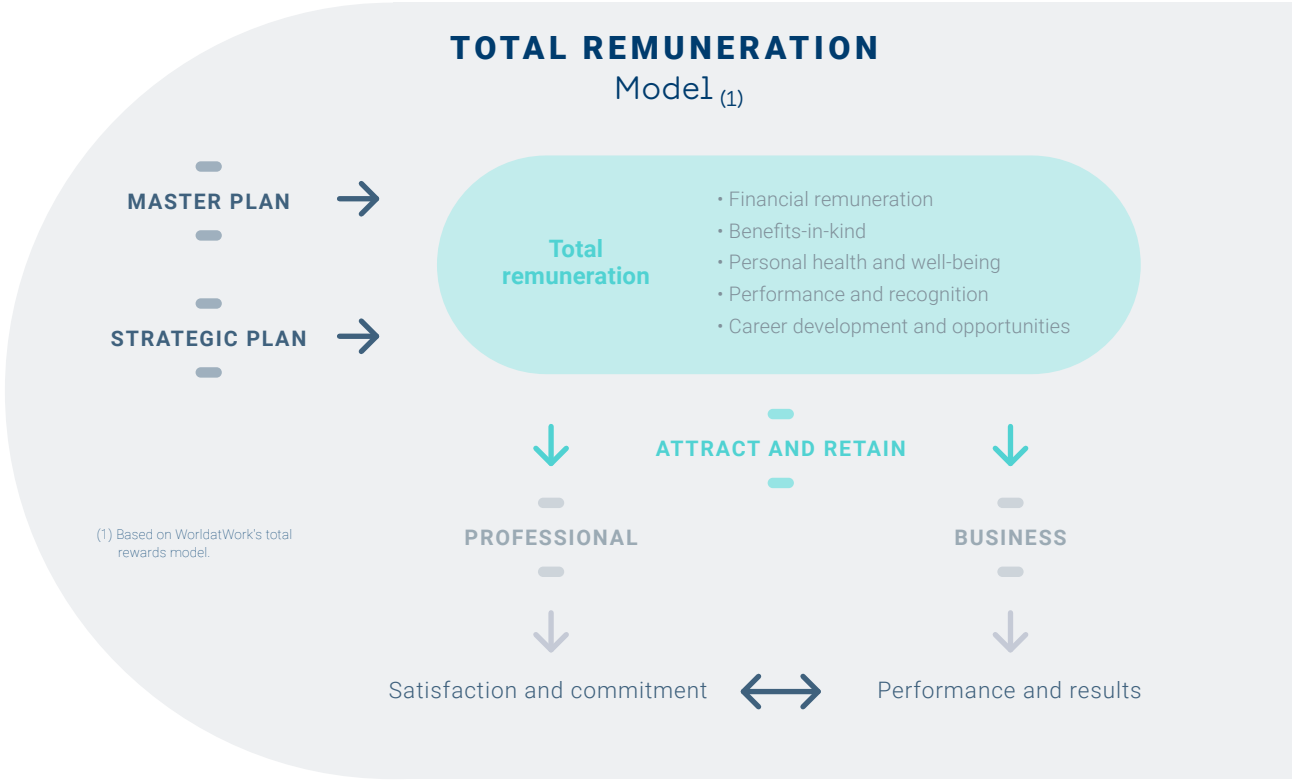
COMPENSATION AND REMUNERATION

Redeia works to consolidate, in all the companies of the group, a remuneration model that responds to the following universal principles:

- Internal equality and external competitiveness.
- Coherence with the organisational and development model.
- Offering opportunities for salary progression.
- Highlighting superior performance through recognition.
- Equal pay for men and women.

Redeia continues to advance in its **total compensation model** which contemplates various elements (economic, financial, emotional and intangibles), therefore facilitating and supporting the cultural and organisational transformation, as well as new ways of working within the Company.

The current remuneration framework supports Redeia's drive for the energy transition, the reduction of the digital divide and diversification. In this regard, certain management levels have a long-term incentive to obtain their maximum motivation and meet the objectives established in these areas. In 2022, the



number of managers participating in this incentive programme increased to 18.4%.

The annual salary reviews differentiate between the contribution made during the year and the result of each employee's achievements. In no case do they take into account gender, age, origin, sexual orientation or identity, religion or race, thus guaranteeing non-discrimination when applying remuneration practices and policies.

During 2022, work was carried out to identify those positions that are key for the Company, either because they are critical to the organisation or because they are difficult to fill. This has enabled progress to be made towards adjusted remuneration models that positively differentiate, in terms of compensation, this special characteristic, without losing the perspective of internal fairness and external competitiveness.



Throughout 2023, these models will be rolled out to employees depending on their job category, integrating the criteria defined into operational management, from a perspective of total compensation.

As an example of Redeia's commitment to remunerative transparency and compliance with market recommendations and best practices, the calculation of the gross salary gap includes all the compensation concepts and payments (expenses, extra hours, expatriate allowances). In 2022, the methodology for calculating the salary gap was modified to bring it in line with international standards.

The gross salary gap increased 1.6 points year-on-year, due to the greater presence of men in the management team of Axess Networks, which was acquired by Hispasat during 2022. It is worth noting that the value of the gross salary gap for this year would be 5.16% if we exclude this company from the calculations, or 20.7% less than last year, which is the result of the active monitoring that is maintained regarding equal pay between men and women.

Remuneration model

NON-MANAGERIAL STAFF

- Fixed remuneration within wide salary bands that allow for differentiated salary recognition.
- Variable remuneration or an extraordinary bonus in recognition of the most outstanding contributions.
- Non-monetary elements that allow for a personalised configuration of benefits-in-kind for professionals.
- Social benefits.

MANAGEMENT TEAM

- Fixed remuneration.
- Variable annual remuneration that recognises the contribution to achieving individual objectives, global Company objectives and leadership objectives, linking the latter to the Leadership Model of the management team.

During 2023, actions will be taken to help maintain Redeia's commitment to reducing the salary gap.

Since 2020, with the application of Royal Decree 902/2020 regarding equal pay for men and women, the Company has been logging annual remuneration and has made this data available to the workers' legal representatives. This has allowed Redeia to implement improvements, such as the active management of systems for the correct updating of information regarding compensation, or the ongoing review of how employee segmentation is adapted to the remuneration model.

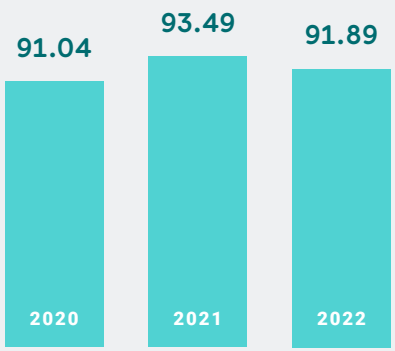
DIVERSITY

3-3

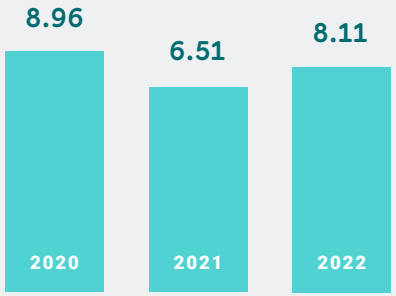
Redeia promotes equal opportunities to increase well-being in the workplace, creating a space that contributes to the work-life balance and firmly supports the diversity of knowledge, experiences and gender.

During the last quarter of 2022, Redeia worked on preparing the new **Comprehensive Diversity Plan** for 2023-2025, which maintains the courses of action of the previous plan and incorporates new concepts of diversity, such as equality or the inclusion of employees with their own identity, to adapt the Plan to the new trends in this area.

Ratio of average salary remuneration between men and women (%)



Salary gap (%)(1)



Note: The underlying cause of the existing salary gap is the lower presence of women in the workforce, a situation that is common in the energy sector.

(1) The 2022 figure includes a change in the scope of the data resulting from the acquisition of Axess Networks. Without this change in the scope, the 2022 figure would be 5.16%.

Redeia has employees of 30 different nationalities, with 98% of the workforce being natives of the country in which they work.



2018-2022 Comprehensive Diversity Plan

Mission

Inspire and be a benchmark, both within Redeia and in the social, work and personal environment, through a commitment to diversity of talent, social and labour inclusion and non-discrimination, addressing stereotypes and cultural barriers.

Commitments

- Create a corporate culture favourable to diversity for employees and the rest of the stakeholder groups.
- Integrate diversity into all the organisation's processes, especially in people management.
- Involve, raise awareness and promote Redeia's mission and focus on diversity among collaborators and suppliers.
- Participate with official bodies, academic institutions and other social agents in the campaigns and projects that enable Redeia to be a benchmark company that contributes to the construction of a more diverse society.

Achievements in 2022

- **35.3% women in the management team.**
- **4.5% increase in the number of women in Redeia's workforce.**
- **B+ rating in Work-life Balance of the Family-Responsible Company (EFR) seal.**

Gender Equality and Equal Opportunities

This vector of the Comprehensive Diversity Plan addresses the principles of equal employment opportunities, promotion of women into positions of responsibility, equal pay for men and women, the development of equal-sharing of family responsibilities, prevention of moral, sexual and gender-based harassment and the prevention of gender-based violence.

Women in management positions **35.3%**

Women in income-generating positions (1) **33.3%**

Female employees **34.6%**

Women in STEAM positions **20.1%**

37,8% of internal promotions went to women

(1) Management-level positions that contribute directly to the financial results of the Company.

During 2022, the percentage of women in Redeia's workforce reached 27.9%. Also, for the third consecutive year, the number of women in managerial positions grew, reaching 35.3% (34.1% in 2021), and exceeding the target of 35% established in the Comprehensive Diversity Plan for 2018-2022. Of the 35.3% reached in 2022, 1.8% were executives in senior management positions (in directorship or corporate directorship positions), while 6.5% corresponded to executives in junior management (the department head/manager category). In addition, there are currently 14 non-managerial staff who have been identified as

Redeia raises its ambition for gender equality and opportunity, with a new objective within the 2023-2025 Sustainability Plan: 38 % of managerial positions to be held by women by 2025.

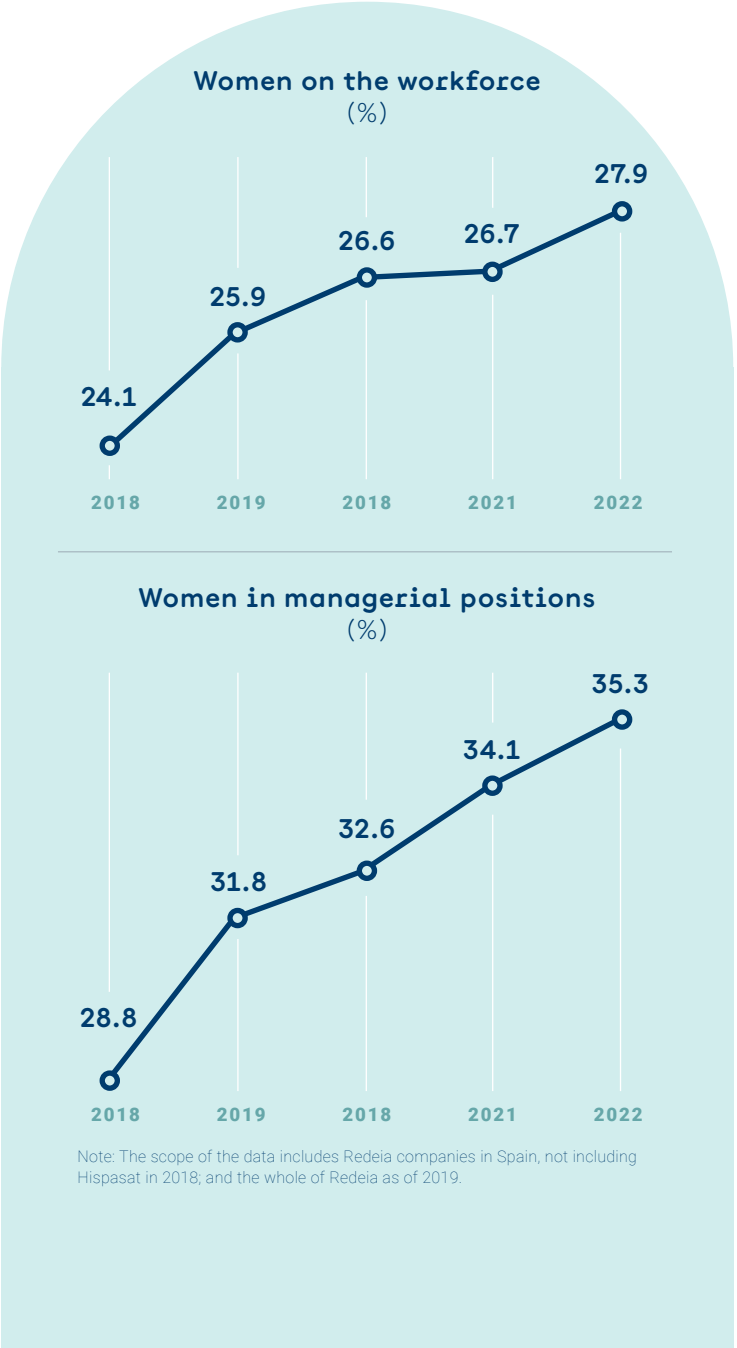
having directorship potential. In this regard, it is also worth noting the significant female presence on the Board of Directors of Redeia, where 50% of the Members are women.

Redeia continues to work on incorporating young female talent, with actions such as the **'DescubRE',** programme for young talent, which during 2022 focused on attracting this type of profile, with six women (50% of the total) taking part in the internship programme. More information can be found in the subsection entitled *Collaboration with the education sector* in this chapter.

The indicator measuring equal opportunities for internal promotion of women compared to men reached a ratio of 1.32 in 2022, exceeding the target of 1.20 set for this year. For its part, equal opportunities in training reached a ratio of 1.05.

During 2022, Redeia continued with its **Female Leadership and Diversity Management Programme**, whose objective is training and raising awareness through workshops and focus groups aimed at all employees of the Company, to promote gender equality and create diverse environments through:





Note: The scope of the data includes Redeia companies in Spain, not including Hispasat in 2018, and the whole of Redeia as of 2019.

- Raising awareness of the importance of diversity and promoting inclusion in the organisation, thereby reducing unconscious biases.
- Work on tools and levers for self-leadership, assertiveness and self-confidence.
- Deepening the impact of work-life balance.
- Work on personal visibility and the knowledge of how one's image impacts other people.

It is worth noting that the latest Work-life balance survey, taken in 2022, showed that 84% of the workers believe that their line manager seeks to treat both men and women equally.



Noteworthy actions promoting diversity in 2022

Raising awareness and training

- Holding of the 6th Women in Red Week, with actions on the promotion of STEAM careers, the value of personal branding as a visibility tool and the contribution of women on Boards of Directors.
- Awareness and communication campaigns against gender violence, on the International LGBTI Day and on the Day of Persons with Disabilities.
- Meetings of each manager with their team to communicate the Company's Equality Plan (leadership objective), so the staff are aware of the agreed upon measures.
- Promotion of female leadership, with the awareness-raising and training project geared towards women on the staff, which includes the *'In©lusionte'* programme aimed at the management team, with actions to raise awareness about inclusive diversity, equality and unconscious bias. This programme had a 90% participation rate and a satisfaction rating of 7.7 out of 10.

Forums and participation in external working groups

- *'Promociona'* Programme, promoted by the CEOE for the development of skills for female company executives.
- *'Progresa'* Programme, promoted by the CEOE, for the individual development of non-managerial female employees identified as emerging leaders.
- Women's Leadership Programme organised by the Antonio de Nebrija University.
- Mentoring of five female engineering students sponsored by the Royal Academy of Engineering.
- 'Women and Engineering' Programme of the Ministry of Education and Vocational Training.
- Participation of the CEO and the Director of People and Culture of Redeia in the meetings of the 'CEO for Diversity' initiative of the Adecco Foundation and the CEOE Foundation.
- Participation in the 'Diversity Working Group' organised by the Excellence in Sustainability Club.
- Participation in the welcome session of the Business Network for Diversity and Inclusion (REDI) association.

New alliances

- Membership in ClosinGap to support the drafting of reports and the preparation of studies that highlight the gender gap in various sectors of activity.
- Collaboration with Woman Action Sustainability to promote the commitment of companies, organisations and society to sustainability and female talent.
- Participation in the launch of the 'Equality platform for the energy sector' to promote diversity within the sector.
- Renewal of the INTRAMA certificate as a 'Top Diversity Company' and one of the TOP40 companies in Spain in best practices in diversity and inclusion.

Age management

This component of the Comprehensive Diversity Plan seeks to respond to the challenge posed by knowledge management and generational diversity in the workforce.

Noteworthy, among other actions, is the **Company's Voluntary Exit Scheme** aimed at employees over 63 years of age. This Plan is part of the employment actions that seek to incorporate outside talent with the new skills and competencies needed to meet the goals established in Redeia's Strategic Plan for 2021-2025.

Since 2019, due to digitalisation and the elimination of certain jobs, the Company has carried out **reskilling** actions aimed at the oldest members of the workforce, in order to adapt their duties and responsibilities and upgrade their profiles, creating new jobs in which these employees can perform better thanks to the new skills acquired.

As of 2023, actions will be taken to attract young, multicultural talent of different generations, in order to continue incorporating profiles with the new skills required for the period of cultural and digital transformation in which Redeia is immersed.

Inclusion of people with disabilities

With regard to compliance with the General Law on the Rights of Persons with Disabilities (LGD) throughout 2022, the Company has reached 2.30% of equivalent employment of persons with disabilities. Of this percentage, 0.86% corresponds to direct employment and the rest to the application of alternative measures of exceptionality within the framework of the LGD, consisting of the contracting of goods and services in Special Employment Centres and the making of donations to entities whose mission is the social and occupational integration of people with disabilities and entities which support Redeia in the development of the actions carried out within the annual diversity programme related to disability, contributing, in turn to social action.



In Redeia, 5 generations coexist, drawing on the different values and knowledge that each brings, to create an enriching work environment.

In addition to internal awareness campaigns, Redeia participates in both institutional and private campaigns for the integration of persons with different capacities into the labour market.

Noteworthy actions in 2022

- Job creation: procurement of goods and services from Special Employment Centres.
- Corporate volunteering.
- *Plan Familia* with personalised assistance to improve the social and labour integration of disabled family members of employees of Redeia.
- Corporate website developed with accessibility criteria, in accordance with 'Double A' level, according to the Web 2.0 content accessibility guidelines of the Web Accessibility Initiative (WAI) of the World Wide Web Consortium
- Inclusive recruitment process.
- Support for the Adecco Foundation's 'Employment for All Programme'.
- *Plan Aflora* supports employees who could be eligible for disability certificates.

People with disabilities

	2020	2021	2022
Red Eléctrica Corporación, S.A.	n/a	1,28% (1)	1,02%
Red Eléctrica de España, S.A.U.	0,86%	0,64%	0,85%
Red Eléctrica de Telecomunicación, S.A.U.	3,33%	3,33%	2,94%
Hispasat, S.A.	1,95%	1,95%	1,76%

n/a - not available

(1) Up to 2021, Red Eléctrica Corporación, S.A. did not have more than 50 employees, so it was not subject to compliance with Spain's General Law on the Rights of Persons with Disabilities.

The skills and leadership models underpin the organisation's culture and focus its courses of action in the development of people.

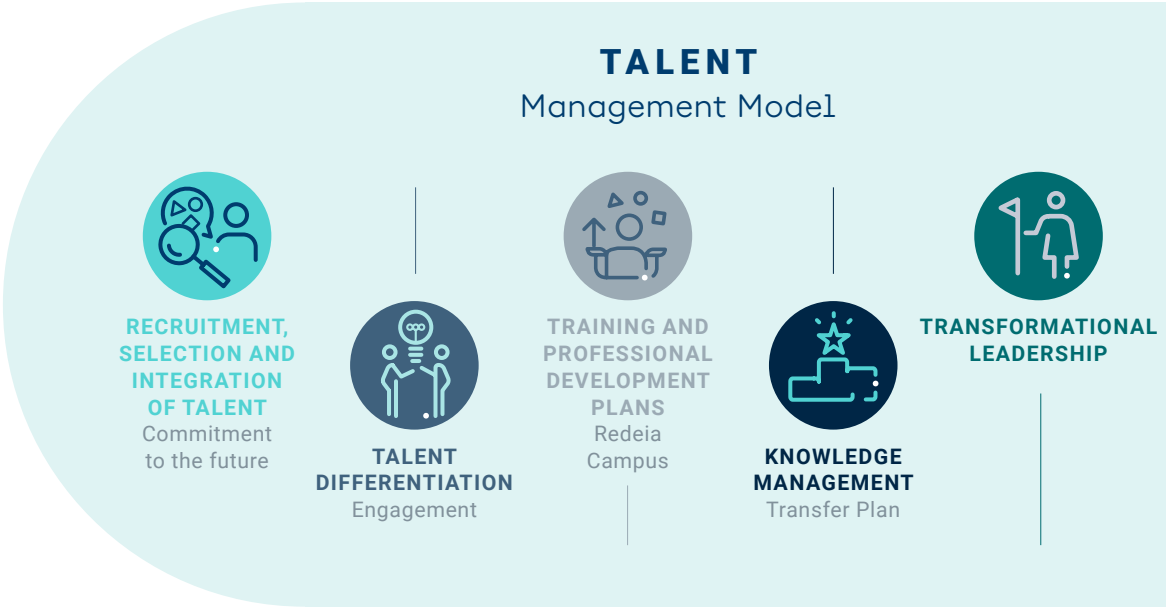
TALENT DEVELOPMENT: TAPPING INTO THE POTENTIAL OF EMPLOYEES

3-3 / 404-2

Redeia seeks to develop talent according to a model that allows it to anticipate its needs and thus become an organisation capable of facing the challenges of its 2021-2025 Strategic Plan in an environment of change, with the goal of achieving cultural transformation and sustainable management of diverse and committed talent. All this is accomplished through an innovative, agile and collaborative culture, empowered by self-leadership to achieve a more resilient organisation, one capable of facing the challenges set forth and acting throughout the life cycle of the employee, attracting the best professionals, optimising the needs of the workforce and positioning Redeia as a benchmark employer.

This cultural transformation is evident in the Leadership Model and the Skills Model, both of which establish the desired way of working in Redeia. More information about the initiatives linked to





inclusive leadership can be found in the *Diversity* subsection of this chapter and in the section on *Transformation: cultural, digital and technological innovation* in this report.

Throughout 2023, Redeia will promote the development of the new skills and abilities required, seeking the implementation of new, more efficient ways of working, with a special focus on the profiles created as a result of the Company's transformation process, such as the new manager profile and the new role of business analyst. A map of Redeia's knowledge and skills will be drawn up, identifying critical know-how and developing programmes that guarantee knowledge is passed on to new employees, prior to any internal mobility or voluntary exit processes taking effect.

Learning

Organisational talent is developed by empowering employees to maintain their employability in the current environment of change and by establishing the strategy needed to retain critical talent.

The **Learning Model** enables leaders to support their employees, focusing on accompanying them in their personal professional development. Each employee is autonomous in the implementation of their individual learning Plan, allowing them to request the actions that they believe will contribute to the achievement of their goals and the improvement of their contribution, and participating in those that, derived from their profile and the needs of the organisation, are assigned to them.

The offer is generated by identifying initiatives that support the attainment of the goals set out in the Strategic Plan, which allows direct and/or indirect assessment of how the learning acquired helps in this achievement through performance indicators.

Redeia's offer evolves to adapt to different learning and personal styles and to the new methodologies available, exploring the use of artificial intelligence to improve the adjustment of certain programmes (Digital Coaching) and prioritising digitalisation, which has allowed it to improve the focus of the learning content, adapting them in terms of impact and relevance and reducing the hours dedicated to training without impacting the quality of learning.



Training in 2022

2,104
No. employees trained

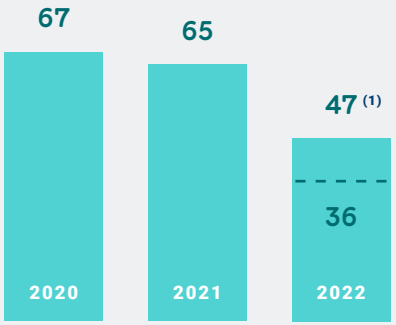
36
Training hours per employee

87%
Percentage of staff trained

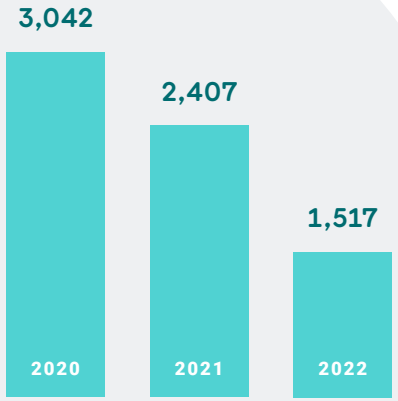
1,517
Euros invested in training per employee

8.5
Average program satisfaction

Hours of training per employee / 404-1



Investment in training per employee (€)



(1) The virtualisation of the training catalogue and the digital training offer have led to an increase in the programmes offered by the Virtual Campus, which went from 661 courses in 2021 to 809 in 2022 (an increase of 22%). Virtualisation has had a great impact on the duration of courses, reaching an efficiency rate of 31%. The average number of hours was reduced from 11 in-person hours to 6 digital hours.

Talent differentiation: engagement and recognition

The differentiation process effectively separates the assessment of contribution from the process of assessing and developing key skills. In both processes, feedback is a key tool to provide employees with multiple sources of insight so they can know more about the evolution of their contribution or skills.

The objectives of this process are to identify those people who bring differential value to the organisation and those who have the skills to increase that value in the future, as well as who is not contributing adequately to the organisation in order to make differential and equitable professional development investment decisions according to the talent of the people and the influence that this investment can have on improving results.

As a new feature, in 2022, apart from financial recognition, other emotional recognition actions have been implemented, such as extra days off or participation in events or working groups that give the employee visibility within the organisation. A satisfaction survey was taken among the employees concerned, which showed that 80.7% of them were fully content with these new measures.



Variables of the talent differentiation model

Contribution	Capabilities
How the person contributes value through their work and the fulfilment of their duties and responsibilities to the achievement of the strategy and sustainability of the business.	Appropriate skills, knowledge, motivation and values to sustain and enhance contribution, differentiating between those relating to their current level and role and those relating to a higher-level role.

Noteworthy actions in the field of learning in 2022

Training area	Key Aspect
Languages	Adaptation of the methodology to the digital environment.
Health and safety	Revision of the course catalogue to support the goal of zero accidents.
Digital transformation	Increase in the existing training course offer with the design of the programme for the new digital profiles such as the new manager profile and the new role of business analyst.
Diversity	Training for both staff and key groups regarding the diversity process.
Skills development	Accompanying employees in the new positions created by the organisation and encouraging self-development through our training catalogues.
Leadership	Providing support to the management team in their role and in the development of future management profiles.

Knowledge Management

A personalised investment in groups with specific needs and people who opt for either internal mobility or promotion and those who decide to leave the organisation. It is linked to the Plans for the transmission and retention of critical knowledge.

In 2022, Redeia carried out the programme 'El valor de tu experiencia' (The Value of Your Experience), whose goal is that experts in each subject disseminate and share their knowledge and experience, encourage debate and the exchange of ideas and they create a network of contacts that generates new shared knowledge.

Also of note is the progress made in the integration of the exploratory pilot project carried out in 2021, ZAPIENS-CIRIS, which consists of the implementation of a virtual health and safety assistant which, using artificial intelligence, offers an automatic response to enquiries made by Redeia staff via an App on their corporate mobile phone. This initiative facilitates access to specific and homogeneous knowledge quickly and efficiently. When the virtual assistant is unable to provide a satisfactory answer, the enquiry is forwarded to the current community of experts called CIRIS, to provide a consensus solution that will be registered in ZAPIENS and then sent to the user who requested it. This response will feed back into the application's database, ensuring that all knowledge is consolidated in a single repository of information.

Throughout 2023, the project will be gradually scaled up, starting with its implementation by users in the Central Regional Office of Red Eléctrica, at which time its implementation in the rest of the Regional Offices and its possible extension to other different units and companies of Redeia will be analysed.

77%
of the employees identified as experts have taken part in the programme entitled 'The Value of Your Experience'.

Collaboration with the education sector

The commitment to the practical training of recent graduates is materialised through various internship programmes and/or educational cooperation agreements, the objectives of which are to support access to the labour market for newly qualified professionals, to create an internal talent pool and to reinforce Redeia's brand image as an employer.

During 2022, more than 45% of the people belonging to the internal talent pool joined the Company, covering internal vacancies throughout the organisation.

Noteworthy collaborations in 2022

Young talent programme *DescubRE*	12 young people participated in the third edition of this programme, which in 2022 was aimed at attracting female talent.
Opera Internship	Programme for incorporating young university students into the control centres.
Cybersecurity Internship	The creation, in collaboration with the Polytechnic University of Madrid, of an internship focused on the execution of a project in the field of telecommunications.
Dual Vocational Training	15 young people participated in the programme, the aim of which is to prepare professionals for their immediate incorporation into technical specialist positions in the Regional Offices.
Collaboration with the Ministry of Defence	Internships for students taking the Master's degree in the Management and Operation of Information Technology Systems, Communication and Data Security, a degree awarded by the University of the Ministry of Defence affiliated with the University of Vigo, and located at the Naval Military School.
Spanish International News Agency Internship	Internship with the Spanish International News Agency to train a graduate in journalism or communication in the specialised field of energy.
Curricular and extracurricular internships	Collaboration with the Polytechnic University of Madrid, the Complutense University of Madrid, the King Juan Carlos University, the European University and the Carlos 3rd University of Madrid, in areas related to Telecommunications Engineering in its various fields

DIALOGUE AND TRANSPARENCY

Social dialogue

2-30 / 402-1

Redeia guarantees its employees the right to union affiliation, association and collective bargaining within the framework of the provisions of the International Labour Organisation (ILO), the existing labour laws and the collective bargaining agreement applicable at any given time.

In this regard, Redeia's Code of Conduct and Ethics expressly establishes respect for the rights of collective bargaining and freedom of association, which in turn is reiterated and specified by the commitment to the promotion and respect for human rights in Redeia.

For its part, in the Collective Bargaining Agreement of Red Eléctrica de España, S.A.U. and the Collective Bargaining Agreement of Red Eléctrica Infraestructuras de Telecomunicación, S.A. the organisation of social dialogue is defined, thus establishing a system of worker representation in the Company through different committees and commissions that deal with the various matters assigned to them.

Thus, negotiations with the Workers' Legal Representation form part of Redeia's labour relations, maintaining a permanent dialogue with said representation and with the respective trade union organisations, with the aim of establishing rights and duties between the parties, thus ensuring respect for and recognition of the aforementioned rights.

The majority of Redeia's workforce in Spain is covered by a collective bargaining agreement. Only the management team and employees who voluntarily and reversibly accept the Company management's proposal for exclusion from the agreement are



The Legal Representation of Redeia Workers is composed of 102 people, of which 13 are women and 89 are men.

Committees contemplated within the 11th Collective Bargaining Agreement

- Occupational Health and Safety Committee
- Committee on Social Affairs
- Professional Classification Committee
- Training Committee
- Inter-work Centre Committee
- Equality Committee
- Committee for Facilities Personnel (transmission grid)
- Geographical Mobility Committee
- Joint Committee on Monitoring and Interpretation of the Collective Bargaining Agreement

83.1 % — **OF EMPLOYEES INCLUDED** in the scope of application of a collective bargaining agreement

12.6 % — **OF EMPLOYEES EXCLUDED** from the scope of application of a collective bargaining agreement

60.3 % — **MANAGEMENT TEAM**

39.7 % — **REST OF THE EMPLOYEES**

4.3 % — **EMPLOYEES OF COMPANIES** without a collective bargaining agreement

15.5 % — **EMPLOYEES OF INTERNATIONAL COMPANIES** within the scope of application of a collective bargaining agreement

11.5 % — **EMPLOYEES OF INTERNATIONAL COMPANIES EXCLUDED** from the scope of application of a collective bargaining agreement



outside of its scope of application. Internationally, due to issues related to the legislation of each country or to its customs and practices, there is less coverage through collective bargaining agreements.

In 2022, 17 work-related claims (settlement forms and legal lawsuits (2)) which were received through formal mechanisms were managed, of which nine have been resolved and eight are still pending resolution.

With regard to organisational changes and relevant facts, it should be noted that these are carried out in accordance with the legislation in force.

The processes involving the geographical mobility of workers are carried out with thirty days' notice, both to the worker and to the social representatives. In the case of substantial modifications to an employment contract, if they are individual, fifteen days' notice is given both to the worker affected and to the social representatives. In the event of collective labour measures (e.g., geographical mobility, substantial modifications that affect jobs, temporary layoffs, or mass redundancies), a consultation period would be opened with the legal representatives of the employees, in accordance with the legislation in force at any given time, although it should be noted that no measures of this type have been implemented in recent years.

In compliance with the legislation in force and as part of Redeia's commitment to equality, at the end of 2021 and during the first four months of 2022, equality plans were negotiated with the Workers' Legal Representation of Redeia's Spanish companies that have more than 50 employees. It should be noted that the negotiation processes were closed with a unanimous agreement in each and every one of the companies where the talks took place. In addition, initiatives were taken to communicate the Equality Plans, in relation, for example, to the annual leadership objective detailed in the *Diversity* section of this chapter.

(2) Administrative proceedings are not included. Also, note that several of the claims originate from previous years and, that due to different circumstances, among them the COVID-19 pandemic, some legal proceedings have been delayed, some of them since 2020.

The negotiations for the Equality plans with the Workers' Legal Representation of Redeia's Spanish companies were unanimously agreed to.

Similarly, at the end of 2021, the Company promoted the negotiation of the following agreements, which have continued throughout 2022.

- Framework of Redeia's Collective Bargaining Agreement (applicable to the following companies of the group: Red Eléctrica Corporación, S.A. Red Eléctrica de España, S.A.U., Red Eléctrica de Telecomunicación, S.A.U, Red Eléctrica Infraestructuras en Canarias, S.A.U. and, Red Eléctrica y de Telecomunicaciones Innovación y Tecnología, S.A.U.);

- 12th Collective Agreement of Red Eléctrica de España, S.A.U.

- 1st Collective Agreement of Red Eléctrica Corporación, S.A.

Specifically, in December 2022, a pre-agreement was reached with the workforce on the 1st Collective Bargaining Agreement of Red Eléctrica Corporación, S.A., which is subject to ratification by the parties at the negotiating table before 31 January 2023.





In the last quarter of 2022, a series of specific matters (remote work, mileage, expenses and a one-off economic impact payment to offset the effect of inflation in 2022) were negotiated with the Company Committee of Red Eléctrica Infraestructuras de Telecomunicación, S.A., with an agreement being reached in the month of December.

Lastly, during 2022 various meetings were held with other committees in which the social representation of Red Eléctrica de España, S.A.U. participated. On this point, of note is the agreement reached with the Joint Committee of Transmission Grid Facilities Personnel for the temporary increase of mileage payments due to the rise in fuel prices in 2022; and the meetings of the works committees of Red Eléctrica Corporación, S.A. and Red Eléctrica Infraestructuras de Telecomunicación, S.A., in which various issues were discussed.

Social climate

In December 2021, Redeia launched the Climate Survey, which is conducted every 2 years. This is a key tool for discovering the strengths and areas for improvement that influence the day-to-day lives of employees.

The results and action plans were released in 2022, together with an analysis of the changes from the previous survey. The survey had a participation rate of 87% of the workforce, and the results showed an overall satisfaction index of 87 points out of 100, approximately 14 points higher than the 'Spain' brand.

Redeia's management team had a leadership objective in 2022 of conveying the results of the climate survey to their teams, and during these sessions, action plans were drawn up to strengthen those areas with room for improvement.

In addition to the Climate Survey, the following active listening initiatives were carried out in 2022:

- **Deployment of actions associated with the assessment of psychosocial risks:** in the last survey conducted in 2021; areas for improvement were identified in only 4 of the 26 dimensions analysed. Among the most highly valued were the stability offered by the Company and fair treatment (with scores above 75 points) and among the areas for improvement, over-involvement was identified. As part of the actions derived from the results, the management team, as part of the leadership objectives, communicated to their teams the general results of the assessment carried out and the specific results of each area.

  As part of the actions to improve the results of the survey, the *Emoción* project was launched in 2022, and it will continue in 2023. Its goal is to incorporate emotional management into occupational risk prevention in those activities identified as being of the greatest risk.

- **Work-life balance survey:** conducted every two years; in the 2022 edition 51.2% of the workforce participated.

- **Survey regarding the Management based on Challenges Model and contribution interviews:** the goal is to ascertain the opinion of employees on the Management based Challenges Model (the Model has a 100% implementation rate) and to identify progress in the contribution interviews of leaders with their teams, in order to provide greater value in their professional development.

Internal Communication

During 2022, new forms of communication were implemented that seek to provide employees with information in an agile and direct way. Thus, Company Communicator has become a new

communication channel that complements and reinforces the existing channels available.

In addition, in collaboration with the Corporate Governance Area, a **protocol for the engagement of the Board of Directors with employees** was promoted. As a result of this initiative, in 2022, the Board members participated in several events such as Women's Week, Occupational Risk Prevention Week, Innovation Sessions and Sustainability Conference sessions. Also, six informal meetings were organised in which the Board members shared their opinions with employees on cross-cutting company issues. The Board members also visited various Redeia work centres and facilities to get first-hand knowledge of how they work and to meet the employees who work there on a daily basis.

HEALTH, SAFETY AND WELL-BEING: A HEALTHY ORGANISATION

3-3 / 403-1 / 403-8

The **Healthy Workplace Model**, established by Redeia in 2015, sets out a path by which to achieve excellence in the management of health, safety and well-being at work, through continuous improvement, establishing the guidelines and principles to be followed.

During 2022, this Model evolved to become the **Work-related Well-being Management System**, whose purpose goes beyond the prevention of injuries and the deterioration of people's health. It extends to personal and family lifestyles and to implementing the appropriate culture to become a healthy organisation, thus also achieving an improvement in the communities in which Redeia is present.

During 2022, Redeia deployed this management System through an annual programme aimed at taking the current Healthy Company Model to the next level through continuous improvement, thus consolidating Redeia as a leading company in best practices in health, safety and well-being.

Pillars of the Healthy Organisation system





Consultation and participation

403-2 / 403-3 / 403-4

Red Eléctrica Corporación, S.A., Red Eléctrica de España, S.A.U., Red Eléctrica de Telecomunicación, S.A.U., and Hispasat, S.A., each have an **Occupational Health and Safety Committee**, in accordance with current legislation in this area. These are joint participative bodies, which incorporate members of professional associations, for regular and periodic consultation regarding the Company's actions in the area of occupational risk prevention.

- The Red Eléctrica Corporación, S.A. Committee is made up of three representatives proposed by the Company and three risk prevention delegates.
- The Red Eléctrica, S.A.U. Committee consists of six representatives proposed by the Company and six risk prevention delegates (a number that is above and beyond the representation required by law).
- The Red Eléctrica de Telecomunicación, S.A.U. Committee is made up of two representatives proposed by the Company and two elected risk prevention delegates.
- The Hispasat S.A. Committee consists of two representatives proposed by the Company and two elected risk prevention delegates.

In addition, technical experts from Redeia's joint risk prevention service participate in the meetings of these committees. The meetings are held on a quarterly basis (in accordance with Law 31/95 on Occupational Risk Prevention) but also held whenever requested by any of the parties. At these meetings, all preventive and health activities are monitored, as well as the new applicable legal regulations, the review of processes and

Meetings held in 2022 by the established Occupational Health and Safety Committees

5
Red Eléctrica de España, S.A.U

5
Red Eléctrica Corporación, S.A.

4
Red Eléctrica de Telecomunicación, S.A.U

4
Hispasat, S.A.

11,740 occupational health and safety inspections were conducted in 2022 on work at facilities and more than 1,450 corrective actions were generated, of which 89.5% were implemented.



internal regulations, the analysis and monitoring of occupational health and safety results and programmes, and the monitoring of safety equipment and materials. The minutes of these meetings are available to all employees in a specific section in the corporate intranets. This committee is also aware of the results of the internal and external audits carried out and the improvement actions implemented.

On the other hand, to reinforce employee participation, there are internal communication and enquiry channels regarding this matter, and through which suggestions, doubts and proposals for improvement related to safety are channelled.

Physical work environment: health and safety of people in the organisation

403-2 / 403-3 / 403-7

Redeia has a strategy and a concrete action plan to guarantee the health and safety of employees and collaborators, the **2020-2023 Occupational Health & Safety Action Plan**, that promotes best practices in the field of occupational health and safety risks during the execution of activities and work in its facilities. Its objective is to go one step further than merely complying with legal requirements: training, informing and making everyone aware of the obligations and responsibilities, and engaging employees, collaborators and suppliers in its fulfilment.

The continual monitoring of work and activities of greater risk through safety inspection programmes, as well as improving the requirements for the certification of suppliers, is key to achieving the high levels of safety required.

In 2022, 11,740 safety inspections were carried out in works and facilities in order to anticipate and detect possible risk situations to avoid the occurrence of accidents. As a result of all the activities carried out for the control and monitoring of the work, more than 1,800 corrective actions were identified, of which more than 89.5% have been implemented, with the remainder yet to be finalised.

The knowledge obtained through the collaborative implementation of corrective actions will allow all those involved in the value chain to improve their occupational health and safety processes and bolster their culture of prevention through newly shared knowledge.

Noteworthy actions in 2022 regarding the occupational health and safety of people

Review of Redeia's organisation and its occupational risk prevention model

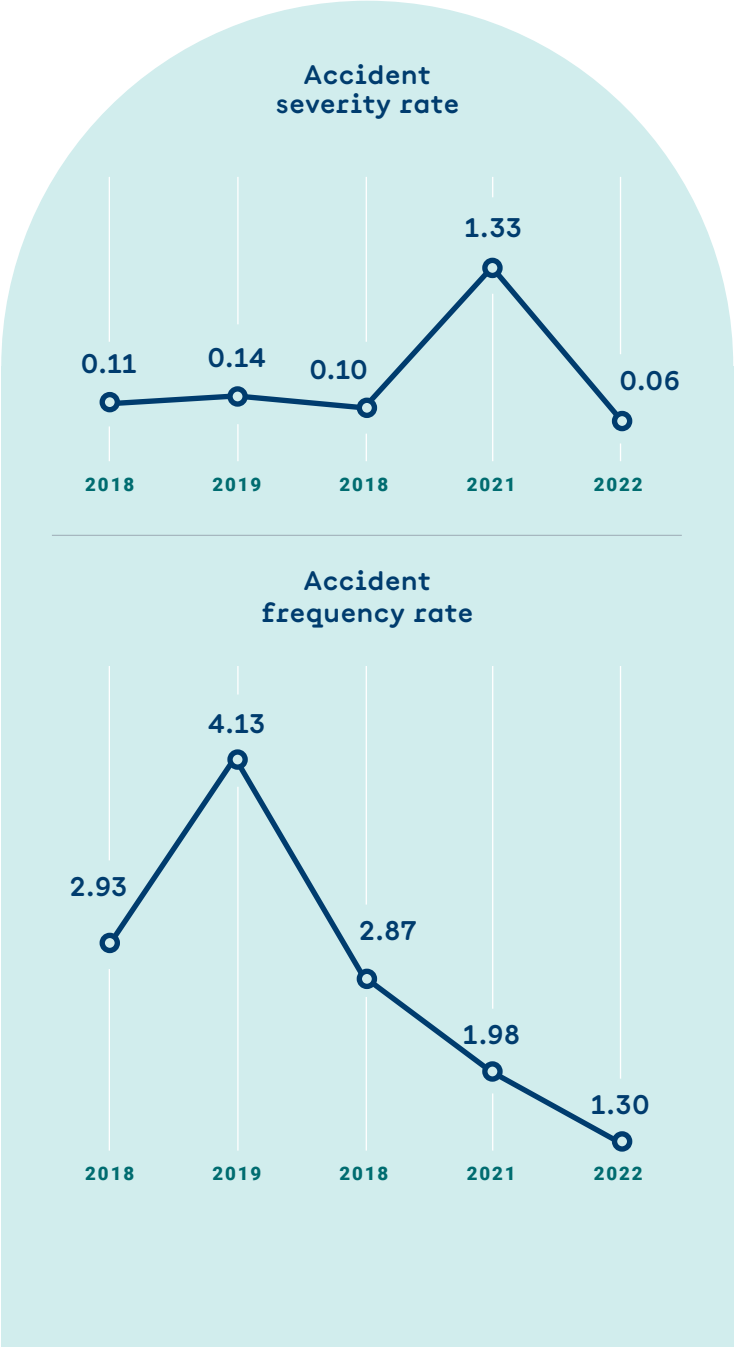
- Adaptation to the new structure and size of the Company to meet the challenges of the Strategic Plan while seeking the sustainability of the Model. The Company has carried out an exhaustive analysis of each and every one of its activities in order to internalise those with the greatest added value and carry out an appropriate optimisation of external resources in terms of the coordination of business activities. This new organisation allows Redeia to respond to its business activities in a flexible, global and homogeneous manner.

Improving communication and raising awareness among people

- Training, awareness, consultation and participation (Health and safety committee, internal audits and working groups), improving behaviours and safety measures during the work of both own and external personnel and developing actions aimed at reducing the accident rate in the execution phases of the work.
- Communication actions under the slogan 'Preventive Attitude: in risk prevention there are gestures that make the difference', including the organisation of the 2nd Prevention Week in Redeia, in which more than 450 people took part.
- Launch of a manifesto that includes the main points of Redeia's preventive culture.
- Creation of a specific prevention community.
- Publication of a series of podcasts on safety issues, with content ranging from recommendations on managing high temperatures and road safety to psychosocial issues.
- Incorporation, in the tablets used by field staff, of checklists to briefly review safety issues prior to starting work.
- Sessions held with suppliers to monitor accidents and share lessons learned and improvements that can be implemented. During 2022, two sessions were held on the construction of lines: civil works and the assembly of electricity towers.

New technologies and digital transformation

- Implementation of the ZAPIENS-CIRIS virtual health and safety assistant (more details in the *Knowledge Management* section of this chapter),
- Inspector Safe pilot project, carried out with the start-up called SIALI, which uses cameras with artificial vision to autonomously monitor the correct use of certain personal protective equipment (PPE) (initially, safety helmets and reflective vests) on the perimeter of defined work areas. This technology improves the supervision and autonomous control of the use of PPE and identifies its possible application to more determinant environments, such as work with special risks (electrical, working at heights, confined spaces).
- Development of a new corporate platform to continue improving the execution and traceability of the operations of the '5 golden rules' process in electricity, which is necessary to modify the electrical status of the transmission grid facilities. It is expected to be fully integrated by 2023.



During 2022, within the objective of **improving the integration of prevention in Redeia's processes and culture, and with the hope of achieving the 'zero accidents'** goal, major actions have been taken with respect to the Organisational Model of prevention, improving communication, raising awareness among people and the incorporation of new technologies and digital transformation.

Proof of this is the reduction in the overall accident rate indicators, which include both Company staff (severity index: 0.06) and contractors (severity index: 0.39). The values for 2022 are the lowest since records began.



Workplace safety in the supply chain
EU18

Redeia promotes development and excellence in the occupational health and safety performance of its suppliers, implementing measures aimed at fostering a culture of prevention throughout the entire supply chain.

All suppliers who work in the facilities and work centres of Red Eléctrica de España are approved and qualified in occupational health and safety and, in the case of carrying out activities with risk, these activities are managed by the supplier's works supervisors who have been previously certified by Red Eléctrica's health prevention service.

In line with the Company's desire to permanently collaborate with suppliers, 3,497 work managers received qualifications regarding those activities with the highest risk. This group plays a fundamental role in compliance with safety measures during the carrying out of work. The qualification involves a review and verification of training, skills and experience.



In addition, the Company randomly requests, from its suppliers, proof of the health and safety training of its employees. It also requests proof of training in occupational health and safety for any new incorporations into the suppliers' database in the corporate occupational health and safety applications, PRER for Redeia and '6 Conecta' for Hispasat.

Monitoring and promotion of health and safety and well-being

403-6

Redeia carries out ongoing preventive monitoring of the health of its employees.

The healthcare campaigns respond to the analysis of the different health indicators evaluated annually and to previously

Main actions for health promotion and prevention and the improvement of well-being in 2022

Medical examinations, medical and nursing consultations

Healthy nutrition consultations

Physical examinations

Promotion of physical activity

Prevention of prostate cancer

Physiotherapy consultations

Flu vaccinations

Contractors' accident frequency rate EU17



Contractors' accident severity rate EU17







The health campaigns are a response to the health indicators that are assessed annually and to the data on absenteeism due to illness. Their main objective is to incorporate healthy lifestyle habits in order to improve the health and quality of life of employees.



identified needs, whose main objective is the incorporation of healthy living habits.

Since the outbreak of the pandemic, Redeia has carried out permanent preventive monitoring of people's health. In 2022, the medical service continued to monitor all suspected, possible, probable or confirmed cases of COVID-19, as well as tracking close contacts, applying the group's case and contact management Protocol.

The return to normality after the pandemic has permitted the resumption of health and wellness activities and initiatives aimed at promoting health from a holistic perspective (physical, emotional and social well-being). The campaign to promote physical activity and reduce sedentary lifestyles, with the participation of more than 400 employees in Spain in different sporting activities co-financed by the Company (such as the Companies Race), along with the workshops to raise awareness of the importance of physical exercise, are just some of the examples which, together with other initiatives such as consultations in nutrition, physical condition and physical therapy, show the great perspective with which the Company works in this field.

All the health campaigns respond to the analysis of the different health indicators that are assessed annually and to the data on absenteeism due to illness and to other previously identified needs. Their main objective is to incorporate healthy lifestyle habits in order to improve the health and quality of life of employees.

In the area of psychosocial risk management, following the psychosocial risk assessment carried out at Redeia at the end of 2021, and completed in Hispasat at the beginning of 2022, an action plan was established, which was implemented throughout 2022.



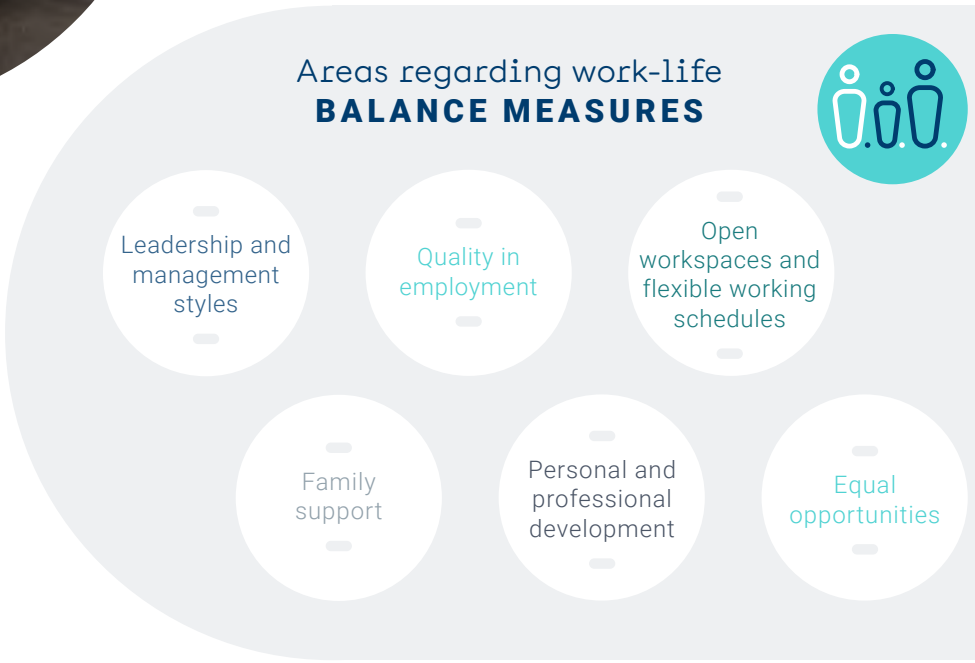
Work-life balance / 401-2

The **Work-life Management Model** is one of the fundamental pillars of the Healthy Organisation Model and the Diversity Model and includes more than 70 work-life balance measures and other associated actions. Most of the measures included in the scope of the Work-life Management Model are applicable to all the companies of the group.

2022 was noteworthy for the achievement of the objectives set out for the year, with a 90% completion rate. In addition, the Work-life Balance Survey was launched, in which 51.2% of the staff took part. The results have highlighted the key role

Following the publication of the results, the **'Emoción'** project was launched, with the aim of incorporating emotional management into occupational risk prevention in those activities with the highest risk. This project is deployed in three areas:

- Inclusion of emotional perception in safety talks prior to the start of works.
- Training leaders in emotional management.
- Application in the prevention of occupational risks and the analysis of the emotional profiles of the most at-risk groups, with the aim of identifying areas for improvement in skills for better coping with the activities with the highest risk.



of leaders in work-life balance management, with 80% of those surveyed saying that their line manager acts as a facilitator of work-life balance.

Additionally, during 2022, Hispasat España continued working on different actions aimed at obtaining the EFR (Family Responsible Company) certificate, in accordance with the requirements of the 1000-1 standard.

Redeia shares its experience as an expert in the Observatory for the Work-life Balance and the Equal Sharing of Family Responsibilities between Women and Men, led by the Universidad Pontificia de Comillas (ICADE-ICAI) with the objective of offering companies and institutions relevant information, reliable data collated with international standards that help other organisations to guide their active work-life balance policies, based on sectoral studies.

The Digital Disconnection Protocol and the flexible working hours allow for a balance between the employee's personal and professional life.

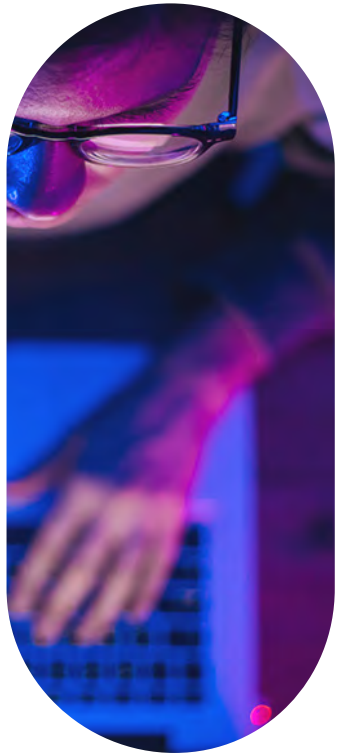
Digital disconnection

As a clear commitment to promoting digital disconnection, **Redeia's Digital Disconnection Protocol** came into force in 2021, defining the methods for exercising this right and the training and awareness-raising actions to be carried out regarding the reasonable use of technological tools. This protocol, together with the flexible working hours enjoyed by employees, means that staff can strike a balance between their personal and professional lives.

To ensure its proper implementation, a communication plan was drafted to raise awareness of the importance of digital disconnection. Measures have also been taken to improve the health and quality of employees' lives, with advice on how to effectively implement digital disconnection.

Some 85% of the workforce has established a real and effective working day, amounting to 1,690 hours annually. This is distributed taking into account the circumstances of each work centre, for every working day of the year and with flexible start and finish times.

During 2022, the employees who work in the various offices of the Company enjoyed part-time remote working, being able to carry out their activities from their homes in the afternoon (17% of the working day).



Training and awareness-raising in the field of occupational health and safety risk prevention

403-5

Redeia considers training and awareness-raising in the field of occupational health and safety risk prevention essential to reduce accidents and to protect the health and safety of its entire workforce. During 2022, Redeia conducted more than 170 sessions with a total of 12,500 hours of training in this field. This training is deployed in a catalogue of 90 courses, some of them qualifying for the performance of special risk jobs and the rest focused on other aspects related to occupational health and safety risk prevention.



During 2022, Redeia conducted more than 170 sessions with a total of 12,500 hours of training in the field of occupational health and safety risk prevention.

Main training and awareness-raising actions in 2022

Training in occupational health and safety risk prevention	• Courses established in Occupational health and safety training and competency model. • Training on stress management, road safety, protected areas and forest fires.
Nutritional campaign	• Online workshops on different areas of healthy eating.
Health campaigns in Redinter (Chile and Peru)	• Immunisation and quality of life campaigns through the support of a nutritionist. • *REactiva* programme with the aim of promoting healthy lifestyles through recreational and sporting activities. • Institutional agreements with gyms and human development training centres for employees and their families

Employment indicators

Key indicators / 2-7

	2020	2021	2022
Total workforce	2.,051	2,117	2,420
Women (%)	26.6	26.7	27.9
Men (%)	73.4	73.3	72.1
Women in management positions (%)	32.7	34.1	35.3
People with a disability (%)	1.0	0.9	0.9
Creation of net employment (Nº of job positions)	-5	66	70
Average age	45.0	45.9	45.3
Average length of service (years)	15.6	15.8	14.5
Total turnover (%) (1)	0.5	4.9	6.0
Permanent contracts (%)	98.0	98.6	99.2

(1) Scope of the data for 2020: Red Eléctrica and Corporate Services - Scope of the data 2021 and 2022: Redeia.

Information regarding employees and other workers / 2-7 / 2-8

	2020			2021			2022		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Workforce (nº of people)	1,505	546	**2,051**	1,552	565	**2,117**	1,746	674	**2,420**
Employees with permanent contracts (nº)	1,484	527	**2,011**	1,532	555	**2,087**	1,734	667	**2,401**
Employees with temporary contracts (nº)	21	19	**40**	20	10	**30**	12	7	**19**
Permanent contracts (%)	98,6	96,5	**98,05**	98,7	98,2	**98,6**	99,3	99,0	**99,2**
Part-time contracts (nº)	0	0	**0**	0	0	**0**	0	0	**0**
Workers from Temporary Employment Agencies (nº) (1)	4	0	**4**	3	3	**6**	11	2	**13**
Interns (nº) (1)	2	0	**2**	7	4	**11**	22	19	**41**

(1) These workers are not added to the workforce as they are not employees of Redeia. They are only taken into account for the calculation of the companies.

Workforce distribution by age, gender and professional group (%) / 405-1

	2020						2021						2022					
	Under 30		30 to 50		Over 50		Under 30		30 to 50		Over 50		Under 30		30 to 50		Over 50	
	M	W	M	W	M	W	M	W	M	W	M	W	M	W	M	W	M	W
Management team	0.0	0.0	62.5	37.5	72.9	27.1	0.0	0.0	58.8	41.2	73.4	26.6	0.0	0.0	56.1	43.9	74.4	25.6
Specialist/technical experts	55.3	44.7	76.9	23.2	85.7	14.3	55.6	44.4	76.5	23.5	84.1	15.9	60.7	39.3	76.6	23.4	82.1	17.9
Administrative personnel	33.3	66.7	0.2	84.9	28.6	71.4	70.0	30.0	20.5	79.5	27.5	72.5	34.5	65.5	37.7	62.3	30.9	69.1
Total	**53.6**	**46.4**	**73.5**	**26.5**	**76.7**	**23.3**	**57.0**	**43.0**	**73.6**	**26.4**	**75.2**	**24.8**	**55.5**	**44.5**	**72.6**	**27.4**	**74.5**	**25.5**

Workforce distribution by generational group and gender (%) / 405-1

	2020		2021		2022	
	Men	Women	Men	Women	Men	Women
Traditional	80.0	20.0	90.7	9.3	60.0	40.0
Baby Boomers	76.6	23.4	96.5	3.5	75.7	24.3
Generation X	73.9	26.1	74.8	25.2	73.6	26.4
Generation Y	71.1	28.9	55.6	44.4	71.3	28.7
Generation Z	52.6	47.4	79.3	20.7	57.1	42.9
Total	**73.4**	**26.6**	**64.3**	**35.7**	**72.1**	**27.9**

Workforce distribution by type of business and gender (%) / 405-1

	2020		2021		2022	
	Men	Women	Men	Women	Men	Women
Corporate Services	47.4	52.6	47.6	52.4	46.4	53.6
Electricity	82.1	17.9	81.6	18.4	81.4	18.6
International	73.3	26.7	75.2	24.8	72.9	27.1
Technology	66.7	33.3	77.8	22.2	70.6	29.4
Telecommunications	69.9	39.1	70.5	29.5	68.7	31.3
Total	**73.4**	**26.6**	**73.3**	**26.7**	**72.1**	**27.9**

Workforce distribution by nationality and gender (%) / 405-1

	2021		2022	
	Men	Women	Men	Women
Spanish	73.6	26.4	73.3	26.7
Colombian	100.0	0.0	65.3	34.7
Peruvian	70.1	29.9	71.8	28.2
Brazilian	63.3	36.7	61.8	38.2
Other	78.8	21.2	67.7	32.3

Note: The Company does not have this information for years prior to 2021.

Average length of service of the workforce by region, type of business and gender (Years) / EU15

	2020						2021						2022					
	Europe		The Americas		Africa		Europe		The Americas		Africa		Europe		The Americas		Africa	
	M	W	M	W	M	W	M	W	M	W	M	W	M	W	M	W	H	M
Corporate Services	17.2	15.8	n/a	n/a	n/a	n/a	18.2	17.7	n/a	n/a	n/a	n/a	16.7	16.1	n/a	n/a	n/a	n/a
Electricity	17.1	15.5	n/a	n/a	n/a	n/a	18.7	17.0	n/a	n/a	n/a	n/a	17.7	16.2	n/a	n/a	n/a	n/a
Intern/ation/al	n/a	3.7	5.0	2.7	n/a	n/a	n/a	n/a	7.0	6.0	n/a	n/a	11.5	n/a	6.4	4.9	n/a	n/a
Technology	8.7	5.6	n/a	n/a	n/a	n/a	9.9	6.0	n/a	n/a	n/a	n/a	10.8	8.8	n/a	n/a	n/a	n/a
Telecommunications	14.9	14.6	9.6	6.5	n/a	n/a	15.8	15.4	6.7	5.9	n/a	n/a	12.9	10.7	4.8	4.9	4.0	n/a
Total	**16.8**	**15.4**	**6.3**	**4.5**	**n/a**	**n/a**	**18.2**	**17.0**	**6.9**	**5.9**	**n/a**	**n/a**	**16.9**	**15.2**	**5.3**	**4.9**	**4.0**	**n/a**

n/a: not applicable. There is no workforce associated with this type of business and region.

Number of employees broken down by age group and gender / 405-1

	2020			2021			2022		
	Men	Woman	Total	Men	Woman	Total	Men	Woman	Total
Under 30	60	52	**112**	57	43	**100**	81	65	**146**
30 to 50	961	347	**1,308**	989	355	**1,344**	1,113	420	**1,533**
Over 50	484	147	**631**	506	167	**673**	552	189	**741**
Total	**1,505**	**546**	**2051**	**1,552**	**565**	**2,117**	**1,746**	**674**	**2,420**

New hires by age group and gender / 401-1

	2020						2021						2022					
	N° of new hires			Recruitment rate (%)			N° of new hires			Recruitment rate (%)			N° of new hires			Recruitment rate (%)		
	M	W	Total	M	W	Total	M	W	Total	M	W	Total	M	W	Total	M	W	Total
Under 30	14	13	**27**	23.3%	25.0%	**24.1%**	11	11	**22**	19.3	25.6	**22.0**	34	18	**52**	42.0	27.7	**35.6**
30 to 50	39	22	**61**	4.1%	6.3%	**4.7%**	48	18	**64**	4.7	5.1	**4.8**	102	55	**157**	9.2	13.1	**10.2**
Over 50	1	3	**4**	0.2%	2.0%	**0.6%**	4	5	**9**	0.8	3.0	**1.3**	13	6	**19**	2.4	3.2	**2.6**
Total recruitment	**54**	**38**	**92**	**3.6%**	**7.0%**	**4.5%**	**61**	**34**	**95**	**3.9**	**6.0**	**4.5**	**149**	**79**	**228**	**8.5**	**11.7**	**9.4**

Employee turnover broken down by age group and gender / 401-1

	2020				2021				2022			
	N° of people leaving		Turnover rate (%)		N° of people leaving		Turnover rate (%)		N° of people leaving		Turnover rate (%)	
	Men	Woman	Men	Woman	Men	Woman	Men	Woman	Men	Woman	Men	Woman
Under 30	3	8	5.0	15.4	4	8	7.0	18.6	14	5	17.3	7.7
30 to 50	22	3	2.3	0.9	25	18	2.4	5.4	45	30	4.0	7.1
Over 50	50	15	10.3	10.2	41	6	8.1	3.6	38	13	6.9	6.9
Total turnover	**75**	**26**	**5.0**	**4.8**	**70**	**32**	**4.4**	**5.8**	**97**	**48**	**5.6**	**7.2**

Employees with the possibility of retirement in the next 5 or 10 years / 405-1

	In the next 5 years (2023-2027)	In the following 5 years (2028-2032)
Management team	14	36
Specialist/technical experts	162	208
Administrative personnel	34	35
Total	**210**	**279**

Note: considering retirement age as a sole requirement and estimating this as 65 years of age.

Ratio of the remuneration of men compared to women (1) / 405-2

	2020				2021				2022			
	Total average salary women	Total average salary men	Ratio of average salary between men and women	Salary gap	Total average salary women	Total average salary men	Ratio of average salary between men and women	Salary gap	Total average salary women	Total average salary men	Ratio of average salary between men and women	Salary gap
Management team	151,641.74	160,218.16	94.65%	5.35%	143,838.61	155,576.41	92.46%	7.54%	145,106,99	162,363.59	89.37%	10.63%
Specialist/technical experts	54,104.43	59,446.57	91.01%	8.99%	53,349.42	57,715.83	92.43%	7.57%	52,679.98	55,695.48	94.59%	5.41%
Administrative personnel	39,380.00	41,160.95	95.67%	4.33%	40,516.88	38.397.90	105.52%	-5.52%	31,527.31	31,174.69	101.13%	-1.13%
Total (2)	**59,885.53**	**65,779.86**	**91.04%**	**8.96%**	**59,807.43**	**63.972.84**	**93.49%**	**6.51%**	**56,829.38**	**61,842.01**	**91.89%**	**8.11%**

(1) Average fixed salary + supplementary allowance. The Chairperson and CEO are excluded.
(2) Average total salary: in 2020, overtime, allowances and expatriation allowances are included in the calculation of average salaries.

Maternity / paternity leave rates (M/P)) / 401-3

	2020		2021		2022	
	Men	Woman	Men	Woman	Men	Woman
Employees with the right to M/P leave (nº)	72	13	138	19	76	27
Employees who have taken M/P leave (nº)	72	13	138	19	76	27
Re-incorporations at the end of M/P leave (nº) (1)	68	11	131	12	74	21
Employees with M/P leave who remain in the workforce (%) (2)	100	80	96	79	97	97

(1) The difference between the number of women and men returning to work compared to those who have taken leave is due to parental leave.
(2) Employees who returned to work after M/P leave and continued at work in the twelve months after their reincorporation. Data as at year-end.

Average hours of training broken down by professional group and gender / 404-1

	2020			2021			2022		
	Men	Woman	Total	Men	Woman	Total	Men	Woman	Total
Management team	87	102	**92**	74	87	**78**	96	109	**100**
Specialist/technical experts	69	60	**67**	71	51	**66**	32	33	**32**
Administrative personnel	57	34	**39**	43	26	**31**	27	20	**22**
Total	**70**	**59**	67	**70**	**50**	65	**36**	**37**	36

Average hours of training broken down by nationality and gender / 404-1

	2022		
	Men	Woman	Total
Spanish	35	41	**37**
Colombian	21	12	**18**
Peruvian	63	46	**58**
Brazilian	67	49	**60**
Other	33	22	**29**
Total	**36**	**37**	36

Note: The Company does not have this information for years prior to 2022.

Average hours of training broken down by type of business and gender / 404-1

	2022		
	Men	Woman	Total
Corporate Services	47	38	**42**
Electricity	34	40	**35**
International	61	54	**59**
Technology	51	105	**67**
Telecommunications	31	28	**30**
Total	**36**	**37**	36

Note: The Company does not have this information for years prior to 2022.

Average hours of training broken down by generational group and gender / 404-1

	2022		
	Men	Woman	Total
Baby Boomers	30	31	**30**
Generation X	36	40	**37**
Generation Y	39	39	**39**
Generation Z	49	37	**44**
Traditional	2	0	**1**
Total	**36**	**37**	**36**

Note: The Company does not have this information for years prior to 2022.

Percentage of employees whose work performance and professional development is appraised periodically (%) / 404-3

	2020		2021		2022	
	Men	Woman	Men	Woman	Men	Woman
Employees with a performance appraisal (%)	97	91	97	97	95	93

Employees covered by a collective bargaining agreement by country (%) / 2-30

	2020	2021	2022
Employees in Spain	91	90	86
Employees in Brazil	98	94	91

Occupational health and safety indicators / 403-2

	2020			2021			2022		
	Men	Woman	Total	Men	Woman	Total	Men	Woman	Total
Average workforce	1,302	739	**2,041**	1,522	553	**2,075**	1,622	628	**2,250**
Hours worked (thousands)	2,220	1,260	**3,480**	2,593	944	**3,537**	2,765	1,070	**3,835**
Accidents with sick leave	9	1	**10**	7	0	**7**	3	2	**5**
Fatal accidents	0	0	**0**	0	0	**0**	0	0	**0**
Days lost due to accidents (1)	173	170	**343**	4,699	0	**4,699**	143	75	**218**
Accident frequency rate	3.52	1.08	**2.87**	2.70	0.00	**1.98**	1.08	1.87	**1.30**
Accident severity rate	0.07	0.18	**0.10**	1.81	0.00	**1.33**	0.05	0.07	**0.06**
Absenteeism rate due to common illness (a)	2.26	2.25	**2.26**	2.35	2.95	**2.52**	2.32	3.14	**2.54**
Absenteeism rate due to occupational illness (b)	2.29	2.34	**2.31**	2.37	2.97	**2.58**	2.37	3.18	**2.59**

(1) The calculation is based on 6,000 working days per fatal accident and 4,500 for total permanent incapacity.
Accident frequency rate: The number of work-related accidents with leave of absence per million hours worked.
Severity rate: number of days lost due to work-related accidents + disability rate per thousand hours worked.
Absenteeism rate:
(a) Days absent due to common TI (temporary incapacity) > 3 days + days absent TI < 3 days / average workforce x 365 x 100
(b) Days absent due to common TI (temporary incapacity) > 3 days + days absent TI < 3 days + days absent due to work-related accidents + work-related illness / average workforce x 365 x 100.

Occupational health and safety indicators of contractors / EU17

	2020	2021	2022
Average workforce	2,874	3,004	3,053
Hours worked (thousands)	4,942	5,225	6,351
Accidents with sick leave	26	31	24
Fatal accidents	1	0	0
Days lost due to accidents (1)	7,781	2,181	2,111
Accident frequency rate	5.46	5.93	4.48
Accident severity rate	1.57	0.42	0.39

(1) Calculation based on 6,000 working days per fatal accident and 4,500 for total permanent incapacity.

7.4 Responsible Environmental Management



Key indicators in 2022

29.8 million euros earmarked for environmental issues.

681.2 km of lines marked with bird-saving devices in critical priority areas (70.1% of the total).

92.7% of waste recycled.

197 ha of forest restored.

2022 Milestones

Pastoreo en RED (livestock grazing project) considered as a Nature-Based Solution according to the IUCN standard.

Approval and publication of the Commitment to protect vegetation and combat deforestation.

Implementation of the life cycle analysis methodology for three of the group's supplies.

Challenges for 2023

Start implementing the methodology for quantitative assessment of impacts on biodiversity.

Carry out emission offsetting projects associated with the Commitment to protect vegetation and combat deforestation for 100% of investment projects.

Make progress in the integration of circular economy and climate change requirements in procurement decisions.

Make progress in the implementation of the Zero-Waste Model.

Recognition

Good Practice of the Year Award for the Biotransporte project awarded by RGI (Renewables Grid Initiative).

Redeia carries out all its activities taking into account environmental protection, in accordance with the principles established in its **Environmental Policy,** updated in 2021. The Policy includes, among other issues, the commitment to prevent pollution, the precautionary principle and concepts that reinforce the Company's commitment and determine the levers for improving environmental management, such as the life cycle approach, stakeholder expectations, the transfer of environmental commitment to the supply chain and anticipation in the application of environmental regulations.

The main environmental impacts of Redeia are those that arise from the presence of the electricity grid transmission facilities in the territory, which is why the Company works intensively to make its facilities compatible with the environment, considering their entire life cycle and paying special attention to the conservation of biodiversity. In addition, the group is a major player in the transition towards a decarbonised energy model and has therefore made a specific Commitment to the fight against climate change, as is set out in the Climate Change and Energy Transition section of this report.

One of the fundamental elements of environment management is the **annual Environmental Plan,** whose scope includes all the activities, in a global and cross-cutting manner, of the group that may have an impact on the natural environmental. This Plan is divided into three vectors: environmental management of facilities, biodiversity and climate change and contains the main challenges and objectives to be achieved for each one of them.

It also includes all those scheduled actions that are carried out voluntarily each year, and that seek to contribute to the fulfilment of the challenges defined. The fulfilment of the 2022 Environmental Plan, which was made up of a total of 76 actions, stood at 80.26%. As of 2023, this Plan will be integrated into the group's new 2023-2025 Sustainability Plan.

Red Eléctrica de España S.A.U., Red Eléctrica Corporación S.A., and Red Eléctrica Andina have implemented an environmental management system certified according to ISO 14001. In addition, Red Eléctrica de España and Red Eléctrica Corporación comply with the requirements of the EU Eco-Management and Audit Scheme (EMAS).

Environmental expenditure

In 2022, the group allocated 29.5 million euros to environmental issues. In particular, ordinary expenditure for the protection and improvement of the environment regarding the management and operation of the electricity infrastructure business in Spain totalled 24.3 million euros, this was mainly dedicated to the protection of biodiversity, the prevention of forest fires, landscape integration, dealing with climate change and the prevention of pollution. The amount earmarked for environmental aspects associated with investment projects stood at 4.2 million euros. In the activities of Redinter and Hispasat, more than 800,000 euros have been dedicated to environmental protection and improvement.

Extending the Company's environmental commitment to the supply chain

308-1 /308-2

Redeia's environmental responsibility extends to its supply chain. The Supplier Code of Conduct includes the basic environmental principles that all the group's suppliers must comply with. The Company requires an environmental management system documented or certified by a third party for 100% of the suppliers that provide services or products that may have an impact on the natural environment.

Redeia is making progress in the incorporation of circular economy and climate change requirements in procurement decisions. In this regard, noteworthy is the development of a methodology for assessing these aspects for relevant supplies considering their entire life cycle, and the collaboration programme with suppliers on climate change.

It should be noted that, for some services, the requirements, in terms of training and specifications for the execution of works are part of the contractual documentation. In the case of the activities with the greatest potential impact, such as construction, enlargements, refurbishment or renovation of facilities and some maintenance activities, a part of the payment for the contracted work is conditional on the result of the environmental certification process, which implies meticulous monitoring of the established environmental requirements. This information is expanded upon in the Circular Economy section of this chapter and in the Reduction of the Carbon Footprint and Supply Chain chapters of this Report.

Redeia carries out programmes with its suppliers related to the Company's key environmental aspects.

INTEGRATING FACILITIES INTO THE ENVIRONMENT

In Redeia, the consideration of environmental and social variables at all transmission grid development stages are fundamental. This includes carrying out a viability analysis of the facilities before their incorporation into the electricity planning proposal that Red Eléctrica, as System Operator, submits to the Ministry of Ecological Transition and the Demographic Challenge (MITERD).

Once Transmission Grid Planning has been approved, which undergoes a strategic environmental assessment procedure, the Company conducts a detailed study of the territory and defines, in coordination with the various public administrations and main stakeholders, the sites where the substations are to be located and the routes to be used in the construction of electricity lines. Over the last three years, the Company has worked intensively on the infrastructure of the 2021-2026 Transmission Grid Planning, approved in March 2022, and has held numerous meetings and made many visits to the areas being studied to reach a consensus on its future implementation.



The main measure to reduce or even avoid undesirable impacts of the Company's facilities on the environment and local communities, is that of the site selection.



Red Eléctrica conducts an environmental assessment and establishes a voluntary communication channel with the competent public administration, even though the law does not require a regulated procedure.

Furthermore, in order to reduce the potential impacts of the infrastructure as much as possible, it is necessary to establish the appropriate preventive and corrective measures to be applied during the construction or maintenance phases. The main tool for defining the best project and appropriate preventive and corrective measures is the **environmental impact assessment** procedure, which most Red Eléctrica projects are subject to by law.

In addition, those facilities that do not require an environmental procedure in accordance with current legislation are voluntarily submitted to consultations with the managers of the Natura 2000 network or with the public administration for the evaluation of their possible environmental impact and to receive proposals regarding measures deemed appropriate.

In order to ensure that the established measures are launched and effective, **environmental monitoring programmes** are defined and carried out by the Company. These are applied in the construction of the facilities and in the first years of operation and facilitate the definition of new measures if deemed necessary.

For facilities in service, the Company conducts periodic inspections to verify compliance with environmental standards. It should be noted that the Company has a maintenance management system or territorial observatory, which integrates into the corporate mapping system all the environmental, social, cultural and technical conditioning factors that must be taken into account when carrying out and processing maintenance

work on facilities (more than 70 levels of detailed information covering 200 metres on both sides of each transmission line).

Among the preventive and corrective measures applied, the most important are those for the conservation of biodiversity aimed at the protection of habitats and species and those aimed at reducing potential impacts on the socio-economic environment. Information on these measures is expanded upon in the following sections of this chapter.



Development and implementation phases for transmission grid infrastructure

Infrastructure proposal
(Drawn up by Red Eléctrica)

Environmental Feasibility Study
- Analysis of all proposals from an environmental point of view.
- Only includes environmentally viable projects.

Transmission grid planning
(Drawn up by MITERD)

Strategic environmental assessment of plans and programmes.

Public consultation and participation of stakeholder groups through the submission of comments, suggestions and/or arguments.

Project design
(new facilities and modifications)

Prior dialogue with stakeholders before defining the project (Autonomous Communities, local councils and NGOs).

Environmental Impact Assessment.

1 Prior consultation with stakeholders.

2 Defining the alternative of the least impact.

3 Public information. Submission of comments, suggestions and/or arguments by stakeholders.

4 Proposal for preventive and corrective measures.

5 Publication of results.

6 Environmental permits and authorisations.

Construction or modifications of facilities/ infrastructure

Implementation of preventive and corrective measures.

Environmental monitoring (monitoring of preventive and corrective measures).

Monitoring the work of contractors regarding compliance with environmental requirements.

Environmental certification of works taking into account compliance with environmental requirements.

Maintenance

Environmental monitoring programmes in the initial years of operation of a facility.

Periodic inspections of facilities to verify compliance with standards and identify improvement measures.

Application of environmental improvement measures.

Relationships with stakeholder groups

One of the most relevant issues regarding the integration of facilities into the environment is the improvement of their social acceptance. In this regard, Redeia works tirelessly to implement public consultation and participation processes to strengthen stakeholder engagement, as described in the Stakeholder Management Model section of this report. Among other objectives, the Company aims to provide greater and more detailed stakeholder information, enrich the environmental impact assessment processes of projects and minimise possible conflicts.

Since 2021, environmental impact studies have included the preparation of sociograms for the areas where new facilities are to be built. These provide extremely valuable information on the conditioning factors of the social environment, the map of agents and stakeholder groups and their interrelationships, constituting a good instrument for the territorial analysis of such areas.

The presence of electricity infrastructure in no case represents a significant alteration in the way of life of the communities in which the facilities are located.

Socioeconomic environment

413-2

Social aspects are integrated both into the environmental assessment carried out in the design phase of the facilities and in the management of infrastructure throughout their useful life.

MAIN CONDITIONING FACTORS IN THE DEFINITION OF LOCATIONS FOR THE SITING OF FACILITIES AND THE DESIGN OF ACCESS ROUTES

- Incompatible use of the land
- Areas of high agricultural yield and agroforestry plantations
- Touristic aspects of the territory
- Cultural aspects of the territory
- Environmental landscape

MAIN PREVENTIVE AND CORRECTIVE MEASURES RELATED TO THE SOCIO-ECONOMIC ENVIRONMENT

- Use of existing access paths
- Use of special techniques (e.g., use of boom crane or helicopter) for assembling towers
- Restoration of areas affected by work: geomorphological recovery of the land, replacement of stones or replanting of crops, restoration of slopes, repair of roads, accesses and enclosures.
- Measures to control particle and dust emissions in work areas (mainly periodic watering down measures. A meshed filtering system and a riprap are installed for this purpose).

These restorations may be accompanied by other improvement measures agreed upon with the landowners, such as the construction or improvement of infrastructure (forest tracks, paths, water crossings, irrigation channels, enclosures, etc.), clearing work, tree planting and other specific actions of greater scope.

While substations involve a total and irreversible occupation of the land, in the case of lines, occupation is limited to the footings of the towers and the sections of the newly created access routes. The area of land beneath the overhead electricity lines is only subject to a right of way during the lifecycle of the facility.



Agricultural activities are compatible with the lines, allowing all types of crops to be grown underneath them and allowing the free circulation of the machinery necessary for their management.

Noise

On occasions, electricity substations can be an annoyance for the neighbours due to the noise generated by some of its elements. The Company works on the implementation of the most effective measures for mitigating noise pollution.

Following the analysis of the noise produced by the 134 substations with power transformers, a programme of direct measurements was established in the 55 facilities with population in their vicinity, which was completed in 2022 with the measurement of 9 substations.

Despite adjustments made to some transformers to reduce their noise emission levels, there are still four substations that exceed the desired limits for land designated for residential use.

In 2022, acoustic imaging cameras were used to identify the specific sources of noise in each case in order to establish the corresponding action plan in 2023.

In 2022, acoustic shielding was also installed at the Arkale substation and its installation in La Eliana substation will be completed in 2023.

Light pollution

In certain locations, the night-time lighting of substations can become a source of light pollution. Red Eléctrica has limited potential pollution as much as possible, thanks to the implementation of different measures that have allowed the substations to be switched off at night (83% of the total).

Blending facilities into the landscape

The integration of electricity transmission infrastructure into the environment is one of the main challenges for Red Eléctrica. The use and continuous development of visual impact assessment tools allows comparisons to be made between different project alternatives, which facilitates the selection of the best design of the facilities and communication with stakeholders. These tools, together with the application of landscape integration measures, allow progress to be made in reducing the impact of the facilities on the landscape.

Assessment tools

Visibility analysis of electricity lines and substations using INGEOIN

The visibility analysis for electricity lines and substations considers the height of the towers and other elements and incorporates the elevations of vegetation and existing buildings, extracted from LIDAR data. In this way, the surfaces from which the different alternatives will be visible are obtained, facilitating the decision-making process and allowing their optimal integration into the environment. INGEOIN is Red Eléctrica's bespoke Geographic Information System.

Visibility analysis of electricity lines in a 3D environment

In the Areas of Special Landscape Impact, the weighted visibility maps are completed with 3D simulations that are progressively improved to increase their realism and, therefore, their potential for being used in communication actions with stakeholders.

Landscape integration measures

Restoration of affected areas

In 2022, detailed work was carried out on the project for the new building for the El Palo substation (Asturias). Following the finalisation of the works, topsoil was provided, slopes were redesigned, and worksites used for the project were returned to their original state, and sowing and planting works were conducted in the areas impacted.

Landscape integration of substations and power converter stations

The Company develops and designs projects adapted to the environment in which the Company's facilities are to be located, applying measures that allow them to blend in: selection of colours and textures in accordance with each area (buildings and enclosures), creation of gardened areas with vegetation screening…

Standardisation and design of towers that blend better into the landscape

In frequently visited environments of outstanding natural beauty, the use of certain types of towers makes it possible to better integrate the facilities into the landscape and therefore favour their social acceptance.

In 2022, work began on the integration of the Caletillas substation (Tenerife) with a unique and innovative design, but at the same time highly integrated into the natural environment thanks to the use of vegetation screens in its construction design.

In 2022, the Company continued to work on the design of measures for the integration of buildings into the landscape for important projects, such as the converter stations and electricity substations associated with the Spain-France, Mainland-Balearic Islands II and Tenerife-La Gomera electricity interconnections.

In addition, work began on the design of a building that encompasses the gas-insulated switchgear of the El Palo substation (Asturias), which will significantly reduce the building's impact on the landscape, making sure the exterior aspect of the new construction blends in with the surrounding building structures.

Protection of cultural heritage

The protection of cultural heritage is a key factor in the design and construction of facilities of the Red Eléctrica.

Before carrying out any earthworks, the Company carries out an archaeological survey of the land, the intensity and scope of which depend on the probability of existing material of interest in the area. According to the results, the need for the continuous presence of an archaeologist during the works is determined and, if necessary, the preventive measures to be applied during the works are defined. These measures mainly consist of avoiding or protecting specific elements of cultural heritage that are present in the area of the works, although on some occasions, it is necessary to carry out excavation work to proceed with the cataloguing or restoration work of such elements.

In this regard, noteworthy are the archaeological works carried out for the protection of a Roman aqueduct in Can Maltat (Ibiza) during the construction of the 132 kV electricity link between Ibiza and Formentera, and the protection of a Celtiberian site of great heritage value in Langa de Duero (Soria) during the execution of maintenance work on the 400 kV Mudarra-Almazán electricity axis.

During 2022, Red Eléctrica carried out archaeological monitoring of 6 works in substations and 19 works on existing lines or on lines under construction, with exhaustive supervision being necessary for the vast majority (more than 80%) of substations and lines.

It should be noted that, thanks to the **ArqueoRED** project, the Company has a digital mapping of catalogued information on national cultural heritage. Consultation of this information prior to carrying out work on the facilities allows the necessary measures to be defined in each case and to avoid potential damage.

In addition, Red Eléctrica actively collaborates with the public administration in the conservation of heritage by developing cultural projects in the areas surrounding its facilities.



Electric and magnetic fields (EMF)

416-1

Thanks to the criteria applied by Red Eléctrica in the design of its facilities, the levels of electric and magnetic fields (EMFs) stay below those recommended by the Council of the European Union (The Official Journal of the European Communities 1999/519/EC: establishes exposure limit values for the general public in sites where they may remain for a period of time at 5 kV/m for electric

fields and 100μT for magnetic fields). The main criteria applied are the following:

- Construction of double circuits and transposition of phases in lines.
- Increasing the height of towers, thus increasing the safety distances.
- Establishing the minimum distance of electricity lines from population nuclei and isolated houses.

In order to verify compliance with the recommendation, Red Eléctrica has a tool that uses specific line parameters to precisely calculate the maximum EMF levels that said facilities could generate, meaning that it is not necessary to carry out on-site measurements except when the values of the parameters necessary for the calculation are not available (as is the case of very old facilities for which a specific EMF measurement plan has already been carried out). In 2022, this tool was used to assess different situations linked to the facilities that form part of the proposed 2021-2026 Transmission Grid Planning. Some of these analyses have been part of the specific Environmental Impact Study (EIS) procedure, as in the case of the transmission capacity increase of the 220 kV Benahadux-Orgiva line, requested by the Andalusian Regional Government.

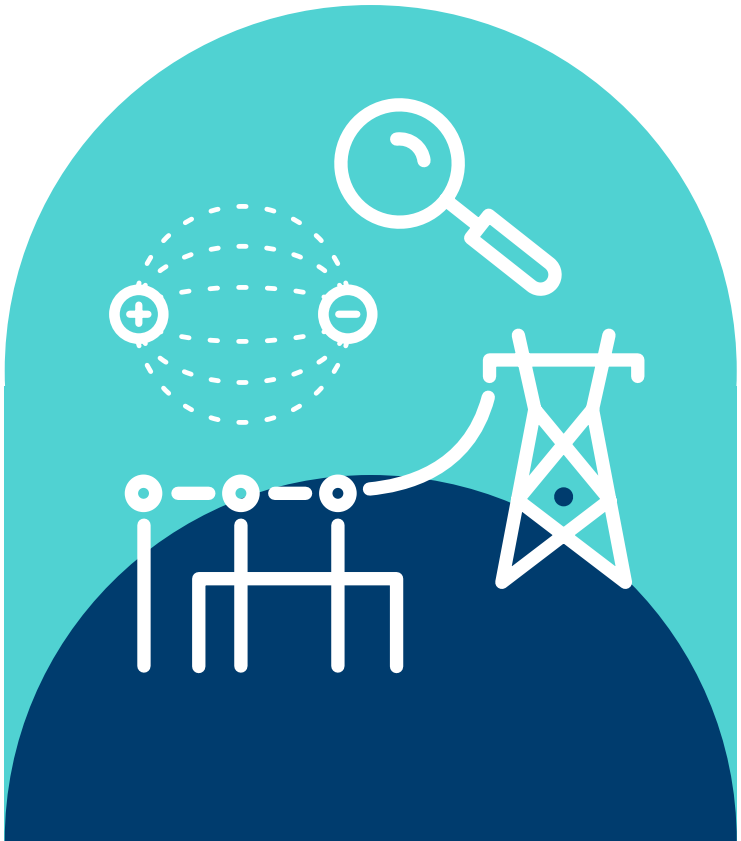
Red Eléctrica carries out one-off measurements at the request of interested parties. In 2022, it performed measurements on three lines, results obtained were below the electromagnetic values recommended by the European Union, except for the following line:

On the 400 kV Lastras-Galapagar line in Collado Mediano (Madrid), the measurement requested by the local police due to nuisance

Red Eléctrica assesses compliance with the regulations on electromagnetic fields for

100 %

of its facilities



to cyclists passing under a point on the line showed electric field values higher than those recommended.

As a corrective measure, the tower was raised by four metres. With the exception of this case, in 2022 there were no incidents arising from non-compliance with the regulations in this field. **/ 416-2**

Red Eléctrica finances and collaborates in a project led by the Ministry of Health to identify the extremely low frequency magnetic field values to which the population in Spain is exposed, in order to verify the degree of compliance with the European recommendation and to assess a possible legislative proposal.

It is worth noting the progress made in the project to increase the height of the towers to reduce the electric field values that are above the recommended values as identified in December 2021 in the 400 kV Almaraz-Morata line, in Yuncler (Toledo), which will be extended until 2023 due to its technical difficulty.

In addition, the Company is fully aware that electromagnetic fields represent an issue of concern for those people living in the territories where electricity facilities are located and therefore it pays special attention to this issue and the following courses of action are carried out:

- Participation in national and international forums and working groups (ENTSO-e, CIGRE and EPRI) and collaboration with the public administration (MITERD) and prestigious entities such as the Salvador Velayos Institute of Applied Magnetism. In this regard, it is worth highlighting the project launched in 2022, financed by Red Eléctrica and led by the Ministry of Health in which various scientific groups and Universities are participating to determine the distribution and intensity of extremely low frequency (ELF) magnetic fields in various geographical locations. Knowing the values to which the population in Spain is exposed in different environments (urban, residential and rural) allows the degree of compliance with Recommendation 1999/519/EC to be verified and to have rigorous and recent data available to assess a possible legislative proposal to reduce the social controversy regarding electromagnetic fields.

- Information to stakeholders via the corporate website, for the dissemination of new developments in scientific research in this regard, such as the publication on the possible health effects of electromagnetic fields updated in 2020, and responses to queries received through the *DÍGAME* service.

BIODIVERSITY
3-3

The protection and conservation of biodiversity have always been a priority aspect in the environmental management of Redeia, which maintains a specific commitment in this area and has set itself the objective of generating a positive net impact on the natural capital surrounding its new facilities by 2030.

In order to achieve this ambitious goal, a **Biodiversity Roadmap for 2030** has been defined under a natural capital approach, which is translated into specific actions and targets reflected in the various action plans.

The Company maintains alliances in matters of biodiversity conservation with the competent areas of the public administration and other organisations in the different autonomous communities. Other alliances with organisations of reference are also noteworthy:



Biodiversity partnerships

Commitments and memberships

- Biodiversity Pact. Spanish Initiative for Business and Biodiversity (IEEB) promoted by MITERD.
- Business for Nature Initiative.
- Global Compact's Sustainable ocean principles.
- Transnational Strategy to fight against Cortaderia selloana (pampas grass) in the Atlantic Arc.

Working groups

- Biodiversity working group - with MITERD's Sub-directorate General for Terrestrial and Marine Biodiversity.
- Natural Capital in the Spanish energy sector, Natural Capital Coalition.
- Natural Capital of the Spanish Green Growth Group.
- ISO Committee CTN 328 Biodiversity.

Collaboration framework

- IUCN (International Union for Conservation of Nature) Centre for Mediterranean Cooperation.
- SEO BirdLife (Spanish Ornithological Society).
- Global Nature Foundation.

Biodiversity Action Plan

Scope of action	Objectives for 2025	Actions in 2022	Fulfilment
Measurement and valuation of the impact on biodiversity	• Implementation of a system for a financing accounting assessment system regarding natural capital in biodiversity in Red Eléctrica. • 100% of the companies in the electricity business (Red Eléctrica and Redinter) with a baseline regarding the potential impact on biodiversity.	• Development of a methodology for quantitative valuation of impacts (negative and positive) on biodiversity. • Definition of the scope of the biodiversity baseline in terms of natural capital for Red Eléctrica.	100 %
Biodiversity-related risks and opportunities	• Identification of risks and opportunities for natural capital and biodiversity in Red Eléctrica.	• ALERION Project: early detection system for the collision of birds with high voltage lines. Piloting phase on one of 220 kV and one 400 kV lines. • 'Naturaleza en Red' project with the Autonomous University of Barcelona: biodiversity monitoring protocol for transmission grid facilities. Design of a guide to evaluate the ecosystems generated beneath overhead electricity lines.	100 %
	• 100% of critical spans marked with bird-saving devices (Red Eléctrica).	• Marking of 119 km of line with bird-saving devices in critical priority areas.	100 %
Habitat protection and restoration: protected areas or areas of high biodiversity value	• Carrying out emission offsetting projects, associated with the Commitment to protect vegetation and combat deforestation, for 100% of investment projects.	• Formalisation and publication of the Commitment to protect vegetation and combat deforestation. • Forest restoration in Vizcaya: 14.23 ha reforested and recovery of 105 ha of beech forest (planting, forestry works and fencing off the area). • Navarra Forest: 47.37 ha recovered. • Ávila Forest: 30.22 ha recovered. • Majorca Marine Forest: 2 ha recovered. Currently, under scientific control and monitoring. • Restoration of the Mareta del Río (Tenerife) coastal wetland: start of the consultation and information phase for the local population.	100 %

Continued on next page

Biodiversity Action Plan

Scope of action	Objectives for 2025	Actions in 2022	Fulfilment
Recovery and conservation of vulnerable and endangered species	• Recovery projects for 10% of the faunal groups with marine and terrestrial focal species.	• 14 ongoing projects on the conservation of focal species. • Monitoring of the occupation of Common Kestrel and Lesser Kestrel in nesting boxes in substations and on electricity lines.	75%
Eradication of invasive species associated with electricity transmission infrastructure	• Prevention and control plans for invasive species for at least 30% of the identified area.	• Eradication plan for pampas grass (*Cortaderia seollana*) with SEO BirdLife: monitoring at the Astilleros HV line and the integration of criteria in internal regulations. • Elephant grass (*Arundo donax*) eradication plan: agreement signed with Fundación Limne. • Signing of an agreement with the University of Seville Research Foundation for research into the invasive macroalga *Rugulopteryx okamurae*.	67%
Electricity infrastructure as a biodiversity reservoir	• 20% of the km of electricity lines in Spain identified as 'Biodiversity Islands', consolidated as a reservoir and corridor of biodiversity and a tool for adaptation to the effects of climate change.	• *Pastoreo en RED* (livestock grazing project): Calahorra (La Rioja), Alto Bernesga Biosphere Reserve (León) and Galicia. • *Pastoreo en RED* (livestock grazing project) evaluated and validated as a Nature-Based Solution (NBS) according to the IUCN standard. • Life BooGI-BOP project in the head office buildings and in the Tres Cantos buildings: conducting monitoring and implementing new actions.	100%

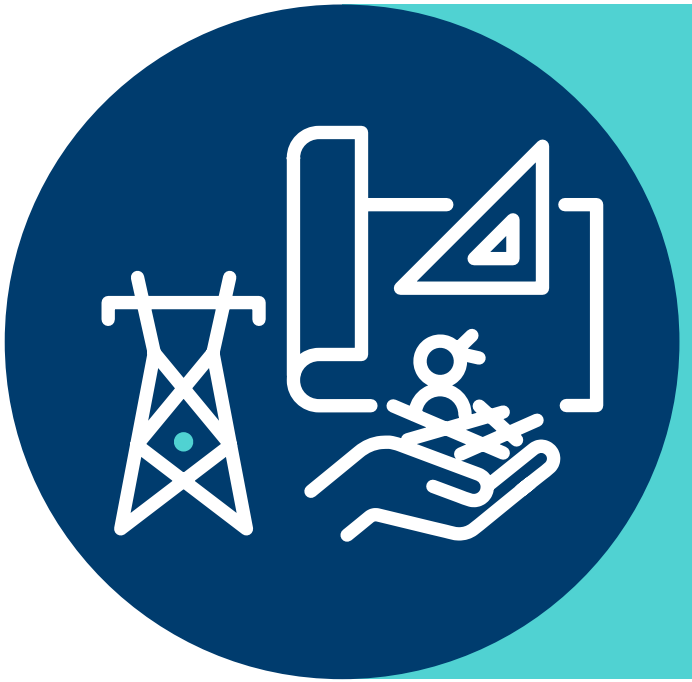
91.7% compliance with the 2022 tasks of the Biodiversity Action Plan. 61.7% progress made towards the 2025 targets.



Red Eléctrica's facilities occupy just

0.08%

of the Spanish Red Natura network



Biodiversity management: mitigation hierarchy

Biodiversity management to achieve a net positive impact is carried out according to the **hierarchy of impact mitigation.** Avoiding areas rich in biodiversity is a priority criterion and the first to be considered when defining the location of facilities. However, taking into account that in Spain, 25% of the surface area has some form of environmental protection, it is inevitable that, in some cases, infrastructures cross or are located in protected areas or areas with species of interest. On these occasions, all the necessary preventive and corrective measures are implemented **to minimise** the possible effects, including the **restoration** of the affected areas, where possible.

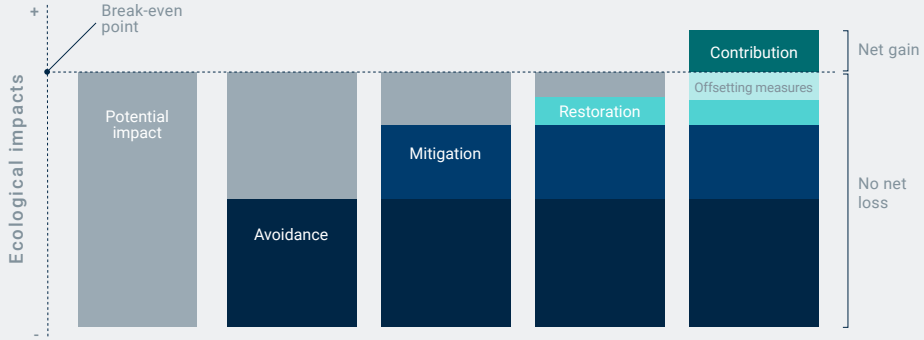
Lastly, the Company carries out various environmental improvement actions aimed at promoting biodiversity in the vicinity of the facilities. It also promotes and collaborates with the public administration, non-governmental organisations, research bodies and other interested parties in the development of biodiversity conservation projects. The aim of these measures and projects is **to compensate** for any impacts that may have occurred during the execution of the activities and to favour the generation of **positive impacts** on biodiversity.

Hierarchy of mitigation actions regarding impacts on biodiversity

Avoidance. Appropriate design of facilities in the planning and project phases to avoid the development of new infrastructure in areas rich in biodiversity and forest areas. It should be noted that the methodology for the preparation of environmental impact studies establishes the requirement of not affecting areas catalogued as Natura Network and Priority Habitat and determines numerous conditioning factors in relation to areas with the presence of focal bird species and native flora.

Mitigation and restoration. Definition and application of preventive and corrective measures to minimise impacts as far as possible. These include measures aimed at the protection of habitats and vegetation during construction and maintenance work, the restoration of affected areas once the work has been completed, actions to minimise the risk of birdlife collisions and the management of transmission line safety corridors to reduce the risk of fire.

Offsetting emissions and positive contribution. Complementary environmental improvement measures, reforestation work and development of biodiversity protection and conservation projects.



Redeia is working on the development of a methodology for quantitative assessment of the impacts (negative and positive) on biodiversity, which will enable progress to be measured and will ensure compliance with the 2030 target for net positive impact on biodiversity.

Protection of habitats and species

304-2 / 304-3

In works associated with the **construction of lines or the modification of facilities,** the main impacts to be avoided are the alteration of the habitat of certain species of fauna and flora, and also the impact on vegetation due to the opening up of safety corridors, necessary to prevent fires during the operation of the line.

Noteworthy preventive and corrective measures for the protection of habitats and species

- Detailed field studies on specific issues, such as impact reports for Red Natura and surveys to identify the presence of protected flora and fauna.
- Introduction of modifications in the design of facilities to mitigate their impact on flora: compacting or increasing the height of towers, relocation of towers, modification of access roads etc.
- Construction of decanting pools and filtering systems to prevent contamination of waterways.
- Signage and protection of habitats and species of ecological value to avoid them being harmed when carrying out works.
- Use of construction techniques that minimise earthworks and land occupation (reducing the opening up of access roads, size of worksites and storage areas for materials): hoisting structures with a boom crane, hanging of line by hand, or carrying out works using helicopters or drones. In addition to significantly minimising the impact on vegetation, the use of drones implies a saving in emissions associated with the works.
- Transplanting of flora species affected by the work to other areas to be replanted.
- Biological stoppages in 100% of the works during breeding or nesting periods to reduce impacts on the fauna that may be affected. In 2022, stoppages were carried out in 12 ongoing actions, some of which lasted up to 7 months.
- Stoppage of works in periods or situations of high fire risk.
- Provision of resources and specific training for the prevention of forest fires.
- Recovery of affected areas: restoration of slopes, sowing of seed and the planting of flora.
- Accompanying measures and the development of specific projects to improve biodiversity in affected areas.

With the aim of guaranteeing the correct management and conservation of habitats of priority community interest (HCIs) and other plant formations of interest during **maintenance work on the facilities,** the **Habitat Project (2015-2021)** was carried out. In collaboration with the autonomous communities and experts in the field, all the habitats in the vicinity of 100% of the electricity lines of the transmission grid in Spain have been mapped, characterised and consolidated in a data layer compatible with the corporate geographic information system. In addition, an integrated management proposal is available for each type of habitat, which facilitates decision-making when carrying out the work.

Protecting vegetation and combating deforestation

The correct selection of the location for the siting of infrastructure, the design of facilities and the application of the preventive and corrective measures described above make it possible to avoid and reduce the impact on vegetation as much as possible, without causing a significant loss of forested areas and ensuring that the group's activities do not have a deforestation impact. This makes it possible for the Company to maintain a commitment to **non-deforestation.**

Given that forest fires are one of the greatest threats to the preservation of forests, it is worth noting the Company's intensive work on forest fire prevention. To minimise the risk of fire associated with the presence of transmission grid facilities, it is essential to strictly comply with the safety distances between vegetation and infrastructure, which Red Eléctrica ensures thanks to the proper design and maintenance of the safety corridors of the transmission lines and the perimeter strips around the substations in forest environments.

Despite the application of best practices of avoidance and prevention, respecting scrub and small, slow-growing tree species, the removal of species that are not compatible with safety is sometimes unavoidable.

The new approved commitment, in accordance with the mitigation hierarchy, involves putting in place offsetting measures for all of the trees removed that are associated with the construction of the new facilities, through actions aimed at the conservation of native forests, such as the **reforestation of degraded areas.** In 2022, 14.23 ha of forest were reforested, and a 105-ha beech forest was partly restored through reforestation (7.5 ha), forestry works were conducted, and protective fencing was installed in the province of Vizcaya. Within the framework of the Redeia Forest project, more than 77,200 trees were planted in 77.6 ha in the provinces of Ávila and Navarra in 2022, reaching a total of 812,972 trees planted and 993 ha recovered since the start of the project in 2009.



In addition to the maintenance of the safety corridors, the Company has strict protocols and means for preventing and extinguishing forest fires, training and raising awareness among employees and contractors in this regard. In addition, active and continuous collaboration is maintained with the public

In 2022, Redeia formalised its explicit commitment **to protect vegetation and combat deforestation,** which it applies to the carrying out of its activities and to its supply chain.

The wide geographical coverage of Red Eléctrica's lines and the considerable height of the towers make PRODINT an ideal platform for monitoring the occurrence of vegetation fires in large, forested areas of critical importance.

administrations involved in forestry management, formalised through collaboration agreements. Currently, there are 10 in force. This information is further explained in the Conservation of Natural Capital section of this report.

Innovation projects for fire prevention

PRODINT

A system developed by Redeia for the early detection of forest fires, using the towers of the transmission lines and by means of sensors based on the Internet of Things technology, which captures the radiation emitted by the fire and automatically sends warnings to the system operator, reducing the reaction time of firefighting agents, with a consequent reduction in costs and environmental and personal damage. A laboratory and field-tested prototype is now available (installed on a section of line in Galicia) and is ready for large-scale deployment.

Bseed WATCH®

Hispasat has signed an alliance with Pyro for the joint marketing of forest fire monitoring technologies with satellite communication, offering a scalable solution that can be operated anywhere on the planet.

Bseed WATCH® is a comprehensive forest fire risk management tool capable of calculating the risk of fire and its destructive potential up to 10 days in advance. It also has early detection systems, thanks to its temperature, CO and CO_2 sensors, which alert the citizens of the area and local emergency authorities within seconds. In the event of a fire, it provides high-quality information on weather conditions in the area, the location and progress of the fire in real time and control of evacuation routes, which is freely available to the population and those responsible for extinguishing the fire.

In 2022, the sensors were tested during controlled burns in the Albufera Natural Park in Majorca, and their correct functioning and detection range were verified.

The 2016-2025 Multi-year Line Marking Plan prioritises actions on the sections of line with the greatest potential impact on birdlife.

of accidents occurring). Based on this information, the 2016-2025 multi-year line marking plan was defined, which prioritises actions on the sections of line with the greatest potential impact on birdlife. It is expected that the progressive marking of the lines will reduce the potential risk of collision with the electricity transmission grid to 39.7%. Information on bird collisions is included at the end of this section in the Environmental Indicators subsection. **/ 304-2**

Collaboration with regional administrations and the development of specific projects makes it possible to update this line marking plan and incorporate risk areas or sections to be marked when deemed necessary. In 2022, noteworthy was the analysis of the flight paths and transit areas of the Bearded vulture, which was developed in collaboration with the Bearded vulture Foundation and has resulted in the marking of 86 km of line in the Picos de Europa area, for the specific protection of this species.

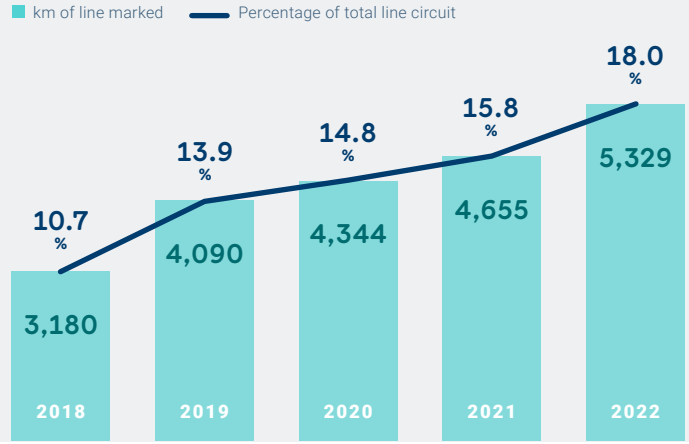
Note: Cumulative data at the end of each year. This figure refers to the route, i.e., the length of the lines regardless of the number of circuits they carry. In addition to the marked lines in the transmission grid in Spain, there are 41.12 km of marked lines managed in REA (Peru), corresponding to 2.64% of the total number of lines, and 70 km of marked lines in RECH (Chile), corresponding to 15.18% of the total number of lines managed.

Minimising the risk of birdlife collisions

The main effect on the fauna of Redeia's facilities is the risk of birdlife colliding with the grounding cables that protect the lines from electrical discharges during storms. The main measure to reduce this risk is the marking of the grounding cables by means of devices that increase their visibility. **/ 304-2**

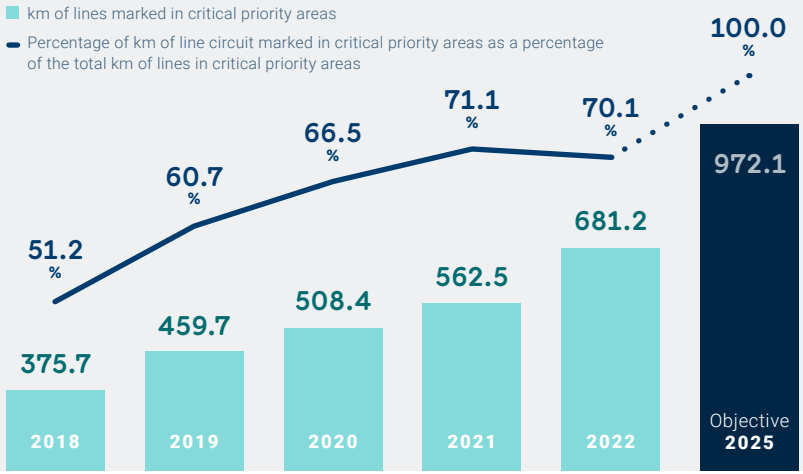
Thanks to the 'Birds and power lines: mapping of bird flight paths' project, which was updated in 2021, the Company identified a set of focal species prone to collision and selected them according to various criteria (52 species) and drew up sensitivity maps (areas where these species may be found and which must be considered for the definition of new power line routes) and risk maps (sensitive areas where there are also factors that influence the probability

Marking of lines with bird-saving devices





In addition, work is being carried out on the development of tools for collision detection, in particular, the ALERION project. Through devices installed on the grounding cables of the lines and connected to its internal fibre optic cable, it will be possible to obtain early information that could favour the recovery of individual birds that have collided with the lines and that are still alive.



Marking of lines with bird-saving devices in critical priority areas (km)(1)

Contribution to biodiversity conservation

304-3 / 304-4

Redeia actively contributes to the conservation of biodiversity, implementing various environmental improvement measures and promoting different projects for this purpose. In general, initiatives focus on those aspects of biodiversity most closely related to the impacts of the Company's activities. For this reason, they are mainly focused on the conservation of habitats and the preservation of birdlife, specifically for focal species (those most prone to colliding with the lines).

Note: Cumulative data at the end of each year. This data refers to the stretch of line, i.e., the length of the lines regardless of the number of circuits they carry.

(1) The percentage of marked lines refers to the target value defined in each of the years. The target value (of marking 100% of the km of line in critical priority areas) is slightly modified each year, depending on the variations in Red Eléctrica's facilities (new lines and modifications to existing ones) and the updating of the technical information of the 'Birds and power lines: mapping of bird flight paths' project. In 2022, there were relevant variations associated with the consideration of new focal species (from 46 to 52) and variations in the distribution of some of these species, either because they appear in new territories or because information is available with greater precision than in the previous edition of the project. This has led to an increase in the number of kilometres of line located in areas of critical marking priority, so that the percentage of marking is lower than that reported in 2021, despite the increase in the number of kilometres of line marked.

In addition, the Company has launched various projects aimed at determining and enhancing the capacity of infrastructure as a biodiversity reservoir and a generator of natural capital.

More information on the actions aimed at improving the conservation of biodiversity is included in the Conservation of natural capital section of this report.

Noteworthy actions for the conservation of endangered species in 2022

- Platforms for the Osprey (*Pandion haliaetus*) **(1)** in Andalusia.
- Reintroduction of the Osprey (*Pandion haliaetus*) **(1)** in the Marjal Natural Park in Valencia.
- Reintroduction of Bonelli's eagle (*Aquila fasciata*) **(1)** in Majorca.
- Monitoring of Bonelli's eagle (*Aquila fasciata*) **(1)** in the Community of Valencia.
- Ex-situ conservation of the Bearded vulture (*Gypaetus barbatus*) **(2)** in Andalusia.
- Reintroduction of the Bearded vulture (*Gypaetus barbatus*) **(2)** in the Community of Valencia.
- Study of foraging grounds and movements of the Canarian Houbara Bustard (*Chlamydotis undulata fuertaventurae*) **(2)(3)** in the Canary Islands.
- Monitoring, conservation and recovery of the Imperial Eagle population (*Aquila adalberti*) **(2)(3)** in Doñana.
- Nesting platform for Iberian Egyptian vulture (*Neophron percnopterus*) **(1)(4)** in an electricity tower in Extremadura.
- Monitoring actions for the conservation and protection of the Montagu's harrier (*Circus pygargus*) **(1)**, Marsh harrier (*Circus aeruginosus*) and Hen harrier (*Circus cyaneus*) species in Extremadura.
- Restoration of *Posidonia oceanica* seagrass meadows **(5)** in Majorca.

(1) Vulnerable species according to the national catalogue of endangered species. (2) Species in danger of extinction according to the national catalogue of endangered species. (3) Vulnerable species according to the IUCN red list. (4) Endangered species according to the IUCN red list. (5) Included in the Annex of the Berna Convention as a species that is highly protected.

BIORED, the electricity transmission grid as a biodiversity reservoir and a generator of natural capital

The management of the areas below the electricity lines and in the vicinity of substations as 'biodiversity islands', in addition to using electricity line corridors as a connecting element between biodiversity spaces, could be an optimal solution to facilitate the mobility of the various species currently under pressure due to the fractioning and reduction of their natural habitats. Additionally, other more general species (not affected by territorial dispersal movements) would benefit from the presence of a varied

In 2022, the *Biotransporte* project was awarded the RGI (Renewables Grid Initiative) Good Practice of the Year Award in the category of environmental protection.

ecosystem, increasing the biodiversity in the area. Thus, such 'grey infrastructure', whose core mission is to serve as tools to supply power to the industry in general, could be perceived as 'green'.

The aim of this initiative is to identify, diagnose and assess the effectiveness of electricity lines (tower bases and safety corridors) and substations as biodiversity reservoirs that facilitate the connectivity of fauna between the different protected natural areas. In this context, some pilot projects have been carried out in this field, such as the *Biotransporte* project, the *Naturaleza en RED* project, *Pastoreo en RED* (livestock grazing project) and the LIFE BooGI-Bop project.



Biotransporte

The analysis of how to maximise the use of a given number of electricity towers as biodiversity islands (stepping-stones) yielded very satisfactory results: an increase in the abundance and biodiversity of birdlife as well as in the number of micromammals and invertebrates (mainly pollinators). In a subsequent internal analysis, this type of action could be considered as an initiative that favours the connection of around 60% of the spaces of the 2020 Natura Network, thus benefiting a multitude of species, both directly and indirectly.

Naturaleza en Red

The aim of the project, in collaboration with the Autonomous University of Barcelona, is to assess the potential of the transmission grid as a corridor and reservoir of biodiversity by studying the biodiversity associated with the safety corridors and the base of the electricity line towers. The monitoring of 7 sampling points is currently underway: Mediterranean Forest (Fogars de Monclús, Girona), Continental Forest (Seva, Girona), Mediterranean Forest (Mas Llorenç, Tarragona), Alpine Forest (Coll d'Ares, Girona), Continental Forest (Font Rubí, Girona), Agricultural area (Roda de Ter, Barcelona) and the Livestock area (Calahorra, La Rioja).

The assessment indicators monitored are: the abundance and diversity of diurnal butterflies (bioindicator of the state of natural biodiversity systems), an abundance of pollinators (bioindicator of the state of ecosystems), floral density (close relationship with butterflies/pollinators and fauna), micromammals (bioindicator of environmental changes), macrofauna (bioindicator of open spaces and biodiversity corridors between ecosystems) and the presence of bats and dormice (bioindicator of open spaces and mature forests).

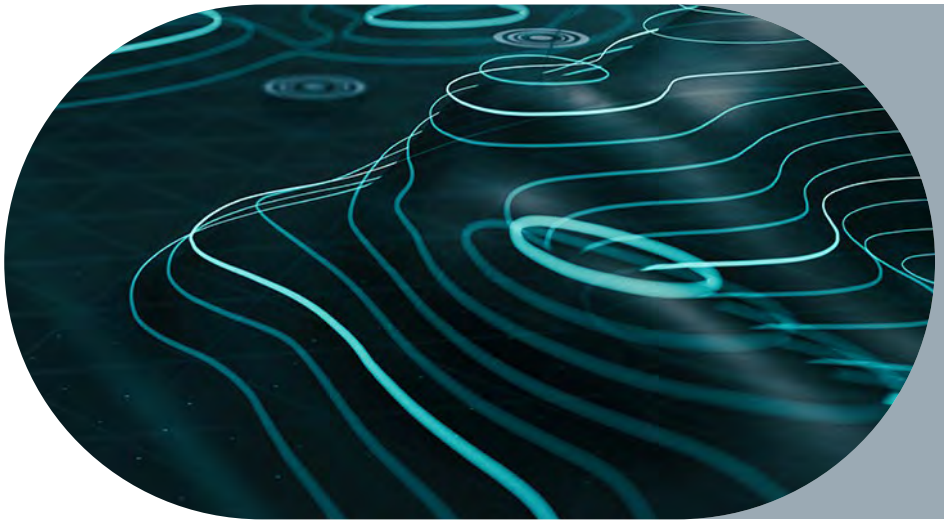
As a preliminary finding, a 375% increase in butterfly abundance has been observed beneath the electricity lines sampled.

Pastoreo en RED
(livestock grazing project)

Maintenance of vegetation beneath high voltage electricity lines with extensive livestock farming. This project has been qualified as a nature-based solution according to the IUCN standard. The information on this project is developed in the Social Development within the Territory section of this report.

LIFE BooGI-BOP Project

This initiative is part of an EU Life project, in collaboration with Ecoacsa and the Polytechnic University of Madrid, which seeks to incorporate green spaces in urban and industrial environments into the network of ecological corridors. The recommendations resulting from the initial assessment have begun to be applied in the gardens of two work centres.



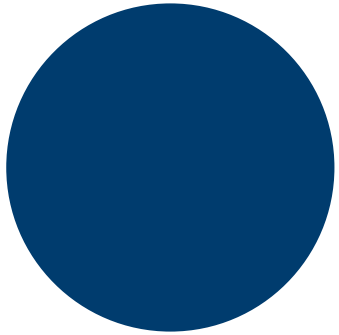
The desalination plant of the Salto de Chira project will transform seawater into useful water for use in the power station and for other purposes such as agriculture.

SALTO DE CHIRA HYDROELECTRIC POWER STATION: A UNIQUE PROJECT

In February 2022, construction began on the Salto de Chira pumped-storage hydroelectric power station (Gran Canaria), starting with the desalination plant, which will transform seawater into useful water for use in the power station and for other purposes, such as agriculture. Due to the uniqueness and scope of the project, its environmental management has some different characteristics from those described for the rest of the group's activities throughout this chapter.

The project involves interaction with the marine environment (seawater intake and outfall), the coast, the bed of the Arguineguín ravine and the surrounding areas of the reservoirs. It is worth mentioning that some of these areas are included in the Natura 2000 network.

For this reason, the project has required a lengthy permitting process, with three public hearings to achieve the necessary consensus for authorisation. The positive environmental impact statement (EIS) was obtained in July 2021, and an Environmental Project Monitoring Commission has been established to facilitate the monitoring of its compliance.



Main environmental impacts associated with the desalination plant construction process	Main measures adopted
• Impact on historical and cultural heritage.	• Archaeological prospection and excavation.
• Emission of particles and combustion gases, noise pollution and vibrations associated with the movement of machinery and blasting works. • Risk of soil and water contamination. • Generation of waste, mainly tailings. • Landscape impact.	• Continuous damping down to avoid the generation and dispersion of dust. • Control of machinery. • Segregation and appropriate treatment of waste. Construction of a septic tank for the treatment of wastewater generated in the construction worksite. • Recovery and setting aside of topsoil for use in final landscaping works.
• Impact on marine flora and biocenosis.	• Establishment of protocols for the elimination of invasive species in the bottom of the Arguineguín ravine, replacement with native vegetation and taking care of the protected flora species present (Canary Island palm, tamarisk and willow), so as to favour the regeneration of the original riverside woodland in the ravine.
• Impact on fauna (protected species).	• Specific studies of local fauna, including the following: – Annual cycle of the sand beetle (Pimelia granulicollis Wollaston, an endangered species of beetle). It has been verified that it is not found on the plots affected by the project. – Presence and nesting sites of the Barbary falcon (Falco pelegrinoides). Design of a nesting monitoring plan to verify the effectiveness of the noise and vibration control measures included in the environmental monitoring programme, and a protocol for action in the event of negative effects being detected. – Data on the presence of bat populations for future control and monitoring. – Verification of the non-existence of the Canarian stick grasshopper (Acrostira tamarani) in the areas where the electricity line associated with the project is to be installed.

The Salto de Chira pumped-storage hydroelectric power station (Gran Canaria) obtained a positive environmental impact statement (EIS) in July 2021, an Environmental Project Monitoring Commission has been established to monitor compliance.

Since the inception of the 2030 Circular Economy Roadmap in 2020, Redia has reached an overall fulfilment level of 23.4%.

CIRCULAR ECONOMY

As part of the path towards a sustainable energy model, the Company is committed to the integration of the circular economy in the development of its activities. In this regard, since 2018, the group has been a member of the Pact for a Circular Economy.

In order to become a leading company in circular economy by 2030, Redeia has a **Circular Economy Roadmap,** which establishes the objectives to be achieved and the actions to be carried out in order to progress towards their fulfilment. This means working to achieve 100% circular supplies, i.e., that the equipment and materials used are manufactured from recycled or reused materials and 100% resource recovery, which means reducing, reusing, recycling or energy recovery of all waste generated, extending the useful life of materials and equipment and reducing water consumption as much as possible.



It is worth mentioning that everything related to energy is included in the framework of the Climate Change Action Plan and is detailed in the Reduction of the Carbon Footprint section in this report.



Progress made on the objectives of the 2030 Circular Economy Roadmap

Consumption of raw materials

OBJECTIVES OF THE CIRCULAR ECONOMY ROADMAP

2025

- 10 supplies with the greatest impact on the transmission grid with circular criteria of climate change, security, diversity and biodiversity.
- 0% single-use plastics.
- 100% eco-friendly packaging, recycled, recyclable or reusable packaging in the supply of equipment and materials.

2030

- Creation of a network of circular supplies.
- Identification of the environmental impacts of equipment and materials from their origin (LCA of supplies).
- Integration of sustainability criteria in purchasing decisions.
- Sustainable transformers (use of vegetable esters instead of mineral oils).
- Innovation and technological development (eco-friendly designed equipment and materials).

In order to reduce the consumption of raw materials and prioritise the use of recycled, recyclable or reusable products, it is necessary to make progress on issues related to establishing eco-friendly designs and the consideration of environmental impacts throughout the life cycle of equipment and materials. This progress will only be possible through advances in the relations with suppliers and through collaborations with other key actors while promoting innovation and technological development.

In this regard, it should be noted that in 2022, the Company developed a methodology for analysing the life cycle of supplies, taking three

relevant supplies as a reference. This methodology, developed with the main suppliers, assesses aspects such as the use of recycled and recyclable materials, their origin, carbon footprint and water footprint, enabling quantification of the main environmental impacts and facilitating decision-making aimed at the acquisition of more efficient and sustainable supplies and, therefore, progress towards the group's objective of having a circular procurement network by 2030.

Redeia has developed a supply life cycle analysis methodology to assess aspects of circular economy, climate change and water footprint and to promote the purchase of more sustainable equipment.



Zero waste

OBJECTIVES OF THE CIRCULAR ECONOMY ROADMAP

2025

- 0% of Red Eléctrica waste to landfill.
- Definition of an action plan for zero waste to landfill in Redinter and Hispasat.
- Implementation of the SF_6 reuse procedure.
- Reduction of hazardous land waste with the strategy of zero accidents and zero contaminated sites.

2030

- 0% waste to landfill.
- 100% SF_6 waste reduction.
- 100% reduction of soil waste.

The generation of waste in the Company is related to the number of construction and maintenance activities carried out each year, so it is difficult to predict the evolution of the quantities produced and they vary greatly from one year to the next. Furthermore, the development of these activities is essential for the security of the electricity system or facilities and, in many cases, is also linked to the reduction of environmental risks, which is why they cannot be limited.

For this reason, the group's objectives are mainly focused on completely reducing waste whose final destination is a landfill site, promoting alternative ways of preventing waste from ending up as landfill. In order to find economically and environmentally

The goal of Redeia for 2030 is to produce zero waste (0% waste to landfill). In 2022, 92.7% of the total waste was recycled, regenerated or used for energy recovery.

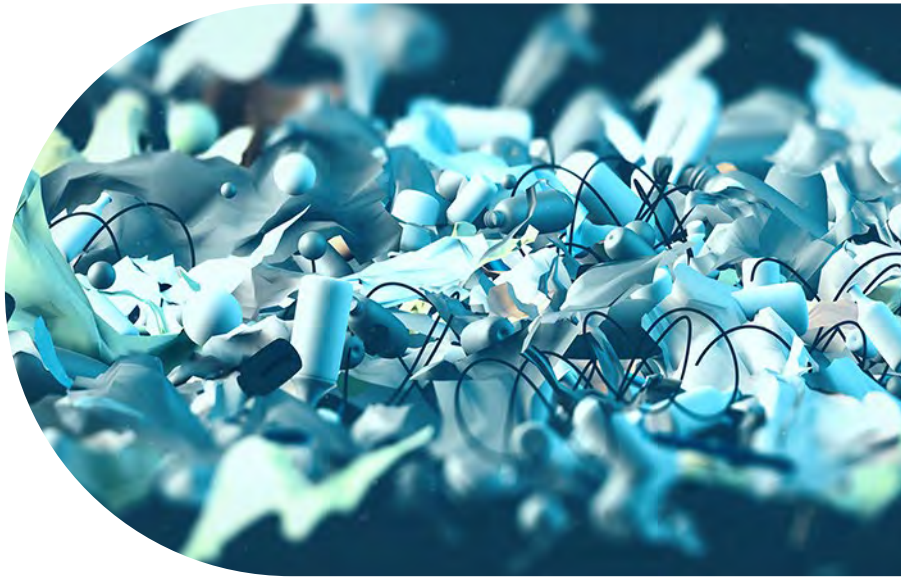
viable technological solutions, it is necessary to have a thorough knowledge of the nature and sources of waste generation, aspects on which the Company has been working since 2018. During 2021, an Action Plan was defined for the assessment of 100% of the waste from all group companies and some measures were implemented, such as the incorporation of recycling/waste-to -energy recovery requirements in tenders regarding waste management and the provision of service, the installation of composters for organic waste in four work centres and the launch of awareness-raising campaigns.

PREVENTIVE OR CORRECTIVE MAINTENANCE TASKS
Servicing/inspections, parts replacement, oil renewal, etc.

FACILITY IMPROVEMENTS
Replacement of obsolete switchgear, adaptation of accident prevention systems, etc.

ACTION PROTOCOL IN THE EVENT OF ACCIDENTS
The containment measures used in the event of leaks or spills and the clean-up work can involve a large amount of waste.

Waste generated by Red Eléctrica



Sustainable treatment methods

FOR SOILS AND GROUNDWATER AFFECTED BY DIELECTRIC OILS OR HYDROCARBONS

The aim is to find innovative and sustainable solutions for treating these pollutants in the field, which will enable a complete clean-up in situ or on-site (excavated and treated on-site). The alternative procedures to excavation and depositing in landfill sites allows the volume of waste generated to be reduced, as it avoids sending contaminated soil to landfill.

Laboratory work has been carried out and the applicability of the techniques tested has been confirmed, both in terms of bioremediation (technology that, in addition to detoxifying the soil, restores its ecological functions), identifying bacterial cultures with degrading capacity for the substances used by Red Eléctrica, as well as those based on the application of surfactants and chemical oxidation. During 2022, a pilot recovery trial was designed focused on in situ actions on the soil of a facility affected by an accidental leak. The trial will be carried out during 2023-2024.

The development of these measures has made it possible to increase the waste generated (hazardous and non-hazardous) to 92.7% whose final destination has been recycling (this generic category includes reuse, recycling, composting, anaerobic digestion and regeneration treatments).

Red Eléctrica has established numerous preventive and corrective measures aimed at preventing the contamination of soil or groundwater due to leaks or spills of oils, fuels and hazardous substances.

Soils

OBJECTIVES OF THE CIRCULAR ECONOMY ROADMAP

2025

- Zero serious environmental accidents at the facilities.
- Zero contaminated sites.
- Identification of alternatives to plant protection products.

2030

- Action plan for the prevention of hydrocarbon leaks and mitigation of their impacts.
- Decontamination of 100% of the soils affected by accidental hydrocarbon spills.
- 100% reduction in the use of phytosanitary products in substations.

Furthermore, adequate equipment maintenance is carried out, and strict procedures are established to reduce the number of incidents, containment systems (especially in power transformers with large amounts of oil) are used, and response protocols are in place for possible mishaps, which will reduce the consequences of accidents, should they occur.





In relation to these protocols, in 2020, Red Eléctrica set up an emergency intervention service to provide a swift and effective response to accidental spills in land-based environments, thus enabling the urgent recovery of possible environmental damage at the site of the incident and therefore minimising possible risks and damage to the environment. Furthermore, simulations of oil spills were carried out and related training sessions on this topic were held.

In 2022, two sessions were held in addition to the two held in 2021.

In addition, the organisation has assessed the level of environmental risk and identified environmental liabilities in all electricity substations and has implemented various measures to reduce, control or completely eliminate the potential risks identified. These include the following:

- Characterisation of soil and groundwater in existing substations and new substations (to identify incidents that occurred prior to Red Eléctrica's activity).
- Intensification of inspections at facilities with a high level of risk.
- Blue Filtering Project: installation of hydrocarbon separator filters at the outlet of oil collection tanks. This additional containment measure guarantees the quality of the discharge and will be applied in both new substations and existing substations. In relation to the latter, 18 separators were installed in a total of 11 facilities by the end of 2022.
- Definition of an internal procedure for the removal of insulating fluid from out-of-service fibre optic cables to reduce the environmental risk completely. A pilot project was developed in 2022, in order to validate and obtain the effectiveness curve of the aforementioned process.

Since 2020, the Company has had an emergency intervention service to provide a rapid response to accidental oil spills that occur in land-based environments.



Water

OBJECTIVES OF THE CIRCULAR ECONOMY ROADMAP

2025

- Reduction of water consumption in all work centres of Red Eléctrica and Redinter to 6.5 m³/employee/year.
- 100% of the water from the Salto de Chira construction process to be reused.

2030

- Reduction of water consumption in all workplaces to 6.5 m³/employee/year.

Although the Company's water consumption is low and is not currently considered a material issue for Redeia, the organisation is working to find alternative solutions to improve efficiency and optimise the use of this resource.

Cross-cutting actions

OBJECTIVES OF THE CIRCULAR ECONOMY ROADMAP

2030

- Integration of circular criteria in all activities, incorporation in 100% of the internal regulations.
- Management of 100% of projects with digital tools.

Globally, and to optimise the consumption of resources, the generation and management of waste and the efficiency of processes, the group is working on the implementation of digital technologies and the integration of circular criteria in all its activities.

Environmental Indicators

Non-compliance with environmental laws and regulations / 307-1

	2019		2020		2021		2022	
Type of infringement	**No. of case-files**	**Amount (€)**	**No. of case-files**	**Amount (€)**	**No. of case-files**	**Amount (€)**	**No. of case-files**	**Amount (€)**
Fire risk	2	370.46			1	90.15		
Unauthorised felling and pruning works	2	1,667.04	1	10,800				
Unauthorised works in protected areas	1	4,800						
Works without authorisation	1 (*)	240,401 (1)						
Environmental liability (death due to a collision involving an Imperial eagle)			1 (1)(*)	56,110.90				
Non-compliance with waste authorisation procedures							1 (1)	1,020.00
Total	**6**	**247,238.50**	**2 (1)**	**66,910.90**	**1**	**90.15**	**1 (1)**	**1,020.00**

Scope of data: Red Eléctrica de España S.A.U. and Red Eléctrica Corporación S.A.

(1) Information updated in 2022.

(*) Case file appealed through an adversarial administrative proceeding.

Non-compliance with environmental laws and regulations (continued) / 307-1

	2019			2020			2021			2022		
Type of infringement	**No. of case-files**	**No. of infringements**	**Amount (€)**	**No. of case-files**	**No. of infringements**	**Amount (€)**	**No. of case-files**	**No. of infringements**	**Amount (€)**	**No. of case-files**	**No. of infringements**	**Amount (€)**
Incorrect waste management		4	27,096.99	-	-	-	-	-	-	-	-	-
Works without authorisation		3	37,771.90		-	-	-	-	-	-	-	-
Minor administrative misdemeanour	4(1)	2	3,912.28		-	-	-	-	-	-	-	-
Failure to monitor birdlife. Logging of collisions	-	-	-		8	19,950.70	-	-	-	-	-	-
Non-compliance regarding environmental noise monitoring	-	-	-		3	2,207.67		1	795.02	-	-	-
Non-compliance regarding non-ionising radiation quality monitoring	-	-	-	1(1)	4	1,056.07		1	369.62	-	-	-
Non-compliance regarding flora and fauna monitoring	-	-	-				1(1)	1	3,537.01	-	-	-
Opening of access paths/roads without authorisation	-	-	-	1	1	11,925.11	-	-	-	-	-	-
Non-compliance regarding the mandatory notification of the start of works	-	-	-	-	-	-	-	-	-	1 (1)(2)	2	548
Non-compliance regarding monitoring birdlife during the dry season	-	-	-	-	-	-	-	-	-	1 (2)	1	747.78
Total	**4(1)**	**9**	**68,781.17**	**2(1)**	**16**	**35,139.55**	**1(1)**	**3**	**4,701.65**	**2 (1)(2)**	**3**	**1,295.78**

Scope of data: Redinter.

(1) Each case-file groups together a variable number of infringements.

(2) Information updated in 2022.

Leaks and spills in 2022 / 306-3

	1	2	3	4	5
Oil or hydrocarbon leaks and spills during equipment use and maintenance	0	7 (1)	4 (2)	0	0

Scope of data: Red Eléctrica de España S.A.U., Red Eléctrica Andina S.A. and Red Eléctrica Chile SpA.

Events classified as being incidents of minor relevance are not included.

Classification of accidents according to their severity on a scale of 1 to 5 (1 mild-5 serious).

(1) There were seven accidental spills classified as minor:

- Spill of 25 litres of hydraulic oil on gravel and road, due to a broken boom arm of a lorry. Affected an area of 12 m². Soil remediation work was carried out in the affected area.
- Spill of 40 litres of dielectric oil due to the breakage of a measurement transformer. Affected an area of 6 m². Work was completed to clean up the affected area.
- Spill of 15 litres of dielectric oil due to breakage of a main breaker switch chamber in the process of removing it, affecting a surface area of 15 m². The cleaning of the affected area was completed.
- Spill of 20 litres of dielectric oil due to breakage of an intensity transformer that was being removed for stockpiling, affecting a surface area of 15 m². The cleaning of the affected area was completed.
- Spill of 50 litres of dielectric oil from an intensity transformer during the process of removing it, affecting a floor area of 8 m². Soil clean-up work in the affected area was completed.
- Spill of 85 litres of dielectric oil following the explosion of a bottle terminal, affecting a surface area of 3 m². Clean-up of the affected area was completed.
- Spill of 50 litres of dielectric oil due to a ruptured hose during the oil regeneration process of a power transformer. Most of the oil fell into the collection tank. Outside the collection tank, a floor area of 20 m² was affected. Work is in progress to clean up the floor and to empty and clean the collection tank.

(2) There were four accidental spills of oil classified as significant:

- Spill of 1,200 litres of dielectric oil from a power transformer due to a broken relay following a lightning strike. The oil was completely contained in the collection tank without affecting the substation floor. The tasks of emptying and cleaning the tank were completed.
- Spill of 150 litres of diesel fuel from an off-grid generator unit due to a fault in a hose, affecting a concreted and asphalted area of 2 m². The clean-up of the affected area was completed.
- Spill of 145 litres of dielectric oil from an intensity transformer due to the incorrect handling of the crane that was moving it, affecting a surface area of 20 m² of ground. Work is being carried out to clean up the ground in the affected area.
- Spill of 550 litres of dielectric oil due to breakage of the bottle terminal of a cable, affecting a surface area of 200 m² of ground. The necessary tasks are being carried out to clean up the oil and restore the affected area.

No accidents of a serious nature occurred in 2022. No spill has been included in the organisation's financial statements.

Waste broken down by type and disposal method / 306-2

Hazardous waste (kg) (2)

Waste management method	2020	2021	2022
Reuse	0	0	0
Recycling	212,551	450,802	700,389
Regeneration	4,748	636	26,797
Energy recovery	0	85,680	0
Removal	19,355	47,776	53,983
Total (1)	**236,654**	**584,894**	**781,169**

Scope of the data: Redeia.

Non-hazardous waste (kg) (2)

Waste management method	2020	2021	2022
Reuse	23,110	24,300	0
Recycling	411,342	523,838	693,769
Regeneration	0	43,669	3,445
Energy recovery	200	0	0
Removal	360,011	104,728	57,975
Total (1)	**794,664**	**696,535**	**755,189**

Scope of the data: Redeia.

(1) The waste generated by Red Eléctrica represents more than 99.6% of the total waste generated in the group. In the case of Red Eléctrica, there has been an increase of 434 t of hazardous and non-hazardous waste (1,096 t managed in 2021 and 1,530 t managed in 2022). Redeia's waste generation is associated with the maintenance and construction of the facilities, works necessary to maintain the assets in the best possible conditions. The nature of these activities makes it very difficult to predict the evolution of the quantities of waste produced as they are linked to the number and type of actions carried out each year. In other words, it is not possible to reduce waste without reducing the maintenance work required and the adaptation of facilities.

(2) Waste management corresponds to that which appears in the legal documentation for its management thereof. The amount of waste to be recycled was 92.7% (included in the generic category of recycling: reuse, recycling, composting, anaerobic digestion and regeneration). The increase in this percentage with respect to 2021 (88%) is linked to the implementation of some of the measures under the 'Zero Waste to Landfill' project.

306-4 SF_6 gas waste generated in Spain is sent to France for treatment, which consists of regeneration for subsequent reuse.

Total water withdrawal by source 303-3 / 303-5

	2020	2021	2022
Head Office (m³)	3,217	6,396	8,237
Other work centres (m³)	23,888	28,406	27,832
Total of all work centres (m³) (1)	27,105	34,802	36,069

Scope of the data: Redeia.

(1) The figure has a coverage of 99.4% in terms of personnel, including collaborators.

Note 1. The water consumed comes from the municipal water supply network (61.0%), wells (36.2%), cisterns (2.8%). In some centres, there are cisterns for the accumulation of rainwater for sanitary use, fire prevention and irrigation. The cisterns do not have mechanisms for counting the water stored, so it is not possible to calculate the percentage of rainwater use.

Note 2. 93% of water is consumed in areas at high risk of water stress (high or extremely high-risk areas have been considered for the 'Baseline Water Stress' indicator published in WRI's 'Aqueduct Water Risk Atlas' tool).

Presence of facilities in protected spaces / 304-1

	2020	2021	2022
Red Eléctrica de España S.A.U. (1)			
km of line in Red Natura/total km of line (%)	15.51	15.45	15.45
Number of substations in Red Natura/number of substations (%)	5.74	5.67	5.51
Surface area of facilities in Red Natura/total Surface area in Red Natura (%) (3)	0.08	0.08	0.08
Red Eléctrica Andina S.A. (2)			
km of line in protected areas/total km of line (%)	3.05	3.13	4.15
Number of substations in protected areas /number of substations (%)	0	0	0
Surface area of facilities in protected areas /total Surface area in protected areas (%) (3)	0.03	0.03	0.03
Red Eléctrica Chile SpA			
km of line in protected areas/total km of line (%)	-	-	1.97
Number of substations in protected areas /number of substations (%)	-	-	0
Surface area of facilities in protected areas /total Surface area in protected areas (%) (3)	-	-	0

(1) Red Natura (Natura 2000 Network) includes: SCI (Site of Community Importance) and SPA (Specially Protected Areas for birds).

Note 1. The most updated database published by MITERD is used to calculate the indicators.

Note 2. The mapping of facilities in service is improved and updated annually, which may result in some variations in the calculations that are not related to the increase or decrease of facilities.

(2) Protected areas according to legislation: National Reserve and buffer zone.

(3) Area occupied by lines, substations and submarine cables. The area occupied by the lines has been calculated assuming an occupation of 20 metres on each side of the line. It is necessary to take into account that the occupation is overhead; there is only real occupation in the case of the towers. The area occupied by the submarine cables has been estimated at 1 metre on each side of the line.

Impacts on endangered species detected in 2022 / 304-2

Species	No. of birds affected
Egyptian vulture (*Neophron percnopterus*) (1) (4)	2
Bonelli's eagle (*Aquila fasciata*) (1)	1
Great bustard (*Otis tarda*) (2)	2
Houbara bustard (*Chlamydotis undulata*) (2) (3)	6
Black vulture (*Aegypius monachus*) (1)	2

Species	No. of birds affected
Red kite (*Milvus milvus*) (3)	1
Cory's shearwater (*Calonectris diomedea*) (1)	17
Black-headed sandgrouse (*Pterocles orientalis*) (1)	1
European Turtle Dove (*Streptopelia turtur*) (2)	1
Black stork (*Ciconia nigra*) (1)	1

Species	No. of birds affected
Bearded vulture (*Gypaetus barbatus*) (3)	2
Southern grey shrike (*Lanius meridionalis*) (2)	1
Western Canary Island curlew (*Burhinus oedicnemus distinctus*) (1)	1
Barbary falcon (*Falco pelegrinoides*) (3)	1

Scope of the data: Redeia.

(1) Vulnerable species according to the National Catalogue of Threatened Species **/ 304-4.** (2) Vulnerable species according to the IUCN Red List **/ 304-4.** (3) Endangered species according to the National Catalogue of Threatened Species **/ 304-4.** (4) Endangered species according to the IUCN Red List **/ 304-4.**

Description of the most significant impacts on biodiversity / 304-2

Most significant impacts on flora/vegetation

400 kV Morella-La Plana line. Felling and clearing of 31.7 ha, during the construction of 24 towers, of vegetation of habitat of community interest - HCI 5210: Spanish junipers and Kermes oak (*Rhamno lycioidis* and *Quercetum cocciferae*) and HCI 9240 Viola and Portuguese oak (*Violo willkommii* and *Quercetum fagineae*).

66 kV El Rosario-Guajara line and 132 kV Playa Blanca-La Oliva line. Transplanting of 5 Canary palm trees (*Phoenix canariensis*), as a result of damage during the digging of an underground section of trench in an urban garden area.

220 kV Sant Just-T de Celsa line. Fire in span 357-358 located within the boundaries of the Collserola Park, an area declared a protected area (RN2000), specifically Site of Community Importance: SCI ES5110024 Serra de Collserola. As a result of the breakage and fall of the conductor, a small fire broke out, affecting an area of 40 m² of scrubland, bushes and herbaceous species, requiring the intervention of the fire brigade on the scene to extinguish it.

Scope of the data: Red Eléctrica de España S.A.U.

Note. In addition, in 2022, a fuel leak (diesel) was recorded at the Andratx substation, located inside the Serra de Tramuntana Natural Area. The leak was limited to an impermeable area inside the site, without affecting the exterior or the bare ground. It was cleaned up using absorbent material.

Species included in the IUCN Red List and the national conservation list whose habitats are located in areas affected by operations / 304-4

Scientific name	Common name	Classification according to MITERD (Spanish Catalogue)	Classification according to the IUCN red list
Aegypius monachus	Black vulture	Vulnerable	Near threatened (NT)
Aquila adalberti	Imperial eagle	In danger of extinction	Vulnerable (VU)
Aquila fasciata	Bonelli's eagle	Vulnerable	Least concern (LC)
Ardeola ralloides	Squacco heron	Vulnerable	Least concern (LC)
Aythya nyroca	Ferruginous duck	In danger of extinction	Near threatened (NT)
Botaurus stellaris	Euroasian bittern	In danger of extinction	Least concern (LC)
Burhinus oedicnemus distinctus	Stone curlew (West Canarian)	Vulnerable	Not evaluated (NE) - Species endemic to the Canary Islands
Calonectris diomedea	Scopoli's shearwater	Vulnerable	Least concern (LC)
Chersophilus duponti	Dupont's lark	Vulnerable	Vulnerable (VU)
Chlamydotis undulata	Houbara bustard	In danger of extinction	Vulnerable (VU)
Ciconia nigra	Black stork	Vulnerable	Least concern (LC)

Continued on next page

Species included in the IUCN Red List and the national conservation list whose habitats are located in areas affected by operations / 304-4

Scientific name	Common name	Classification according to MITERD (Spanish Catalogue)	Classification according to the IUCN red list
Columba bollii	Bolle's pigeon	LESRPE (Spanish List of Specially Protected Wild Birds)	Least concern (LC)
Columba junoniae	Laurel pigeon	Vulnerable	Near threatened (NT)
Cursorius cursor	Cream-coloured courser	LESRPE	Least concern (LC)
Dendrocopos leucotos	White-backed woodpecker	In danger of extinction	Least concern (LC)
Falco peregrinus pelegrinoides	Barbary falcon	In danger of extinction	Not evaluated (NE) - Species endemic to the Canary Islands
Fringilla teydea subspp	Blue chaffinch	In danger of extinction (Gran Canaria) / Vulnerable (Tenerife)	Endangered (EN)
Fulica cristata	Crested coot	In danger of extinction	Least concern (LC)
Geronticus eremita	Northern bald Ibis	LESRPE	Endangered (EN)
Gypaetus barbatus	Bearded vulture	In danger of extinction	Near threatened (NT)
Lanius meridionalis	Iberian grey shrike	LESRPE	Vulnerable (VU)
Lagopus muta	Rock ptarmigan	Vulnerable	Least concern (LC)
Marmaronetta angustirostris	Marbled duck	In danger of extinction	Vulnerable (VU)
Milvus milvus	Red kite	In danger of extinction	Least concern (LC)
Neophron percnopterus	Griffon vulture	Vulnerable	Endangered (EN)
Neophron percnopterus majorensis	Canarian Egyptian vulture	In danger of extinction	Not evaluated (NE) - Species endemic to the Canary Islands
Otis tarda	Great bustard	LESRPE	Vulnerable (VU)
Oxyura leucocephala	White-headed duck	In danger of extinction	Endangered (EN)
Pandion haliaetus	Osprey	Vulnerable	Least concern (LC)
Pterocles alchata	Pin-tailed sandgrouse	Vulnerable	Least concern (LC)
Pterocles orientalis	Black-bellied sandgrouse	Vulnerable	Least concern (LC)
Streptopelia turtur	European turtle dove	Not included	Vulnerable (VU)
Tetrao urogallus aquitanicus	Aquitanian capercaillie	Vulnerable	Not evaluated (NE)
Tetrao urogallus cantabricus	Cantabrian capercaillie	In danger of extinction	Not evaluated (NE)
Tetrax tetrax	Little bustard	Vulnerable	Near threatened (NT)

Scope of the data: Red Eléctrica de España S.A.U.

Note: The main impact on protected species caused by Red Eléctrica's operations is that arising from the collision of the birds with the lines. Within the framework of the project of 'Birds and power lines: mapping of bird flight paths' species that are prone to colliding with the Red Eléctrica's overhead electricity lines have been identified (focal species, a total of 52) and whose habitats are in areas where these lines exist. Of the 52 species registered, those identified as threatened are included in this indicator. In addition, species for which accidental collisions have been identified in 2022, although not listed as focal species the Iberian grey shrike (*Lanius meridionalis*) and the European turtle dove (*Streptopelia turtur*), have been included in the list.

7.5 Supply Chain



Key indicators in 2022

251 participants involved in the training and development programmes for suppliers, with an overall satisfaction level of 9 points out of 10.

25 suppliers participated in the second phase of the Supply Chain Emissions Reduction Programme.

Analysis of 100% of the supplies and supplier portfolio in terms of supply chain security.

Deployment of the Supply Chain Security Model across a total of 10 supplies.

2022 Milestones

Coming into force of the General Conditions of Contract of Redeia.

Visibility regarding suppliers on the new 2021-2026 Transmission Grid Planning (holding of digital forum).

Improved view of demand (unique, error-free and timely data) with the integration of the Procurement Plan and the investment project management tool.

Challenges for 2023

Develop actions to align suppliers with Redeia's Scope 3 emission reduction commitments for 2030.

Encourage responsible purchasing by including sustainability criteria as requirements in tender processes.

Make the procurement process more accessible and operational for suppliers, making requirements visible at both strategic (2021-2026 Transmission Grid Planning) and operational (Procurement Plan) levels and adapting the stock management, storage and distribution strategy.

RESPONSIBLE MANAGEMENT OF THE SUPPLY CHAIN

Redeia has a responsible management model based on the principles of non-discrimination, mutual recognition, proportionality, equal treatment, transparency and free and fair competition.

The Operational Procurement Plan remains aligned with Redeia's 2021-2025 Strategic Plan and defines actions to comply with the courses of action linked to the energy transition, efficiency, innovation and technology, and sustainability.

Redeia voluntarily participates in various initiatives and professional associations that strengthen the extension of its commitment to sustainability to suppliers, among which it is worth highlighting the commitment to the principles of the United Nations Global Compact.

The Responsible Supply Chain Management Model requires correct information management, and therefore, work was carried out on the evolution and adaptation of Redeia's IT systems, with the dual objective of making them more accessible and operational for suppliers and increasing the quality of the analyses in order to identify and prioritise aspects for improvement (planning of needs, definition of procurement strategies and sustainable levers, adaptation of stock to meet the maintenance needs of the transmission grid, etc.).



Aware of the importance of data, Redeia is committed to the incorporation of advances in intelligent automation technologies, as well as promoting digitalisation in the management of the supply chain.

Model for the responsible management of the supply chain

FRAMEWORK

- ROYAL DECREE-LAW 3/2020
- CODE OF CONDUCT AND ETHICS
- SUPPLIER CODE OF CONDUCT
- PROCUREMENT POLICY
- SUSTAINABILITY POLICY
- GUIDELINES FOR THE PREVENTION OF CORRUPTION
- INTERNAL REGULATION

LEVERS FOR ONGOING IMPROVEMENT

- REDEIA'S STRATEGIC PLAN
- OPERATIONAL PLAN - PROCUREMENT/ SUPPLY AREA
- AUDITS
- ASSESSMENTS
- CUSTOMER AND SUPPLIER SATISFACTION SURVEYS
- OBJECTIVES AND PROJECTS

PILLARS

Continuous search for the lowest expected overall cost

- Search for efficiency, effectiveness, and simplification of processes.
- Implementation of sourcing strategies to optimise own/in-house resources.

Transparency and the separation of functions within the management processes

- Centralised management of the supply chain through the separation of functions.
- Existence of a specific department for suppliers that is not involved in the purchasing process.
- Maximum communication with the supplier in all processes.
- Supplier qualification process accessible for all interested suppliers.
- Processes in systems (traceable and auditable).
- Relational framework and service delivery models with internal clients.

Ethical management and development of suppliers and subcontractors

- Communication channels available to suppliers: ASA + DÍGAME + Whistle-blowing and Compliance channel.
- Campaigns for extending the Company's principles and policies to suppliers.
- Specific development plans resulting from their supervision and monitoring.
- Development of medium to long-term partnerships

Minimisation of the risk associated with the procurement processes

- Identification of legal / business / technical / sustainable impacts and risks and the categorisation of associated suppliers.
- Establishment of requirements that mitigate said impacts and continuous verification of said requirements in:
  - The supplier selection process and the awarding of contracts.
  - The qualification, subcontracting and corporate monitoring of suppliers.
- Acceptance of the Supplier Code of Conduct and verification of compliance with said Code through audits.
- Wide range of suppliers in the market.

Open and fair competition

- Selection of candidates taking into account the need to ensure adequate competition.
- Ensuring open and fair competition throughout the tender awarding process.

In the case of subcontracting by the supplier, the supplier is responsible for ensuring that its contractors carry out their activities in compliance with the principles of the Supplier Code of Conduct.



The Supplier Code of Conduct / 2-24

The Supplier Code of Conduct, derived from the group's Code of Conduct and Ethics, establishes the minimum ethical, social and environmental requirements (such as cybersecurity, data protection, disability and diversity, climate change, circular economy and corporate reputation) that all suppliers must accept and comply with in order to work with Redeia, assuming the commitment to extend the Code to their own supply chain.

When a supplier starts the registration process in **PRORED**, a necessary step to be able to begin the classification and qualification process to form part of Redeia's database, it must accept the Supplier Code of Conduct from the outset, which, as stated in the General Conditions of Contract, is part of the contractual documentation.

All suppliers must ensure that their contractors, in turn, have policies and practices that respect the principles contained in this Code and ensure that they respect similar principles to those of Redeia, guaranteeing complete integrity in the supply chain.

The Company conducts social audits with a dual objective: on the one hand, to verify satisfactory compliance with the Supplier Code of Conduct and, on the other, to extend the Company's sustainability principles to Suppliers.



SUPPLY CHAIN
2-6 / 204-1

Comprehensive management of purchases

The continuous improvement regarding the planning of purchasing, attending to the need, in a visible and anticipatory way, enables the efficient and sustainable management of the supply chain, being able to offer longer-term visibility and greater certainty to the supplier market. To this end, the Company has reinforced communication at all levels, thus ensuring transparency and proximity to the supplier.

Purchasing management starts with an adequate selection of suppliers. In addition, suppliers must comply with the requirements of the contracting process and take into account the awarding criteria published in the tender documents during such process.

The Company's supply chain in figures

3,087 companies that have worked within the framework of Redeia's terms and conditions of contract

2,195 suppliers

892 subcontractors

76.4 % corresponds to services and construction work

23.6 % corresponds to materials and equipment

879 M€ certified procurement expenditure allocated to suppliers

92.3 % of the certified procurement expenditure of Redeia was allocated to suppliers with a registered office in the European Union

82.5 % of the certified procurement expenditure registered in Spain by Redeia was allocated to suppliers with a registered office in Spain

99.8 % of the certified procurement expenditure registered in Chile by Redeia was allocated to suppliers with a registered office in Chile

66.2 % of the certified procurement expenditure registered in Peru by Redeia was allocated to suppliers with a registered office in Peru

Status of the group's supplier portfolio

2,243 suppliers covering a range of 394 groups/ categories of supplies and services

336 new suppliers incorporated into the portfolio of suppliers in 2022

In this process, Redeia pays special attention to its suppliers, considering critical tier 1 suppliers to be those that supply equipment, materials, services or works for the transmission grid and telecommunications network, which have been contracted during the year under the following conditions: sole supplier due to technological aspects, due to little competition (less than three qualified suppliers, existence of a single supplier in the market, receipt of a single bid or submission of a single technically valid bid), or in the case of recurring services when the contracted amount exceeds 1 million euros. Critical suppliers are also considered to be the 20 suppliers that have worked the most with the Company during the year (those with the highest certified contracted amount) and suppliers for supplies with key technology. Non-tier 1 suppliers (subcontractors) are considered critical if they carry out work during the year for an amount greater than 100,000 euros.

In 2022, Redeia worked with a total of 2,195 suppliers (tier 1), of which 134 are considered critical, accounting for 43.1% of the total expenditure on purchases made during the year. The number of subcontractors (non-tier 1 suppliers) considered critical was 75 out of a total of 892.

In addition, in 2022, Redeia carried out a review of the contracting strategies for the main supplies identified in the analysis of the Kraljic matrix to ensure coverage of the needs of the new 2021-2026 Transmission Grid Planning.



The suppliers participated in these reviews, which enabled them to adapt the way of contracting to the Redeia market, thus better covering the Company's needs. This review affected 50% of the goods and 28.6% of the services identified as strategic.

It should be noted that the Company has organised a meeting with suppliers to inform them of the impact of this new Planning on the most strategic supplies for the Company and to inform them of the challenges it faces. Another noteworthy aspect is the meetings that the Company holds periodically with key suppliers with the aim of providing mutual feedback and offering a global vision of the present and future activity, the commercial relationship, supplier risk assessment and sharing concerns and priorities in the field of sustainability.

Throughout 2022, the **new General Conditions of Contract for equipment and materials,** services and works came into force, largely incorporating the reflections made with suppliers and respecting the changes made in response to the need to consider new applicable regulations.

In those supplies where it is feasible, purchases are made through the contracting of **Special Employment Centres,** favouring the employment integration of people with disabilities. Purchases with sustainable criteria are also encouraged through the contracting of electricity supplies with green energy or guarantees of renewable origin. Similarly, the different ways of contracting Redeia's electricity supply have been reviewed to determine the most advantageous option for the Company, taking into account the market situation, prospects and regulations. In addition, in 2022, the contracted power supply for work centres and telecommunications shelters was reviewed, optimising the contracted power of 16 electricity supply contracts.



Redeia is working on the identification and gradual incorporation in tenders of potential sustainability requirements, linked to aspects of circular economy and the fight against climate change.

Management of procurement and logistics

Redeia works closely with suppliers to understand their supply chain risks and mitigation plans, as well as their production capacities, anticipating procurement decisions to safeguard on-time deliveries according to project needs.

In 2022, the Company carried out a logistics analysis of the existing alternatives in the market to increase capacities and cover cable storage needs for interconnection maintenance (evaluation of new management strategies for the provisioning of subsea links).

It has also carried out an analysis and definition of alternatives in the search for and contracting of storage sites in ports or other viable locations in the vicinity. The sites are required to store supplies for subsea links.

It is worth highlighting the incorporation of efficiencies such as the reduction of stock categorised as 'excess' in warehouses, which frees up storage space, improves minimum coverage and avoids unnecessary purchases, improving the quality of the information regarding stocks and promoting the using up of excess stock.

Integrated planning has led to a reduction in CO_2 emissions due to the use of materials previously considered as excess stock.

Improvement and digitalisation within the scope of procurement

2022 was a key year for improvement and digitalisation within the scope of Redeia's procurement processes. Some of the most noteworthy initiatives, with an impact on procurement processes and supplier management, are: improvements in the purchasing robotisation process, automation in the generation of purchase orders based on existing contracts, the establishment of procurement strategies, the review of the certification and identification of improvements to be implemented in the systems and the incorporation of third-party projects into the Procurement Plan, thus gaining greater visibility over them.

At an IT level, noteworthy was the evolution of the Procurement Plan allowing its coordination with the investment project management tool, the review of the operating process for incident management (so that all management is carried out through the PRORED tool, enabling the status of the incident to be consulted at all times) and the incorporation of new data and/or enhancing the data already included in the Procurement Plan, thus making it more useful and reliable.

RISKS AND IMPACTS ON THE SUPPLY CHAIN 308-2 / 414-2

Among the initiatives that Redeia addresses within the framework of its responsible management of the supply chain, noteworthy is the identification of impacts on sustainability matters with regard to the provision of supplies and that enables the Company to establish the requirements that shall be met by suppliers to monitor and reduce such impacts. Redeia has an impact matrix for the supply of equipment and/or materials, as well as for the supply of construction works and services. In total, twenty types of sustainability impacts have been identified: seven in the area of ethics and working conditions, four in the area of occupational health and safety and nine in the environmental scope.

The main risks are dealt with through the management systems in place and via regular audits and after which recommendations and improvement areas are identified, analysed and implemented with a view to continually improving processes. In the case of identification of a high impact, the Company can establish an action plan with the supplier, closely monitoring its implementation and reserving the right to take action if necessary.

The identification and prioritisation of risks and impacts of the supply chain have allowed the Company to establish adequate controls to minimise them. In this regard, for each of the risks identified, the Company works on the qualification, monitoring, training and development of suppliers.

The Company has identified the impacts and effects on sustainability (ethics, occupational health & safety and the environment) associated with each of the incidents managed in order to have more information and the ability to gauge this type of incident.



Risks and impacts identified in the supply chain and mitigation measures taken

Risks and impacts identified

Risks and impacts regarding ethics and working conditions

- Reputation
- Bribery and corruption.
- Appropriation and misuse of information.
- Discrimination/equality.
- Violation of the fundamental rights of workers.
- Lack of ethics in remuneration.
- Impact on the well-being of the community.
- Legal/regulatory non-compliance.

Security (physical, cybersecurity and information security) and occupational health risks and impacts

- Accidents in the workplace.
- Work-related illnesses.
- Inadequate training or experience/information.
- Legal/regulatory non-compliance.

Risks and impacts regarding the environment

- Impact on biodiversity.
- Impacts on soil and water.
- Climate change
- Air quality.
- Generation of non-hazardous waste.
- Generation of hazardous waste.
- Energy consumption
- Water consumption
- Legal/regulatory non-compliance.

Risks and impacts due to non-compliance with legislation

- Non-compliance with the requirements of Royal Decree-Law 3/2020 on the contracting of entities operating in the water, energy, transport and postal services sectors.
- Legal/regulatory non-compliance.

Risks and impacts due to non-fulfilment of deadlines or incidents in the performance of the work

- Inability of suppliers to complete the execution of the works.

Risks and impacts associated with the supplier's country of origin

- Risks and impacts associated with the supplier's country of origin.

Mitigation measures

- Acceptance of the Supplier Code of Conduct.
- Conducting social audits and establishing action plans.

- Certified quality system (ISO 9001).
- Deployment of the integrity Counterparty Due Diligence Model
- Criteria for determining inherent risk regarding suppliers.
- Due diligence guidelines for integrity due diligence with third parties. Criteria for determining inherent risk.
- Integrity information search (screening).
- Assessment of the likelihood of compliance with criminal prevention, privacy and cyber security regulations by a supplier.
- Monitoring of the governance aspects of the organisation (scoring).
- Application of the Integrity Impact Model in the management of incidents regarding integrity.
- Management of ethics and compliance-related grievances.

- Occupational health and safety management system certified by a third party (ISO 45001 or similar). This requirement is compulsory for all supplies with an impact on occupational health and safety.
- Monitoring of social aspects and relationships with the community (scoring).
- Implementation of the Supply Chain Security Model.

- Environmental management system certified by a third party (ISO 14001 or similar). This requirement is required for all supplies that may have an impact on health and safety.
- Monitoring of environmental aspects (scoring).

- General conditions of contract for equipment and materials, the supply of services and the provision of construction works.
- Proof of a civil liability insurance policy, being up to date on payments regarding Social Security, Tax Authority, Civil Registry, and accident insurance.
- Permanent monitoring of compliance with current legislation.

- Certified quality system (ISO 9001).
- Control and monitoring of suppliers in financial difficulties (scoring).
- Monitoring of the supplier during the term of the contract: verification of qualification requirements (business, environmental and occupational health & safety).
- Establishment of KPIs and service level agreements (SLAs) in contracts, the definition of specific clauses per contract, in addition to the General Conditions of Contract.
- Minimum requirements (depending on the supply).
- Analysis of references and of previous track record relating to prior works.
- Comprehensive evaluation of the supplier prior to being included in the tendering process.
- Awareness and development campaigns for suppliers.
- Diversified contracts with various suppliers offering flexibility in the event that the supplies/services need to be reallocated.
- Implementation of the Supply Chain Occupational Health and Safety Management Model.

- Incorporation of supplier location in determining inherent risk within the integrity and human rights due diligence model for suppliers.
- Use of Transparency International's Corruption Perceptions Index as a source for ranking countries according to their perceived level of risk.

The continuous review of the requirements established by Redeia (business, financial, technical and sustainability) and the verification of their correct fulfilment allows for the identification and assessment of risks in its supply chain.



Comprehensive risk assessment of suppliers

The Company carries out a continuous review of all the requirements established and verifies their correct compliance, which allows for the identification and assessment of risks.

Risk Assessment Requirements

- **Financial solvency (financial scoring):** analysis of the risk that working with a supplier represents for Redeia in terms of the probability of non-payment and when comparing this to the sector average. Relevant economic information is also captured to determine whether a company has adequate capacity to meet its financial obligations. As part of its sustainability strategy, the Company is committed to continuing to work with suppliers who are in financial difficulty, but it must also manage the risk associated with working with a supplier in this situation.
- **Technical incidents:** relating to incidents or accidents in the delivery of supplies, the execution of construction works and/or the provision of services, among others.
- **Financial incident:** due to irregularities in payments to third parties (subcontractors, supplier's bank debt) or failure by the supplier to issue certifications in due time and form, among others.
- **Incidents regarding compliance/audits:** for non-compliance with Redeia's Supplier Code of Conduct, for lack of due diligence regarding grievances submitted to Redeia's Ethics Manager or those arising from continuous monitoring, when they lead to the identification of 'major non-conformities' (or these are not resolved in a timely manner), among others.

- **Legal incident:** by a declaration of insolvency of the supplier or its parent company, by administrative resolution or court ruling confirming or declaring the insolvency situation or from which such situation is inferred, the concurrence of any of the external facts revealing the state of insolvency set out in article 2.4 of the Insolvency Act in the supplier or its parent company, among others.

- **Sustainability (ESG scoring):** identification of a supplier's degree of maturity in environmental, social and governance aspects, as well as a comparison with the average obtained by suppliers belonging to the RePro community.

- **Integrity findings (screening):** identification of a supplier's appearance on an external list of official international sanctions and other publicly available blacklists. The information obtained on sanctions and investigations, both of individuals and companies, as well as on indications of non-compliance with the law enables the identification of compliance risks in the supply chain, especially those of a criminal nature and, in particular, those related to corruption and violation of human rights.

- **Criminal risk, privacy and cybersecurity (compliance scoring):** assessment of the probability of a supplier's compliance with a standard in these areas. The scoring associated with each of these three areas and the global scoring allows an assessment to be made of the risk level of a supplier (low, medium, high or very high) in each of them and globally, as well as sharing with the supplier a report containing an executive summary with the regulatory risks identified, metrics and assessment scales, conclusions and recommendations based on the assessment of the compliance risk.



Redeia has deployed the Supply Chain Security Model across a total of 10 supplies through a work plan that has involved 12 organisational units and a total of 189 qualified suppliers.

Actions for the mitigation of risks

In 2022, Redeia included a specific section on the Supply Chain Security Model in the terms and conditions of contract, which establishes the obligation for awarded suppliers to answer a questionnaire that allows the final risk associated with the contract to be calculated and, if applicable, to establish action and monitoring plans during the term of the contract and possible actions to be carried out at the end of the contract. Also, as an innovative measure, this year, the result of the ESG scoring was included in the criteria for the awarding of tenders.

With regard to the **Supply Chain Security Model,** in 2022, the entire supplier portfolio and the different supplies required by Redeia were analysed in order to identify those areas in which technological, cybersecurity, information security and physical security services risks need to be managed.

For the 10 supplies in which the Supply Chain Security Model has been deployed, it has been possible to determine whether the security risk has been mitigated (not mitigated, fully mitigated or partially mitigated) and in certain cases,

Redeia has been able to establish and request acceptance and/or complementary needs or specific security measures from suppliers and has modified the minimum qualification requirements with the inclusion of security requirements.

At a general level, it has been found that the Model followed is adequate for continuing with future deployment for other supplies, and a follow-up model has been established in supplies where the Model is currently deployed.

In order to verify compliance with the Supplier Code of Conduct, the Company draws up an annual **Social Audit Plan** and controls and monitors its implementation. In addition, a social audit may also be activated in the event that the Company becomes aware (through the communication channels open to suppliers or following the identification of an increase in risk during monitoring) of an indication of non-compliance with any ethical, social and environmental requirement that all suppliers must accept and comply with in order to work with Redeia, including the commitment to extend these requirements to their own supply chain.

As a result of these audits, action plans are agreed with all those suppliers that have been identified as having a 'non-conformity', with a specific deadline to remedy the deficiencies found. Their monitoring allows Redeia to measure their evolution and development, as well as to verify the improvements implemented or to take action if this is not the case, which may result in the temporary or definitive disqualification of a supplier.

The results of the audits and their corresponding findings are shared internally, focusing on the detection of 'major non-conformities' so that they are resolved in a timely manner; otherwise, the supplier will not be able to participate in new tenders.

This situation is reversible once the 'non-conformity' has been resolved satisfactorily by carrying out the corresponding action plan. In order to provide internal visibility, these results are regularly presented to the Audit Committee of the Board of Directors.

The Company maintains a constant and public commitment to protect human rights that could be violated as a result of its own activity and that of its value chain.

In addition, in 2022, Redeia drafted an internal **Due Diligence Guide on integrity and human** rights for third parties with the aim of applying due diligence measures according to the risk of the third party and has implemented a training programme focused on human rights management in collaboration with the Spanish Global Compact Network. Respect for human rights is extended to suppliers through the Supplier Code of Conduct by including specific principles, carrying out a screening of suppliers to identify sanctions or indications of human rights violations in their activities and/or activating social audits in the event that there is evidence of an indication of non-compliance with any aspect included in the Code. In 2022, the Company did not receive any grievance related to respect for human rights in its supply chain, nor has any contract or purchase order been cancelled for this reason.



The Company has drawn up an internal Due Diligence Guide on integrity and human rights for third parties and has implemented a training programme focused on human rights management, in collaboration with the Spanish Global Compact Network.



During 2022, through the channels provided for this purpose, the Company received a complaint about potential irregularities associated with a third-party service provider's own personnel. After assessing the complaint, an action plan was defined and implemented with the supplier to avoid potential impacts for Redeia. Once implemented, no other measures were deemed necessary.

In addition, Redeia has a **Data Protection Compliance System** with specific mechanisms that regulate and adapt to the General Data Protection Regulation and the Organic Law on Personal Data Protection and guarantee digital rights when contracting services that require the processing of personal data by suppliers who are considered data controllers, thus ensuring the adequate protection of such data. The Company's Compliance System and Human Rights Management Model are described in the Ethics and Compliance chapter of this report. The Company monitors the severity and frequency of accidents among its contractors and implements measures to ensure the safety of all persons working at its facilities, as reported in the section on Workplace safety in the supply chain in the Employees chapter of this report.

MANAGEMENT OF SUPPLIERS

Supplier qualification stage

308-1 / 414-1

Redeia's objective in this stage is to deal with the qualification process of companies that request to become suppliers on the basis that no supply or service may be awarded to a supplier that has not been previously qualified. The requirements to be demanded from suppliers vary depending on the type of service or supply:

- When the Company considers that the provision of a service or a supply must meet specific requirements (certifications, prior experience or the provision of qualified personnel or means), a supplier profile is drafted (a questionnaire of minimum requirements), which must be complied with as a preliminary step to qualification.

- For all supplies with defined minimum requirements, it is a mandatory condition that the supplier has ISO 9001 quality certification.

- For supplies with an environmental impact, the supplier must have the ISO 14001 environmental certification or equivalent.

- For supplies affecting health and safety, the supplier must have the ISO 45001 certification or equivalent.

Similarly, within the framework of the Supply Chain Security Model, it is necessary that suppliers have certificates in security matters: a current certificate of the Information Security Management System (ISO/IEC 27001) and a current certificate of the Business Continuity Management System (ISO 22301).

Redeia carries out a constant review and update process of the requirements to be demanded from suppliers regarding occupational health and safety, ethics and working conditions, environmental and diversity aspects, in order to implement them into the qualification process. It also periodically analyses the supplier portfolio to identify those supplies where it would be advisable to incorporate competition.

Inclusion of a specific section on the Supply Chain Security Model in the terms and conditions of contract for the mitigation of potential risks.

Through PRORED's unique web space (supplier communication space accessible via the corporate website), the Company makes available to suppliers, and companies aspiring to become so, the supply tree where all supplies, works and services with their profile are published, allowing suppliers to know in advance the minimum requirements before starting the qualification process, initiate a registration and monitor their qualification process as well as update their business and contact details at any time.

This space improves the agility and transparency of communication between the supplier and Redeia, guaranteeing that the Company's expectations are known by the supplier, making it possible to carry out simple procedures autonomously and thus favour the development of suppliers.

Active scouting process for suppliers

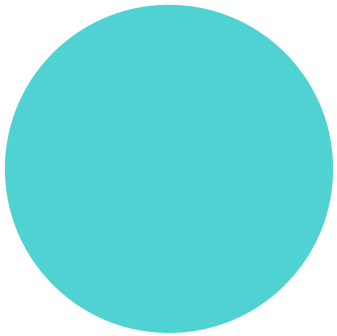
As part of its diversification strategy, the Company has an active supplier scouting process for those supplies where it needs to expand its supplier portfolio. This search is carried out both within Spain and abroad, though the process seeks to promote, in as far as possible, local suppliers.

In 2022, Redeia carried out this process for seven supplies. The suppliers engaged were supported during the process to facilitate their registration in PRORED, which has enabled 29 new suppliers to be incorporated into the portfolio for such supplies.

Subcontracting

As part of its commitment to transfer its qualification requirements to the second level of the supply chain (tier 2), the Company requires that those subcontractors who carry out activities for suppliers must comply with the same requirements





demanded of the previously qualified suppliers who were awarded the contract.

The requirements and controls established prior to authorising the subcontracting to a third party are:

1. Evidence that proves that the payment conditions between contractors and subcontractors are those established by law.

2. Proof that the subcontractor is up to date with payments to the Tax Administration and the Social Security Agency.

3. Certificate of being registered in the REA (Register of accredited companies in the construction sector) or a Statement of Compliance (affidavit) declaring that they are not obliged to be registered.

4. Details of the activities that have been requested to be subcontracted.

5. Completion and submission of the 'Procedure Template regarding Authorisation for Subcontracting' signed by the contractor and the subcontractor, which acknowledges that the contract awardee has provided the proposed subcontractor with all the technical and contractual information necessary for the correct performance of the works.

In 2022, the average time for the management of subcontracting requests stood at 0.75 days from the moment the documentation submitted by the supplier was validated (0.74 days in 2021 and 0.80 days in 2020).

Supplier monitoring

The objective of the Company in this area is to verify both the performance of suppliers within the framework of contracts with the group and continuous compliance with the requirements demanded at the time of qualification.

Noteworthy monitoring actions carried out IN 2022

BUSINESS MONITORING

- Monitoring of the financial solvency of all qualified suppliers, considering 96 suppliers that have been found to be in a weak financial situation within the portfolio for bidding.
- Continuous monitoring of business requirements (being up to date with payments to the State Tax Administration Agency, Social Security, Civil Liability, etc.), as well as of the capacities, security requirements and resources demanded during the qualification process, for 100% of suppliers.
- Monitoring of 13 integrity incidents, 9 of which were opened in 2022.
- 18 meetings with key suppliers to share visibility of needs, an overview of the supplier-Redeia relationship, their performance, review their risks, identify innovative initiatives with an impact on sustainability that they are developing, level of participation in development/training initiatives promoted by the Company and to obtain mutual feedback.

TECHNICAL MONITORING

- In 2022, 24 technical incidents affecting 20 suppliers were managed and 8 improvement action plans were defined with the aim of rectifying the incident and enabling supplier development. As a result of the management of these incidents, 6 suppliers have seen their qualification status modified and 6 incidents in a finalised status have had an impact on sustainability (specifically 2 in the area of environmental issues and 3 in the area of occupational health & safety).
- 10 incidents were closed in 2022.

SUSTAINABILITY MONITORING

- The Company has carried out social audits of 64 suppliers. As a result of the audits, 29 action plans have been agreed upon with 16 of them, enabling supplier development and confirming the improvement implemented. The results of these audits and their corresponding findings are shared internally, with special emphasis on the detection of 'major non-conformities'. During 2021, the Company carried out social audits of 35 suppliers, agreeing 7 action plans with 6 suppliers and, in 2020, Red Eléctrica conducted social audits of 45 suppliers, agreeing 38 action plans with 18 suppliers.

Supplier training and development

Redeia continuously identifies aspects and develops specific training courses that not only increase the knowledge and maturity of its suppliers in certain areas, but also enable them to learn about the goals the Company has set in the medium and long term, identify synergies and encourage collaborative work in meeting the established challenges.

Redeia, for yet another year, in collaboration with the Spanish Network of the United Nations Global Compact, has developed a training programme focused on human rights management, with the aim of helping suppliers get to know and understand the Global Compact Principles on Human Rights and its

In 2022, 251 suppliers participated in training and development programs for suppliers.



regulatory framework, as well as to provide them with practical examples and templates that enable them to draw up a human rights policy, a KPI dashboard and a model for registering grievances.

Taking advantage of this training, the Company launched a questionnaire for all suppliers to understand the steps they are taking to manage human rights risks and opportunities. This questionnaire will enable the Company to support its suppliers toward a strategy of mutual improvement and learning.

This training program, launched at the end of 2021, closed in March 2022. 150 users from 107 companies have benefited from this initiative, which has obtained an average rating of 9 out of 10 points.

In 2022, Redeia organised **three forums with suppliers:**

- Meeting regarding the 2021-2026 Transmission Grid Planning, in which the Company and suppliers discussed how this will impact the most strategic supplies for the Company and suppliers were informed about the challenges faced by Red Eléctrica. A total of 88 people participated in this initiative.

- Forum on security in the supply chain, during which the methodology of the model was explained, its cataloguing by nature, possible security requirements and the relationship with suppliers, with the aim of identifying and mitigating risks in the supply chain. 68 people from 58 companies took part in this initiative, with the participants giving it a score of 9 out of 10.

- Forum on the management of human rights in the supply chain, in which topics such as future regulatory developments in this area, companies that will be affected and in what way, and what steps can be taken to comply with human rights, were addressed. 79 people from 45 companies participated in this initiative, with the participants giving it a rating of 9 out of 10.

The content covered during the session was made available to all suppliers who registered for these events. Furthermore, the content was published on the website for consultation by any supplier who may be interested in these issues.

Within the framework of the approval of the new 2021-2026 Transmission Grid Planning, several meetings were held with key suppliers with the aim of sharing the planned needs (estimated amount and number of tenders), with emphasis on investment planning.

In 2022, the Company dealt with more than 3,452 enquiries from suppliers with an average management turnaround time of 0.23 days.

Suppliers are a key element in achieving progress in ESG matters, not only during the development of the activity but also as essential agents in the extension of the commitments undertaken by the Company to the rest of the links in the value chain. For this reason, during this conference, work was carried out to promote action from a joint and shared vision, contemplating the overall consensus of the group in a debate forum that contributes to creating a sustainable future together.

In 2022, the Company once again organised Sustainability Conference sessions, on this occasion under the title Accelerating recovery through ESG, in which various topics were addressed from the perspective of governance and risk management, the natural environment and the new economy, and people as protagonists of change, with the participation of suppliers (as in previous years). For more information, see the chapter on Commitment to Sustainability in this report.

Communication with suppliers

Redeia offers its suppliers various communication channels to facilitate and improve its service. Among them, noteworthy is the **ASA** channel (Procurement Support and Helpdesk) which manages enquiries, doubts and grievances/claims from suppliers associated with the supply processes, as well as providing clarification regarding the content of the Supplier Code of Conduct.

In 2022, a total of 3,452 supplier enquiries were managed (2,445 in 2021 and 2,021 in 2020), with an average turnaround time of 0.23 days (0.32 days in 2021 and 0.19 in 2019), well below the established turnaround target of 1 day. In addition to this channel,



Redeia remains committed to the fight against climate change by working with suppliers to reduce its carbon footprint. 12 suppliers have made significant progress in quantifying their emissions and setting reduction targets and 9 suppliers have already had their targets approved under the SBTi initiative or have committed to setting them.

the Company has the DÍGAME service and the Whistle-blowing and Compliance Channel, available to any stakeholder.

In addition, the corporate website has a specific section for suppliers, which includes the applicable regulations and processes, as well as other information of interest for the supply chain (such as training and collaboration programs, results obtained in perception studies, conferences, recognition of suppliers for their promotion of sustainability in the supply chain, etc.).

In 2022, Redeia worked on improving the supplier and organisational unit customer service managed by the ASA service and on increasing the internal efficiency of the processes for managing enquiries, incidents and requests from suppliers and from the requesting organisational units.

Sustainability supply chain

As part of the objective of spreading its commitment to sustainability throughout the supply chain, Redeia focuses on health & safety, the environment, diversity, ethical behaviour and working conditions.

In the **fight against climate change,** in 2022, Redeia continued to carry out its collaboration programme (implemented in 2021). In this second phase, in which 25 suppliers will participate, the work is aimed at making progress in meeting the targets that Redeia has set itself regarding Scope 3 emissions:

- To have suppliers with emissions reduction targets approved by SBTi (Science Based Target initiative) which, by 2025, should represent at least 67% of the emissions associated with the purchase of goods and services.

• Reduce Scope 3 emissions by 28% by 2030 (compared to 2019).

In this regard, in addition to working on identifying reduction initiatives in our sphere of influence and finding ways to collaborate, it is expected that part of the actions will be aimed at improving the collection of information to make progress in the calculation of Scope 3 emissions and identify the reductions associated with the different actions that are carried out. This information is expanded upon in the Reduction of the Carbon Footprint chapter of this report.

Similarly, the Company continues to work on all the initiatives included in **Redeia's 2030 Circular Economy Roadmap** which establishes measures to reduce the consumption of raw materials in the manufacturing of the goods and equipment it demands by substituting them for recycled, renewable or biodegradable materials and the reuse of these at the end of their useful life.

Redeia has been included by CDP in the Supply Engagement Leaderboard, 2022 which recognises its performance in translating commitment to climate action into the supply chain.

In 2022, a pilot project was carried out to identify potential criteria/requirements in terms of circularity and climate change to be included in tenders, for which information was requested in order to ascertain the degree of maturity of suppliers and to be able to analyse the results obtained and the criteria to be included in future purchasing processes.

The development of a **methodology for life cycle analysis** (LCA) and the preparation of a matrix for assessing the LCA of supplies for their inclusion in future purchasing processes was also carried out.

On the other hand, equipment and materials that reach the end of their useful life in the Company are treated as a priority with a focus on sustainable recovery, with the aim of them being reused. This type of initiative, as opposed to waste management scenarios, is a substantial improvement.

This information is detailed in the Responsible Environmental Management section of this report.



In 2022, Redeia launched the biennial perception survey to

350 suppliers

with an overall rating of 7.4 out of 10



Supplier perception survey

The Company, on a biennial basis, carries out a supplier perception survey in order to know in detail the expectations and perceptions of suppliers regarding the purchasing process of Redeia.

In 2022, for yet another year, the Company launched the perception study among a total of 350 suppliers, with an overall satisfaction rating of 7.4 out of 10.

The suppliers highlighted the **good communication, relationship and collaboration** as strong points and underlined the **professionalism, experience and image of Redeia's staff.** Similarly, with regard to whether the Company is reacting and anticipating the current market situation (transport, shortages and high prices of some raw materials and components, as well as the saturation of factories in the face of high demand), suppliers stressed Redeia's proactivity, response and anticipation as strong points.

Acquisition of real estate assets

Redeia has been applying sustainable efficiency criteria in all the real estate acquisitions it makes, whether for the Company's own organisational purposes or those required for the development of its business activities. Thus, it should be noted that, in the purchase of land for transmission grid substations, in those areas previously determined as technically and environmentally viable, the plots of land are selected based on characteristics that offer both a more favourable orography (and therefore less earth movement works) and a better and more efficient accessibility on access paths or other existing roads, avoiding or minimising as much as possible the construction of new access paths, to reduce, with both measures, the carbon footprint associated with the execution of any construction work.

7.6 Customer Orientation



Key indicators in 2022

8.7 points out of 10 for customer satisfaction regarding Red Eléctrica.

Reintel offers its customers in Spain 52,642 km of dark fibre network (49 of the 50 Spanish provinces with dark fibre coverage).

More than 350 documents for help and consultation, as well as supporting documentation, are available in the Customer section of Red Eléctrica's corporate website.

2022 Milestones

Holding of the 2nd Internal Conference with managers responsible for customer service and the 3rd Conference with 'ConectadOS' customers of Red Eléctrica.

Over 17 webinars were held with customers to give them a better understanding of the administrative procedures they may encounter in their dealings with Red Eléctrica.

Renewal of the concession contracts between Reintel and the Orange Group regarding the use of fibre optic cable and sites deployed on railway infrastructure.

Challenges for 2023

Maintain the degree of dialogue obtained with customers, better adapt the information provided and continue the development of the Services Portal and redOS.

Reintel to build facilities outside the electricity and rail environments.

Hispasat to launch the Amazonas Nexus satellite.

Awards and recognitions

Hispasat recognised as the Best Regional Satellite Operator of the Year, an award granted by Euroconsult.

Hispasat received the award for Satellite Connectivity Technologies granted by the Official College of Telecommunications Engineers and the Spanish Association of Telecommunications Engineers in the Region of Murcia.

RED ELÉCTRICA: TRANSPARENCY, NEUTRALITY AND PROACTIVITY IN CUSTOMER MANAGEMENT

Customer profiles / EU3

The customers of Red Eléctrica are those organisations and companies who are the target of the services provided by the Company, and these customers are grouped into the following broad categories:

- **Participants in the electricity market and in the dispatch of generation for non-mainland territories:** 694 in total, including both participants that intervene in the organised markets and/or execute bilateral contracts with physical energy delivery, and those that participate in the technical-economic dispatch of generation for non-mainland territories. This group of customers includes generators, distributors, consumers, traders and representatives.

- **Regulatory bodies and the Public Administration:** understood as the public bodies that legislate and regulate Red Eléctrica's business activity within their sphere of competence, and/or remunerate the Company for services rendered. Among them, noteworthy are the Ministry of the Ecological Transition and the Demographic Challenge (MITERD) and the National Commission on Markets and Competition (CNMC), responsible for regulating and evaluating the management and establishing the remuneration of the regulated activities entrusted to the Company. Also, the General Directorates of Energy of the various Autonomous Communities, in charge of regulation within the scope of their management.

- **Other European operators and platforms:** operators and transmission agents of neighbouring electricity systems (France, Portugal and Morocco), electricity distribution network operators, operators of European markets for the contracting of energy (OMIE, EPEX and NordPool, among others), European platforms such as JAO, S.A., a company that acts as the European Single Allocation Platform (SAP), among others.

- **Recipients of other potential services:** third parties requesting modifications of facilities/infrastructure and local operation services.



Transparency, neutrality and independence

Within its structure, Red Eléctrica has a specific organic unit that exclusively performs the function of System Operator and Manager

Transparency, neutrality and proactivity are the foundations for customer management at Red Eléctrica.



The system operator's Code of Conduct, revised in 2019, ensures compliance with the criteria of transparency, independence and confidentiality.

of the Transmission Grid with appropriate separation of accounting and functions from the other activities of Red Eléctrica.

Noteworthy is that Red Eléctrica has a **System Operator's Code of Conduct**, revised in 2019 and the application of which guarantees compliance with the criteria of transparency, independence and confidentiality in its functions as System Operator, both with respect to the transmission activity carried out by the Company, as well as with the other persons and/or entities with which it has relations.

The Company is obliged to publish information regarding the results of the energy markets, as well as information on processes associated with the operation of the electricity system, guaranteeing at all times the confidentiality of the data provided by the market agents in accordance with the criteria of information transparency and confidentiality established in the applicable European and national regulations in force. The communication and publication of information takes place through various channels.

In addition to the ENTSO-E European Transparency Platform and the IESOE website, coordinated at the regional level with neighbouring system operators, Red Eléctrica has the e.sios public website and the redOS application. Throughout 2021 and 2022, a comprehensive modification of the e.sios public website was carried out to migrate it in its entirety to cloud servers in order to obtain better performance and ensure the continuous availability of the service. During 2023, the process of ongoing improvement will continue, implementing measures to further strengthen the commitment to transparency of the Spanish electricity system operator, amid the process of implementing the Internal Energy Market in Europe.

BASIS FOR THE PUBLICATION OF INFORMATION REGARDING THE RESULTS OF THE MARKETS AND THE SYSTEM OPERATION PROCESSES

Legislation

- EU regulation 543/2013 on Transparency.
- EU regulation 1227/2011 on Wholesale Energy Market Integrity and Transparency (REMIT).
- Commission implementing regulation 1348/2014 of the EC, of 17 December, on data reporting.
- Royal Decree 2019/1997 of 26 December, by which the Electricity Power Production Market is organised and regulated.
- Royal Decree-Law 6/2000 of 23 June, on Urgent Measures for Intensification of Competition in Goods and Services Markets.
- Royal Decree 216/2014, of 28 March, which establishes the methodology for calculating the voluntary price for the small consumer of electricity and the legal framework for contracting it.
- Law 24/2013 of 26 December on the electricity sector.

Procedure guide

for the exchange of data (ENTSO-E)

Operating procedure

No 9.1 (P.O.9.1) 'Exchanges of information with the system operator' as per Resolution of 17/03/2022.

Other guidelines

- EU regulation 2017/2195 of the European Commission establishing a guideline on electricity balancing.
- EU regulation 2015/1222 of the European Commission drafting a guideline on capacity allocation and congestion management.
- EU regulation 2017/1485 of the European Commission establishing a guideline on the electricity transmission system operation.
- EU regulation 2019/943 concerning the internal electricity market.

Information platforms

e.sios

Platform to ensure compliance with the legal requirements for communication and publication of information.
There is a web for market subjects, accessible through a digital certificate https://participa.esios.ree.es and a public website https://www.esios.ree.es/en. The public website also allows temporary analysis of the services managed by the system operator.

ENTSO-E Web transparency

Since January 2015, Red Eléctrica has sent 100% of the data on electricity markets to the ENTSO-E transparency platform www.transparency.entsoe.eu, in accordance with the Transparency Regulation.

IESOE Web

Red Eléctrica manages this regional information platform www.iesoe.eu, where the operators of the French, Portuguese, Moroccan and Spanish electricity systems publish, in a centralised way, the capacity and usage data of the electricity interconnections between these countries.

redOS App

Application for mobile devices that shows in real time the status of the Spanish Electricity System through the monitoring of a series of relevant indicators on System Operation.

Other communication channels

Voluntary price for the small consumer (PVPC)

Since 2014, Red Eléctrica has included among its publications the information related to the PVPC, in compliance with the provisions of Royal Decree 216/2014.

Technical Committee for Monitoring the Operation of the Iberian Electricity System (CTSOSEI)

This committee takes place every two months by the operators of the Spanish and Portuguese electricity systems (Red Eléctrica and REN, respectively) and provides market agents and regulatory bodies with information on the operation of the electricity systems on the Iberian Peninsula, on the ancillary services market for the Spanish and Portuguese electricity systems, and on energy exchanges through the interconnections of the Iberian electricity systems.

Reporting to ACER

In application of the Commission Implementing Regulation EU 1348/2014, of the EC, since April 2016 Red Eléctrica has been reporting to ACER (Agency for the Cooperation of Energy Regulators) the results of the explicit capacity auctions and the programme's in-use nominations of the capacities reported by the participants in said auctions.

In relation to ENTSO-E's Transparency Platform, this organisation is carrying out a project to redesign the architecture and migration of the website to better support the large volume of information contained therein, especially following the publications required by the European Electricity Balancing Regulation (EU) 2017/2195 and the corresponding Implementation Frameworks approved for the different European balancing platforms. It also incorporates improvements in the user interface. In addition, in the middle of the year ENTSO-E started the developments with the objective that the Transparency Platform will be recognised in 2023 as a Privileged Information Platform under the ACER criteria in compliance with the REMIT Regulation, in relation to the publication of grid non-availabilities.

Additionally, Red Eléctrica participates in and leads working and/or monitoring groups aimed at increasing communication and transparency, such as the Incident Analysis Group (GRAI), the Technical Committee for Monitoring the Operation of the Iberian Electricity System (CTSOSEI), the Market Agents Committee (CAM), the Power Measurement Group and the Planning Monitoring Group, among others.

Lastly, in 2022, an external evaluation of the processes and results associated with the system operation activity under the SSAE-18 standard (International Standard on Assurance Engagements), corresponding to 2020, was conducted. In all cases, the evaluators concluded that, on the whole, Red Eléctrica maintains an effective internal control system over these processes for the different geographical areas under analysis (Spanish mainland, Balearic Islands, Canary Islands, Ceuta and Melilla). In November 2022, the assessment process, governed by this standard, was launched corresponding to 2021.



***SERCLIENTE*, hand in hand towards the energy transition.**

Red Eléctrica has set up a new framework of collaboration with its customers with a view to addressing the challenge posed for the sector by the energy transition.

During 2021, under the ***SERCLIENTE*** initiative, Red Eléctrica continued to carry out actions aimed at boosting interaction with customers (electricity generators, consumers, distributors, market agents/traders, promoters, and associations, among others) with the aim of reinforcing dialogue and maintaining a strong customer focus on behalf of the Company, through a dynamic, flexible and digital approach, centred on **actively listening** to the needs and expectations of the stakeholders.

'ContectadOS en lo que importa' (Connected to what matters) is the mission defined by Red Eléctrica to continue listening to its customers and to provide the best response to their priorities. The three pillars of the commitment are: exploring the essential, building on dialogue and bringing the future closer.

Noteworthy actions in 2022

Forums and conferences

- The Company has held more than 17 webinars convened through the System Operators' services portal, which covered aspects such as the participation of demand in balancing services with the new active demand response service, integration of hybridisation in the scheduling process, payment guarantees required by the system operator, commissioning of facilities, access and connection to the transmission grid, among others.

Communication channels

- **Customer space** on the corporate website (currently only available in Spanish). During 2022, this section has continued to be enriched with documentation to support and help customers and currently contains more than 350 documents.
- **Customer services portal** for the digital management of services (currently only available in Spanish). This is a single point of access that centralises the procedures necessary to provide the services assigned to Red Eléctrica, as system operator and manager of the transmission grid. At present, clients can already use the portal to register as a company with Redeia, submit enquiries, propose new ideas, participate in consultations regarding regulatory aspects, request grid access and connection, commission facilities and manage the power measurement service.

Implementation of the Internal Energy Market (IEM).

- **The Internal Energy Market roadmap** for the adaptation of the ancillary services managed by the System Operator. Red Eléctrica has set up several working groups with the main actors of the electricity system to not only address technical aspects but also the management of the calendar and the updating of the Roadmap. A particularly relevant case was the implementation of the new balancing product called Active Demand Response Service.
- **Evolution of the operation of the system in coordination with the managers of the electricity distribution networks.** Red Eléctrica has continued with the two working groups to define a national, transparent and efficient framework to implement at national level the requirements established in the European regulations on system operation.

Incorporating renewable energy power capacity

In order to continue with the incorporation of renewable energy power capacity and within the framework of the new grid access and connection regulations, Red Eléctrica carried out in 2022 communication actions targeted at clients, specifically:

- Publishing new guides, forms and help documentation in accordance with the development of the latest regulations.
- Conducting a webinar, in June 2022, to facilitate the understanding of the capacities published following the approval of the new 2021-2026 Transmission Grid Planning, in which more than 1,400 attendees participated.

System operation monitoring groups

During 2022, dialogue was maintained with agents through monitoring groups for the different activities of system operation, such as the Technical Monitoring Committee for the Operation of the Iberian Electricity System (CTSOSEI), the annual meeting with subscribers to the interruptible load service and groups monitoring Planning or Incident Analysis and Power Measurement Monitoring. At these meetings, different aspects of interest regarding system operation were discussed, the main new developments were reported and the corresponding suggestions or contributions of the agents for each of the activities that form part of the operation of the system were collected.

In addition, Red Eléctrica continues to work on an action plan to promote the SERCLIENTE initiative, focused on continuous improvement and customer orientation and with a firm vocation to serve society, to continue acting as a facilitator and to address, together with the rest of the sector's agents, the new challenges of the energy transition.

Red Eléctrica manages any complaints associated with its services under the application of the criteria of transparency, complete objectivity and non-discrimination.



redOS, the energy transition at your fingertips

redOS is the System Operator's web application, which provides real-time information on the situation of the Spanish electricity system through key indicators that can be consulted via one of the two user profiles available: consumer and professional.

The redOS application offers information both at national level and for the mainland, Balearic Islands, Canary Islands, Ceuta and Melilla systems, so that the most detailed data possible can be obtained on the behaviour of the electricity system at any given moment, through the following categories: electricity demand, generation, CO_2 emissions, installed power capacity, energy exchanges, wholesale and retail electricity prices.

During 2022, redOS continued to evolve by improving the information it presents, increasing navigation capabilities, adapting to regulatory changes, offering greater data granularity and responding to suggestions received from users.

Satisfaction surveys and management of incidents and grievances

Red Eléctrica manages the grievances associated with the impact of its activities and the services it offers through the application of clearly defined and precise criteria, to ensure that the management of the grievances is carried out under the principles of transparency, complete objectivity and non-discrimination.

To this end, the e-sios website for market agents contains a 'Grievances' section, which allows the online processing of grievances regarding the system ancillary services markets and the international energy exchange schedule managed by the system operator. In addition, market agents can consult the status of their grievances and obtain information on how they are being dealt with. Red Eléctrica also publishes, on said website, periodic reports on incidents identified, the handling of complaints received, and the solutions adopted.

The latest customer perception survey obtained an overall satisfaction rating of 8.7 out of 10.



In addition, Red Eléctrica periodically conducts a perception survey aimed at its customers and market agents. In 2021, the latest perception survey was conducted targeted at a total of 450 clients and business agents.

Key indicators

	2020	2021	2022
Number of estimated grievances relating to the ancillary services markets and the scheduling of international exchanges	0	1	0
Estimated grievances per TWh for each of the types of energy managed in the system's ancillary services markets	0	0,05	0
Average response time to grievances related to ancillary services markets and international exchange scheduling (working days)	2.88	1.33	3.75
Percentage of grievances resolved (%)	100	100	100

REE customer and market agent satisfaction indicators (0-10)

	2016	2018	2021
Level of overall satisfaction	8.3	8.7	8.7
Level of satisfaction in terms of quality	8.0	8.3	8.2
Level of satisfaction with the services provided	8.1	8.2	8.2
Customer service	7.9	8.0	8.0

The results offer an overall satisfaction rating of 8.7 out of 10. Based on the results and the analysis of the requirements and expectations gathered, the 2022-2024 Improvement Plan was drawn up. This Plan, as well as the results obtained, are notified to the customers and business agents participating in the study.

REINTEL: SOLUTIONS IN A FLEXIBLE AND CREATIVE ENVIRONMENT

Redeia's journey in the telecommunications market began in 1997, when the sector was liberalised in Spain. Reintel offers a meshed and redundant optical fibre network with connection to insular and international access systems. In this regard, the Company provides tailor-made solutions to its customers through the operation and management of an extensive fibre optic backbone network and telecommunications sites and technical spaces for the housing of electronic equipment. Reintel is committed to innovation and continuous investment, constantly looking for the deployment of new infrastructure, as well as to renewing and improving existing installations.

Since the beginning of its activities, Reintel's priority has always been to guarantee high levels of service quality and availability for its clients, consolidating its position as a benchmark supplier for the main players in the sector. At present, Reintel has a solid customer base that includes the main telecommunications operators present in Spain.

Solutions in a flexible and creative environment

Fibre optic networks linked to the electricity grid and railway network environment, due to its unique characteristics, can be combined and managed as if they were a single network. Thanks to this, Reintel provides customers with a more extensive network with national coverage, redundant routes, which is secure, efficient and easy to operate.

Through its dark fibre optic commercial offering, Reintel provides tailor-made solutions to its customers and accompanies them in their growth and development, building long-term relationships. During 2022, Reintel continued its growth path through the commercialisation of dark fibre optics, both to new and existing customers, increasing and strengthening the communications networks it offers to its end customers.



Reintel offers tailor-made solutions to customers, and builds long-term relationships.

Reintel has its own permanent network operations centre (available 24/7) that controls and monitors the status of the network and deals with incidents and scheduled customer work, in order to offer a reliable service of the highest quality. In 2022, a total of 585 incidents affecting the network and our customers were dealt with. Of the total number of incidents, 62.9 % were due to power supply failures, works by third parties and natural causes, while the remaining 37.1 % corresponded to scheduled work on the network.

More than 52,600 km of dark-fibre optic network in the Spanish territory with a total of 45 provinces with dedicated cable.

Key factors for Reintel

Customer orientation
Excellence
Neutrality
Expertise

REINTEL SERVICES

Backbone network

Features:

- **Interconnection** with other customers as well as with external national or international networks (France, Portugal, Morocco and Andorra).
- Providing exactly the same level of **security and reliability** to telecommunications as those that are offered to electricity and rail services.
- **Meshed network with redundancies**, offering highly resilient communication networks.
- **Coverage** that allows customers to achieve the greatest efficiency in the design and deployment of their telecommunications networks.

Dedicated cable

Features:

- Increased **capillarity** in provincial capitals and their outlying areas via dedicated cable and its extensions and through metropolitan telecommunication ring networks.
- Guarantee of the **highest levels of service** necessary for the management of the communications network.
- **Customised deployment**, including the provision of new interconnection points to link up with existing ones.
- **Interconnections** between different customers.

Telecommunications sites

- **Communication hubs.** Sites located in the railway environment that allow signal regeneration for clients, as well as the insertion or extraction of traffic flowing through the network.
- **Telecommunications shelters.** Sites located next to electricity substations and high voltage towers whose main function is signal regeneration.

Comprehensive turnkey solutions

Comprehensive dark fibre projects are adapted to the customer's needs. These can be multi-site projects, connectivity with neutral points, network integration and redundant rings, among others.

More information about Reintel services can be found on its corporate website.

HISPASAT: TECHNOLOGY TO ACHIEVE UNIVERSAL CONNECTIVITY

Redeia's satellite services operator, Hispasat, offers broadband and satellite connectivity solutions, including internet access, mobility and the extension of mobile network coverage via satellite, as well as other value-added propositions to governments, corporations and telecommunications carriers in the Americas, Europe and North Africa.

Additionally, Hispasat is the leader in broadcasting and distributing multimedia content in Spanish and Portuguese, including broadcasts from major digital Direct to Home (DTH) and High-Definition Television (HDTV) platforms, as well as in the transmission and audio-visual signal management from its teleport in Lurín (Peru).

Hispasat, made up of companies with a presence in both Spain and the Americas (where it has its Brazilian subsidiary HISPAMAR), is one of the world's leading companies by revenue in its sector and the main communications bridge between Europe and the Americas.

The services offered by Hispasat allow telecommunications carriers and audio-visual operators, as well as institutions and companies looking for high communication performance, security and reliability, to count on the only technology that guarantees universal connectivity throughout the territory.



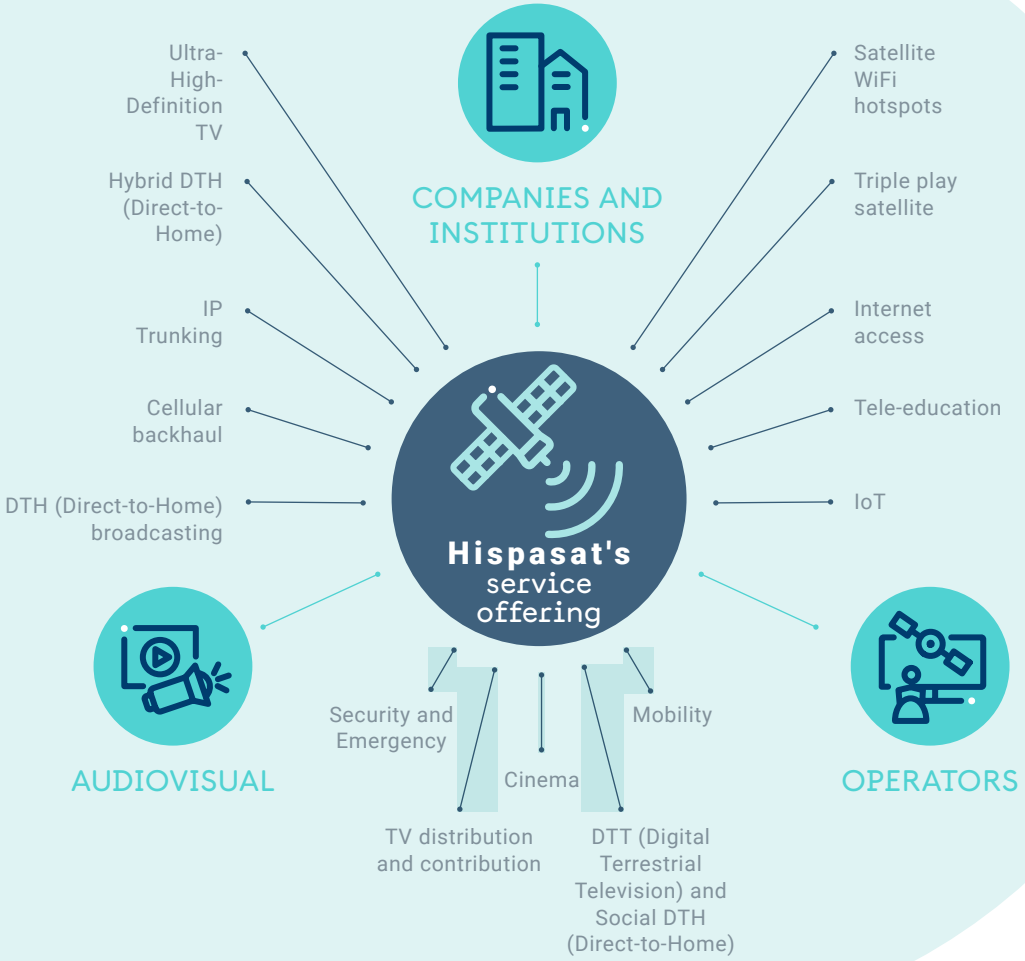
Amazonas Nexus mission

During 2022, Hispasat continued manufacturing its new Amazonas Nexus satellite, which is the most efficient and flexible of its satellite fleet due to its advanced design, its High Throughput Satellite capacity and its versatility, and whose launch is scheduled for February 2023.

The Amazonas Nexus satellite features, as an innovative aspect, a new generation Digital Transparent Processor (DTP). Thanks to this element, the satellite payload will be digitally processed, allowing to assign in-orbit the required capacities at any time.

Amazonas Nexus will be focused on connectivity in remote environments and air and maritime mobility in the Americas, Greenland and the North and South Atlantic corridors. In 2021, EXIM's Board of Directors approved the awarding to Hispasat of 81 million US dollars in funding for the Amazonas Nexus. With this milestone, Hispasat completed the financing of the space segment of the Amazonas Nexus mission.

Hispasat's range of services



More information on Hispasat's services can be found on its corporate website.

Hispasat's service offering has solidly positioned itself in high-growth markets and has a stable base of strategic client base. In 2022, the number of permanent clients reached 131, of which 25 receive audio-visual services, 66 receive corporate services and 40 receive services as telecommunications operators. On the other hand, there were 32 customers who contracted one-off or temporary services, although it should be noted that some of these customers also have permanent services contracted.

In 2022, the following agreements were signed

- Acquisition of Axess Networks, which will enable Hispasat to optimise its offering in segments such as the extension of mobile network coverage via satellite, connectivity networks for corporate customers and the digitalisation of remote areas in countries with wide technological gaps. It will also boost the development of solutions for emerging markets, such as the Internet of Things or 5G via satellite. The benefits of this integration will be particularly significant in Latin America, a region in which both companies concentrate a very significant part of their business.

- Agreement with the Repsol Foundation for the development of satellite control technologies for reforestation and the offsetting of CO_2.

- Agreement with Mobile World Capital, the Local Council of Aran and the company Arantec Enginheria to provide satellite connectivity to remote highland areas of the Aran Valley (Spain).

- Collaboration with the government of Panama for the development of a pilot satellite tele-education project for remote areas. Hispasat has donated a complete digital classroom and satellite broadband solution to the Plan Educational Centre de Chorcha, located in Ngäbe-Buglé, one of the most mountainous regions of Panama, which will benefit more than 400 students.

- Agreement with GlobalSat to provide broadband internet via satellite to 500 rural communities in Mexico.

- Agreement with Pyro for the comprehensive protection of forests via satellite, thanks to a solution that provides a system for the prevention and early detection of forest fires through IoT sensorisation of forests.

- Presentation of Hispasat Wave, its new generation of managed services, which brings together a wide range of solutions and services adaptable to the different needs of each customer in its main markets.

Hispasat ensures the confidentiality, authenticity and traceability of the information and resources used in the provision of services, with a firm commitment to respond with quality, efficiency and reliability to the needs that may arise. Thus, Hispasat provides its customers with a wide range of specific communication channels adapted to each need:

- Call centre (24/7) with high call-handling capacity in three languages (Spanish, Portuguese and English).

- Support centre. This is a web portal where Hispasat customers can open service incidents themselves or request information of any kind.

- NMS Portal: web portal where managed capacity customers can monitor the service of each of their terminals and even perform simple operations.

- SIGO portal: web portal where space and transmission capacity customers can consult information on the capacity assigned to them.

- Hispasat website, where they can find useful information as well as request to be contacted.

During 2022, a total of 10,657 requests were received, most of them related to operational matters, requests for information, alignment issues, changes or service provisions, among others.

In addition, every two years Hispasat conducts a customer satisfaction survey. In the survey conducted in 2021, with 47% participation (257 responses), the overall net satisfaction rate rose to 84.1%.



Type of customer service in Hispasat

	2020	2021	2022
Enquiries (1)	2,359	2,928	5,568
Incidents (2)	1,666	2,182	5,083
Complaints (3)	4	3	6
Suggestions	0	0	0
Total	**4,029**	**5,113**	**10,657**

(1) Includes: operational issues, information requests, alignment issues, changes, provision of service and other issues.

(2) Includes: incidents, problems, terminal incidents, platform incidents, service incidents and scheduled works.

(3) Includes: complaints and claims.



8. Contribution to Social, Economic and Environmental Development

Contribution to Social, Economic and Environmental Development

Redeia takes on the following commitment as a priority: contribute to the social, economic, and environmental development of society, through the provision of essential services in a safe and efficient manner. This is achieved by promoting environmental conservation, the quality of life and social well-being of people and involving the community in the execution of our activities, with the goal of generating mutual benefit which is perceived by society in general.

8.1 Socio-economic Contribution of the Company's Activities





8.2 Relationship with the Social Environment

8.3 Conservation of Natural Capital



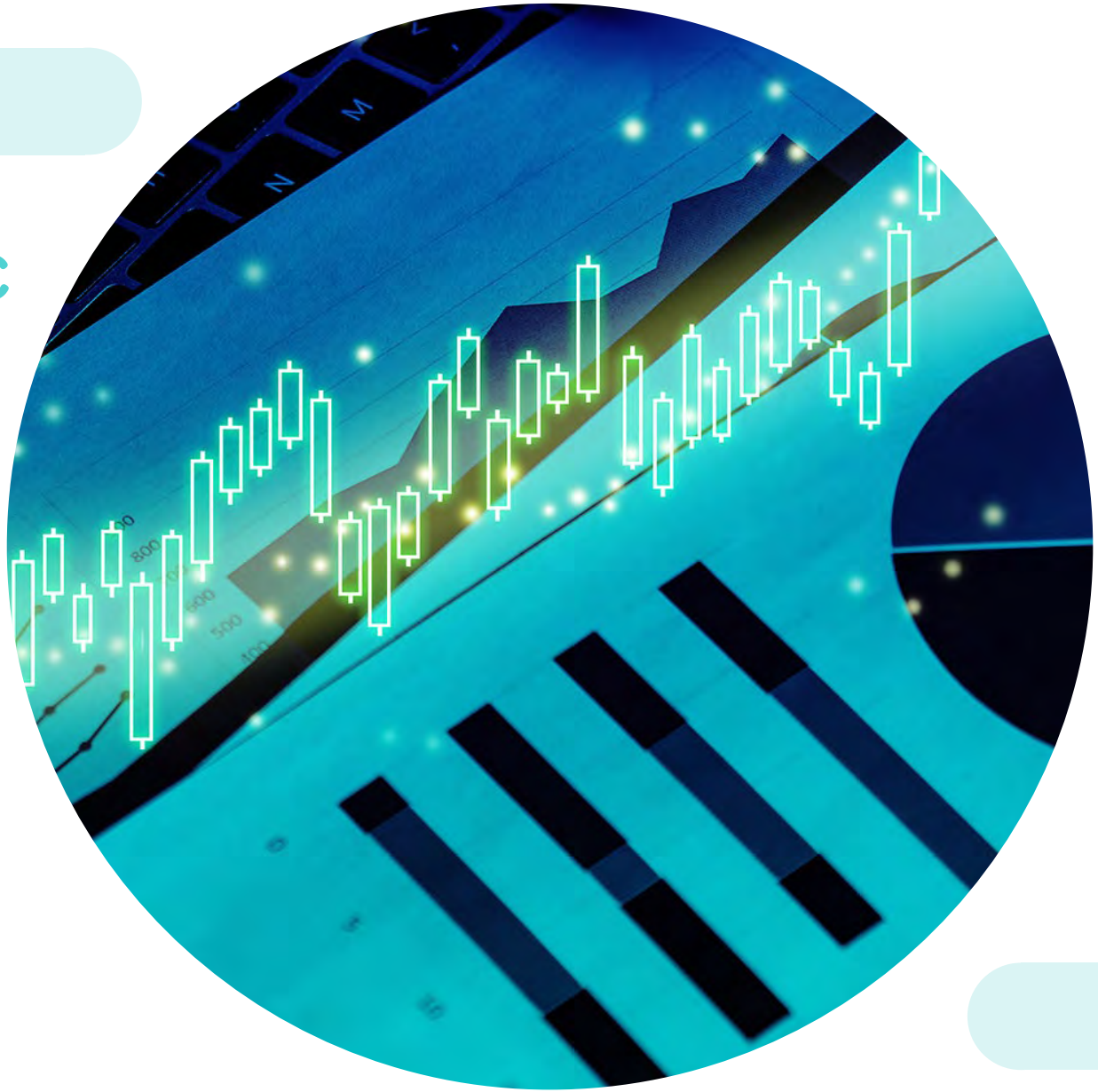


8.4 Social Development within the Territory

8.1

Socio-economic Contribution of the Company's Activities

3-3 / 203-2



Key indicators in 2022

794 M€ investment contribution in Spain (Contribution to GDP).

11.3 M USD investment contribution in Peru (Contribution to GDP).

33.3 M USD investment contribution in Chile (Contribution to GDP).

966 M€ Total Tax Contribution.

Awards and recognitions

In 2022, Redeia led, for the third consecutive year, the ranking in transparency on tax responsibility of IBEX 35 companies, obtaining the seal of tax transparency in the 't*** de transparente' modality granted by the Haz Foundation.

Redeia focuses its socio-economic and environmental commitment on the creation of shared value, promoting actions and investments aligned with its business objectives, which in turn generate shared value and have a positive impact on the quality of life of those citizens in locations where the Company's facilities are located. In turn, this represents a contribution of the Company to the achievement of various challenges, such as those related to the United Nations' Sustainable Development Goals or those addressed in the European 2030 Energy Strategy.

ECONOMIC AND SOCIAL CONTRIBUTION OF INVESTMENTS

For yet another year, the investment made by Redeia has a beneficial impact on society, given its **stimulating effect on economic activity** as it encourages production and, therefore, generates an increase in wealth (measured through GDP). Consequently, it promotes employment besides providing the public administrations with more income that can be dedicated to improvements in the general well-being of society. All this taking into account not only the direct investment made but also the increased activity that occurs as a result of the circular flows that originate in any economic activity.

Since 2017, Redeia has used a benchmark methodology based on the implicit activity multipliers reached, thus allowing the level of overall activity generated as of an initial investment to be estimated. The calculations are made taking into account the direct, indirect and induced impacts.

Socio-economic contribution in Spain

In 2022, Redeia made a **total investment in Spain of 794 million euros,** through the business activity of Red Eléctrica, Reintel, Elewit and Hispasat, of which it is estimated that 295 million euros were

The Company's socio-economic and environmental commitment contributes to achieving global challenges such as those related to the United Nations' Sustainable Development Goals or those addressed in the EU's 2030 Energy Strategy.

Impact of investments

Direct Impact

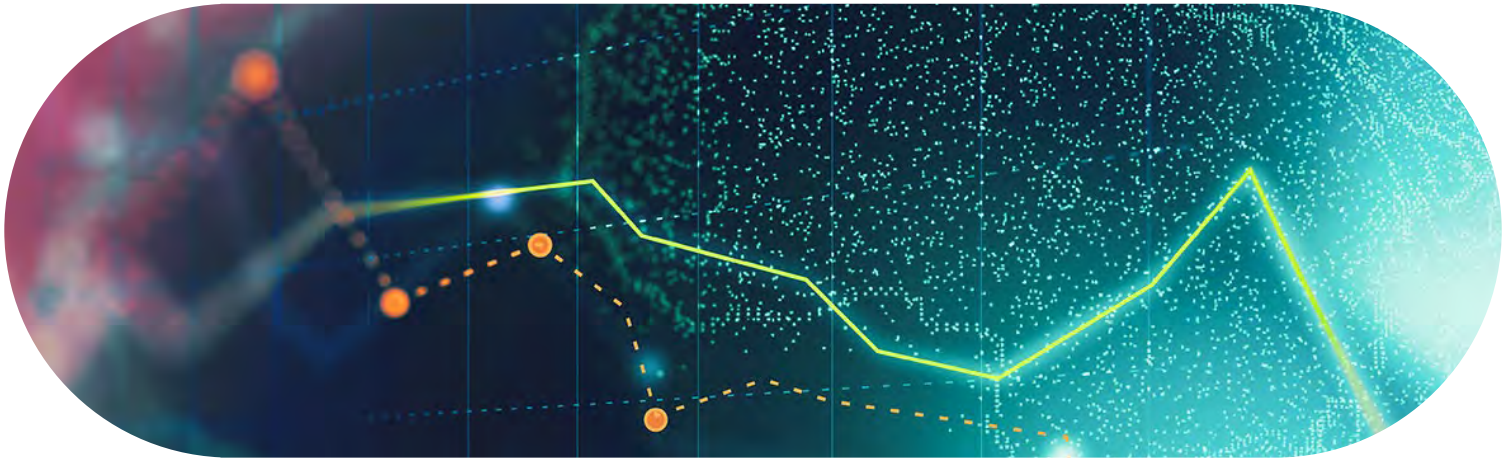
Estimation and valuation of the supply and production chain, the creation of employment and incomes that are generated in the national economic system stemming from an initial investment.

Indirect Impact

Generation of income and employment as in order to execute the investments, the direct awardees need to acquire other goods and services from the rest of the supply and production chain (intermediate consumption). This then generates demand for other goods and services further down the chain.

Induced Impact

Impact derived from all the income generated in the previous stages. This effect includes both the impact of final consumption derived from all the income generated, as well as the tax collected by all public administrations when applying the various taxes to the total of the activity and the income generated.



allocated to importing the necessary products required to carry out the group's activity. The remaining amount, approximately 499 million euros, corresponded to direct investment in Spain.

The investment made has generated a knock-on effect in the activity of the sectors involved totalling 932 million euros, which represents almost double the initial investment made in Spain. This has meant a contribution to the country's GDP of some 420 million euros (around 20.8% of the revenues of Redeia in 2022), which has generated business activity representing employment for the equivalent of 6,364 jobs. All of this together is estimated to have produced revenue for the public coffers of 162 million euros (representing approximately 70% of the provisional collection of taxes in 2022 for the special electricity tax).

It is worth noting that Hispasat incorporates components manufactured in Spain in all its missions and allows Spanish companies to validate their new satellite equipment by loading

Overall impact of the investment in Spain

	Direct	Indirect	Induced	Total
Revenue (M€)	499.0	377.0	56.3	**932.3**
Income - GDP (M€)	218.3	174.5	27.0	**419.8**
Employment (number of jobs)	3,240	2,723	400	**6,364**
Tax revenue (M€)	86.9	65.6	9.5	**162.0**

Note: The mismatch in one of the cases between the total figures and the sum of the partial data is due to the rounding up or down of decimal places.

it on their satellites. This accentuates Hispasat's role as a leading company in the sector and generates indirect multiplier effects of its relevant investments throughout the satellite communications value chain.

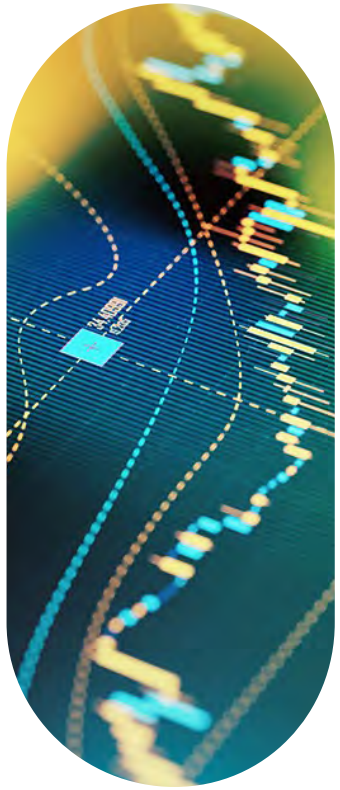
Socio-economic contribution in Chile

In 2022, Redeia, through its subsidiary Red Eléctrica Chile, made **a total investment in Chile's transmission grid of 33.3 million US dollars,** this amount corresponds to direct investment in Chile. The investment made generated revenues for the sectors of activity involved totalling almost 62.4 million US dollars. This has meant a contribution to Chile's GDP of 30.5 million US dollars, which in turn led to the generation of activity for an equivalent of 852 jobs. Therefore, as a whole, it is estimated that it generated revenues for Chile's State Treasury in the amount of 6.1 million US dollars.

Socio-economic contribution in Peru

In 2022, Redeia, through its subsidiary Red Eléctrica Peru, made **a total investment in Peru's transmission grid of 11.3 million US dollars,** this amount corresponds almost entirely to direct investment in Peru. The investment made generated revenues for the sectors of activity involved totalling approximately 21.6 million US dollars, which represents nearly twice the investment (11.2 million US dollars) made in Peru. This has meant a contribution to the country's GDP of 10.1 million US dollars, which in turn led to the generation of activity for an equivalent of 706 job positions. Therefore, as a whole, it is estimated that it generated revenues for Peru's State Treasury in the amount of 1.8 million US dollars.

In 2023, Redeia will work on the methodology for calculating the socio-economic benefits of its investments in Brazil.



Overall impact of the investment in Chile

	Direct	Indirect	Induced	Total
Revenues (M USD)	33.3	24.0	5.0	**62.4**
Income - GDP (M USD)	16.6	11.4	2.5	**30.5**
Employment (number of jobs)	482	301	69	**852**
Tax revenue (M USD)	3.4	2.2	0.5	**6.1**

Overall impact of the investment in Peru

	Direct	Indirect	Induced	Total
Revenues (M USD)	11.2	8.2	2.1	**21.6**
Income - GDP (M USD)	5.1	3.9	1.1	**10.1**
Employment (number of jobs)	232	381	93	**706**
Tax revenue (M USD)	0.9	0.9	0.0	**1.8**

Note: The mismatch in one of the cases between the total figures and the sum of the partial data is due to the rounding up or down of decimal places.

Since 2014, Redeia has voluntarily published its total tax contribution. Therefore, in 2022, Redeia published a Tax Transparency Report, promoting knowledge of the group's tax matters in an increasingly clear and accessible manner for all stakeholders.

TAX CONTRIBUTION AND TRANSPARENCY

Tax strategy / 207-1

The **Tax Strategy of Redeia,** approved by the Board of Directors, and which is available for consultation on the corporate website, is based on three core values: transparency, good governance and accountability.

The tax strategy vision of Redeia is to manage tax matters in a proactive, transparent and responsible manner with all stakeholders, in order to comply with tax legislation and minimise reputational risk, making it compatible with the protection of shareholder value.

The strategy sets out the courses of action and principles in tax matters, among which the following are noteworthy:

- Promoting relations with the Tax Administrations, governed by the principles of transparency, cooperation, trust, good faith, and mutual loyalty, following the recommendations of the Code of Best Tax Practices.

- Managing each activity with the appropriate identification, assessment, and control of tax risks, establishing the suitable mechanisms to cover, prevent, reduce, and monitor such risks.

- Disclosing tax information in a transparent way, providing the necessary information to the financial markets and other stakeholders, thus complying with all legal and tax requirements.

The tax strategy is aligned with Redeia's 2030 Sustainability Commitment, which defines, as one of its four priorities, the contribution to the development of the socio-economic environment and is consistent with the group's Strategic Plan.

Key data 2022

966 M€

Total tax contribution

MORE THAN **3.9** Bn€

tax borne in the period 2018-2022

52 %

of the value generated earmarked for the payment of taxes

97 %

of the Total Tax Contribution paid in Spain

48 %

Tax Contribution compared to the group's revenue

Total Tax Contribution / 207-4

In order to calculate its Total Tax Contribution, Redeia has followed the Total Tax Contribution (TTC) methodology of PwC, which has the following features:

- Measure the **impact** of tax payments on companies.
- Consider the **total amount of all taxes borne** (which represent an effective cost for the company) **and collected** (which are paid by other taxpayers for the economic activity generated), at any level of the Public Administration.
- Include **all tax payments** made to Public Administrations.
- Adapt to any tax regime in the world and be easy to use even for people who do not have tax knowledge.

966 million euros in Total Tax Contribution: of which 432 million represent tax borne and 534 million represent tax collected.

Total tax contribution

Redeia's Total Tax Contribution during 2022 amounted to 966 million euros, 432 million euros corresponding to taxes borne and 534 million euros to taxes collected.

Taxes borne

Tax on profits, mainly Corporate Income Tax represents 84% of total taxes borne that have been paid to the various tax authorities, mostly to the Spanish tax authority.

Taxes collected

Of the total taxes collected during 2022, the taxes on goods and services are noteworthy, fundamentally Value Added Tax (1) which accounts for 79% of the total.



84% TAXES BORNE

966 MILLION EUROS

79% TAX COLLECTED (1)

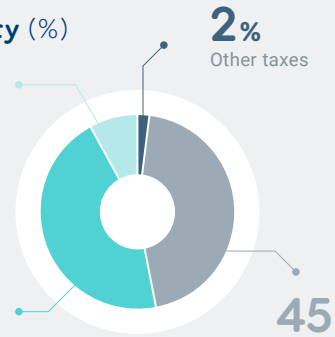
(1) Understood as those indirect taxes equivalent to the Spanish VAT that are levied on consumption.

Effective Corporate tax rate

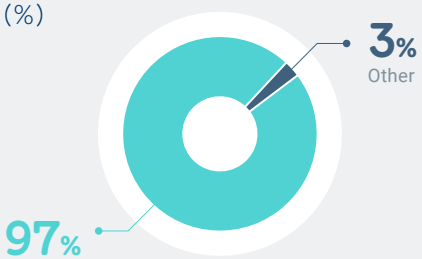
21.66 %

The effective corporate tax rate in 2022 is 21.66%. The reconciliation between the current tax rate in Spain and the effective rate applicable to the group can be found in Redeia's Consolidated Annual Accounts (Note 23. Tax situation).

Total Tax Contribution by tax category (%)



Geographical distribution of the Total Tax Contribution (%)



Tax contribution compared to revenue (%)

21% Tax borne < **48 %** > 27% Tax collected

The Total Tax Contribution of Redeia to public administrations in all the countries in which it operates amounted to 966 million euros in 2022, with Spain being the legal tax authority to whom the highest tax contribution was made (97%).

Total Tax Contribution 2022 (million euros)

	Spain	Peru	Chile	Brazil	Mexico	Other (1)	Total
Taxes borne	414	9	1	8	-	-	432
Corporate income tax	355	8	-	1	-	-	364
Other taxes	59	1	1	7	-	-	68
Taxes collected	523	9	-	1	1	-	534
VAT (Value Added Tax)	414	7	-	-	-	-	421
Other taxes	109	2	-	1	1	-	113
Tax contribution	937	18	1	9	1	-	966

(1) Includes France, Luxembourg, Germany, Cyprus, Greece and the UK in Europe and other countries in the Americas with amounts below 1 M€.



Of every 100 euros of value generated by Redeia in 2022

52 euros

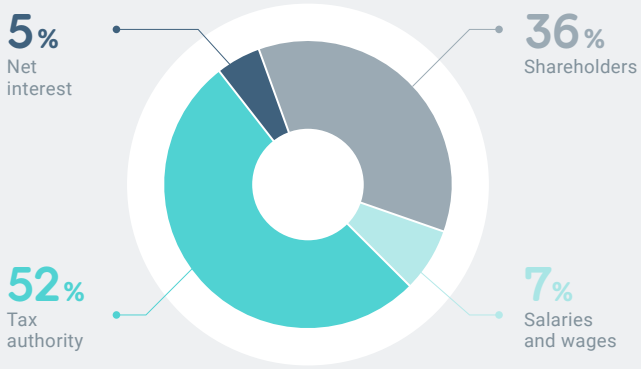
were earmarked to pay taxes

Weight of taxes on value distributed

Applying the Total Tax Contribution (TTC) methodology, the value distributed by Redeia in 2022 stood at 1.847 billion euros, a figure which is composed of the sum of the following elements:

- Profit after taxes or shareholder value (665 million euros).
- Taxes (775 million euros): borne (432 million euros) and collected (534 million euros).
- Net interest (93 million euros).
- Salaries and wages after taxes collected (123 million euros).

Distributed value
(%)



TAX RESPONSIBILITY

207-1 / 207-2 / 207-3

Redeia undertakes a tax responsibility commitment above and beyond mere **compliance with tax legislation** and tax obligations in the countries in which it operates.

RESPONSABILIDAD FISCAL **2021**

In 2022, Redeia led, for the third consecutive year, the ranking in transparency on tax responsibility of IBEX 35 companies, obtaining the seal of tax transparency in the 't*** *de transparente*' modality granted by the Haz Foundation.

Tax commitments and best practices

- Compliance with the provisions of the **OECD Guidelines for multinational companies** in tax matters. In terms of transfer pricing, Redeia acts in accordance with the arm's length principle.
- Alignment with **BEPS (Base Erosion and Profit Shifting)** principles and actions.
- Since 2015, Redeia has undertaken the **Code of Best Tax Practices adopted by the Spanish Tax Authority (AEAT),** which is in line with the established principles and guidelines on tax matters in the group's **Tax Strategy.**
- Within the framework of strengthening good tax practices, since 2017, Redeia has voluntarily submitted its Tax Transparency Report to the AEAT (the Spanish Tax Authority), holding annual meetings in order to complete the understanding and assessment of the content of the Report.
- Presentation in Spain of the **Country-by-Country Reporting** tax statement.
- Approval by the Audit Committee of the tax policies applied in the annual corporate tax statement for 2021 prior to the annual presentation of the tax report and of the tax policies applied at the close of the 2022 accounting year.
- Publication of a voluntary **Annual Tax Transparency Report,** which facilitates access to all relevant information of Redeia related to tax matters. This publication contributes greatly to increasing tax transparency and disclosing information regarding tax issues in a way that is increasingly clear and accessible to stakeholders.
- Adoption of the **Global Reporting Initiative (GRI) standard on tax matters.** This information is externally assessed and verified by an independent third party.
- **Leadership, for the third consecutive year, in the ranking of transparency in corporate tax responsibility of IBEX 35 companies.** The Haz Foundation has granted Redeia the seal of tax transparency in the 't*** *de transparente*' modality, for obtaining a percentage of 100 % compliance with the indicators evaluated. The study analyses the voluntary transparency of the content related to the tax obligations of IBEX 35 companies.
- Contribution to finance projects with social aims by marking an **'X' in the corporate tax box** on the Company's corporate income tax return. The group earmarked 0.7% of the 2021 corporate income tax (1.4 million euros) to the Third Sector, reinforcing Redeia's social commitment.
- Contribution to the achievement of the Sustainable Development Goals (SDGs) of the United Nations, and especially SDG 1 (No poverty), SDG 10 (Reduce inequalities) and SDG 17 (Partnerships for the goals) through the tax contribution in all countries in which the Company operates.

Control mechanisms

- A **Comprehensive Risk Management System** that includes any relevant tax risks. The aspects regarding the **Control and Management Policy of Tax Risks** of Redeia, approved by the Board of Directors, which are integrated into the Comprehensive Risk Management Policy, establish the specific guidelines for action for the management of said risks.

- An **Internal Control Over Financial Reporting (ICFR),** which includes tax data and processes, as well as the controls associated thereto, based on the COSO II methodology (Committee of Sponsoring Organisations of the Treadway Commission). These processes and systems are systematically subject to internal and external audits.

- Mechanisms in place to prevent illicit operations, money laundering and asset stripping. The **Code of Conduct and Ethics** of Redeia establishes specific principles and guidelines for business conduct related to Tax Responsibility. In addition to this Code, noteworthy are the **Compliance Policy,** the **Crime Risk Prevention Manual,** the **Supplier Code of Conduct** and the **'Guidelines for the Prevention of Corruption: Zero Tolerance',** which can be found on the corporate website. Furthermore, Redeia continuously carries out awareness-raising and training activities to ensure that all stakeholders are familiar with the documents mentioned above.

- Renewal of the Certification of the Crime prevention and anti-bribery compliance system in accordance with UNE 19601 standard on crime prevention compliance management systems and ISO 37001 standard on anti-bribery management systems, which was first obtained in 2020.

- Innovation and technology are one of the strategic pillars of the 2021-2025 Strategic Plan. The tax function is constantly adapting and transforming to new digital technologies.



Non-cooperative tax jurisdictions / Tax havens

The Code of Conduct and Ethics, and the Tax Strategy include the commitment not to create companies in tax havens or non-cooperative tax jurisdictions to evade taxes. In this regard, Redeia **neither has a presence nor carries out any activity in those territories deemed as tax havens or non-cooperative tax jurisdictions (1)** in accordance with current regulations:

- Spanish legislation contained in the first and tenth additional provisions and second transitory provision of Law 36/2006, of 29 November 2006, on measures for the prevention of tax fraud (as amended by Law 11/2021, of 9 July, on measures for the prevention and fight against tax fraud, effective 11 July 2021) and in Order HFP/115/2023, of 9 February, determining the countries and territories, as well as the harmful tax regimes (offshore business), which are considered as non-cooperative tax jurisdictions.
- List of countries and territories drafted by the European Union of non-cooperative tax jurisdictions.
- List of non-cooperative tax jurisdictions drafted by the OECD.

In 2021, the procedures, which began at the end of 2020, for changing the registered office of the group's company REDCOR Reaseguros from the Netherlands to Spain were completed. The group's presence in Luxembourg, a territory considered by certain external observers as a low-tax territory, was undertaken to ensure better access to international reinsurance markets.

(1) In August 2022, the Axess group was acquired with subsidiaries in different countries, including a company with a registered office in Panama, which will be officially wound up in 2023.

8.2 Relationship with the Social Environment



Key indicators in 2022

73 Red Eléctrica employees from 27 units actively participate in various international organisations.

93.2% of agreements signed with landowners in Spain in 2022, who were affected by new investment projects, were amicable.

2022 milestones

Programme of visits by national and regional MPs to disseminate the 2021-2026 Transmission Grid Planning.

Participation in the process to connect the national electricity grids of Ukraine and Moldova with the European synchronous grid.

Promotion of RGI's OCEaN initiative in order to develop marine renewable energy in the Mediterranean Sea.

Challenges for 2023

Establish a programme to create close ties with the most relevant opinion leaders and NGOs in the electricity sector.

Define action plans with the leading stakeholders to implement the Company's investment projects.

Draw up strategic plans, within the scope of ENTSO-E, for developing the marine transmission grid for each European sea basin.

Complete the TEASIMED project, carried out in consortium with the 20 TSOs on the shores of the Mediterranean and with the members of MedTSO, which aims to move forward with the development of an interconnected electricity system in the Mediterranean area.

TIES WITH LOCAL COMMUNITIES

3-3 / 413-1

Redeia promotes and maintains a permanent relationship with the local communities where its facilities are located, not only during the construction processes of the new infrastructure, but also throughout to entire useful life of the facilities.

Spain

In Spain, the Company has an organisational structure distributed nationwide that facilitates institutional communication and collaboration with public administrations as well as with public and private institutions.

93.2 of the agreements signed with landowners who were affected by new investment projects that concluded in Spain in 2022 were amicable.

In 2022, Red Eléctrica signed 55 collaboration agreements with public and social entities associated mainly with the execution of socio-economic, environmental, educational and cultural development projects.

In the case of municipalities and in relation to the construction of new infrastructure, the Company fosters engagement to disseminate information and raise awareness regarding the need for facilities and their role within the transmission grid, as well as to promote dialogue with stakeholders in order to facilitate the sustainable development of projects.

Looking ahead to 2023, Redeia aims to improve the dissemination of information and knowledge of the Company's projects, especially in view of the approval of the 2021-2026 Electricity Transmission Grid Planning. To this end, lobbying actions will be proposed both with regional parliamentarians and NGOs, as well as the most relevant opinion generators in the electricity sector.

Peru

During 2022, the Company obtained the release of 100% of the easement rights for the transmission lines and the access roads of the Tesur 4 project (Tintaya - Azángaro 220 kV transmission line), which enabled the construction process to be carried out successfully.

Within the socio-environmental management framework, the plans regarding ties with the community concerning the concession contracts were complied with, and the Monitoring and Social Oversight Committees were set up for the Tesur 2, Tesur 3 and Tesur 4 projects.

On the other hand, among other social activities carried out in alliance with Hispasat, noteworthy is the implementation of



55 collaboration agreements

with public and social entities associated mainly with the execution

of socio-economic, environmental, educational and cultural development projects.



the satellite connectivity programme in nine municipalities in Arequipa, Cusco, and Puno. The project provides satellite coverage to more than 1,300 people who can access satellite internet connection free of charge in the main town squares of each of these municipalities.

In addition, support is provided to the medical staff at the health centres in the Company's direct area of influence in the province of Moyobamba, in the San Martín region, through training in interpersonal skills, first aid, care for new-borns, obstetric risk, and immunisation management. This programme is carried out through the non-profit organisation ADRA in collaboration with the Peruvian Union University and Redinter.

A total of 287,618 US dollars were spent on social management activities in Peru.

Chile

In 2022, the negotiations with the owners of the Azapa Valley were finalised, and a voluntary easement contract was signed for eight plots of land. It is worth mentioning that this area corresponds to one of the most delicate points of the Red Eléctrica del Norte S.A. project due both to its geographical configuration and the community involved. In this same respect, all the permitting procedures submitted to the Superintendency of Electricity and Fuel were completed, thus obtaining the concession decrees for the electricity project.

On the other hand, regarding the social initiatives carried out in the country, the Company consolidated its alliance with the Arica and Parinacota fire departments to provide support in the form of fire safety equipment and training. A partnership was also established with the Olive Growers Association of the Azapa Valley to raise citizen awareness of the importance of the olive trees present



in the area, through the publication of a recipe cook book and by promoting the conservation of the various species of olive trees.

Lastly, noteworthy are the meetings held with the Tarapacá University that sought to establish the implementation schedule for the project, which will be carried out during 2023, focused on providing an alternative tourist route to the Azapa Valley.

The implementation of social management activities in Chile totalled 62,622 US dollars.

PARTICIPATION IN ORGANISATIONS AND ASSOCIATIONS

2-28

Redeia participates in many associations that aim to share and promote best practices, such as CIGRE (International Council of Large Electric Systems), MED-TSO (Mediterranean Transmission System Operators), National Society of Mining, Petroleum and Energy (Peru), Association of Transmission Companies (Chile), ITU (International Telecommunications Union), Spanish Association of Defence, Aeronautics and Space Technologies, Transparency International Spain, International Corporate Governance Network, Sustainability Excellence Club and Forética. Noteworthy among Redeia's participation in organisations and associations is its role in ENTSO-E and RGI.

The *corporate website* provides more information on Redeia's participation in organisations and associations, and on the Company's transparency in institutional relations.

Organisations and associations in which Redeia plays a significant role

ENTSO-E

The European Network of Transmission System Operators for Electricity is a crucial instrument that seeks to coordinate actions of the European TSOs in terms of the design, development, and deployment of the Internal Energy Market and the roll-out of regulations and the implementation of a sustainable electricity system in the European Union. In 2022, 59 employees from 20 departments in Red Eléctrica devoted 17,958 hours to this association. Additionally, it actively participates on five technical committees and in more than 40 working groups. In 2022, of note was Red Eléctrica's contribution to the synchronisation of Ukraine's and Moldova's electricity systems with the European synchronous system.

RGI

Renewables Grid Initiative is an organisation that brings together TSOs and NGOs in the EU to promote fair, transparent and sustainable grid development. In 2022, on the initiative of Red Eléctrica, the launching of the Offshore Coalition for Energy and Nature in the Mediterranean (MED OCEaN) was presented. This initiative, which includes the Italian and French TSOs, Terna and RTE, other European and local NGOs, the wind industry employers organisations, Wind Europe and representatives of the tourism and fishing sectors, aims to promote the environmentally friendly development of offshore wind energy and the necessary grids for its connection in both the Mediterranean and the Atlantic areas.

8.3 Conservation of Natural Capital

304-3



Key indicators 2022

14 collaborative projects related to focal bird species.

10 forest fire prevention agreements in force.

993 ha recovered as part of the 'Redeia Forest' project.

2 ha of *Posidonia oceanica* planted in the 'Redeia Marine Forest' (survival rate of the fragments above 94%).

2022 milestones

Holding of the 7th Conference on the prevention of forest fires in Castilla-La Mancha.

Carrying out of the 'Bringing Posidonia into the classroom' programme with the participation of 498 students.

Challenges for 2023

Renew three agreements for the prevention of forest fires.

Planting of a new 'Redeia Forest'.

One of the challenges Redeia undertakes in accordance with its new **commitment to biodiversity** is the aim of generating a **net positive impact on biodiversity** in the surrounding areas where its facilities are located. With this goal in mind, the group participates and collaborates with state and local public administrations, NGOs and other stakeholders in various projects that promote the development of the environment in which it carries out projects aimed at promoting the development of the social and natural environment, focusing mainly on the aspects most closely related to the Company's activities: birdlife conservation, habitat protection and restoration and the fight against forest fires.

Information on these projects is included in the *Biodiversity* subsection of the Responsible Environmental Management section of this report. The present section describes in more detail some of the actions considered relevant.



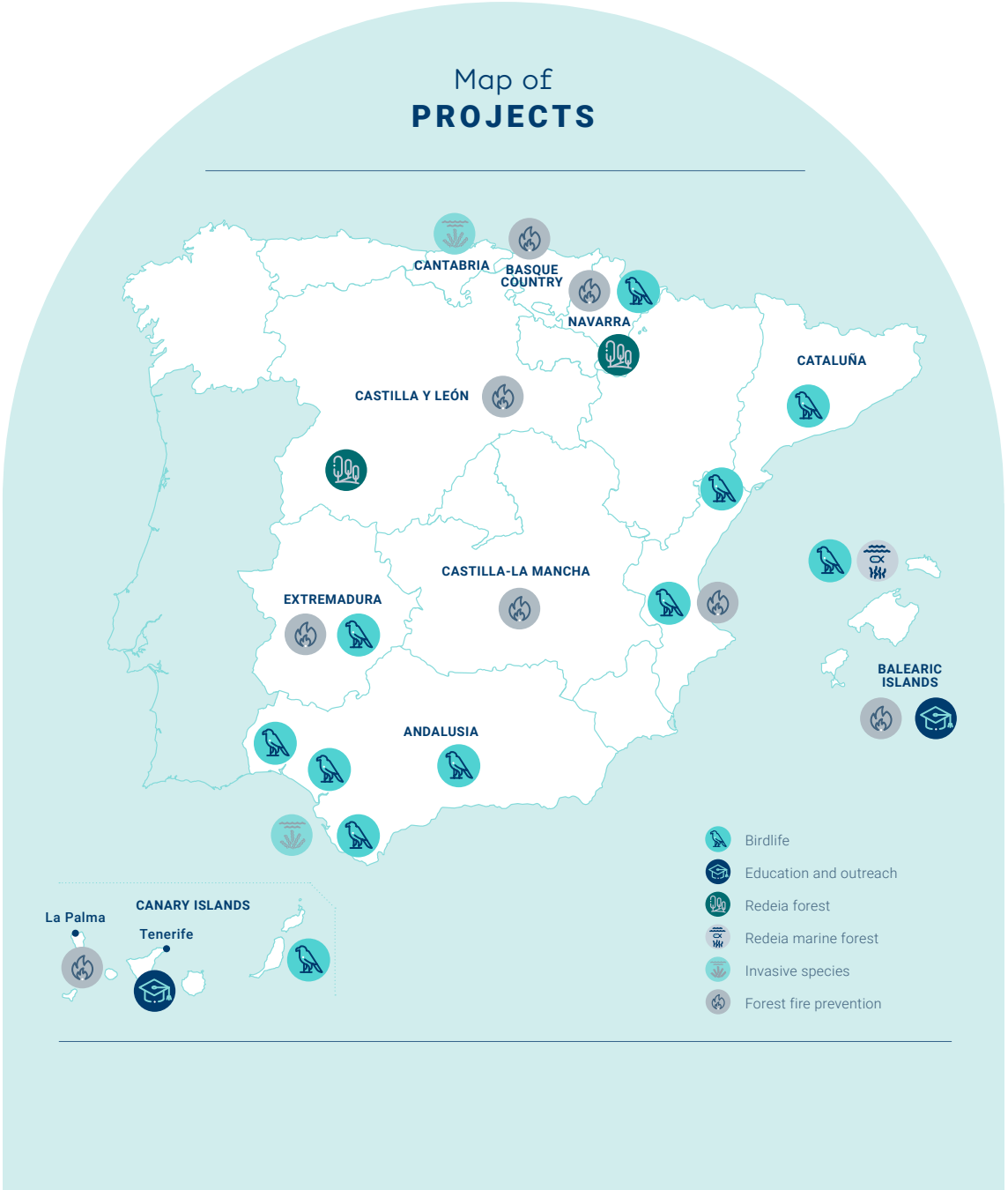
The conservation of birdlife, the protection and restoration of habitats and the fight against forest fires are some of the actions carried out by Redeia in accordance with its Commitment to Biodiversity.

Noteworthy projects in 2022

A total of 34 initiatives were carried out, and 10 fire prevention agreements were executed in 2022:

- **At national level:** framework agreements with SEO BirdLife; IUCN and Global Nature Foundation; bird collision rate assessment collaborating with the Miguel Hernández University; collision detector in conjunction with the University of Zaragoza and Aragón Photonics; main sponsor of the 25th Spanish Ornithology Congress with SEO BirdLife; assessment of the *Pastoreo en RED* (livestock grazing project) under the IUCN standards; substations used as roosts for lesser kestrels with GREFA.
- **Andalusia:** Imperial Eagle in collaboration with the Doñana Natural Park; studies regarding invasive algae working with the Marine Biology Laboratory of the University of Seville; Osprey reintroduction project jointly working with the Migres Foundation; ex-situ conservation project regarding the Egyptian Vulture in conjunction with GREFA and the Andalusian Regional Government.
- **Balearic Islands:** collaboration with the Regional Government of the Balearic Islands; Bonelli's Eagle conservation project in association with the Natura Parc Foundation; Redeia marine forest with IMEDEA-UIB-CSIC; BIODIBAL working with the University of the Balearic Islands; *Posidonia oceanica* workshops in collaboration with the Marine Interpretation Centre *(Aula de la Mar)* in Majorca.
- **Canary Islands:** Houbara Bustard census study with MSCN CSIC; Birds of the Canary Islands educational project, jointly working with SEO BirdLife; Mareta del Río marsh restoration project with SEO BirdLife; photoluminescent bird-saving devices pilot project in collaboration with the Island Council of Tenerife.
- **Cantabria:** eradication of pampas grass in conjunction with SEO BirdLife.
- **Catalonia:** *Naturaleza en RED* an environmental project in collaboration with the Autonomous University of Barcelona; management of the habitat of the Torreribera area in Lérida in association with TRENCA.
- **Extremadura:** Egyptian Vulture monitoring project with the Regional Government of Extremadura; conservation and protection project for Marsh, Hen and Montagu's harrier bird species in association with GEA and the Regional Government of Extremadura; sponsor of the 16th Iberian Harrier Congress in collaboration with GEA.
- **Navarra:** Golden Eagle recovery plan in association with the Regional Government of Navarra; Redeia Forest project with the Regional Government of Navarra.
- **Valencia:** research on the use of space and the behaviour and radio-monitoring of the Bonelli's Eagle jointly working with the University of Valencia and with the Regional Government of Valencia.
- **Basque Country:** Redeia Forest project in Vizcaya to offset emissions.

Map of PROJECTS



BIRDLIFE CONSERVATION

The main objective of birdlife conservation projects is to collaborate in the conservation or reintroduction of endangered species. It should be noted that the electricity transmission grid infrastructure plays an important role as dominant surveillance points, lookout points, refuge, resting and roosting areas and even as nesting sites for some species.

Noteworthy projects in 2022

Tern nesting study (*Markham's storm petrel*) in the extreme north of Chile.

The tern is an endangered species included in the Plan for the recovery, conservation and management of terns in northern Chile (RECOGE), spearheaded by the Ministry for the Environment. The monitoring aims to characterise the reproductive biology of the species and evaluate its seasonal variation in known colonies in this area of the country. Nine monitoring campaigns have been carried out with the collaboration of the Chilean Bird Observers Network (ROC), evaluating the reproductive activity in 361 nests, between the regions of Arica and Parinacota and the north of the Tarapacá Region.

Use of towers by Bonelli's Eagle (*Aquila fasciata*) in Majorca.

Monitoring of the project for the reintroduction of Bonelli's eagles in Majorca (2015-2022) in association with the Natura Parc Foundation has confirmed that 6 individual birds use the towers, 3 of them on a regular basis.

Use of towers by the Golden Eagle (*Aquila chrysaetos*) in Navarra.

The radio-monitoring project of the Golden Eagle in Navarra (2015-2022) with the Regional Government of Navarra has confirmed the use of towers as dominant surveillance points, roosting areas and/or lookout points for stalking, by the three monitored eagle pairs.

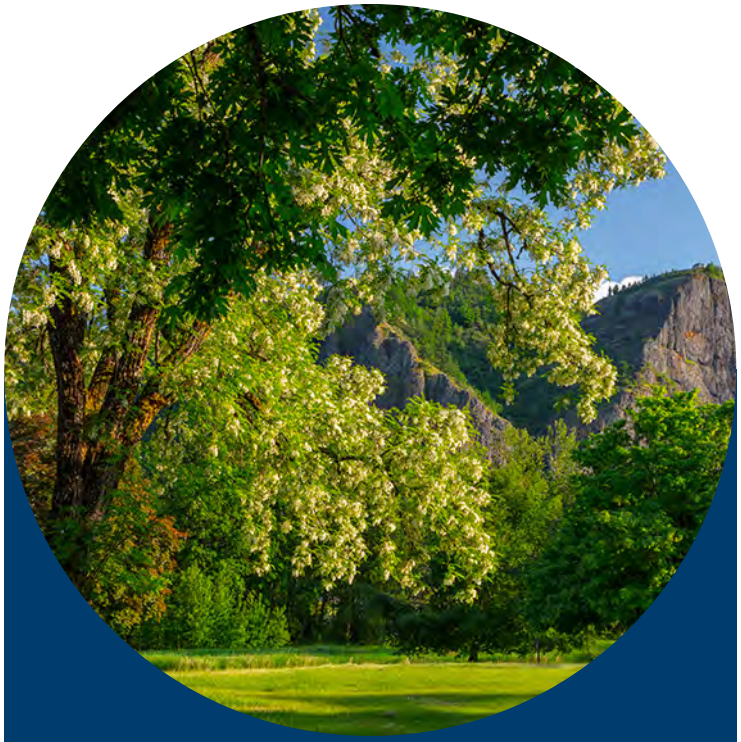
Use of transmission lines by the Egyptian Vulture (*Neophron percnopterus*) in Fuerteventura.

The monitoring of 50 individual vultures using GPS devices (2019-2021) carried out in conjunction with the Doñana Biological Station (CSIC) has confirmed that this species prefers using towers as surveillance points and roosting platforms.

Osprey (*Pandion haliaetus*) nesting platforms in Cádiz.

Since 2010, four nesting platforms have been installed on towers in the Barbate reservoir area (Cádiz) and chicks have been ringed, in collaboration with the Migres Foundation and the Andalusian Regional Government. The osprey, which has not reproduced in Andalusia since the 1980s, is again nesting in the region. Since the installation of the nesting platforms, the hatching of 30 chicks has been recorded on Red Eléctrica towers. In 2022, 6 chicks from two breeding pairs have fledged.





Redeia works on projects for the eradication of invasive species, which appear in the environment of the transmission grid.

HABITAT CONSERVATION

One of the main problems affecting the most vulnerable habitats and ecosystems is the presence of invasive species. In addition to the loss of biodiversity, these species can generate other types of impact on agricultural and livestock activity and even on public health.

Noteworthy actions in 2022

Pampas grass *(Cortaderia seollana)*.

Red Eléctrica has adhered to the Transnational Strategy to fight against *Cortaderia seollana* in the Atlantic Arc, committing itself to work in the areas within its reach to control and eradicate this species to prevent it from spreading to areas of high environmental value. A pilot project was begun in 2021 to eliminate the grass in 2.2 ha under the Astilleros-Penagos overhead line, using a combination of clearing and chemical treatment and reinforcement of native vegetation, supplemented with control treatments for a period of two years. In 2022, the treatment was applied to an additional 7,000 m² under another overhead transmission line in the same autonomous community.

Black locust trees *(Robinia pseudoacacia)*.

This fast-growing species, which originated in America and was introduced in many temperate areas as an ornamental species, impedes the regeneration of native vegetation. During 2022, various control methods were applied under the overhead lines in the Basque Country: mixed method without revegetation on a surface area of 10,000 m² and a combination of mixed techniques with the planting of hazelnut and willow trees on a surface area of 350 m². Regrowth control measures will continue to be applied in 2023.

Horseshoe whip snake *(Hemorrhois hippocrepis)*.

This species arrived in Ibiza (Balearic Islands) in 2003 inside olive tree trunks imported for gardening. Since 2010, it has spread rapidly, posing a threat to the only endemic vertebrate on the island and currently in regression, the Ibizan lizard *(Podarcis pityusensis)*. Its presence has been detected during maintenance work in the Bessons, Cala Mesquida and Torrent substations. The company is collaborating with COFIB (Consortium for the recovery of the fauna of the Balearic Islands) in the tasks of capturing specimens by installing cage traps.

Invasive algae/seaweed *(Rugulopteryx okamurae)*.

An ecological study on this species on the coast of Tarifa is underway, in collaboration with the Marine Biology laboratory of the University of Seville.

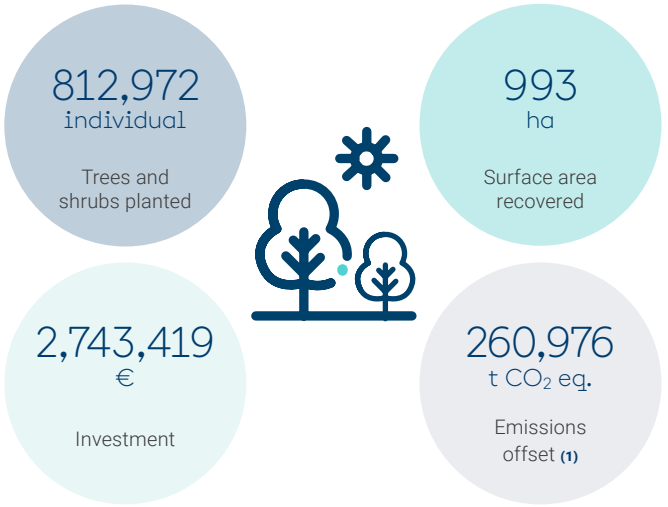
REDEIA FOREST

The Redeia Forest is an ongoing project, initiated in 2009, which aims to offset part of the Company's emissions through the planting of trees and the recovery of degraded natural areas on publicly owned land, thus contributing to the conservation of biodiversity. In addition, this initiative aims to support the development of local economies by contracting the work to companies or associations in the area, as well as to raise awareness of the importance of forests by involving the local population, mainly students, and company employees.

Since the inception of this project, the Company has contributed to the recovery of 18 forests in Spain In 2022, 77,239 trees have been planted (birch, chestnut, beech, pine, holm oak, oak, poplar, walnut, ash and willow) for the recovery of 47 ha. in three public-use highland areas in Navarra and 30 ha. in two public use highland areas in Ávila.

Periodic monitoring of the recovered area of the Marine Forest shows that the survival of the fragments varies between 94% and 98%.

The 'Redeia Forest' in figures (2009-2022)



(1) Estimate based on a 50-year timeline.

REDEIA MARINE FOREST

The Redeia Marine Forest is a worldwide pioneering innovation project. Between 2012 and 2016, the Company developed an R&D+i project in collaboration with the Mediterranean Institute of Advanced Studies (IMEDEA- CSIC-UIB) on the use of seeds or fragments of *Posidonia oceanica* in the restoration of degraded areas of its natural habitat.

In 2017 an agreement was signed (CSIC-IMEDEA-UIB, the Balearic Islands Government and the Pollensa military air base) for the **restoration of 2 ha. of Posidonia** in the Bay of Pollensa, with the work having been completed in 2020. IMEDEA researchers are monitoring the plantation.





To further raise awareness of the conservation of marine environments, Redeia participates in the promotion of various educational programmes:

- **'Bringing Posidonia into the classroom'** in collaboration with the teaching community of the Balearic Islands and IMEDEA (Mediterranean Institute for Advanced Studies) to carry out informative sessions and field visits for students in the region. Between 2021 and 2022, 9 schools and 498 schoolchildren participated.

- Collaboration with the Marine Interpretation Centre *'Aula de la Mar'* in Majorca in a programme of workshops for schoolchildren to increase their knowledge about Posidonia.

- Virtual exhibition on Posidonia oceanica and the 'Red Eléctrica Marine Forest', published on the corporate website.

FORESTRY MANAGEMENT AND THE FIGHT AGAINST FOREST FIRES

As part of the Company's forestry management framework, Red Eléctrica collaborates with the public administrations involved, in an active and ongoing manner, through the signing of **collaboration agreements**, which involve the carrying out of various actions aimed at the prevention and fight against forest fires.

Noteworthy actions in 2022

Forest fire prevention measures

- Acquisition of software and computer equipment for the prevention, support, monitoring and planning of forest fire extinction in Extremadura.
- Procurement of fire prevention and extinguishing equipment for the emergency services in Álava, Guipúzcoa, Navarra and La Palma.
- Preventive clearing of scrubland in areas at risk of forest fires: elimination of grazing and of scrubland ground cover and removal of high density and tall scrub, mainly gorse (*Ulex ssps.*) and dry heather (*Erica ssps.*) in the highlands of Navarra (15 ha) and Vizcaya.

Training and awareness

- Training and development of professional skills for 15 firefighters from the Provincial Council of Alava and 105 technicians of the forest fire prevention and extinguishing crews of the Forestry Service of the Provincial Council of Vizcaya.
- Training in educational centres and development of material to raise awareness and prevent forest fires in the Balearic Islands.
- Citizen awareness campaign *'Yo me enchufo a la prevención'* (I am plugged into prevention) in Castilla y León. Preparation of awareness-raising material aimed at society in general, educational material for firefighting crews and publication of the 'Castilla y León Forest Fire Organisation Manual' as documentation to be used for the reinforcement of staff training activities at the Castilla y León Fire Control Centre.
- 7th technical conference on forest fires in Castilla-La Mancha and presentation of the international forest fire awards.

Other relevant projects

- Agreement with the Polytechnic University of Valencia for the modelling and mapping of live fuel moisture in the region of Valencia. In 2022, work was carried out on defining models and validating field data.

8.4

Social Development within the Territory

3-3



Key indicators in 2022

10,655,806 euros in 592 social initiatives.

Development of 15 projects to promote the implementation of the transmission grid: 1 project to reduce the digital divide and 14 projects to reduce regional inequality.

Positive impact on 38,450 people, 499 municipalities and collaboration with 19 new entities carrying out social innovation projects.

Percentage of individual participants in volunteering actions: 26.7%.

2022 milestones

Publication of the guides: *'Pastoreo en RED'* (livestock grazing project) and *'Servicios de los ecosistemas reforzados por el Pastoreo en RED'* (reinforced ecosystem services for the livestock grazing project), and of the 'Manual for a rural energy community'.

Recognition by the IUCN of the *'Pastoreo en RED'* as a Nature-based Solution.

Implementation of the RedSTEAM competition to promote women's empowerment in scientific and technical disciplines and of *Ruralizable 2022*, the largest call for entrepreneurship in rural Spain.

Challenges for 2023

Promote social innovation projects linked to new electricity infrastructure to improve their social acceptance.

Increase the social innovation portfolio with new projects.

Awards

Special mention by the European Commission jury for the *Pastoreo en RED* in the Good Practice of the Year 2021 awards organised by RGI (Renewables Grid Initiative).

INVESTMENT IN THE COMMUNITY

Redeia promotes social action as an essential element of its 2030 Sustainability Commitment through actions defined in cooperation with various institutions and public and private entities to respond to the demands for collaboration put forth by stakeholder groups.

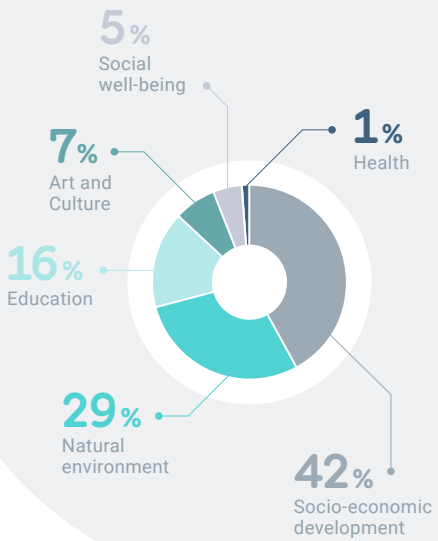
In 2022, the Company contributed 10,655,806 euros (1.6% of its net profit) to the development or promotion of social initiatives, according to the LBG (London Benchmarking Group) methodology.

Of the 592 social initiatives carried out, 285 were aimed at the socio-economic development of the territory.

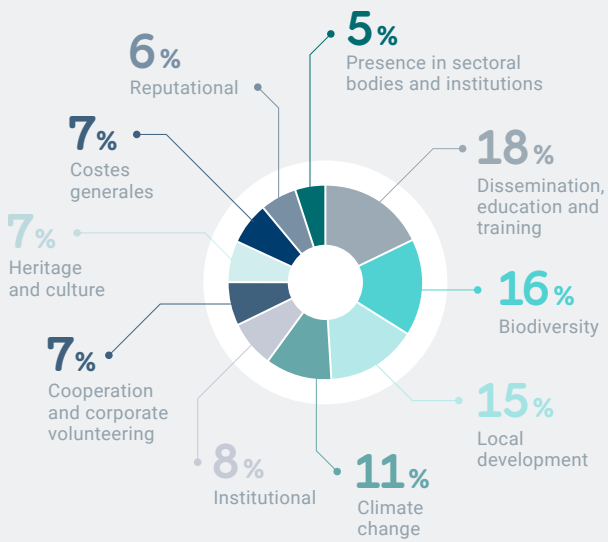
SOCIAL INNOVATION

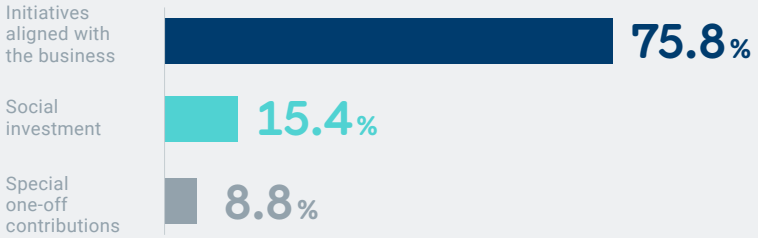
To strengthen Redeia's commitment to the territories in which its facilities are located and to continue to promote the creation of shared value, at the end of 2021, the Company had defined and presented **the group's approach to social innovation.**

Areas of action (%)



Contribution by type of action (%)





Type of action (%)





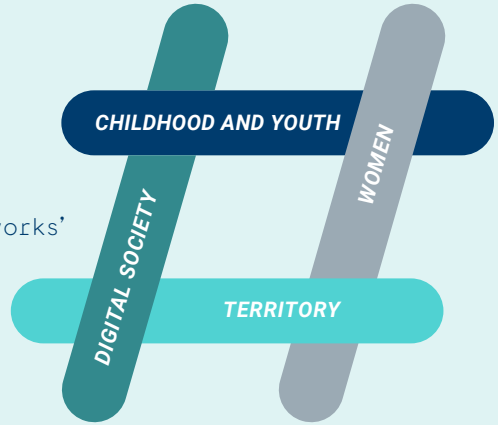
The social innovation approach will contribute to reducing inequalities and fostering 'living networks' through the implementation of projects that are both inclusive and cutting-edge.

The new social innovation approach aims to reduce digital, territorial, generational and gender inequalities in order to improve the quality of life of citizens in their communities. This approach is deployed in an **Action Plan** that encompasses eleven lines of work that contribute to the achievement of the Sustainable Development Goals of the United Nations; the Plan of Measures to Address the Demographic Challenge of the Ministry of Ecological Transition and the Demographic Challenge (MITERD); Redeia's 2021-2025 Strategic Plan and its 2030 Sustainability Goals.

Digital society

Redeia contributes to the implementation of social initiatives that favour connectivity in the territories where the Company operates in order to bridge the digital divide regarding connectivity and supports actions aimed at improving the digital literacy of society.

#Againstinequality
Fostering 'living networks'



ACTION PLAN

Digital society

1. Connectivity (bridging the digital divide)
2. Digital literacy (digital skills gap)

Territory

3. Local development
4. Natural capital
5. Municipalities for the energy transition
6. Conservation of local culture

Childhood and youth

7. Child poverty
8. Youth employment
9. Training for the energy transition

Women

10. Social equality
11. Labour integration

Connectivity: bridging the digital divide

Redeia carries out the extension of broadband using Reintel's fibre optics so that all people in the surroundings of Red Eléctrica's facilities can access information and communication technologies. For their part, the Hispasat satellites allow access to the internet at any point on the planet, becoming a unique tool to enable generalised and quality access to telecommunications services.



Noteworthy actions in 2022

Improving connectivity

- Project with the Small Farmers and Livestock Farmers Union (UPA) to study the feasibility of launching pilot projects to improve the security and sustainability of rural environments and primary sector activities, such as extensive livestock farming or agriculture 4.0 via a Hispasat satellite.
- Collaboration with the government of Panama. Hispasat has developed a tele-education pilot project deployed in the Plan de Chorcha Educational Centre, located in Ngäbe-Buglé (Panama), one of the country's most mountainous regions. Hispasat provides this school with a satellite internet service with a tele-education system that allows the educational content provided by the Ministry of Education to be sent and stored locally. In addition, Hispasat has enabled a WiFi connectivity service for the community.
- Agreement with the Mexican communications organisation CFE TEIT. Hispasat has been commissioned to promote information and communication technologies for rural Mexican populations. Thanks to this agreement, more than 60 communities in remote areas of Mexico will have mobile telephone and internet services, thanks to the satellite extension of the rural LTE network developed by CFE TEIT.
- Agreement with the Repsol Foundation for developing satellite control technologies for reforestation and offsetting CO_2. Hispasat has entered into a strategic alliance to develop new technological solutions to be applied to the Repsol Foundation's Green Engine project, the largest reforestation programme for offsetting emissions in Spain, which plans to reforest 70,000 hectares of land over the next 5-7 years with the capture of 16 million tonnes of CO_2.
- Agreement with the Association of Local Telecommunications Operators (AOTEC) to promote 100 Mbps satellite connectivity in rural areas. Hispasat will promote satellite connectivity services in rural areas and will boost the digital economy of small and medium-sized populations.
- Agreement with GlobalSat to offer broadband internet via satellite in rural communities in Mexico. Hispasat has collaborated with this internet service provider to deploy satellite 'points of presence' in 500 remote towns in Mexico, such as Durango, San Luis Potosí, Guerrero, Coahuila, Tamaulipas, Zacatecas or Sinaloa.
- Agreement with Mobile World Capital, the Local Council of Aran and Arantec Engineering to provide satellite connectivity to remote highland areas of the Aran Valley (Spain). The agreement also establishes the promotion of solutions focused on issues such as emergency and natural risk management, tourism, or wildlife control. This is the first step towards deploying broadband satellite connectivity, which will directly impact the provision of services such as livestock control in the area, monitoring weather conditions and potential avalanche risks, the management of tourist trails or the intervention of emergency services.

Digital literacy: reducing the digital skills gap

Redeia seeks to contribute to reducing these inequalities through training initiatives that help to acquire basic digital skills so that people can use them in their daily lives and develop new social opportunities.



Noteworthy actions in 2022

Vives Digital Project 2021-2022 (Asturias)

- Launching of the pilot project jointly with the Action Against Hunger Foundation to reduce the digital divide and improve the digital skills and knowledge of people from vulnerable groups in order to facilitate their socio-occupational integration, taking as a reference the European Framework of Digital Competences for Citizens (DigComp).
- Training 166 people to improve their digital skills and knowledge through courses and workshops aimed at job searching, improving their opportunities in an increasingly digitalised labour market.
- Providing 40 people with PC tablets and data cards, enabling them to access the internet and contributing to reducing the digital divide in terms of internet access.

Digital axis

- Signing of a collaboration agreement with CiberVoluntarios.
- Design of the pilot project to promote digitalisation as an axis for social and economic cohesion by providing training in technological skills to those who need it through free courses.
- Start-up of the project in four municipalities in three autonomous communities (Villarino de los Aires and Fermoselle, in Castilla y León; Puebla de Guzmán, in Andalusia; and Villamayor de Gállego, in Aragón) with the involvement and collaboration of the local councils.
- Carrying out 36 workshops on digital literacy in which 384 people (61 % women) participated.

Redeia contributes to bridging the digital divide through initiatives that help people acquire essential digital skills to develop new opportunities.

Territory

Redeia contributes to the implementation of social initiatives that reduce urban-rural imbalances, driving the energy transition and promoting entrepreneurship and local innovation as key tools.

Local development

The group promotes agreements and alliances with local and social entities and maintains contact with the different public administrations and social agents to enhance the values of the local community, contribute to the balance of the territories, promote sustainable local entrepreneurship and improve the lives of citizens.

The RuralCar Platform, promoted by Redeia, has been chosen by the Regional Government of La Rioja as the tool to help keep citizens updated on public and shared mobility matters.

Noteworthy actions in 2022

Holapueblo

- The third edition of *Holapueblo* was launched in collaboration with AlmaNatura and IKEA, with a new course of action focused on identifying job offers in rural areas and supporting job seekers. 11,386 registrations were analysed (760% more than in the 2nd edition), as well as 6,527 applications from entrepreneurs with business projects and 4,859 job applications from rural areas.
- Since the beginning of the project, 82 people (32 entrepreneurs and their families) have settled in 22 municipalities with depopulation problems, 98 entrepreneurs have been assisted, 148 town councils have been involved, and 18 entrepreneurial businesses have been set up.

Ruralizable

- Design and production of the project's website, which seeks to contribute to the reinvigoration of rural Spain by supporting entrepreneurship and promoting technological projects that will have a positive impact on the rural environment.
- In 2022, the web registered 1,200 users, received 500 registrations and 87 entrepreneurial proposals, of which 40 projects were mentored, and 16 were invited to participate in the renowned entrepreneurship and innovation ecosystem, South Summit.

Oficios en Red

- Signing of a collaboration agreement with the Spanish Rural Development Network (REDR).
- Development of the pilot project *Oficios en RED* in Extremadura to promote the trades of craftspeople in the Alagón Valley and Sierra de Gata (Cáceres) municipal areas, curb the depopulation and diversify economic activity in the rural world.
- 1st Fashion and Crafts Meeting between approximately thirty rural craftspeople and renowned designers and decorators committed to rural Spain. The meeting was attended by the rural development groups ADESVAL and ADIS-GATA, besides representatives of the Spanish Rural Development Network (REDR).

The *Pastoreo en RED* project has received a special mention from the jury of the European Commission in the Good Practice of the Year 2021 awards organised by the Renewables Grid Initiative (RGI) and has been considered by the IUCN as a Nature-based Solution.

Natural capital

Redeia, through the formalisation of alliances, collaborates with rural territories in their economic development, participating in the creation of new opportunities based on the promotion of services generated by ecosystems for human well-being and safeguarding natural resources in the surroundings of the transmission grid facilities, supporting the use of **Nature-based Solutions (NbS)**, as well as to contribute to optimising the efficiency of small agro-ecological farms.

Municipalities for the energy transition

Redeia plays an active role in the new energy transition model. In this respect, the group promotes training in rural energy communities and provides municipalities with the necessary tools and knowledge to allow it to become involved in the energy transition challenge.

Noteworthy actions in 2022

Pastoreo en RED (livestock grazing project)

- Publication of the 'Guide to livestock grazing', in collaboration with Agrovidar and the publication of the 'Guide for the evaluation of ecosystem services. Ecosystem services reinforced in the management of vegetation through grazing in the surrounding areas of the electricity transmission grid', in collaboration with the University of Alcalá (Alcalá de Henares).
- Signing of new agreements to replicate the *Pastoreo en RED* project in La Rioja, León and Galicia and identifying new locations in Gran Canaria, Huesca, Extremadura, and Vizcaya.
- Presentation of the project at technical sessions and benchmark conferences.

Noteworthy actions in 2022

Manual for a rural energy community

- Signing of agreement with *Megara Energía S.Cop.*
- Publication of the 'Manual for a rural energy community'.
- Webinar presentation together with EneArgen.

Conservation of local culture

Promoting the protection, restoration, conservation and enhancement of the archaeological and architectural resources of the territories where the group is present has always been one of Redeia's priorities, which is now reinforced by the commitment to

help maintain the customs and traditions, the cultural wealth of our territories, which contribute to strengthening the identity of the regions by contributing to their well-being.

Noteworthy actions in 2022

Digitalisation of the archaeological heritage

- Implementation of a Geographical Information System for Cultural Heritage through the digitalisation of archaeological sites in the provinces of Albacete and Cuenca.
- Signing of a new agreement for the digitalisation of heritage assets in Ciudad Real, Guadalajara and Toledo.



Childhood and youth

Redeia is aware of the strategic importance of an adequate long-term vision, and therefore wishes to contribute to reducing child poverty, collaborating with training entities and investing in education, and promoting youth employment, mainly associated with the demands arising as a result of the new energy transition model.

Child poverty

The group works in collaboration with Third Sector entities and public administrations to identify and develop aid programmes to reduce and prevent child poverty in the territories in which the Company is present, as well as to promote digitalisation to facilitate access to digital education.

Noteworthy projects

Kusi Warma

- Signing of a collaboration agreement with the ADRA Foundation and Red Eléctrica Andina, which, through an educational approach, aims to fight child poverty in the Caracoto and Caminaca communities in Puno (Peru), thus benefiting 100 preschool and primary school children, as well as their families and teachers.



Youth employment

Redeia is working on identifying projects that help young people to acquire and improve key skills demanded by the labour market in order to contribute to the promotion of the green economy and generational change in rural areas, as well as projects aimed at accelerating the attraction of young talent to the energy sector in the context of the energy transition.

Noteworthy actions in 2022

F^{p} = Energía^{+}

- Signing of a collaboration agreement with the Balia Foundation and launching, in collaboration with the High Commissioner for Child Poverty, a programme targeted to combat early school leaving, to awaken vocations in professions of the future (ecological transition and digitalisation) and to facilitate access to vocational training. Aimed at adolescents who are in a vulnerable situation.

  The multi-year pilot project (2022-2025), which consists of an awareness-raising programme that was launched in three secondary schools in the northern area of Granada (IES La Cartuja, IES La Paz and IES Albaycin) has already benefitted 416 students. Furthermore, a biennial scholarship programme will start in the 2023/2024 academic year.

Training for the energy transition

Redeia plays an active role in developing activities that promote the dissemination of information among schoolchildren regarding the operation of the Spanish electricity system and that engage young people in the challenge posed by a fair energy transition.

Noteworthy actions in 2022

entreREDes

- The 3rd entreREDes Olympic Games were held with the participation of more than 30,000 students from 1st, 2nd, 3rd and 4th year of Secondary School, from 150 educational centres in 8 Autonomous Communities (spanning 26 provinces and 108 municipalities).

Hémera (Digital School for the Energy Transition)

- Signing of the collaboration agreement with the Spanish Federation of Popular Universities (FEUP).
- Creation of the 'Digital School for the Energy Transition'.

Exhibition 'Connected to the future'.

- Setting up of a travelling exhibition that visits various science museums in Spain.
- An interactive and digital experience designed to promote the knowledge of energy transition and the active role that consumers will be playing in the electricity system of the future.



Women

Redeia works to promote social and labour equality for women as a lever of opportunity for all.

Social equality

The group promotes projects to help eradicate gender-based violence, as well as to help women who have suffered from it. Furthermore, it also supports social inclusion programmes for women in rural areas.

Noteworthy actions in 2022

Plataforma Verde (Green Platform)

- Launching of the Green Platform (marketplace) under the framework of the collaboration agreement with FADEMUR, that enables small producers from small-scale rural family farms to enter into the distribution of their products to local customers. The pilot project was carried out with around a dozen producers who were selected to launch this pilot project in the Community of Madrid.

Labour market insertion

The group is working to identify projects with which to collaborate in labour market insertion programmes that empower women through the promotion of their personal autonomy and employment skills, and the Company will continue to promote equality between women and men in technical careers (STEAM).

Noteworthy actions in 2022

RedeSTEAM

- Initiative designed within the framework of the 'STEAM Alliance for Female Talent. Girls on a scientific footing' of the Ministry of Education and Professional Vocational Training and in collaboration with the organisation called Power to Code, aimed at increasing the presence of women in technological and scientific fields by arousing their interest in the initial stages of education.
- 100 female students from 16 schools in 9 Autonomous Communities took part in the first edition. The awards were presented during the Redeia Sustainability Conference by Beatriz Corredor, Chairwoman of Redeia, and Pilar Alegría, Minister for Education and Professional Vocational Training.

Redeia works to promote social equality and the integration of women into the labour market through the promotion of their personal autonomy as a lever of opportunities for all.

Social innovation projects to promote **THE TRANSMISSION GRID**

Redeia collaborates with the territories where its facilities are or will be located to maximise the creation of shared value, fostering the energy transition in compliance with the Spanish National Energy and Climate Plan, and the Energy Contingency Plan approved by the Government, with a focus on the fight against digital, territorial, generational and gender inequalities.

Baza-Caparacena transmission line (Granada)

Red Eléctrica has signed 15 agreements with local councils in Granada that benefit more than 44,000 inhabitants. During the project lifespan, the actions carried out have resulted in savings of four million euros for the municipal treasury and a reduction of 3,634 tCO_2eq. through:

- Efficient lighting with a saving of 1.8 GWh due to replacing more than 300 public lighting installations and establishing energy efficiency measures for public buildings.
- Self-consumption measures in 17 municipal buildings.
- Reduction of water consumption by 17,500 litres.

In addition, these projects have included other measures linked to reducing the digital divide (with 724 people benefiting), job creation (4 new jobs) or enhancing cultural heritage, among others.

All of the actions carried out on the Baza-Caparacena transmission line represent a social value of two million euros in terms of carbon emissions, water and connectivity.

Güeñes-Itxaso Line (Basque Country)

In 2022, the Gorbeialde local action group in Vizcaya was approached to replicate the Pastoreo en RED project in their territory. Furthermore, the area surrounding this transmission line was analysed, and the Provincial Council of Vizcaya was contacted for its approval and cooperation.



Redeia collaborates with the territories where its facilities are or will be located to maximise the creation of shared value, fostering the energy transition.



CORPORATE VOLUNTEERING

Redeia's **corporate volunteering model**, updated in 2021 and based on a strategic and transformational approach, extends the Company's social action, promoting and strengthening collaboration in solidarity activities that respond to social needs, problems and interests.

The actions carried out in 2022 have responded to the interest of the participating volunteers and have contributed primarily to improving the quality of life of groups at risk of social exclusion, promoting employability and meeting specific and real demands of society.

In 2022, the Company achieved a level of participation of volunteers that reached 26.7% (compared to 23% in 2021), once again exceeding the target set at the beginning of the year (20%).

Noteworthy actions in 2022

Role-play session with women at risk of social exclusion

5 volunteers assisted women at risk of social exclusion, in association with the *Quiero Trabajo Fundación* (I want a Job Foundation), to improve their access to employment and foster their autonomy and confidence with a view to their insertion into the labour market.

Virtual solidarity race

12 volunteers participated in this competition in favour of the *Aldeas Infantiles* Foundation, in which the distances covered by the participating companies were converted into monetary contributions.

Collaboration with the Ukrainian people

Donation of 2,750 euros to the International Red Cross through the BTT *Meandros de Sástago* sports event in collaboration with the *Club Ciclista Sástago* cycling club.

Solidarity magic workshops

Participation of 8 volunteers in magic workshops with the *Fundación Abracadabra de Magos Solidarios* in nursing homes for older adults with disabilities.

Food collection

Collection of 70 kg of food for the soup kitchen belonging to the Tardor Associacion in Palma de Majorca and a donation of 3,468 litres of milk to various food banks, benefiting 1,850 families.

Creation of the 'Superhero Kits' for hospitalised children.

Creation of 260 'Superhero Kits' in collaboration with the *Pequeño* Foundation for seriously ill children who are hospitalised.

Christmas activity

Collection of 110 gifts for children and older adults in collaboration with the Red Cross and the *Mensajeros de la Paz* volunteering association.

Annexes



A.1

Executive Report on the Management of the Code of Conduct and Ethics in 2022



The Annual Report on the Management of the Code of Conduct and Ethics sets out the circumstances arising in relation to Redeia's corporate ethics management system in 2022.

The Code of Conduct and Ethics, approved by the Board of Directors in May 2020 applies to the entire workforce as well as on the members of the administrative bodies of the companies that make up Redeia, in the performance of their duties and responsibilities, and is applied in all the companies



in which Redeia has a majority shareholding, regardless of their geographical location or business activity.

ETHICS MANAGER AND STAKEHOLDER OMBUDSMAN

To ensure the understanding, implementation and enforcement of the Code of Conduct and Ethics, Redeia appointed Carlos Méndez-Trelles García, General Counsel and Secretary of the Board of Directors, as Ethics Manager and Stakeholder Ombudsman.

The **responsibilities** of the Ethics Manager are the following:

- Resolve enquiries regarding the Code of Conduct and Ethics.
- Institute proceedings regarding the submitted grievances related to the application of the Code.
- Draft action plans to resolve grievances reported and submit them for approval by the Chairperson of Redeia. If the grievance is related to a member of the Executive Committee or the Board of Directors, it will be submitted to the Chair of the Audit Committee or, where appropriate, to the Chair of the Sustainability Committee, depending on the nature of the grievance.
- Prepare a periodic review report on the ethics management system and propose actions to improve it.

WHISTLE-BLOWING AND COMPLIANCE CHANNEL

To promote the application of the Code of Conduct and Ethics, the *Whistle-blowing and compliance channel* is available via

The Code of Conduct and Ethics aims to provide an ethical guide for all the people of the companies of Redeia, determining the ethical values and the principles and standards of conduct that shall govern their business activity.

The Ethics Manager is responsible for ensuring the understanding, implementation and enforcement of the Code of Conduct and Ethics of Redeia, resolving enquiries, advising stakeholders and ensuring the institution of proceedings regarding grievances submitted.



the corporate website through which enquiries, grievances or suggestions can be submitted and conveyed to the Ethics Manager.

Regarding the whistle-blowing system made available for the detection and handling of possible non-compliances, grievances, enquiries and suggestions, in 2022, eight enquiries or grievances were submitted to the Ethics Manager; all of them came from internal stakeholders. The resolution time of the enquiries/ grievances did not exceed 10 days, in accordance with the rules of the Whistle-blowing and compliance channel. **/ 406-1**

The enquiries/grievances made have referred to the following ethical principles:

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

In 2022, two grievances were received regarding compliance with the Code of Conduct and Ethics. The details of each grievance are shown below:

- Grievance filed by a member of an external stakeholder group of Redeia, regarding the corporate value 'integrity', in relation to an alleged non-compliance by a third party of the administrative procedure for the granting of permits related to generation facilities. The case was closed as the facts reported did not constitute a violation of Redeia's Code of Conduct and Ethics.
- Grievance, which was reported anonymously, regarding the corporate value 'integrity', motivated by a possible irregularity in the settlement of travel expenses by certain individuals of Redeia. Said grievance was in the processing phase at the close of 2022.

Among the functions undertaken by the Ethics Manager is the obligation to communicate and convey to the appropriate bodies the grievances that could lead to a criminal risk for the companies of the group so that Redeia's Criminal and Anti-Bribery Compliance Committee, of which the Ethics Manager is a member, can evaluate such claims and, if appropriate, initiate an investigation into the grievance until it is clarified or resolved.

Actions for the promotion and dissemination of the Whistle-blowing and compliance channel

During 2022, the Company conducted a survey to assess the perception, knowledge and use of the Whistle-blowing and compliance channel by Redeia employees. 97% of the employees surveyed (40% of the total workforce) stated that they were aware of its existence.

The Company has updated the Whistle-blowing and compliance section on the corporate website to facilitate access to this channel and raise its visibility among Redeia's stakeholders. Additionally, various periodic internal communication actions were carried out.

Also in 2022, the Company carried out its **annual awareness-raising and training plan focused on driving a culture of compliance**. The Company provides an e-learning course on ethics and compliance in Redeia that, at the close of 2022, had been taken by more than 86% of the employees. The course dives into the ethical values, principles and guidelines of the Code of Conduct and Ethics, as well as into the principles of Redeia's Compliance Policy. This training enables Redeia to provide the Company's professionals with training regarding the tools they have at their disposal to resolve possible risk situations in the execution of their functions and responsibilities, and also to raise awareness on the means they have available to communicate any issue related to ethics and compliance.

In 2022, the Ethics Manager did not receive any grievances regarding breaches of the Code related to criminal risks, and none of Redeia's companies has been subject to investigation or been convicted by any court of law for infringements related to criminal risks.



Also noteworthy is the periodic publication of interactive informative pieces aimed at Redeia's employees in relation to the principles and guidelines of Redeia's Code of Conduct and Ethics, allowing the Company's professionals to strengthen and consolidate their culture in the field of ethics and integrity.

INTEGRITY AND TRANSPARENCY

The Code of Conduct and Ethics and the corresponding management system regarding enquiries and grievances, which include anti-corruption aspects, constitute an effective mechanism for detecting and dealing with possible cases of corruption and fraud.



As a result of the commitment undertaken by Redeia to prevent any practices related to corruption, bribery or facilitation payments, the Board of Directors of the parent company approved in 2015 the **'Guide for the Prevention of Corruption: Zero Tolerance'** as a fundamental element of Redeia's integrity model. It aims to provide a guide regarding the prevention of corruption for all professionals in the companies of Redeia, setting out the commitments and action criteria, thereto, that should govern their professional activities within the same. The Guide provides Redeia's employees with the necessary tools so they can analyse the circumstances and risks they might face in terms of corruption, thus contributing to advancing in the dissemination of the criteria and instruments available to the Company for its eradication.

In 2022, the Company continued the process of reviewing and updating the 'Guide for the Prevention of Corruption: Zero Tolerance'. The revision process, in which Transparency International participated, took into account the best business practices, as well as international standards in this area (ISO 37001).

The proposed update of the Guide, which extends its scope to the area of fraud (internal) and is in line with the Code of Conduct and Ethics and Redeia's Compliance Policy, was validated by the Crime Prevention and Anti-bribery Committee and the Executive Committee of Redeia, prior to its approval by the Board of Directors of Redeia's parent company, Red Eléctrica Corporación, S.A. Its subsequent acknowledgement, by the governing bodies of Redeia's subsidiaries, is scheduled for the first quarter of 2023.

RECOGNITIONS

In the field of external recognitions in relation to Redeia's Ethics and Compliance Management System, noteworthy in 2022 were the following:

- Leadership in 2022, for the third consecutive year, in the 'Business Ethics' criterion of the Dow Jones Sustainability Index, having received the maximum score (100 out of 100 points).
- Leadership in 2022, in the 'Corruption Prevention' criterion, according to the ESG performance report prepared by Moody's, having obtained the highest score (87 out of 100 points) within its sector.
- The rating firm Standard & Poor's gave a 'strong' rating to the 'Code and Values' aspect in its evaluation report on Redeia's ESG performance.

ALLIANCES

Among the initiatives in which Redeia has participated for the promotion of business ethics, noteworthy is its status as a premium member of the 'Foro de integridad corporativa' (Corporate integrity forum) of the non-governmental organisation Transparency International Spain. Similarly, Redeia is a member of the Spanish Compliance Association (ASCOM) and forms part of the group of large companies that are part of the Forética Transparency, Good Governance and Integrity Cluster.

In 2022, as occurred in previous years, no grievances related to possible cases of corruption were reported through the Whistle-blowing Channel, and none of the companies of Redeia has been subject to investigation or been convicted by any court of law for infringements related to corruption.



A.2

Green Bond Report



After releasing its **Green Finance Framework** in September 2019, Redeia updated its framework in 2021 in order to be aligned as much as possible with the current version of the proposed EU Green Bond Standard and to be fully aligned with the EU Taxonomy Delegated Act for sustainable economic activities.

Regarding Redeia´s Green Bond issuances, the Company has two outstanding issues for a total amount of EUR 1.3 billion under its Euro Medium-Term Notes Programme.

The Green Finance Framework sets the basis for the identification, selection, verification and reporting of the Eligible Green Assets.

As set out in the Redeia Green Finance Framework, the net proceeds of Green Finance Instruments will be exclusively used to finance and/or refinance in whole or in part eligible assets ("Eligible Green Assets") including related partnerships and joint ventures in the use of proceeds category, together forming the **"Eligible Green Asset Portfolio":**

The Green Finance Framework sets the basis for the identification, selection, verification and reporting of the **Eligible Green Assets,** as well as the management of the proceeds from Green Finance Instruments.

Within the Framework, the categories relating to Eligible Green Assets are aligned with the Sustainable Development Goals of the United Nations (UN SDGs), in particular, Goals 7 on affordable and clean energy and 13 on climate action.

Redeia´s Green Finance Framework has been verified with the International Capital Market Association's (ICMA) Green Bond Principles (GBPs) and the Green Loan Principles (GLPs). This information can be found in the corresponding Second Party Opinion (SPO) prepared by Sustainalytics, which is available on the *corporate website.*

The Eligible Green Asset Portfolio includes mainly tangible green assets and a small amount of intangible green assets). Assets are included in the portfolio at their current IFRS net balance sheet value, which will be updated annually to reflect investment and depreciation under IFRS.

Ernst and Young has provided limited assurance on specific elements related to the use of funds raised by the Green Bonds issuances. See page for the assurance report.

With this report, Redeia complies with its commitment assumed in its Green Finance Framework to report on the allocation of net proceeds and the associated environmental

Eligible green asset portfolio

Use of proceeds category	EU Economic Activity	Detail asset description	ICMA GBP / LMA GLP
Electricity network	Transmission and Distribution of Electricity	• Transmission assets, including projects directly aimed at increasing the production of renewables such as international interconnections, converters and connections, among islands and with the mainland.	Renewable Energy
		• Assets, part of the transmission network, aimed at improving the efficiency of the rail system (high speed rail lines and electrical connections).	Clean Transportation

impacts annually until the proceeds of each Green Finance Instrument have been fully allocated.

This report contains information on the use of proceeds, allocation and impact reporting of the two Green Bonds issued to date.

Also included are case studies on two projects aimed at directly increasing the production of renewable energies. They provide background information on the assets that can be financed by the green finance instruments issued.

Notes to the allocation report

All proceeds from the Green Bonds issued have been fully allocated to the Eligible Green Assets categories and have been fully used for refinancing purposes.

The Electricity Network Assets (transmission infrastructure or equipment) complies with the following criterion:

- More than 67% of newly enabled generation capacity in the system is below the generation threshold value of 100 gCO_2e/kWh measured on a life cycle basis in accordance with electricity generation criteria, over a rolling five-year period; but excluding any infrastructure dedicated to creating a direct connection or expanding an existing direct connection between a substation or network and a power production plant that is more greenhouse gas intensive than 100 gCO_2e/



Allocation report

Portfolio date: 31 December 2021

Use of proceeds Allocation Table

Eligible Green Assets Portfolio per 31 December 2021		Green Funding			
ICMA GBP Category	**Eligible Green Assets (mEUR)**	**Instrument (ISIN)**	**Issuance Date**	**Maturity Date**	**Amount (mEUR)**
Renewable Energy (Electricity Network Assets)	8,195	XS2103013210	24/01/2020	24/07/2028	700
Clean Transportation	150	XS2343540519	24/05/2021	24/05/2033	600
Total Eligible Green Assets	**8,345**	**Total Green Funding**			**1,300**

Percentage of Green Assets Portfolio allocated to Green Finance Instruments:	16%
Percentage of Net Proceeds of Green Funding allocated to Eligible Green Assets Portfolio:	100%
Percentage of Eligible Green Assets Portfolio - Unallocated:	84%

All the investments included in the portfolio have been carried out in Spain.

Impact report

Portfolio date: 31 December 2021

ICMA / LMA category	Eligible Green Assets (mEUR)	Share of total Portfolio Financing	Eligibility for Green Financing Instruments	Renewable energy installed capacity (in GW)	Estimated Renewables energy production (in GWh per year)	Installed capacity (in MVA)	Estimated avoided CO_2 emissions (in tCO_2eq per year) (1)	Contribution to especific UN SDG	Contribution to EU Environmental Objective
a/	b/	c/	d/	e/	e/	e/	e/		
Renewable Energy - Increasing the production of renewable energies	8,195	98%	100%	65	6,245		5,420,811	UN SDG 7, 13	Climate Change Mitigation
Clean Transport	150	2%	100%			3,654		UN SDG 7, 13	
Total	**8,345**	**100%**	**100%**	**65**	**6,245**	**3,654**	**5,420,811**		

(1) All of them are indirect emissions.

a/ Eligible category. b/ Eligible assets represents the amount legally committed by the issuer for the portfolio or portfolio components eligible for Green Finance Instruments. c/ This is the share of the total portfolio per Eligible category. d/ This is the share of the total portfolio costs that is eligible for Green Finance Instruments. e/ Impact reporting indicators per Eligible category.

Notes to the impact report

The impacts of the green assets are calculated as the sum of various parts of the asset base.

One part of the asset base enables the connection of new renewable capacity (MW) to the transmission grid.

The expected amount of increased production of renewable energy (MWh/year) is calculated by multiplying the installed power capacity by technology (MW), identified for each project, per the average annual production (hours/year).

It is considered an average annual production of 2,310 hours for wind generation and 1,684 hours for photovoltaic generation based on a mid-term horizon forecast analysis.

The estimated amount of CO_2 tons emissions avoided is calculated considering that the new production of renewable energy will replace mainly combined cycle production, that have an emission of 0.355 tCO_2 equivalent/MWh. The total impact is estimated at 5,033 $ktCO_2$ equivalent and 5,092 GWh renewable energy generated per annum.

A second part of the asset base is enhancing the transmission capacity for renewable energy in the grid.

The impact of these projects is calculated through a cost-benefit analysis. The main indicators are based on the methodology CBA 2.0 of ENTSO-E approved by the European Commission in 2018. The total impact is estimated at 388 tCO_2 equivalent and 1,153 GWh renewable energy generated per annum.

The total of these two parts of the asset base is estimated at 5,033+388=5,421 $ktCO_2$ equivalent avoided and 6,245 = 5,092+1,153 GWh renewable energy generated per annum.

For the remaining part of the asset base, we are calculating the impact as the installed renewable energy capacity that is being connected to the entire asset base over the past years. This is 65 GW for the current size of the green asset portfolio.

In the category of Clean Transportation, the assets are aimed at improving the efficiency of the rail system.

The impact of this projects is calculated considering the increase in the installed capacity for the rail system over the past years. This is 3,654 MVA for the current size of the green asset portfolio.

CASE STUDY. SALTO DE CHIRA PUMPED-STORAGE HYDROPOWER PLANT

The Salto de Chira hydropower plant is an essential infrastructure in the push for the sustainability of the new energy model in the Canary Islands based on renewable energies.

This energy storage installation is an effective operational tool of the electrical system for improving supply guarantee, system security and renewable energy integration on the island of Gran Canaria.

The General Directorate for Energy of the Department of Ecological Transition, the Fight against Climate Change and Territorial Planning of the Government of the Canary Islands has issued the administrative authorisation for the Salto de Chira pumped-storage hydroelectric power station project to be built on the island of Gran Canaria. This is the first major energy storage project in the Canary Islands.

The approval of the preliminary administrative and construction permits, as well as the declaration of Public Utility of the project by the General Directorate for Energy of the Government of the Canary Islands, will allow construction work to begin on the energy storage infrastructure.

The authorised project will take advantage of the fact that there are two large inland reservoirs (the Chira and Soria dams) located on the island in order to build between them a 200-MW pumped-storage hydroelectric power station (equivalent to approximately 36 % of the peak demand of the island of Gran Canaria) and an energy storage capacity of 3.5 GWh. Additionally, the project includes the construction of a seawater desalination plant and the associated marine works, as well as the necessary facilities for connection to the transmission grid.

Water will be an essential element for the operation of the new infrastructure, but it is also a scarce resource in the archipelago. Therefore, in order to fulfil its mission as an energy storage facility, the project includes the construction of a water desalination plant in the municipality of Arguineguín, which will guarantee the necessary flow in the reservoirs at all times.

Red Eléctrica will invest more than €600 million in the construction of Salto de Chira, a project that has been declared of general interest by the Government of the Canary Islands. Project execution and completion are expected to take about 70 months as of the date the works commence.

Benefits of the Salto de Chira hydro-electric power station

The benefits it will provide the Canary Islands' electricity system are the following:



Red Eléctrica will invest more than 600 million euros in the construction of the Salto de Chira power station, a project that has been declared to be of general interest by the Government of the Canary Islands.

- **Increased guarantee of supply** for Gran Canaria by increasing the installed power capacity and strengthening the security of the electricity system; elements that are essential for an isolated electricity system, as is the case of the Canary Islands system, in order to reduce the vulnerability of the system as a whole. In addition, in the event of a supply interruption, this facility will help speed up and drastically shorten the service restoration times.

- **An increase in the integration of renewable energies** by having an essential facility to take advantage of the surplus of renewable energies and that will help integrate a greater amount of locally produced energy. In 2026, the power station will increase renewable energy, production on the island by 37 %, over the estimated energy that would be generated without the existence of this facility, would raise the average annual coverage of the demand using renewable generation to 51 %, which at specific times may be much higher. This will lead to an additional reduction in annual CO_2 emissions of 20 %.

- **Increased energy independence and savings** in variable generation costs amounting to 122 million euros per year by reducing imports of more expensive and polluting fossil fuels.

Furthermore, it is estimated that the project will generate 4,366 jobs, of which 3,518 will be generated in Gran Canaria (1,423 direct jobs, 1,987 indirect jobs and 109 induced jobs), contributing to the economic recovery of the Canary Islands archipelago in a sustainable manner and in line with the principles of the European Green Deal and the strategic lines and basic principles of the Pact for the Social and Economic Reactivation of the Canary Islands.

You can find more information about the project in the following *link* and in the *Renewable Integration* section of this Report.

CASE STUDY. 400 KV ALMARAZ-GUILLENA AXIS

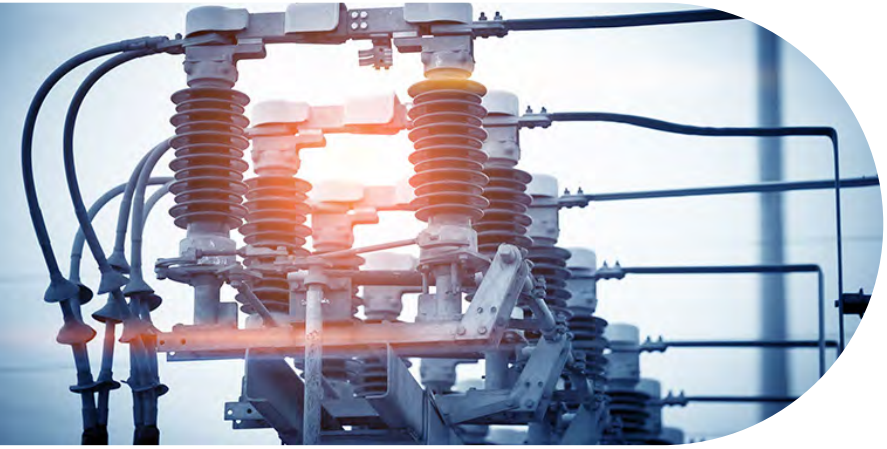
This electricity infrastructure, which was allocated an investment of approximately 270 million euros, represents a significant improvement in the guarantee and quality of the electricity supply in the regions of Extremadura and Andalusia.

The 400 kV axis links the central and southern areas of the Spanish peninsula, linking the substations of Almaraz, San Serván, Brovales and Guillena by means of 327 km of electricity lines. Similarly, the axis includes another 48 km of 220 kV lines to Mérida and Balboa.

The goals this axis seeks to resolve are to:

- Strengthen transmission grid meshing in an area with insufficient power generating stations.
- Further the interconnection with Portugal via the Guillena-Puebla de Guzman-Portuguese border axis.
- Provide support for the electricity distribution network in the area.
- Facilitate the evacuation of new renewable generation.

San Serván Substation. It is one of the substations that make up the electricity axis. It is comprised of 2 switchyards: one 400 kV in a one-and-a-half switch configuration and one 220 kV in a double busbar configuration. The connection between these two switchyards is performed through a 600 MVA autotransformer bank.





Main environmental measures applied in the axis

- Comprehensive field survey of areas where work is to be performed and continuous environmental monitoring of work.
- Increasing the height of towers in order to save wooded areas.
- Signage and marking off of access routes and work areas close to endangered or catalogued flora populations.
- 62% of towers assembled using a boom crane (method that minimises the need to open access roads and work sites).
- Pilot cable hung by hand (142 km) to prevent damage arising from the use of vehicles.
- Conducting birdlife census in winter, pre-reproductive and reproductive periods.
- Comprehensive monitoring of birds in the migratory, pre-migration and wintering seasons.
- Biological stoppages of works in 78 towers during different periods.
- Marking of sections of line with bird flight diverters.
- Recovery and restoration of all areas affected by the works.

A.3

EU Taxonomy Information



In 2018 the European Commission published its **"Action Plan: financing sustainable growth"**, launching a comprehensive strategy on sustainable finance. One of the objectives established in that action plan was to reorient capital flows towards sustainable investment in order to achieve sustainable and inclusive growth.

Building on the Action Plan mentioned above, in June 2020, the European Parliament and the Council of the European Union approved Taxonomy Regulation (EU) 2020/852[(1)]. This Regulation establishes the criteria for determining whether an economic activity qualifies as environmentally sustainable for the purposes of establishing the degree to which an investment is environmentally sustainable.

The EU's environmental objectives, as set out in the Taxonomy Regulation, are as follows:

a) climate change mitigation;
b) climate change adaptation;
c) the sustainable use and protection of water and marine resources;
d) the transition to a circular economy;
e) pollution prevention and control;
f) the protection and restoration of biodiversity and ecosystems.

An economic activity shall be considered environmentally sustainable, i.e. it shall comply with the Taxonomy, when it contributes substantially to one of these six objectives, without causing significant harm to any of the other five, and provided it is carried out in compliance with minimum social safeguards: the Organisation for Economic Co-operation and Development (OECD) guidelines on multinational enterprises, the United Nations (UN) guiding principles on business and human rights, and the core conventions of the International Labour Organization (ILO).

In June 2021, the Commission Delegated Regulation (EU) 2021/2139[(2)] was published, establishing the technical screening criteria for determining the conditions under which an economic activity qualifies as contributing substantially to climate change mitigation or climate change adaptation and for determining whether that economic activity causes no significant harm to any of the other environmental objectives.



Furthermore, in July 2021, the Commission Delegated Regulation (EU) 2021/2178[(3)] specifying the content and presentation of the information to be disclosed by undertakings subject to Articles 19a or 29a of Directive 2013/34/EU was adopted.

The Taxonomy distinguishes between Taxonomy-eligible and Taxonomy-aligned economic activities as follows:

- Eligible economic activity: that which is described in the delegated acts adopted as per Regulation (EU) 2020/852, irrespective of whether that economic activity meets any or all of the technical selection criteria set out in those delegated acts.

- Taxonomy-aligned economic activity: economic activity that contributes substantially to one of the six EU environmental objectives (meets the established technical selection criteria), does not cause significant harm to any of the other five and is carried out in compliance with minimum social safeguards.

(1) Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088.

(2) Commission Delegated Regulation (EU) 2021/2139 of 4 June 2021 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by establishing the technical screening criteria for determining the conditions under which an economic activity qualifies as contributing substantially to climate change mitigation or climate change adaptation and for determining whether that economic activity causes no significant harm to any of the other environmental objectives.

(3) Commission Delegated Regulation (EU) 2021/2178 of 6 July 2021 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by specifying the content and presentation of information to be disclosed by undertakings subject to Articles 19a or 29a of Directive 2013/34/EU concerning environmentally sustainable economic activities, and specifying the methodology to comply with that disclosure obligation.

In the process of studying and analysing the degree of eligibility and alignment of Redeia's activities to the Taxonomy, the following steps have been taken:

a) Classification and grouping of the economic activities of Redeia companies.
b) Eligibility analysis of the identified activities.
c) Assessment of compliance with the technical criteria established by Commission Delegated Regulation (EU) 2021/2139 for the contribution to the environmental objectives of climate change mitigation and adaptation.
d) Analysis of the *"Do No Significant Harm"* (DNSH [(4)]) principle. Activities must not cause significant harm to the other EU environmental objectives defined in Regulation (EU) 2020/852.
e) Verification of compliance with minimum social safeguards.

Based on the analysis performed, the following classification of eligibility and alignment of Redeia's activities is established.

(4) *Do Not Significant Harm* (DNSH).

Redeia companies	Redeia activities	Activity Description per Commission Delegated Regulation 2021/2139	Eligible activities	Aligned activities
Red Eléctrica de España S.A.U. (Red Eléctrica)	Activity 1. **Management and operation of domestic electricity infrastructure.** Includes electricity transmission, system operation and management of the transmission network for the Spanish electricity system. System operation includes storage through the Salto de Chira pumped-storage hydroelectric power plant.	Activity: Transmission and distribution of electricity. Description: Construction and operation of transmission systems that transport the electricity on the extra high-voltage and high-voltage interconnected system. Activity: Storage of electricity. Construction and operation of facilities that store electricity and return it at a later time in the form of electricity. The activity includes pumped hydropower storage.	YES. 100% eligible.	YES. 100% aligned.
Red Eléctrica Internacional, S.A.U. (Redinter), REA, Redesur, Tesur, Tesur 2, Tesur 3, Tesur 4, Redelnor, CCNCM, Rech, Redenor, Redenor 2.	Activity 2. **Management and operation of international electricity infrastructure.**	Activity: Transmission and distribution of electricity. "Construction and operation of transmission systems that transport the electricity on the extra high-voltage and high-voltage interconnected system."	YES. 100% eligible.	NO
Hispasat subgroup (Hispasat)	Activity 3. **Telecommunications Satellite Business.**	Activity not covered by Commission Delegated Regulation 2021/2139		
Red Eléctrica Infraestructuras de Telecomunicación, S.A. (Reintel)	Activity 4. **Telecommunications Fibre Optics.**	Activity not covered by Commission Delegated Regulation 2021/2139		
Other Redeia companies	Activity 5. **Other businesses, Corp. and adjustments.**	Activity not covered by Commission Delegated Regulation 2021/2139		

As a result of the assessment of compliance with the technical selection criteria for determining the conditions under which an economic activity is considered to make a substantial contribution to climate change mitigation or adaptation[5], it is considered that the Redeia activities that meet these criteria, and, accordingly, contribute substantially to these two objectives are the following:

- **Management and operation of domestic electricity infrastructure.**

COMPLIANCE WITH THE TECHNICAL CRITERIA OF SUBSTANTIAL CONTRIBUTION TO THE CLIMATE CHANGE MITIGATION OBJECTIVE

The electricity transmission activity, at national level, meets criteria[6] a) and b) defined in point 4.9 of Annex I of Commission Delegated Regulation 2021/2139, as it belongs to the interconnected European system, and the new electricity capacity connected to the transmission network, from 2017 to the present, is exclusively renewable.

The operation of the national electricity system, in turn, meets criteria d) and e)[7].

The operation of the electricity system is playing a leading role in the energy transition by taking on the challenge of integrating renewable energy, new energy uses and flexible assets into the system.

As system operator, Red Eléctrica works to safely integrate as much renewable energy as possible. The control and monitoring of this type of energy is carried out by CECRE (the Control Centre of Renewable Energies). This enables reduction of CO_2 emissions thanks to the fact that demand can be covered by this type of energy without affecting the security or quality of supply.

Furthermore, to facilitate the incorporation of non-dispatchable energy and avoid wasting the energy generated when demand is low, Red Eléctrica works on the development of energy storage instruments based on both hydroelectric power generation systems and other technologies (R&D+i). To this end, it carries out prospective evaluations on the impact of new storage facilities on the integration of renewable energy, identifies the technical or management characteristics necessary for greater integration, and as a consequence of both actions, makes legislative and regulatory proposals to the competent authority. These systems will also help significantly improve the efficiency of the electricity system as a whole and optimise electricity infrastructure.

COMPLIANCE WITH THE TECHNICAL CRITERIA OF SUBSTANTIAL CONTRIBUTION TO THE CLIMATE CHANGE ADAPTATION OBJECTIVE

The activity of management and operation of national electricity infrastructure as a whole is a key element in the adaptation of the energy system to the risks arising from climate change and meets the criteria defined in point 4.9 of Annex II of Commission Delegated Regulation 2021/2139.

The effects of climate change could physically affect electricity transmission facilities and influence future patterns of energy generation and consumption, which would impact the activity of Red Eléctrica as electricity system operator. Therefore, the Company has carried out work to identify and assess the risks associated with climate change in order to be able to deal with the physical changes caused by changes in climate parameters.

(5) Laid down in Commission Delegated Regulation 201/2139

(6) Criteria defined in point 4.9 of Annex I of *Commission Delegated Regulation 2021/2139*:

The transmission and distribution infrastructure or equipment is in an electricity system that complies with at least one of the following criteria:

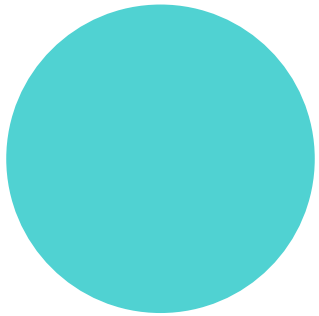
a) the system is the interconnected European system, i.e. the interconnected control areas of Member States, Norway, Switzerland and the United Kingdom, and its subordinated systems;

b) more than 67% of newly enabled generation capacity in the system is below the generation threshold value of 100 g CO_2 e/kWh, measured on a life cycle basis in accordance with electricity generation criteria, over a rolling five-year period;

c) the average system grid emissions factor, calculated as the total annual emissions from power generation connected to the system, divided by the total annual net electricity production in that system, is below the threshold value of 100 g CO_2 e/kWh, measured on a life cycle basis in accordance with electricity generation criteria, over a rolling five-year period.

(7) d) construction/installation and operation of equipment and infrastructure where the main objective is an increase of the generation or use of renewable electricity generation.

e) installation of equipment to increase the controllability and observability of the electricity system and to enable the development and integration of renewable energy sources.



The Company has defined and prioritised the most relevant climate risks for its activity and has monetised those for which a potential financial impact has been identified.

The exercise of identifying physical climate risks has been carried out based on the classification of climate-related hazards from the list in section II of Appendix A of Commission Delegated Regulation 2021/2139.

The physical risks identified have been assessed considering the criteria of exposure, sensitivity and capacity to adapt. Different physical scenarios have been considered in the analysis.

Climate-related risks are assessed considering the short, medium and long term (the most significant changes and impacts are expected by the end of the century), using the Intergovernmental Panel on Climate Change (IPCC) RCP[8] scenarios as a reference. Therefore, the entire lifetime of the projects is considered in the assessment (the lifetime of transmission projects is at least 30-40 years).

In the case of Spain, the projections made by the *Agencia Estatal de Meteorología* (AEMET - Spain's National Meteorology Agency) for the most important scenarios of the fifth IPCC report (AR5) have been considered.

Following the assessment process, two main physical risks have been defined:

- Impact of extreme events on outdoor facilities.
- Fires in power lines and substations.

The adaptation measures implemented to minimise the risk of extreme events affecting outdoor facilities consist of creating wind maps and reviewing construction parameters, reinforcing vulnerable lines, developing and implementing contingency plans (including the availability of emergency support), and optimising maintenance work (e.g. the MANINT project[9]).

The adaptation measures implemented to minimise the risk of fire in power lines and substations are based on the optimisation of firebreak maintenance plans (VEGETA project), fire prevention procedures, early fire detection measures (PRODINT project), training, awareness raising and the development of emergency plans.

Climate-related risk management is part of the Company's risk management system. Therefore, the established governance model applies to this type of risk.

The activity of domestic electricity infrastructure operation and management contributes as a whole to the climate change mitigation and adaptation objectives, reducing the risks and impact of climate change in society. However, the Taxonomy disclosures show a 100% contribution to the climate change mitigation objective and a 0% contribution to the adaptation objective. This allows for adjustment to the KPI calculation methodology provided for by Commission Delegated Regulation 2021/2178.

(8) Representative Concentration Paths (RCPs).
(9) Intelligent Maintenance.

Assessment of compliance with the "Do No Significant Harm" (DNSH) principle

Redeia's activities which contribute substantially to the objectives of climate change mitigation and adaptation do not cause significant harm to the rest of the environmental objectives defined in the Taxonomy Regulation.

Sustainable use and protection of water and marine resources.

Redeia's activities do not have any significant impact on this environmental objective, taking into account both the direct effects and the main indirect effects throughout the life cycle. No risks of environmental degradation related to the preservation of water quality have been identified, nor significant impacts on the good ecological status or potential of bodies of water (surface water and groundwater); or on the good environmental status of marine waters.

During the process of designing the facilities, a detailed study is carried out to avoid any type of impact on surface watercourses. As regards groundwater, numerous preventive and corrective measures are implemented to prevent the contamination of groundwater by leaks or spills of oils, fuels and hazardous substances. Containment systems (especially for power equipment containing large quantities of oil) and protocols are in place for immediate response to possible events to mitigate the consequences of accidents, should they occur.

Transition to a circular economy.

Redeia works together with the stakeholders in its value chain so that the equipment and materials used in all its activities are produced from reused or recycled materials and that, at the end of their useful life, they are also recycled, reused or recovered, thus closing the circle of sustainability for all the equipment and materials used.

In terms of waste management, the objective has been set for 2030 to achieve the reduction, reuse, recycling or energy recovery of all waste generated. To this end, an action plan is in place to recover 100% of the waste generated.

Pollution prevention and control. Construction activity

The principles described in the CFI's[10] Environmental, Health, and Safety Guidelines for Electricity Transmission and Distribution are followed in all construction activities for electricity transmission network facilities.

Red Eléctrica has also implemented an Environmental Management System (EMS) certified under ISO[11] 14001 and the EMAS[12]. The ISO certifications cover the CFI guidelines.

During the construction phase, the necessary preventive and corrective measures are implemented to minimise the potential effects of the project. To guarantee the effectiveness of the measures established, environmental monitoring programmes are defined and developed. These are applied during the construction of the facilities and in the early years of their operation, and facilitate the definition of new measures if necessary. The environmental monitoring of construction sites supervises the work done by contractors to meet environmental requirements.

Environmental monitoring of works and "environmental certification" (environmental requirements must be met by contractors for full certification of construction works) are very important to ensure alignment with environmental criteria.

Pollution prevention and control. PCB.

In the carrying out of its maintenance activities, Red Eléctrica has no direct relationship with PCBs. The power equipment owned by Red Eléctrica does not contain PCBs.

Pollution prevention and control. Electromagnetic fields

The activities comply with the applicable standards and regulations to limit the effects of electromagnetic radiation on human health. Thanks to the criteria applied in the design of the facilities, the levels of electric and magnetic fields (EMF) are kept below those recommended by the Council of the European Union[13].

Measurements give maximum levels (at the closest point from the ground to the conductors) ranging from 3-5 kV/m for the electric field and 1-15 µT for the magnetic field on 400 kV lines. In addition, the field strength decreases very rapidly as the distance to the conductors increases: at a distance of 30 metres, the electric and magnetic field levels range from 0.2-2.0 kV/m and 0.1-3.0 µT, respectively, and are normally less than 0.2 kV/m and 0.3 µT from 100 metres away.

In the case of 220 kV lines, these levels are lower, ranging between 1-3 kV/m for the electric field and 1-6 µT for the magnetic field at the closest point to the conductors. At a distance of 30 metres, the electric and magnetic field levels range between 0.1-0.5 kV/m and 0.1-1.5 µT, and are generally lower than 0.1 kV/m and 0.2 µT from 100 metres away.

Protection and restoration of biodiversity and ecosystems.

All Redeia projects are assessed from an environmental perspective, and the competent environmental authorities are informed and their approval is requested, even in the case of projects that are not legally required to be subjected to the environmental impact assessment procedure.

Most of Redeia's projects are subject by law to this environmental impact assessment procedure, and it is carried out in accordance with Directive 2011/92/EU, state legislation (Law 21/2013 of 9 December 2013 on Environmental Assess-ment) and applicable regional regulations.

Where the environmental impact assessment is carried out, the required mitigation and compensation measures are implemented to protect the environment and, therefore, biodiversity. These measures encompass those established by the environmental body and included in the project's environmental authorisations.

For sites/operations located in or near biodiversity-sensitive areas (including the Natura 2000 Network of protected areas, UNESCO World Heritage sites and Key Biodiversity Areas (KBAs), as well as other protected areas), an appropriate assessment, where applicable, is conducted and based on its conclusions the necessary mitigation measures are implemented.

Those projects that may directly or indirectly affect Natura 2000 Network sites are subject to the environmental assessment procedure, even if their thresholds do not reach those defined in the Annexes of Law 21/2013 on Environmental Assessment.

Climate change adaptation

Note: From the point of view of the contribution to the objective of climate change mitigation, this section also includes information on compliance with the DNSH principle on climate change adaptation.

The activity of management and operation of national electricity infrastructure as a whole is a key element in the adaptation of the energy system to the risks arising from climate change.

An exercise has been carried out to identify the physical climate risks that could cause damage to the electricity transmission network infrastructure and/or affect their operation. Those that could be significant have been defined and prioritised, and the appropriate adaptation measures have been designed and implemented to minimise such risks.

(10) Corporate Finance Institute.

(11) International Organization for Standardization.

(12) Eco-Management and Audit Scheme.

(13) Official Journal of the European Communities 1999/519/EC: exposure limits for the general public in places where they are likely to remain for a long time of 5 kV/m for the electric field and 100 µT for the magnetic field.

The company pays special attention to vulnerable groups and, as such, instils this in the corporate culture through the 10 Principles of respect for human rights.



COMPLIANCE WITH MINIMUM SOCIAL SAFEGUARDS

Redeia has an explicit and public commitment to promoting and respecting human rights in all its activities and in all the territories and countries where it operates.

The Company pays special attention to vulnerable groups, and as such instils this in the corporate culture through the Ten Principles for respect for human rights, included in its Commitment to the promotion of and respect for human rights, the Code of Ethics and Conduct and the Sustainability Policy.

With a view to extending this behaviour throughout the supply chain, the human rights obligation is extended to suppliers through the Code of Conduct for Suppliers. In the development of these Principles and Codes, human rights internationally recognised in national and international laws and benchmarks have been taken into account:

- OECD Guidelines for Multinational Enterprises.
- OECD Guidelines for Responsible Business Conduct.
- The UN Guiding Principles on Business and Human Rights.
- International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work.
- The eight ILO core conventions.
- International Bill of Human Rights.

In addition, the Company develops the necessary tools in terms of due diligence in integrity and human rights, both for its own activities and in its relations with third parties, in order to mitigate the risk of Redeia being linked to third parties associated with conduct which is not in line with its ethical values. To such end, since 2013 it has carried out periodic due diligence analyses that involve all Group companies in order to identity possible risks stemming from its direct and indirect activity.

KPIS: TURNOVER, CAPEX AND OPEX ASSOCIATED WITH TAXONOMY-ALIGNED ACTIVITIES

In July 2021, European Commission Delegated Regulation 2021/2178 implementing Article 8 of the Taxonomy Regulation, concerning the transparency of undertakings in non-financial statements was published. This Regulation specifically sets out the environmentally sustainable economic activities and the methodology to comply with the Taxonomy disclosure obligation.

Under Article 8, non-financial undertakings are required to disclose the following information:

a) The proportion of their turnover (Revenues) derived from products or services associated with economic activities that qualify as environmentally sustainable under the Taxonomy Regulation.

b) The proportion of their capital expenditure (CAPEX) and the proportion of their operating expenditure (OPEX) related to assets or processes associated with economic activities that qualify as environmentally sustainable under the Taxonomy Regulation.

The quantitative and qualitative information to be reported (KPIs) and the criteria for preparing such indicators are also described.

In relation to the calculation of KPIs, Annex I of Commission Delegated Regulation 2021/2178 includes in its point 1 the content of the KPIs to be disclosed by non-financial undertakings, categorically specifying that the following information must be reported for each of the indicators:

Information to be reported for each KPI regarding the Company's results

Turnover (Revenues):

The proportion of turnover, to be calculated as the share of net turnover derived from products or services, including intangible assets, associated with Taxonomy-aligned economic activities (numerator), divided by net turnover (denominator).

Investments in fixed assets (CAPEX):

The denominator shall include additions to tangible and intangible assets during the reporting period before depreciation, amortisation and any revaluations, including those resulting from revaluations and impairments, for the relevant period, excluding changes in fair value. The denominator shall also include additions to tangible and intangible assets resulting from business combinations.

The numerator is equal to the part of the investments in assets included in the denominator that a) relates to assets or processes that are associated with Taxonomy-aligned economic activities; b) is part of a plan to expand Taxonomy-aligned economic activities or to enable Taxonomy-eligible economic activities to comply with the Taxonomy.

Operational expenditure (OPEX):

The denominator shall include direct non-capitalised costs that relate to research and development, building renovation measures, short-term leases, maintenance and repairs, and any other direct expenditures related to the day-to-day maintenance of assets of property, plant and equipment by the undertaking or third party to whom activities are outsourced that are necessary to ensure the continued and effective functioning of such assets.

The numerator shall include the part of the operational expenditure included in the denominator which: a) related to assets or processes associated with Taxonomy-aligned economic activities, including training and other human resources adaptation needs, and direct non-capitalised costs that represent research and development.

Additionally, in October 2022, there was a Communication from the European Commission on the interpretation of certain legal provisions of the delegated act on disclosure of information under Article 8 of the EU Taxonomy Regulation, on the reporting of Taxonomy-eligible economic activities and assets, which clarifies a number of issues that had been highlighted in relation to the application of Article 8 of the Regulation.

In relation to the considerations set out in Annex I of the Regulation, it should be noted that the procedures followed to determine the numerator and denominator of each of Redeia's KPIs meet the requirements of the Regulation.

Likewise, the accounting regulations referred to in relation to Revenue, CAPEX and OPEX correspond to the accounting regulations applicable to Redeia. Therefore, it has not been necessary to make any adaptation or interpretation in this respect.



Taxonomy-eligible and Taxonomy-aligned activities. KPIs:

	2022	2021
Revenue	79.2%	82.3%
CAPEX	76.7%	75.5%
OPEX	90.0%	89.1%

Eligible activities and Non-aligned activities. KPI's:

	2022	2021
Revenue	3.5%	2.6%
CAPEX	4.3%	7.7%
OPEX	4.2%	4.1%

Based on the foregoing, Redeia's information for 2022 and 2021, in accordance with the Taxonomy Regulation is that shown in the table on this page.

The percentages assigned to the contribution to the objectives of climate change mitigation and adaptation included in Appendix I "Information on KPIs" show a 100% contribution to the climate change mitigation objective and 0% to the climate change adaptation objective. However, the items assigned to the mitigation objective could also include items related to the adaptation objective. In line with the European Commission's FAQs, one of the two objectives has been selected to avoid any risk of double counting.

The criteria applied to calculate Redeia's KPIs are set out below.

EXPLANATION OF THE KPIS

As set forth in point 1.2. on Specifications of the disclosures accompanying the KPIs of non-financial undertakings, of Commission Delegated Regulation 2021/2178 of the European Commission implementing Article 8 of the Taxonomy Regulation:

Determination of numerator and denominator of KPIs

Point 1.2.1. of the Regulation states that non-financial undertakings shall explain:

a) How turnover, capital expenditure and operating expenditure were determined and allocated to the numerator;

b) The basis used to calculate turnover, capital expenditure and operating expenditure, including any assessment made when allocating revenues or expenditures to different economic activities.

In carrying out the calculation of the ratio of Revenue, CAPEX and OPEX aligned with the Taxonomy, in relation to the Group total, the following steps have been taken:

1. The Taxonomy-aligned activities have been identified. As detailed above, these activities are as follows:

- Management and operation of domestic electricity infrastructure.

2. The companies that carry out these activities have been identified within the consolidated Group:

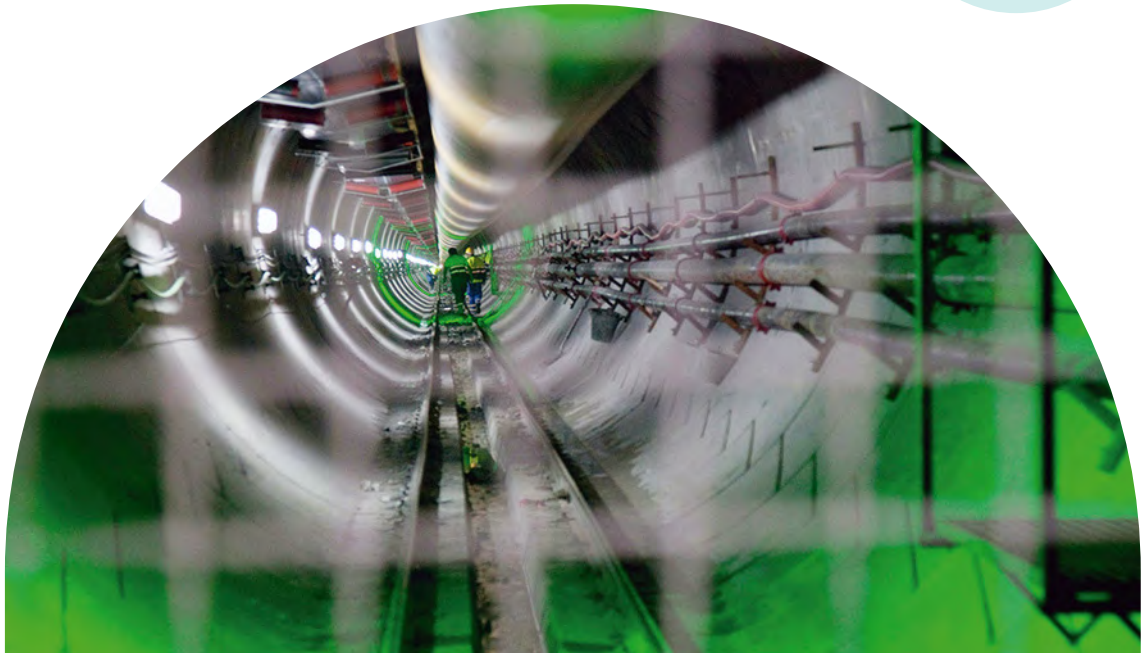
- Management and operation of domestic electricity infrastructure: Red Eléctrica.

3. Within Red Eléctrica, we have analysed which activities or businesses meet the criteria to be identified as Taxonomy-aligned activities.

The activities carried out by Red Eléctrica are classified as follows:

a) Electricity transmission (Taxonomy-aligned activity).

b) System operation, mainland and non-mainland (Taxonomy-aligned activity).





c) Other activities. Supplementary activities carried out by Red Eléctrica related to its main activities of electricity transmission and system operation (Taxonomy-aligned activities).

In view of the foregoing, all activities carried out by Red Eléctrica are considered Taxonomy-eligible and Taxonomy-aligned activities.

In relation to Revenue, since the description provided by the Regulation meets the accounting criteria for the classification of "Revenue" in the financial statements, this figure was considered directly, net of consolidation adjustments.

As regards CAPEX, the description included in the Regulation matches that relating to the accounting of additions to fixed assets. Therefore, this figure from Red Eléctrica's annual accounts was considered directly.

In relation to OPEX, since the Regulation determines that only activities that relate to research and development, building renovation measures, short-term leases, maintenance and repairs, and any other direct expenditures related to the day-to-day maintenance of assets of property, plant and equipment must be considered, we differentiated from the total expenditure, those that meet the definition mentioned above.

With regard to the OPEX of the activities of Management and Operation of National Electricity Infrastructure (an activity carried out by Red Eléctrica) and Management and Operation of International Electricity Infrastructure (an electricity transmission activity carried out in Peru and Chile), it should be noted that all the activities carried out by the Group companies that engage in this activity correspond to actions related to the proper performance of their business. For this reason, in determining the OPEX, all the expenses incurred by the companies were taken into account (supply expenses, other operating expenses, personnel expenses, from which self-constructed assets have been deducted as they are considered in the CAPEX figure).

As regards the OPEX denominator, in the case of Red Eléctrica de España, and for the electricity transmission activities carried out in Peru and Chile, the same figure was considered as in the case of the numerator, and for the other Group companies, their asset maintenance costs were considered. Based on the above, the activities carried out by Reintel and Hispasat were also considered.

As laid down in the Regulation, and in relation to the calculation of the numerator of the ratios, it was ensured that Taxonomy-aligned activities were considered only once, as they are specific activities carried out by Red Eléctrica, and not by other Group companies, nor were these activities duplicated.

In the case of the denominator, the Revenues, CAPEX and Taxonomy-aligned OPEX figure used relates to the figure recorded in the Group's consolidated financial statements, in the case of Revenues and CAPEX. Likewise, in the case of OPEX, it was ensured that it does not include duplicated expenses between Group companies.

4. After identifying the Taxonomy-aligned activities, the Revenues, CAPEX and Taxonomic OPEX ratio was calculated by including in the numerator the figures provided for Revenues, CAPEX and Taxonomic OPEX of Red Eléctrica, and in the denominator, the total Revenues, CAPEX and Taxonomic OPEX of Redeia, taking into account the above comments.



In relation to Taxonomy-eligible but Taxonomy non-aligned activities, which correspond to the management and operation of international electricity infrastructure, the procedure was similar to that described in the case of Red Eléctrica. In this case, these activities are carried out by Red Eléctrica Internacional (Redinter), through its investees in Peru and Chile.

The activities carried out by these companies were considered fully Taxonomy-eligible but not Taxonomy-aligned.

Regarding Revenue and CAPEX (additions to fixed assets), a procedure similar to that described in relation to Red Eléctrica's Taxonomy-aligned activities was followed.

As far as Taxonomic OPEX is concerned, likewise, expenses directly related to asset maintenance activities were differentiated for the purposes of calculating the numerator. In relation to the denominator, the taxonomic OPEX considered for the Group was the same as that considered in the case of the aligned Taxonomic OPEX.

Contextual Information

The Taxonomy Regulation states in point 1.2.3 of Annex I that non-financial undertakings shall explain the figures for each KPI and the reasons for any changes in those figures in the reporting period.

Since the numerator of the KPIs corresponds to the activities of Red Eléctrica, they indicate the weight of the activities carried out by this company within Redeia as a whole.

As is reflected in the figures provided, these activities represent a very significant percentage of all the group's activities. Therefore, we can conclude that most of the activities carried out by Redeia are aligned with the Taxonomy Regulation.



Regarding the comparability of the information for 2022 and 2021, as shown in the results above, in terms of Revenue, CAPEX and OPEX, we find that in all cases it remains in line. This can largely be attributed to the fact that the Group activities considered to be Taxonomy-aligned in 2022 and 2021 have been the same. By the same token, the weight that these three activities have represented in Revenue, CAPEX and OPEX, as a proportion of the Group's total, has also been in line during these two years.

As regards Taxonomy-eligible but Taxonomy non-aligned activities, as is evidenced by the indicators obtained, the results are in line with those obtained for 2021.

APPENDIX I. INFORMATION ON KPIS ON TURNOVER, OPEX AND CAPEX FOR TAXONOMY-ELIGIBLE, ENVIRONMENTALLY SUSTAINABLE, TAXONOMY-ELIGIBLE BUT TAXONOMY NON-ALIGNED AND TAXONOMY NON-ELIGIBLE ACTIVITIES.

Pursuant to Article 2(2) of Commission Delegated Regulation 2021/2178, and in accordance with the table format set out in Annex II of such Commission Delegated Regulation, the KPI information is as follows.

Templates with information on the key performance indicators, turnover, OpEx and CapEx of eligible, environmentally sustainable, eligible but not aligned, and non-eligible activities

Economic activities	Code	Net turnover	Proportion of turnover	Substantial contribution criteria: Climate change mitigation	Climate change adaptation	Water and marine resources (1)	Circular economy (1)	Pollution (1)	Biodiversity and ecosystems (1)	No significant harm criteria: Climate change mitigation (Y/N)	Climate change adaptation (Y/N)	Water and marine resources (Y/N)	Circular economy (Y/N)	Pollution (Y/N)	Biodiversity and ecosystems (Y/N)	Minimum safeguards	Proportion of turnover aligned with the Taxonomy 2022	Proportion of turnover aligned with the Taxonomy 2021	Enabling activity (E)	Transition activity (T)
A. TAXONOMY-ELIGIBLE ACTIVITIES																				
Management and operation of domestic electricity infrastructure.	4.9	1,595,973	79.2%	100%	-	N/A	N/A	N/A	N/A	S	S	N/A	S	S	S	S	79.2%	82.3%	F	
Turnover from environmentally sustainable activities (Taxonomy-aligned activities) (A.1)		1,595,973	79.2%	100%	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	79.2%	82.3%		
Management and operation of international electricity infrastructure.	4.9	70,564	3.5%																	
Turnover from Taxonomy-eligible, but not environmentally sustainable, activities (Taxonomy non-aligned activities) (A.2)		70,564	3.5%																	
Total (A.1 + A.2)		**1,666,537**	**82.7%**														**79.2%**	**82.3%**		
B. TAXONOMY NON-ELIGIBLE ACTIVITIES																				
Telecommunications Satellite Business.	-	226,008	11.2%																	
Telecommunications Fibre Optics.	-	96,545	4.8%																	
Other businesses, Corp. and adjustments.	-	25,946	1.3%																	
Turnover from Taxonomy non-eligible activities (B)		348,499	17.3%																	
TOTAL (A+B)		**2,015,036**	**100.0%**																	

(1) Pending publication of the details of the technical criteria associated with the environmental objective.

Templates with information on the key performance indicators, turnover, OpEx and CapEx of eligible, environmentally sustainable, eligible but not aligned, and non-eligible activities

				Substantial contribution criteria						No significant harm criteria									
Economic activities	**Code**	**Net OPEX**	**Proportion of OPEX**	**Climate change mitigation**	**Climate change adaptation**	**Water and marine resources (1)**	**Circular economy (1)**	**Pollution (1)**	**Biodiversity and ecosystems (1)**	**Climate change mitigation (Y/N)**	**Climate change adaptation (Y/N)**	**Water and marine resources (Y/N)**	**Circular economy (Y/N)**	**Pollution (Y/N)**	**Biodiversity and ecosystems (Y/N)**	**Minimum safeguards**	**Proportion of OPEX aligned with the Taxonomy 2022**	**Proportion of OPEX aligned with the Taxonomy 2021**	**Enabling activity (E)**	**Transition activity (T)**
A. TAXONOMY-ELIGIBLE ACTIVITIES																				
Management and operation of domestic electricity infrastructure.	4.9	422,084	90.0%	100%	-	N/A	N/A	N/A	N/A	S	S	N/A	S	S	S	S	90.0%	89.1%	F	
OPEX from environmentally sustainable activities (Taxonomy-aligned activities) (A.1)		422,084	90.0%	100%	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	90.0%	89.1%		
Management and operation of international electricity infrastructure.	4.9	19,614	4.2%																	
OPEX from Taxonomy-eligible, but not environmentally sustainable, activities (Taxonomy non-aligned activities) (A.2)		19,614	4.2%																	
Total (A.1 + A.2)		**441,698**	**94.2%**														**90.0%**	**89.1%**		
B. TAXONOMY NON-ELIGIBLE ACTIVITIES																				
Telecommunications Satellite Business.	-	3,409	0.7%																	
Telecommunications Fibre Optics.	-	23,700	5.1%																	
Other businesses, Corp. and adjustments.	-	-	-																	
OPEX from Taxonomy non-eligible activities (B)		27,109	5.8%																	
TOTAL (A+B)		**468,807**	**100.0%**																	

(1) Pending publication of the details of the technical criteria associated with the environmental objective.

Templates with information on the key performance indicators, turnover, OpEx and CapEx of eligible, environmentally sustainable, eligible but not aligned, and non-eligible activities

				Substantial contribution criteria						No significant harm criteria									
Economic activities	**Code**	**Net CAPEX**	**Proportion of CAPEX**	**Climate change mitigation**	**Climate change adaptation**	**Water and marine resources (1)**	**Circular economy (1)**	**Pollution (1)**	**Biodiversity and ecosystems (1)**	**Climate change mitigation (Y/N)**	**Climate change adaptation (Y/N)**	**Water and marine resources (Y/N)**	**Circular economy (Y/N)**	**Pollution (Y/N)**	**Biodiversity and ecosystems (Y/N)**	**Minimum safeguards**	**Proportion of CAPEX aligned with the Taxonomy 2022**	**Proportion of CAPEX aligned with the Taxonomy 2021**	**Enabling activity (E)**	**Transition activity (T)**
A. TAXONOMY-ELIGIBLE ACTIVITIES																				
Management and operation of domestic electricity infrastructure.	4.9	470,370	76.7%	100%	-	N/A	N/A	N/A	N/A	S	S	N/A	S	S	S	S	76.7%	75.5%	F	
CAPEX from environmentally sustainable activities (Taxonomy-aligned activities) (A.1)		470,370	76.7%	100%	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	76.7%	75.5%		
Management and operation of international electricity infrastructure.	4.9	26,273	4.3%																	
CAPEX from Taxonomy-eligible, but not environmentally sustainable, activities (Taxonomy non-aligned activities) (A.2)		26,273	4.3%																	
Total (A.1 + A.2)		**496,643**	**81.0%**														**76.7%**	**75.5%**		
B. TAXONOMY NON-ELIGIBLE ACTIVITIES																				
Telecommunications Satellite Business.	-	87,044	14.2%																	
Telecommunications Fibre Optics.	-	6,699	1.1%																	
Other businesses, Corp. and adjustments.	-	22,937	3.7%																	
CAPEX from Taxonomy non-eligible activities (B)		116,680	19.0%																	
TOTAL (A+B)		**613,323**	**100.0%**																	

(1) Pending publication of the details of the technical criteria associated with the environmental objective.

Content index GRI, SASB, CDSB and TCFD



- **Global Reporting Initiative** (GRI) content index.
- **Sustainability Accounting Standard Board** (SASB) content index.
- Reporting requirements of the **Climate Disclosure Standards Board** (CDSB) framework.
- Recommendations of the **Task Force on Climate-related Financial Disclosures** (TCFD).

Global Reporting Initiative (GRI) content index

GRI Standard	Description	Page number	Direct answer
General disclosures (2021)			
The organization and its reporting practices			
2-1	Organizational details.	10, 21, 45	The Head Offices of Redeia is located at: Paseo Conde de los Gaitanes, 177 Alcobendas (Madrid) - Spain.
2-2	Activities Entities included in the organization's sustainability reporting.	10, 25	
2-3	Reporting period, frequency and contact.	7, 10	
2-4	Restatements of information.	10	
2-5	External assurance.	10, 430	
Activities and workers			
2-6	Activities, value chain and other business.	2, 21, 25, 314	
2-7	Employees.	2, 262, 263	
2-8	Workers who are not employees.	263	
Governance			
2-9	Governance structure and composition.	45, 52, 54, 55, 58	
2-10	Nomination and selection of the highest governance body.	61	
2-11	Chair of the highest governance body.	56	
2-12	Role of the highest governance body in overseeing the management of impacts.	52, 59, 60, 104	

Global Reporting Initiative (GRI) content index

GRI Standard	Description	Page number	Direct answer
Governance / continued			
2-13	Delegation of responsibility for managing impacts.	59	
2-14	Role of the highest governance body in sustainability reporting.	-	The Sustainability Committee of the Board has, among other duties and responsibilities, the oversight and coordination function of the reporting procedure regarding information on sustainability matters.
2-15	Conflicts of interest.	63	
2-16	Communication of critical concerns.	60	
2-17	Collective knowledge of the highest governance body.	61, 63	
2-18	Evaluation of the performance of the highest governance body.	63	
2-19	Remuneration policies.	64	
2-20	Process to determine remuneration.	64	
2-21	Annual total compensation ratio.	-	The ratio between the total remuneration of the highest-paid individual of the organisation (1) and the average total remuneration of the entire workforce (2) (excluding the highest-paid individual) was 12 times. The ratio between the percentage increase in annual total compensation of the highest-paid person in the organisation and the increase in that of the workforce was 0.0% in 2022.

(1) Total remuneration accrued of the highest-paid individual (CEO): 890,000 euros. Includes both the fixed and variable remuneration corresponding to his/her role as top executive of the Company, as well as the fixed remuneration corresponding to his/her role as a member of the Board of Directors and other compensation. Information available in note 25 of the Annual Consolidated Accounts of 'Red Eléctrica Corporación S.A. and Dependent Companies' and in the Annual Corporate Governance Report.

(2) The average total remuneration of the workforce excluding the highest-paid individual: 78,793 euros (personnel cost excluding social security costs). Information available in note 24d of the Annual Consolidated Accounts of 'Red Eléctrica Corporación S.A. and Dependent Companies'.

Global Reporting Initiative (GRI) content index

GRI Standard	Description	Page number	Direct answer
Strategy, policies and practices			
2-22	Statement on sustainable development strategy.	3	
2-23	Policy commitments.	200, 214	
2-24	Embedding policy commitments.	313	
2-25	Processes to remediate negative impacts.	214	
2-26	Mechanisms for seeking advice and raising concerns.	10, 202	
2-27	Compliance with laws and regulations.	-	There were no significant non-compliances in 2022 that resulted in the payment of any fines.
2-28	Membership associations.	92, 360	
Stakeholder engagement			
2-29	Approach to stakeholder engagement.	85, 89	
2-30	Collective bargaining agreements.	248, 268	
Disclosures on material topics			
3-1	Process to determine material topics.	11	
3-2	List of material topics.	11, 14	
3-3	Management of material topics.	11, 15, 19	

Global Reporting Initiative (GRI) content index

GRI Standard	Description	Page number	Direct answer
Organisational profile			
EU1	Installed capacity, broken down by primary energy source and by regulatory regime.	-	Not applicable. All the activities of the Group are related to the transmission of electricity and the operation of the electricity systems, but not to the generation of electricity.
EU2	Net energy output, broken down by primary energy source and by regulatory regime.	-	Not applicable. All the activities of the Group are related to the transmission of electricity and the operation of the electricity systems, but not to the generation of electricity.
EU3	Number of residential, industrial, institutional and commercial customer accounts.	333	
EU4	Length of above and underground transmission and distribution lines by regulatory regime.	158	
201. Economic performance (2016)			
201-1	Direct economic value generated and distributed.	223	
201-2	Financial implications and other risks and opportunities for the organisation due to climate change.	99, 117	
201-3	Obligations of the organisation for employee benefit programmes and other pension plans.	-	Information included in the 2022 Consolidated Annual Accounts Report.
201-4	Financial assistance received from governments.	-	Information included in the 2022 Consolidated Annual Accounts Report.
203. Indirect economic impacts (2016)			
203-1	Infrastructure investments and services supported.	153	
203-2	Significant indirect economic impacts.	347	

Global Reporting Initiative (GRI) content index

GRI Standard	Description	Page number	Direct answer
204. Procurement practices (2016)			
204-1	Proportion of spending on local suppliers.	314	
205. Anti-corruption (2016)			
205-1	Operations assessed for risks related to corruption.	210	
205-2	Communication and training about anti-corruption policies and procedures.	210	
205-3	Confirmed incidents of corruption and actions taken.	210	
206. Anti-competitive behaviour (2016)			
206-1	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices.	-	There is no record that any third party has formally filed new claims/legal cases (whether civil, administrative or criminal) in 2022 regarding anti-competitive behaviour, monopoly practices or anti-trust, in accordance with the parameters shown for indicator **419-1.**
207. Tax (2018)			
207-1	Approach to tax.	351, 355	
207-2	Tax governance, control and risk management.	355	
207-3	Stakeholder engagement and management concerns related to tax.	355	
207-4	Country-by-country reporting.	352	

Global Reporting Initiative (GRI) content index

GRI Standard	Description	Page number	Direct answer
Availability and reliability (2016)			
EU10	Planned capacity against projected electricity demand over the long term, broken down by energy source and regulatory regime.	154	
System efficiency (2016)			
EU11	Average generation efficiency of thermal plants by energy source and by regulatory regime.	-	Not applicable. All the activities of the Group are related to the transmission of electricity and the operation of the electricity systems, but not to the generation of electricity.
EU12	Transmission and distribution losses as a percentage of total energy.	189	
302. Energy (2016)			
302-1	Energy consumption within the organisation.	192, 193	
302-2	Energy consumption outside of the organisation.	193	
302-3	Energy intensity.	194	
302-4	Reduction of energy consumption.	194	
302-5	Reductions in energy requirements of products and services.	-	Not applicable. Red Eléctrica, as electricity system operator, carries out various demand-side management initiatives aimed at improving energy efficiency of the electricity system as a whole, but it does not produce or market products or services, whereby it is not possible to quantify the energy reductions that may result from them.

Global Reporting Initiative (GRI) content index

GRI Standard	Description	Page number	Direct answer
303. Water and effluents (2018)			
303-1	Interactions with water as a shared resource.	-	Although water has not been a material issue for Redeia, it has decided to include and verify it, as it is an aspect demanded by some sustainability indexes.
303-2	Management of water discharge related impacts.	-	Not applicable. The activities of the Company do not lead to water discharges. In the case of substations, only rainwater discharges occur.
303-3	Water withdrawal.	307	
303-4	Water discharge.	-	Not applicable. The activities of the Company do not lead to water discharges. In the case of substations, only rainwater discharges occur.
303-5	Water consumption.	307	
304. Biodiversity (2016)			
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	307	
304-2	Significant impacts of activities, products, and services on biodiversity.	288, 307, 308	
304-3	Habitats protected or restored.	288, 292, 361	
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations.	292, 307, 308, 309	

Global Reporting Initiative (GRI) content index

GRI Standard	Description	Page number	Direct answer
304. Biodiversity (2016) / continued			
EU13	Biodiversity of offset habitats compared to the biodiversity of the affected areas.	-	The comparison of the offset habitat with the affected area is not applicable, as the impacts on the original habitat are minimal. Thanks to the preventive and corrective measures implemented, Red Eléctrica facilities do not entail a loss of biodiversity that is significant enough to require the establishment of offset habitats. The impacts generated are one-off situations, having established, in given cases, very specific offsetting measures such as planting forested areas or the restoration of habitats.
305. Emissions (2016)			
305-1	Direct GHG emissions (Scope 1).	194	
305-2	Energy indirect GHG emissions (Scope 2).	195	
305-3	Other indirect GHG emissions (Scope 3).	195	
305-4	GHG emissions intensity.	196	
305-5	Reduction of GHG emissions.	196	
305-6	Emissions of ozone-depleting substances (ODS).	-	Not applicable. There is a total of 32 kg of R-22 installed in air conditioning equipment in Peru. Emissions of this gas can be considered not relevant since the equipment is properly maintained.
305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions.	-	Not applicable. The activities of the Company do not give rise to these types of emissions as its activities do not involve the burning of fossil fuels – the Company does not generate electricity. However, the Company uses fossil fuel in vehicles and diesel generator sets, although the associated emissions are not considered relevant under this aspect.

Global Reporting Initiative (GRI) content index

GRI Standard	Description	Page number	Direct answer
306. Water and effluents (2016)			
306-1	Water discharge by quality and destination.	-	Not applicable. The activities of the Company do not give rise to discharges. In the case of substations, only rainwater discharges occur.
306-2	Waste by type and disposal method.	306	
306-3	Significant spills.	306	
306-4	Transport of hazardous waste.	306	
306-5	Water bodies affected by water discharges and/or runoff.	-	Not applicable. Rainwater discharges from substations (which is the only water discharge associated with the activities of Red Eléctrica de España that takes place) do not affect water resources nor the associated habitats.
307. Environmental compliance (2016)			
307-1	Non-compliance with environmental laws and regulations.	304, 305	
308. Supplier environmental assessment (2016)			
308-1	New suppliers that were screened using environmental criteria.	272, 324	
308-2	Negative environmental impacts in the supply chain and actions taken.	272, 317	
401. Employment (2016)			
401-1	New employee hires and employee turnover.	231, 233, 265	

Global Reporting Initiative (GRI) content index

GRI Standard	Description	Page number	Direct answer
401. Employment (2016) / continued			
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees.	259	
401-3	Parental leave.	266	
EU15	Percentage of employees eligible to retire in the next 5 and 10 years broken down by job category and by region.	264	
EU17	Days worked by contractor and subcontractor employees involved in construction, operation and maintenance activities.	257, 269	
EU18	Percentage of contractor and subcontractor employees that have undergone relevant health and safety training.	256	
402. Labour/Management Relations (2016)			
402-1	Minimum notice periods regarding operational changes.	248	
403. Occupational Health and Safety (2018)			
403-1	Occupational health and safety management system.	252	
403-2	Hazard identification, risk assessment, and incident investigation.	253, 254, 269	
403-3	Occupational health services.	253, 254	
403-4	Worker participation, consultation, and communication on occupational health and safety.	253	

Global Reporting Initiative (GRI) content index

GRI Standard	Description	Page number	Direct answer
403. Occupational Health and Safety (2018) / continued			
403-5	Worker training on occupational health and safety.	261	
403-6	Promotion of worker health.	257	
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships.	254	
403-8	Workers covered by an occupational health and safety management system.	252	
403-9	Work-related injuries.	-	
403-10	Work-related ill health.	-	The topic-specific disclosures referred to in this GRI indicator are calculated in compliance with the associated regulations pursuant to the standards of the Ministry of Labour. https://herramientasprl.insst.es/Accidentesdetraba-jo/RecursosAdicionales.aspx
404. Training and education (2016)			
404-1	Average hours of training per year per employee.	245, 267, 268	
404-2	Programs for upgrading employee skills and transition assistance programs.	243	
404-3	Percentage of employees receiving regular performance and career development reviews.	268	
405. Diversity and equal opportunity (2016)			
405-1	Diversity of governance bodies and employees.	2, 54, 55, 263, 264, 265, 266	
405-2	Ratio of basic salary and remuneration of women to men.	266	

Global Reporting Initiative (GRI) content index

GRI Standard	Description	Page number	Direct answer
406. Non-discrimination (2016)			
406-1	Incidents of discrimination and corrective actions taken.	383	
407. Freedom of association and collective bargaining (2016)			
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk.	215	
408. Child labour (2016)			
408-1	Operations and suppliers at significant risk for incidents of child labour.	215	
409. Forced or compulsory labour (2016)			
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour.	215	
410. Security practices (2016)			
410-1	Security personnel trained in human rights policies or procedures.	220	
411. Rights of indigenous peoples (2016)			
411-1	Incidents of violations involving rights of indigenous peoples.	217	

Global Reporting Initiative (GRI) content index

GRI Standard	Description	Page number	Direct answer
412. Human rights assessment (2016)			
412-1	Operations that have been subject to human rights reviews or impact assessments.	217	
412-2	Employee training on human rights policies or procedures.	220	
412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening.	217	
413. Local communities (2016)			
413-1	Operations with local community engagement, impact assessments, and development programs.	358	
413-2	Operations with significant actual and potential negative impacts on local communities.	276	
EU22	Number of people physically or economically displaced and compensation by type of project.	-	Not applicable. Red Eléctrica's facilities do not entail any displacement of people.
414. Supplier social assessment (2016)			
414-1	New suppliers that were screened using social criteria.	324	
414-2	Negative social impacts in the supply chain and actions taken.	317	

Global Reporting Initiative (GRI) content index

GRI Standard	Description	Page number	Direct answer
416. Customer Health and Safety (2016)			
416-1	Assessment of the health and safety impacts of product and service categories.	-	
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services.	-	On 14 November 2022, the Regional Government of the Canary Islands issued a sanctioning resolution regarding disciplinary proceeding ES.AE.TF. 65/2020, in which it ruled to impose a fine of 8,001,129 euros on Red Eléctrica de España, S.A.U., for committing one infraction classified as very serious pursuant to Law 24/2013, of December 26, of the Electricity Sector Regulation. Said sanction is related to the power supply outage that occurred in Tenerife on 05 June, 2022, and which originated in the 66 kV Granadilla substation. Red Eléctrica de España, S.A.U., has filed an appeal under the contentious-administrative jurisdiction against the referred administrative ruling before the Contentious-Administrative Chamber of the High Court of Justice of Tenerife; which is currently in administrative processing. This is the only fine imposed on Red Eléctrica Corporación S.A. or its subsidiaries in Spain that are considered significant for the purposes of this document, in accordance with the parameters shown for indicator **419-1.**
EU25	Number of injuries and fatalities to the public involving company assets, including legal judgments, settlements and pending legal cases of diseases.	-	On 4 March, 2022, notice was served of an ordinary lawsuit against Red Eléctrica de España, S.A.U. filed before the Court of First Instance and Preliminary Investigation No. 4 of Torrijos (Toledo) at the request of Ms. Evelyn Beyá González and Mr. Carlos Javier Cayo Lama, alleging infringement of fundamental rights to physical and moral integrity, and requesting the removal of the tower of a high-voltage line due to its proximity to their home. Red Eléctrica de España, S.A.U. has disputed the claim. The claim filed does not confirm injuries, fatalities or diseases among citizens. To date, no ruling has been issued in this proceeding. There is no record that any third party has formally filed claims/legal cases (whether civil, administrative or criminal) in 2022 related to injuries, fatalities or diseases among citizens involving company assets, in accordance with the parameters shown for indicator **419-1.**

Global Reporting Initiative (GRI) content index

GRI Standard	Description	Page number	Direct answer
Energy access (2016)			
EU26	Percentage of population unserved in licensed distribution or service areas.	-	Not applicable. As a high-voltage transmission agent, Red Eléctrica does not reach the final consumer.
EU27	Number of residential disconnections for non-payment, broken down by duration of disconnection and by regulatory regime.	-	Not applicable. Red Eléctrica is not involved in any electricity distribution activity, only high-voltage transmission. The quality indicators of the transmission activity are shown in the section called 'Decarbonization of the Economy'
EU28	Power outage frequency.	164	
EU29	Average power outage duration.	164	
EU30	Average plant availability factor by energy source and by regulatory regime.	-	Not applicable. All the Group's activities are related to the transmission of electricity and the operation of electricity systems, but not to the generation of electricity.
418. Customer Privacy (2016)			
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data.	-	There is no record of any substantiated claims or grievances filed in 2021 concerning breaches to customer privacy and/or losses of customer data.
419. Socioeconomic Compliance (2016)			
419-1	Non-compliance with laws and regulations in the social and economic fields.	-	The Company has no record that any significant fines or non-monetary sanctions were imposed for non-compliance with legislation and regulations in the social or economic fields. Compensation payments, fines or sanctions of a significant nature are considered those whose economic value exceeds 500,000 euros or those that by their nature have a special impact on the Company due to its connection with the electricity sector. Similarly, it has been taken as a criterion of reference that the sanction be firm, at least via the administrative procedure.

Sustainability Accounting Standard Board (SASB) content index

The activity of Redeia is encompassed within the following industries **Electric Utilities and Power Generators; Telecommunications Services.**

SUSTAINABILITY ISSUES AND ACTIVITY METRICS

Issue	Associated metric	Page number
Infrastructure Sector: Electric Utilities and Power Generators		
Greenhouse Gas Emissions	- Scope 1 emissions.	194
Workforce Health & Safety	- Total recordable injury rate (TRIR). - Fatality rate.	269
Activity Parameter	- Length of power transmission lines.	162
Technology and Telecommunications Sector: Telecommunications services		
Environmental Footprint of Operations	- Total energy consumed. - Percentage of grid electricity consumed. - Percentage of renewable energy consumed.	192 and following pages
Data privacy	- Description of policies and practices relating to customer privacy - Number of customers whose information is used for secondary purposes -Total amount of monetary losses as a result of legal proceedings associated with customer privacy - Number of law enforcement requests for customer information.	212 and following pages
Data security	- Number of data security breaches and percentage involving customers' personally identifiable information and number of customers affected. - Description of the approach applied to identify and address data security risks and use of benchmark cyber security standards.	212 and following pages
Competitive behaviour	- Total amount of monetary losses as a result of legal proceedings associated with anti-competitive practices.	415

Note. Only those matters included in the reporting framework defined by the Sustainability Accounting Standards Board that are material and/or applicable to Redeia are included, taking into account its activity.

Reporting requirements of the Climate Disclosure Standards Board (CDSB) content index

Requirements	Description	Página
REQ-01	**Governance.** The disclosures shall describe the governance of environmental policies, strategy and information.	75
REQ-02	**Management's environmental policies, strategy and targets.** Disclosures shall report management's environmental policies, strategy and targets, including the indicators, plans and timelines used to assess performance.	147 and following pages, 177 and following pages, 270 and following pages, 361 and following pages.
REQ-03	**Risks and opportunities.** Disclosures shall explain the material current and anticipated environmental risks and opportunities affecting the organisation.	99 and following pages, 110 and following pages, 117 and following pages
REQ-04	**Sources of environmental impact.** Quantitative and qualitative results, together with the methodologies used to prepare them, shall be reported to reflect material sources of environmental impact.	147 and following pages, 177 and following pages, 270 and following pages, 361 and following pages
REQ-05	**Performance and comparative analysis.** Disclosures shall include an analysis of the information disclosed in REQ-04 ('Sources of environmental impact') compared with any performance targets set and with results reported in a previous period.	147 and following pages, 177 and following pages, 270 and following pages, 361 and following pages
REQ-06	**Outlook Management.** Disclosures shall summarise their conclusions about the effect of environmental impacts, risks and opportunities on the organisation's future performance and position.	99 and following pages, 110 and following pages, 117 and following pages
REQ-07	**Organisational Boundary.** Environmental information shall be prepared for the entities within the boundary of the organisation or group for which the mainstream report is prepared and, where appropriate, shall distinguish information reported for entities and activities outside that boundary. Information shall describe the basis on which the organisation's reporting scope has been determined.	10
REQ-08	**Reporting policies.** Disclosures shall cite the reporting provisions used for preparing environmental information and shall (except in the first year of reporting) confirm that they have been used consistently from one reporting period to the next.	9, 179
REQ-09	**Reporting period.** Disclosures shall be provided on an annual basis.	7 and following pages
REQ-10	**Restatements.** Disclosures shall report and explain any prior year restatements.	7 and following pages
REQ-11	**Conformance.** Disclosures shall include a statement of conformance with the CDSB Framework.	7 and following pages
REQ-12	**Assurance.** If assurance has been provided over whether reported environmental information is in conformance with the CDSB Framework, this shall be included in or cross-referenced to the statement of conformance (REQ-11).	7 and following pages

Content index of the recommendations of the *Task Force on Climate-Related Financial Disclosures* (TCFD)

GOVERNANCE

a- Describe the **Board's oversight** of climate-related risks and opportunities.

b- Describe **management's role** in assessing and managing climate-related risks and opportunities.

Risks:
- The management of climate-related risks is integrated into the Company's risk management. The duties and responsibilities of the Board and of Management (Executive Committee, Audit and Risk Control Area and responsible BUs) are described on page 104.
- Particular issues regarding the governance of climate-related risks are specified on page 121.

Opportunities:
- The Board Committee responsible for oversight of climate-related opportunities is the Sustainability Committee. Page 99.
- The governance scheme is similar to that of corporate risks (page 104), with the particularity that the support functions to the organisational units in the identification, assessment, management, monitoring and information on opportunities are carried out by the Corporate Sustainability Management Area.

STRATEGY

a- Describe the **climate-related risks and opportunities** the organisation has identified over the short, medium, and long term.

b- Describe the **impact of climate-related risks and opportunities** on the organisation's businesses, strategy, and financial planning.

Risks:
- The description of climate-related risks over the short, medium and long term are identified on pages 119-121.
- The impact of climate-related risks identified, specifying their financial impact on the business, is included on pages 119-121.

Opportunities :
- Description of climate-related opportunities and their impact is described on pages 100-101.

Risks and Opportunities:
- One of the functions of the Board's Sustainability Committee is to ensure that the findings of the climate change risk and opportunity assessment are considered in the Company's strategy (definition/review of policies, planning - including financial planning - and decision making) (pg 99 and pg 121). This is reflected in the Company's Strategic Plan and other commitments such as the Commitment to Combat Climate Change and the Climate Change Action Plan (page 150-152).

c- Describe the **resilience of the organisation's strategy**, taking into consideration different climate-related scenarios, including a **2°C** or lower global warming scenario.

According to the risk assessment and its monetisation, which considers the capacity to adapt to each of the risks and the mitigation measures applied, no risks have been identified that could impact the company's business or financial statements in a relevant way (according to the monetisation of risks, none of them would represent an impact of more than 2% of Redeia's annual results) in any of the scenarios analysed (including a global warming scenario of less than 2°C, NZE). The climate risk monitoring and management system and the incorporation of the findings into its strategy (policies and action plans) allow the Company to anticipate potential impacts and maintain its adaptive capacity.

- Description of the scenarios considered, including a global warming scenario of less than 2°C -NZE- and scenarios consistent with relevant physical changes –RCP 8.5– (page 118).
- Horizons considered (page 121).
- Impacts for identified risks and assessment results (the result considers the implementation of risk mitigation measures) (pg. 119-121).
- Strategies incorporating the results of the risk and opportunity assessment (Strategic Plan, PACC - page 150-152).

Continued on next page

Content index of the recommendations of the *Task Force on Climate-Related Financial Disclosures* (TCFD)

RISK MANAGEMENT

a- Describe the **organisation's processes for identifying and assessing** climate-related risks.	• The process for identifying and assessing climate-related risks is summarized on page 119. • Redeia has identified 144 risks and 38 potential opportunities (considering risks associated with political and regulatory changes, technological and market changes; acute and chronic physical risks, and opportunities related to new products and services, political and regulatory changes, efficiency, resilience and reputation). • As a result of the assessment of the identified risks and opportunities, a prioritisation of such risks and opportunities is obtained.
b- Describe the organisation's processes for **managing** climate-related risks.	• For all relevant risks, corresponding control measures are identified (pages 119-121). • The management of climate-related risks is integrated into the Company's risk management page 104.
c- Describe how processes for identifying, assessing, and managing climate-related risks are **integrated** into overall risk management.	• The particularities of the management of climate-related risks are specified on page 121.

METRICS AND TARGETS

a- Disclose the **metrics** used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.	Numerous metrics are used in the assessment process of climate-related risks and opportunities, some of them specific to each of the assessed risks/ opportunities. Among the most relevant are those related to the quality of supply (page 164), the development of the transmission grid (page 162), the integration of renewables (pages 166-169) and the development of energy storage systems (pg. 170-173).
b- Disclose **Scope 1, Scope 2** and, if appropriate, **Scope 3** greenhouse gas (GHG) emissions and the related risks.	The GHG emissions inventory (Scopes 1, 2 and 3) is detailed on pages 194-195. No specific relevant risks associated with the emissions have been identified.
c- Describe the **targets** used by the organization to manage climate-related risks and opportunities and **performance** against targets.	Due to the characteristics of Redeia, the climate-related risks and opportunities are completely linked to the Company's activities. For this reason, the description of objectives to manage climate-related risks and opportunities, as well as how it is carried out, is developed throughout the report. Strategic plan (pages 35-40); Climate Change Action Plan (pages 150-152); Sustainable development of the grid (pages 153-162); Maintenance of facilities (page 163); Integration of renewables (pages 165-169); Energy storage (pages 170-173); Flexibility of the system and smart grids (pages 174-176); Reduction of the carbon footprint (pages 177-196); Sustainable financing (pages 224-226) and Fire prevention (pages 288-290).

External Assurance Report

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INDEPENDENT REVIEW REPORT OF THE SUSTAINABILITY INDICATORS OF CORPORATE RESPONSIBILITY OF REDEIA

To the Management of Redeia:

Scope

As commissioned by the Management of Red Eléctrica Corporación, S.A. and subsidiaries (hereinafter, Redeia), we have carried out the review of sustainability indicators (environmental, social and governance) contained in the Annex to the 2022 Sustainability Report Sustainability Report 2022 "Global Reporting Initiative (GRI) Content Index". These indicators have been prepared in accordance with the Guidelines for the preparation of Sustainability Reports, GRI Standards of the Global Reporting Initiative, and the sectorial Initiative, and the sector supplement "Electric Utilities Sector Supplement", in its G4 version, as detailed in the "About this Report" section in the "A benchmark report at the forefront of reporting standards".

The perimeter considered by Redeia for the preparation of the aforementioned Report is defined as follows Report is defined in the section "Structure of the Group".

The preparation of the attached Report, as well as its content, is the responsibility if the Management of Redeia, which is also responsible for defining, adapting and maintaining the internal management and control systems from which the information is obtained. Our responsibility is to issue an independent report based on the procedures applied in our review.

Criteria

Our review was carried out based on:

- The guidelines for reviewing Corporate Responsibility Reports, issued by the Spanish Official Register of auditors (ICJCE)
- Standard ISAE 3000 (revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information, issued by the International Auditing and Assurance Standard Board (IAASB) of the International Federation of Accountants (IFAC), with a limited assurance scope.

Applied procedures

Our review consisted in requesting information from the Sustainability Department and the various business units participating in the preparation of the Report, applying processes and analytical procedures, and sampling review tests as described:

- Interviews with the staff in charge of the preparation of the sustainability information in order to gain a deep understanding of how the objectives and sustainability policies are considered, set into practice and integrated within the global strategy of Redeia.
- Reviewing the processes for the compilation and validation of the sustainability indicators of corporate responsibility.
- Checking the processes held by Redeia in order to define the material aspects and stakeholder participation, thus as well as the materiality matrix.
- Review of the adequacy of the structure and content of the sustainability indicators in accordance with the sustainability indicators in accordance with the Sustainability Reporting GRI Standards of the Global Reporting Initiative and the sector supplement "Electric Utilities Sector Supplement", version G4, for the preparation of for the preparation of reports.
- Checks on selected samples of the quantitative and qualitative information of the indicators included in "Index of Contents Global Reporting Initiative (GRI)" in the Annex, as well as their adequate compilation from data supplied by information sources. The review tests have been defined to provide the aforementioned assurance levels.
- Checking that the financial information included in the Report has been audited by independent third parties.

These procedures have been applied on the sustainability indicators in the Annex to the Sustainability Report 2022 of the Group "Index of Contents Global Reporting Initiative (GRI)", with the aforementioned scope and perimeter.

The scope of our review is lower than a reasonable assurance report. Therefore, the degree of assurance is also less extensive. This report in no case should be considered as an audit report.

Independence and quality control

We have complied with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including international standards on independence) issued by the International Ethics Standards Board for Professional Accountants (IESBA), which is based on the fundamental principles of integrity, objectivity, professional competence and diligence, confidentiality and professional behavior with no conflict of interest in the process of reviewing sustainability indicators.

Our firm applies the international standards on Quality Control in force and consequently maintains a quality system that includes policies and procedures related to compliance with ethical requirements, professional standards and applicable legal and regulatory provisions.

The work team has been formed by professionals with expertise in sustainability reviews and, specifically, in economic, social and environmental performance information.

Conclusions

As a result of our review, nothing has come to our attention that causes us to believe that the sustainability indicators contained in the 2022 Sustainability Report Annex "Global Reporting Initiative (GRI) Content Index" have not been prepared, in all material respects, in accordance with the Sustainability Reporting Guidelines GRI Standards and its sector supplement "Electric Utilities Sector Supplement" in its G4 version, including the reliability of the data, the adequacy of the information presented and the absence of significant deviations and omissions.

This report has been prepared solely in the interest of Redeia in accordance with the terms of our engagement letter.

ERNST & YOUNG, S.L.

(Free translation from the Original Report on Independent Review in Spanish dated April 14th, 2023. In the event of any discrepancy, the Spanish version always prevails.)

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Report on Independent Limited Assurance of Greenhouse Gas Emissions Inventory

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INDEPENDENT AUDITOR´S LIMITED ASSURANCE REPORT ON REDEIA "GREENHOUSE GAS INVENTORY 2022 OF REDEIA"

To the Management of Redeia.

Scope of work

We have undertaken a limited assurance engagement of the accompanying "Greenhouse Gas Inventory 2022 of Redeia" (henceforth "GHG Inventory") of Red Eléctrica Corporación S.A. and Subsidiaries (henceforth, Redeia) for the year ended December 31st, 2022, which is included in the Annex to this document.

This assignment has been made by a multidisciplinary team that includes specialist in sustainability, climate change and assurance.

Management's Responsibility

The group management is responsible for preparation and update of the 2022 GHG Inventory in accordance with their internal procedure, "Methodology for de Calculation of the Greenhouse Gas Emissions (GHG) Inventory of Red Eléctrica Group" available on the following website link Carbon footprint | Red Eléctrica (ree.es).This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation of a GHG Inventory that is free from material misstatement, whether due to fraud or error.

The quantification of GHG emissions is subject to more inherent limitations than financial reporting, given its nature and the methods used to determine, calculate or estimate emissions.

Likewise, it is also responsible for defining, implementing, adapting and maintaining the necessary internal management and control systems so that the preparation and presentation of the information is free of material impropriety due to fraud or error.

Our independence and Quality Control

We have complied with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including international standards on independence) issued by the International Ethics Standards Board for Professional Accountants (IESBA), which is based on the fundamental principles of integrity, objectivity, professional competence and diligence, confidentiality and professional behavior with no conflict of interest in the process of reviewing sustainability indicators.

Our firm applies the international quality standards in force and consequently maintains a quality system that includes policies and procedures regarding includes policies and procedures relating to compliance with ethical requirements, professional standards and applicable legal and regulatory legal and regulatory requirements.

The working team was made up of professionals with expertise in Non-Financial Reporting and specifically in the review of non-financial information and, specifically, in economic, social and environmental performance information.

Our Responsibility

Our responsibility is to express a limited assurance conclusion on the 2022 GHG Inventory of Redeia based on the procedures we have performed and the evidence we have obtained. We conducted our limited assurance engagement in accordance with the International Standard on Assurance Engagements 3410 (ISAE 3410), "Assurance Engagement on Greenhouse Gas Statements" issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC). This standard requires that we plan and perform this engagement to obtain a limited assurance that 2022 GHG Inventory of Redeia is free from material misstatement.

A limited assurance engagement undertaken in accordance with ISAE 3410 involves assessing the suitability in the circumstances of the Group use of applicable criteria as the basis for the preparation of the GHG statement, assessing the risk of material misstatement whether due to fraud or error, responding to the assessed risk as necessary in the circumstances, and evaluating the overall presentation of the GHG statement.

A limited assurance engagement is less in scope than a reasonable assurance engagement. Therefore, the degree of assurance is also less extensive. This report in no case should be considered as an audit report.

The procedures we performed were based on our professional judgment and included inquiries, observation of processes performed, inspection of documents, analytical procedures, evaluating the appropriateness of quantification methods and GHG emissions reporting policies, and agreeing or reconciling with underlying records.

Given the circumstances of the engagement, in performing the procedures listed above we:

- Through inquiries and meetings with personnel of the Group various departments who have been involved in the preparation of the GHG Inventory, obtained an understanding of the Group control environment and information systems relevant to emissions quantification and reporting, but did not evaluate the design of particular control activities, obtain evidence about their implementation or test their operating effectiveness.
- Evaluated whether Redeia methods for developing estimates are appropriate and had been consistently applied. However, our procedures did not include testing the data on which the estimates are based or separately developing our own estimates against which to evaluate the Redeia estimates.
- Verification, through random sampling tests, internal control rests and the development of substantive rests of the information (activity data, calculations and information generated) used to determine the 2022 GHG Inventory of Redeia and its correct compilation in accordance with the internal procedure.

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Conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that Redeia 2022 GHG Inventory for the financial year ended in 31st December 2022 contains any material misstatement or is not prepared, in all material respects, in accordance with the "Methodology for de Calculation of the Greenhouse Gas Emissions (GHG) Inventory of Red Eléctrica Group".

Use and distribution

Our report is only issued solely in the interests of Red Eléctrica Corporación, S.A. and subsidiaries, in accordance with the terms and conditions of our engagement letter. We do not assume any liability to third parties other than Redeia management.

ERNST & YOUNG, S.L.

(Free translation from the Original Report on Independent Review in Spanish dated April 14th, 2023. In the event of any discrepancy, the Spanish version always prevails.)

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Report on Independent Limited Assurance of Greenhouse Gas Emissions Inventory

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ANNEX. GREENHOUSE GAS (GHG) 2022 INVENTORY OF REDEIA.

GHG Inventory 2022	t CO_2eq
Scope 1	**20.542**
SF_6	17.718
Air conditioning	516
Fleet vehicles	1.662
Diesel generating sets	504
Heating	142
Scope 2	**727.214**
Electricity consumption	365
Transmission grid losses	726.849
Scope 3	**465.821**
Purchase of goods and services	301.214
Capital goods	125.308
Energy production (not included in scope 1 and 2)	955
Waste	49
Transportation and distribution	1.000
Business travel	1.227
Commuting	3.790
Leased assets	90
Investments	32.188

Organizational boundaries

Redeia carbon inventory is performed under operational control criteria. The inventory applies to the activities that take place in Red Eléctrica Corporación, S.A. and the following companies linked to the group's businesses:

- Red Eléctrica: Red Eléctrica de España, S.A.U., Red Eléctrica Infraestructuras en Canarias S.A.U.
- Redinter: Red Eléctrica Internacional, S.A.U., Red Eléctrica Andina S.A., Red Eléctrica del

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- Sur S.A., Red Eléctrica del Norte S.A. y Red Eléctrica Chile SpA.
- Reintel: Red Eléctrica Sistemas de Telecomunicaciones, S.A.U.
- Elewit: Red Eléctrica y de Telecomunicaciones, Innovación y Tecnología, S.A.
- Hispasat: Hispasat S.A.

Transmisora Eléctrica del Norte S.A (TEN), Argo Energía Empreendimentos e participações S.A. (ARGO) e Hisdesat Servicios estratégicos, S.A, as well as the holdings of the Hispasat subgroup and other significant shareholdings of Elewit are investees societies and considered as investments. Therefore, the emissions corresponding to these companies are included in scope 3.

Operational scope

The following scopes are considered:

Scope 1: Direct GHG emissions

Emissions resulting from the Company's controlled or owned sources:

- Fugitive emissions: SF6 gas leaks in electricity substations and refrigerant gases leaks from air conditioning systems.
- Mobile combustion: emissions derived from fuel consumption of the fleet.
- Stationary combustion: derived from the combustion of fuels used in diesel generating sets and heating.

Scope 2: GHG indirect emissions from electricity consumption

- Electricity consumption
- Electricity losses in the transmission grid.

Scope 3: Other indirect GHG emissions

- Supply chain: Purchase of goods and services.
- Capital goods.
- Life cycle of fuel and energy consumed: emissions due to energy production (not included in scope 1 and 2).
- Upstream transportation and distribution.
- Waste management.
- Business travel by plane, train and car (taxi, private and rented vehicles).
- Employees commuting to the work place.
- Leased assets (upstream & downstream).
- Investments.

Independent Limited Assurance Report on the Green Bonds Report

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INDEPENDENT LIMITED ASSURANCE REPORT ON THE GREEN BONDS REPORT

To the Board of Directors of Redeia:

In accordance to our engagement letter dated December 2022, we have reviewed, with limited assurance limited assurance scope, the "Green Bond Report" (hereinafter the Report), included in the attached Sustainability Report prepared by Redeia, according to the "Red Eléctrica Group Green Finance Framework", published by the company and available on its website.(Green Finance Framework (redeia.com).

Management Responsibility

The Management of Redeia is responsible for the preparation and presentation of the content included in the Report in accordance with the criteria established in the document "Red Eléctrica Group Green Finance Framework".

This responsibility also includes the design, implementation and maintenance of the internal control deemed necessary to control deemed necessary to ensure that the Report is free from material misstatement, due to fraud or error.

Independence and quality control

We have complied with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including the international standards on independence) issued by the International Ethics Standards Board for Professional Accountants (IESBA), which is based on the fundamental principles of integrity, objectivity, professional competence and diligence, confidentiality and professional behavior with no with no conflict of interest in the review process.

Our firm applies the international quality standards in force and, consequently, maintains a quality system that includes policies and procedures related to the compliance with the requirements of ethics, professional standards and applicable legal and regulatory provisions.

The work team was made up of professionals with expertise in non-financial information reviews and, specifically, in economic, social and environmental performance information.

Our responsability

Our responsibility is to express our conclusions in an independent limited assurance report based on the work performed. We conducted our work in accordance with the requirements of the current International Standard on Assurance Engagements 3000 (revised), "Assurance Engagements Other than Audits or Reviews of Historical Financial Information" (NIEA 3000 Revised) issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC).

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In a job of limited assurance the procedures carried out vary in nature and timing, and are of a lesser extent, than those carried out in a job of reasonable assurance and, therefore, the assurance obtained is substantially less.

Our work consisted of asking questions to the Management, as well as to the various units of Redeia that participated in the preparation of the Report, reviewing the processes for compiling and validating the information presented in the Report and applying certain analytical procedures and sample review tests described below:

- The analysis of the collection and internal control processes of the quantitative data related to the environmental impact indicators reflected in the report in terms of the reliability of the information, using analytical procedures and review tests based on sampling.
- The review of the key environmental performance indicators included in the "Impact Report" section of the Report.
- Verification that the investments made by Red Eléctrica included in the project portfolio have been carried out in accordance with the criteria of the "Red Eléctrica Group Green Finance Framework".
- The traceability of funds allocated to the refinancing of projects included in the "Allocation Report" section of the Green Bonds Report.
- Reading the information included in the Report to determine whether it is in line with our general knowledge and experience, in relation to the sustainability strategy and goals of Redeia.
- The contrast of the rest of the non-financial information reflected in the report with that included in the Sustainability Report 2022 of Redeia.
- Obtaining a letter of representation from the Directors and Management.

Conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the information included in the sections entitled "Allocation report" and "Impact report" of Redeia for the year ended December 31, 2022 relating to the aspects included in the scope of our work contains material misstatements or has not been prepared, in all material respects, in accordance with the criteria established by Redeia in accordance with the "Red Eléctrica Group Green Finance Framework".

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Independent Limited Assurance Report on the Green Bonds Report

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Uso y distribución

This report has been prepared in response to the requirement established in current Spanish mercantile regulations, and therefore may not be suitable for other purposes and jurisdictions.

ERNST & YOUNG, S.L.

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