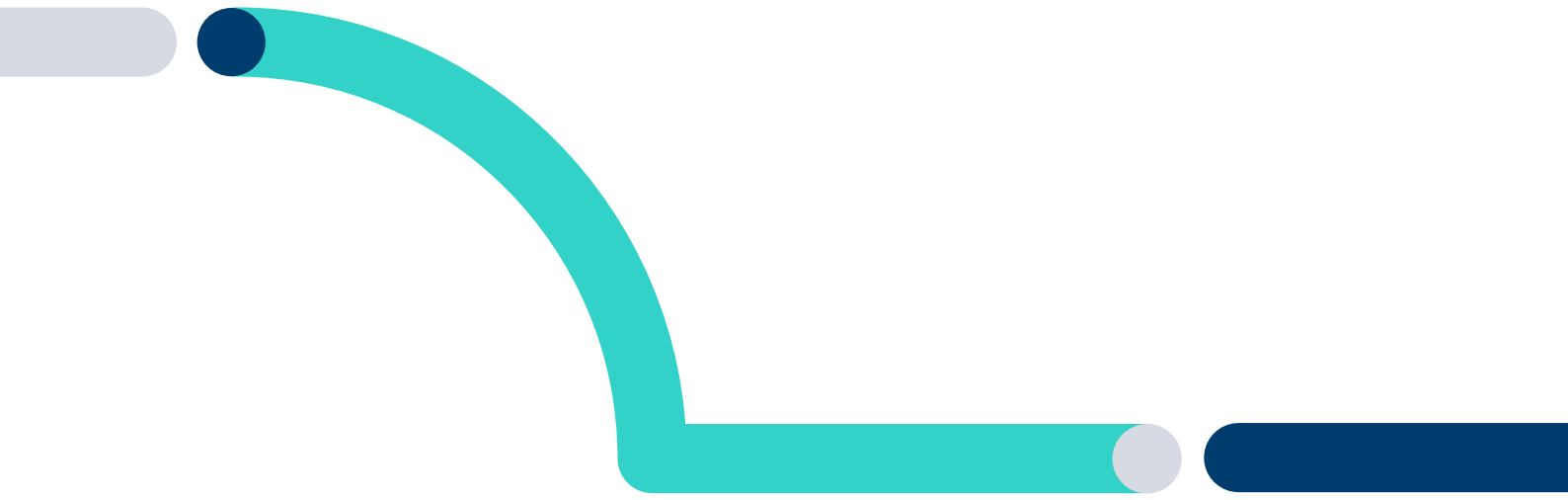


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Commitment to combat
climate change

Climate Change. Definition

Climate change refers to long-term shifts in temperatures and weather patterns on a global or regional scale. The United Nations Framework Convention on Climate Change uses the term climate change exclusively to refer to changes caused by human activities and is defined as follows:

‘Climate change’ means “a change of climate which is attributed directly or indirectly to human activity that alters the composition of the global atmosphere and which is in addition to natural climate variability observed over comparable time periods”.

Context and background

The challenge of combating and addressing climate change is a top priority on the global agenda. 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 developing mechanisms for its implementation.

The cornerstone of this Agreement is the unwavering commitment of all signatory parties to the urgent task of limiting the global temperature increase to well below 2 degrees Celsius compared to pre-industrial levels. Furthermore, there is a collective effort to strive for an even more ambitious target of limiting the temperature rise to 1.5 degrees Celsius. This ambitious goal was reinforced by the release of a crucial technical report in 2018 by the Intergovernmental Panel on Climate Change (IPCC), which unequivocally emphasised the need to accelerate climate action and scale up efforts to achieve the 1.5-degree Celsius target. The international community has united in acknowledging the gravity of this urgency.

To achieve the emissions reduction targets of greenhouse gases (GHGs) necessary to prevent further increases in global temperature, it is essential for all parties involved to adopt highly ambitious commitments and make profound changes, each according to their own situation and responsibilities.

The European Union (EU) considers an integrated energy and climate policy necessary to transition to a sustainable and climate-resilient economy. This policy is based on the integration of energy technologies and sources that involve low levels of carbon emissions, strengthen security of the electricity supply, and enhance competitiveness.

In 2008, the EU approved the first package of climate and energy measures, which set the 20/20/20 targets for 2020. In 2021, the EU approved the European Climate Law, which includes the binding objective of climate neutrality by 2050 and an intermediate target for 2030 of reducing greenhouse gas emissions by at least 55% compared to 1990 values.

Spain also has its own Climate Change and Energy Transition Law, approved in 2021, as well as its own National Energy and Climate Plan (NECP) for 2021-2030 as well as a Long-Term Strategy for a modern, competitive, and climate-neutral Spanish economy by 2050. These plans are fully aligned with European targets and the ambition to not exceed a temperature increase of 1.5 degrees Celsius.

As a responsible company committed to sustainable development and whose role as transmission agent and system operator is essential to the successful implementation of the energy policies required to achieve climate goals, Red Eléctrica decided to formalise its commitment to combat climate change in 2011. This commitment was extended across all companies of the group in 2017.

Purpose

The purpose of this document is to formalise Redeia's commitment in the field of climate change, which defines the principles to be considered and establishes the main courses of action in this field.

This commitment also emphasises the need to establish medium and long-term goals regarding climate change and to define the necessary action plans to achieve them.

Scope

This commitment extends its reach to encompass every company in which Redeia holds a majority stake. It is incumbent upon each and every individual within Redeia to wholeheartedly embrace and adhere to this commitment, diligently upholding its principles in the performance of their duties and obligations across all professional domains where they represent the organisation.

In those affiliated companies where Redeia does not hold a majority shareholding, efforts will be made to promote principles that align with those established in this commitment. Furthermore, the application of these principles will be actively encouraged among Redeia's business partners, including temporary joint ventures, consortia, or any other equivalent associations. Contractors, suppliers, and all those who collaborate with or act on behalf of Redeia will also be encouraged to adhere to the principles outlined in this commitment.

Roles and responsibilities

It is the responsibility of the Sustainability Committee to oversee and periodically review compliance with the commitment. This review will include monitoring the progress of the Climate Change Action Plan and the associated targets set out.

The approval of the Climate Change Action Plan and its revisions, as well as monitoring its compliance and driving its implementation falls under the remit of the Executive Committee.

The Corporate Sustainability and Research area, led by the Chief Sustainability Officer, in collaboration with the relevant areas and taking into account the recommendations of the Sustainability Management Committee, is responsible for leading and promoting the development and revisions of this commitment. They also spearhead and drive the definition and monitoring of climate change targets and the associated action plan, and report progress to the Sustainability Committee and the Executive Committee.

The organisational units within the Company are responsible for fulfilling their duties and responsibilities in accordance with the principles established in this commitment. They propose measures to be included in the climate change action plan aligned with the established objectives, implement the measures included in the plan, and periodically provide the necessary information for monitoring.

It is the responsibility of the employees of the group to embrace the Company's commitment regarding climate change and collaborate in its development and consolidation, each within their respective scope of activity.

Principles

The fundamental principles that define Redeia's pledge to combat climate change are as follows:

- Work towards the integration of **renewable energy** by constructing the necessary infrastructure for its evacuation and optimise its integration into the electricity system.
- Promote energy **efficiency** as a fundamental tool in the fight against climate change in the performance of the group's activities and raise energy-efficiency awareness within society.
- **Reduce greenhouse gas (GHG) emissions** derived from the Company's activities.
- **Protect forested areas** by minimising the impact associated with the development of activities and by promoting reforestation and vegetation protection projects as a way of offsetting part of the emissions generated by Redeia's activities.
- Develop and implement climate change **adaptation** measures necessary to address both inevitable physical changes in climate parameters and social, economic, and regulatory changes associated with the fight against climate change.

- **Extend the commitment** made by Redeia to stakeholders by collaborating with climate change initiatives promoted by governments and non-governmental organisations, disseminating knowledge about the electricity system in a comprehensive and transparent manner, and by collaborating with its **supply chain**.

Courses of Action

Four main courses of action have been defined as follows:

A. Contribution to a decarbonised economy

The group makes a significant contribution to the **decarbonisation of the energy model**, primarily through the role of Red Eléctrica as the transmission agent and electricity system operator in Spain. The following activities are noteworthy:

- **Development of necessary infrastructure** to facilitate the electrification of the economy, connect new renewable energy, reduce technical constraints, and provide the electricity supply to power the railway network. Notable developments include electricity interconnections, both international and between islands, to guarantee supply when faced with the variability of renewable energy generation.
- Maximum integration of renewable energy into the electricity system through the optimisation of **system operation** and the Control Centre for Renewable Energies (CECRE), improvement of forecasting tools, the integration of generation which is more widely distributed, and the development of energy storage systems that enable the integration of increased amounts of renewable energy while ensuring system security.
- **Efficient management of the grid** by promoting technological innovation (smart grids and digitalisation), incorporating new elements and services, and implementing new flexibility measures.

Additionally, the role of the group's technological companies in promoting digitalisation and increasing connectivity should be mentioned. These elements further contribute to the decarbonisation of the economy.

B. Reduction of the carbon footprint

Actions aimed at reducing GHG emissions associated with the group's activities.

- Calculation of the Carbon Footprint (GHG inventory) and transparent communication of the group's performance in terms of emissions.
- Definition of emission reduction targets in the short, medium, and long term, aligned with international targets and agreements on climate change.
- Implementation of **measures to reduce emissions**, highlighting the following areas of action:
 - Reduction of SF₆ emissions through leakage control and reduction, the renewal of switchgear equipment, and measures to limit the growth of installed SF₆ gas.
 - Reduction of emissions from other fluorinated gases (air conditioning systems).
 - Reduction of energy consumption and associated emissions by increasing the use of renewable energy, reducing fossil fuel consumption, implementing energy efficiency measures, and promoting more sustainable mobility.
 - Reduction of emissions associated with transmission grid losses by improving technical aspects that favour energy loss reduction and actively working to increase the share of renewable energy in the energy mix.
 - Reduction of emissions associated with the supply chain through the development of projects that promote changes in suppliers to achieve emission reductions and the consideration of sustainability criteria in purchasing decisions.

- The offsetting of emissions to move towards carbon neutrality for the group, mainly through nature-based solutions and projects related to the protection of vegetation.

C. Raising awareness regarding the Company's commitment

Actions aimed at communicating the Company's commitment and engaging stakeholder groups (not included in the previous sections).

- Dissemination of knowledge and comprehensive and transparent information about the electricity system and its role in the energy transition. Promotion of various energy efficiency measures.
- Collaboration on initiatives regarding the fight against climate change promoted by government entities, non-governmental organisations, and other stakeholders.

D. Adaptation to climate change

Actions aimed at anticipating and addressing changes associated with climate change, including physical changes in climatic parameters and social, economic, and regulatory changes derived from climate change mitigation actions.

- Identification, assessment, quantification, and periodic monitoring of risks and opportunities arising from climate change, considering different physical and transition scenarios.
- Definition, implementation, and monitoring of adaptation measures or plans if necessary. It is worth noting that the Company's overall activity is a key element in adapting the energy system to the risks arising from climate change.

Objectives and Action Plan

The commitment to combat climate change is materialised through specific objectives and an action plan.

The objectives are established for the long, medium, and short term and should be aligned with the global target of limiting the temperature increase to 1.5°C and they should also include a climate neutrality objective.

The action plan includes the measures and projects to be implemented to achieve the objectives. It will be updated whenever there are strategic or technical changes that impact it, with a minimum periodicity of four years.

The level of fulfilment of the action plan will be reviewed at least annually. The progress will be monitored using the indicators defined in the plan.

Communication and Transparency

Redeia maintains active and ongoing communication with its stakeholders (government authorities, local communities, NGOs, media, etc.) through various participation tools and channels across all geographic areas. The aim is to convey its Commitment to Combat Climate Change and to gain insights into the requirements and expectations of stakeholders in this regard. The Company ensures transparency by consistently applying criteria that promote openness in order to establish a lasting and trustworthy relationship with its stakeholders.

This Commitment was approved by the Board of Directors on 30 May 2023.

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