

Annual management report on the Code of Ethics and Conduct

2023

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1 Introduction

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

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

The current edition of Redeia's Code of Ethics and Conduct was approved by the Board of Directors of its parent company on 26 May 2020, with input from stakeholders and recommendations from prescriptive bodies in this area. It was amended in May 2023, to adapt it to Law 2/2023, of 20 February, governing the protection of whistleblowers reporting regulatory infringement and the fight against corruption.

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

The aim of this Annual Ethics Management Report is to gather and share information on Redeia's Corporate Ethics Management System for the 2023 financial year, including the operation of the ethics and compliance channel, the initiatives undertaken, alliances formed, acknowledgements received, and measures to be taken.

2 The Ethics Manager and Stakeholder Ombudsman

To ensure the awareness, application and enforcement of the Code of Ethics and Conduct, the company appointed Carlos Méndez-Trelles García, General Secretary and member of the Board of Directors, as Ethics manager and stakeholder ombudsman.

The Ethics Manager's responsibilities include:

- Resolving queries related to Redeia's Code of Ethics and Conduct.
- Preparing resolution reports in response to the claims submitted.
- Preparing periodic reports to review the ethics management system and to propose improvements to it.

3 Ethics and compliance communication channel

To ensure the application of the Code of Ethics and Conduct, there is an Ethics and compliance communication channel available on the corporate web site through which queries, complaints or suggestions may be submitted to the Ethics manager.

This Communication Channel must be used to:

- Submit enquiries regarding the interpretation of ethical values, principles and conduct guidelines in the Code.

- Report any violations of the Code, legal regulations, including criminal and anti-bribery laws, internal regulations and the organisation's commitments.
- Report any instances of financial, accounting, or commercial malpractice that may be deemed irregular or non-compliant.

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

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

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

3.1 Code of Ethics and Compliance Management System

In 2023, Redeia carried out a project to adapt the Ethics and Compliance Communication Channel to legal regulations and best practices (Law 2/2023, of 20 February, governing regulatory violations and the fight against corruption, European Directive 2019/1937 on the protection of persons who report breaches of union law and ISO 37002 on whistleblowing management systems). This action involved the approval of the Ethics and Compliance Communication Channel Management, and whistleblower protection policy, whose objective is to establish the principles and guarantees governing the Ethics and Compliance Communication Channel as a mechanism for reporting queries and complaints regarding violations and irregularities. There was an update to the guidelines for the management system for the ethics and compliance communication channel and the formal appointment of Redeia's ethics and compliance channel manager (Ethics manager).

Redeia has implemented a Retaliation protection protocol with the objective of protecting whistleblowers who submit a report through Redeia's Ethics and Compliance Communication Channel Management System from potential retaliation, including threats of retaliation and attempted retaliation. The Protocol aims to establish a framework for protection that can effectively address situations involving risk and protect persons who use the Ethics and Compliance communication channel management system in good faith. This protocol is included in the Guide to the Ethics and Compliance communication channel management system, which has been distributed to the company stakeholders through its internal and external websites. The company regularly carries out surveys to evaluate perception, awareness and use of the Ethics and compliance communication channel by the people at Redeia.

Redeia has also designed and implemented a protocol for internal investigations associated with the Ethics and compliance communication channel. Redeia carries out internal investigations in accordance with legal regulations and the commitments undertaken by the organisation in its Code of Ethics and Conduct, its Compliance Policy and in the aforementioned Ethics and Compliance Communication Channel Management System and whistleblower protection policy, it observes the rights and freedom of employees and third-parties involved at the company. To strengthen the knowledge and application of the protocol, training workshops have been run for the groups that participate directly in these investigations.

Through this, Redeia provides common criteria for action that apply to the various group companies in investigations associated with the ethics and compliance communication channel management system, as well as the steps to follow in the investigation and the nature of the inspections to be made, among other aspects.

3.2 Handling of potential non-compliances, complaints, enquiries and suggestions

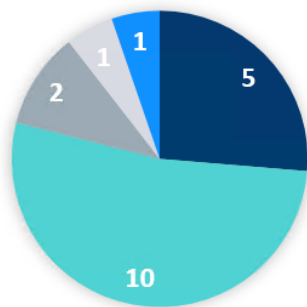
As for the system for identification and handling of non-compliances, complaints, queries and suggestions, in 2023, 19 queries were submitted to the Ethics Manager, of which 15 came from internal stakeholders and 4 of them from external stakeholders. The maximum resolution time for the queries was ten days in accordance with the Ethics and compliance management regulations.

The queries received pertained to the following ethical principles:

- Management of conflicts of interest.
- Corruption prevention.
- Conservation and improvement of the environment.
- Protecting the confidentiality of personal data and information.
- On-going improvement of customer satisfaction.

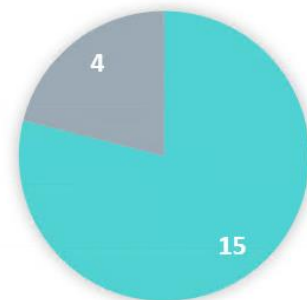
The attached graphs provide a breakdown of the queries submitted to the Ethics Manager in 2023 by ethical principle and stakeholder group that submitted the query.

NUMBER OF QUERIES BY ETHICAL PRINCIPLE



- Management of conflicts of interest.
- Corruption prevention.
- Conservation and improvement of the environment.
- Protecting the confidentiality of personal data and information.
- On-going improvement of customer satisfaction.

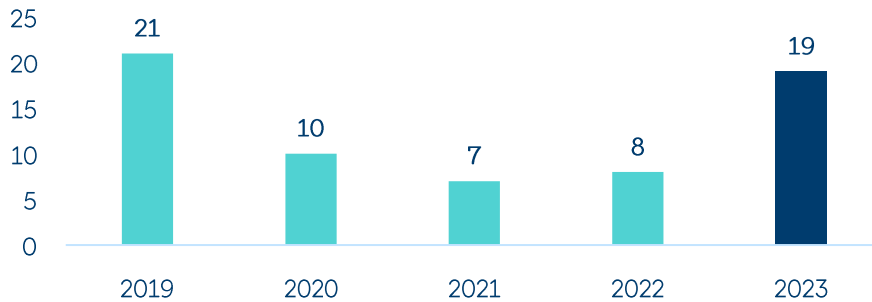
NUMBER OF QUERIES BY STAKEHOLDER



- Internal
- External

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

NO. OF CONSULTATIONS SUBMITTED TO THE ETHICS MANAGER

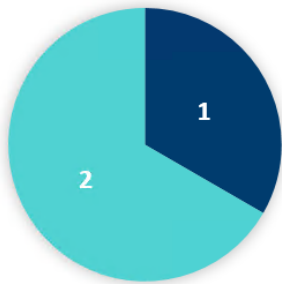


In 2023, three complaints were received regarding compliance with the Code of Ethics and Conduct. Two of them were submitted anonymously and 1 was initiated ex officio by the Ethics manager, the content of which is analysed below:

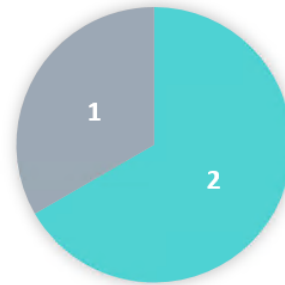
- A complaint was submitted anonymously regarding the corporate value “integrity” arising from alleged preferential treatment towards a supplier in a supply process. Said complaint was dismissed, following the investigation actions, as no evidence was found confirming the reported facts, The case was re-opened when the same facts were reported against the same person. When the investigation stage was finished, it was agreed to close the case as no conduct that goes against the Code of Ethics and Conduct was found.
- The case was initiated ex officio by the Ethics manager, regarding the corporate value “integrity”, resulting from an alleged lack of transparency and equal treatment in the management of suppliers. Once the investigation stage was finished, at the closing of 2023 it was pending a decision.
- Complaint submitted anonymously regarding the corporate value “respect” resulting from alleged moral harassment. When the investigation stage was completed by Redeia’s Harassment prevention monitoring body, based on the nature of the complaint, the case was closed as there was not enough evidence or proof to confirm the concurrence of harassment at work.

The attached graphs provide a breakdown of the queries submitted to the Ethics Manager in 2023 based on the aforementioned ethical principle and the stakeholder group that submitted the query.

NUMBER OF COMPLAINTS BY ETHICAL PRINCIPLE



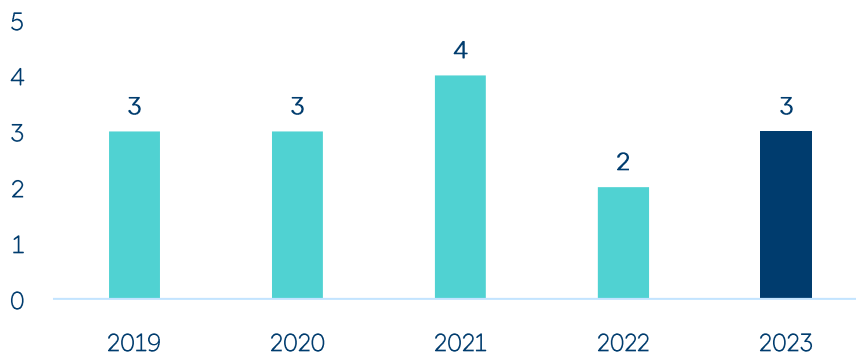
NUMBER OF COMPLAINTS BY STAKEHOLDER



■ Respect ■ Integrity ■ Sustainability ■ External ■ Internal ■ Anonymous ■ Ex officio

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

NO. OF COMPLAINTS SUBMITTED TO THE ETHICS MANAGER



The table below summarises the number of complaints received within the following scopes:

COMPLAINTS RECEIVED IN 2023 BY SCOPE

Scope	No. of complaints
Corruption or bribery	0
Discrimination or harassment	1
Privacy (including customers)	0
Conflicts of interest.	0
Transparency in the management of interests	2
Money laundering or use of privileged information	0
Violation of human rights	0
In Redeia	0
In Redeia's value chain	0

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

In 2023, as in previous years, the Ethics Manager did not receive any complaints about non-compliances related to criminal risks, and none of Redeia's companies were investigated or convicted by any court for any criminal violations related to the organisation's criminal risks.

4 Ethics and compliance culture

Awareness and training are key elements for the development of an ethics and compliance culture, and they must adapt to the needs and responsibility of the functional areas and scopes affected in Redeia.

In 2023 an Annual awareness and training plan on compliance culture was developed and carried out, through the different internal and external communication actions, including: the design and dissemination of training modules on key aspects of Redeia's Compliance System, the Ethics and compliance communication channel, and the conflicts of interest management model. Through this training, designed for all employees, including those with duties exposed to the risk of corruption, Redeia the Company's professionals with the tools to resolve potential risks in the execution of their duties and responsibilities, as well as the existing means to communicate any issue related to ethics and compliance.

Additionally, Redeia has carried out specific training sessions for groups especially exposed to several areas, such as:

- Corruption and fraud prevention model: Redeia's zero tolerance.
- Internal investigations protocol on the Ethics and compliance communication channel management system.
- Ethics and compliance in the scope of Artificial Intelligence.

In 2023, the company carried out internal communications actions on an on-going basis, among which the publication of informative pieces and awareness actions related to the following aspects:

- Updates to the Guidelines for the Prevention of Corruption: zero tolerance.
- Adaptation of Redeia's Ethics and Compliance communication channel to the Whistleblower's protection law.
- Commitments on the acceptance of gifts received during the Christmas period.

5 Suppliers' Code of Conduct

Redeia has implemented a specific Code of Conduct for suppliers, which is designed to disseminate and promote responsible values and behaviours with regards to our suppliers, Redeia, our employees, contractors and the environment, highlighting the importance of monitoring respect for human rights and compliance with occupational safety and environmental requirements among suppliers in the development of products or services required by the company, whether they are carried out directly or through other companies.

As a result of the approval of the Code of Ethics and Conduct, in 2020, Redeia reviewed and updated its Supplier Code of Conduct to align it with the newly approved Code of Ethics and Conduct.

In 2023, the Code of Conduct for Suppliers was updated to include among its action principles in their relationship with its employees and contractors:

- Not subjecting employees to any kind of harassment.
- Training employees on physical and mental health.

And in their relationship with the environment:

- Making more efficient use of resources, promoting energy savings.
- Having preventive measures to prevent or minimise deforestation and degradation of land and the environment.

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

6 Integrity and transparency

The Code of Ethics and Conduct and the corresponding system for managing queries and complaints, which include aspects regarding the fight against corruption, is an effective tool for detecting and dealing with potential cases of corruption and fraud. Governance bodies, executives and other employees at Redeia must adapt their conduct to the content in the Code of Ethics and Conduct, and suppliers, to the Suppliers' Code of Conduct.

6.1 Review and updates to the Guidelines for the prevention of fraud and corruption

To reinforce Redeia's commitment to preventing corruption, bribery, and facilitation payments, the Board of Directors of its parent company approved the "Guide for the Prevention of Corruption: Zero Tolerance" in 2015, whose current version in force was approved the Board of Directors in 2023, developing the corporate values and compiling basic guidelines to prevent corruption and fraud risks, which is a key element of Redeia's integrity model. This guide provides a framework for all employees at Redeia and its companies to prevent corruption, and it sets out the commitments and criteria for action that should guide their professional activity. Its purpose is to provide Redeia members with an analysis of the circumstances and risks they face in terms of corruption, as well as to raise awareness of the criteria and tools available to the company for its eradication.

The process of reviewing and updating the Guidelines for the Prevention of Corruption was conducted in 2022: zero tolerance, which extends its scope to (internal) fraud. The review process included participation of International Transparency and took into account best practices and international standards in the field (ISO 37001).

The guide has seven specific conduct guidelines to prevent corruption and fraud, included in the Code of Ethics and of Conduct, stating Redeia's commitment in this regard, action guidelines to follow and the prevention and mechanisms available in the company. Moreover, this Guide includes a set of practical scenarios that help to better understand the situations with regards to the application of each conduct guideline.

Every person at Redeia is obliged to know and undertake the content in this guide and review their attitude based on the commitments and controls established. In particular, the exemplary nature, the support and the express commitment of the directors and the management team are a key element in their implementation.

In this regard, in 2023 the company set a leadership target aimed at all the members of the organisations linked to the dissemination of the corruption and fraud prevention model, to be 100% adhered to by the company's divisions,

Leadership goals are a tool to contribute to the development of the management skills Redeia needs to successfully face strategic challenges in the short, medium and long term. They are a key mechanism to

involve every member of Redeia’s executive team in the actions and critical changes essential for carrying out the transformation using a leadership style.

Through the leadership goals, Redeia seeks to identify targets on which management staff has direct influence which are relevant according to the leadership needs at all times, such as the corruption and fraud prevention model.

6.2 UNE 19601 certification on criminal compliance systems and ISO 37001 on Anti-bribery management systems.

The Criminal and Anti-bribery Compliance System of the parent company Redeia, and that of its subsidiary company Red Eléctrica, are certified in accordance with the UNE 19601 and ISO 37001 standards. The entity AENOR has done the certification process and it has certified Redeia Corporación and Red Eléctrica’s Criminal and Anti-bribery Compliance System, in accordance to said standards. In 2023 the company successfully passed the follow-up audit carried out by this entity, verifying the conformity and efficacy of its System.

Last year, no complaints were registered through the ethics communication channel in relation to potential corruption cases. Moreover, as in previous years, no Redeia company was investigated or convicted by any court of law for non-compliances related to corruption cases.

7 Recognitions and alliances

Within the field of external recognition, in 2023 it should be noted that:

- Redeia was runner up in Expansion’s Compliance Awards in the following categories:
 - “IBEX with the best compliance practices”.
 - “Best ethics initiative in terms of compliance”.
- Redeia positively stands out in the criterion on codes of conduct in S&P’s assessment for the Dow Jones Sustainability Index in 2023, achieving a score of 85 out of 100 points.
- In 2023 the company also led in the corruption prevention criterion according to Moody’s ESG performance report, achieving the highest score (89 out of 100 points) in its industry.
- Redeia positively stands out in the ISS-ESG sustainability index attaining an “A” rating in the category “Ethics in business” and “A+” in the category “Code of Ethics and of Conduct”.
- Redeia was included among the best four companies in the IBEX 35’s global ranking on transparency and good governance, prepared by the Haz Foundation.

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

collaborate on the continuous improvement of its members' integrity models. In addition, the company is member of the Spanish Compliance Association (ASCOM).

8 Main measures to promote in 2024

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

- Diagnosis on the adequacy of the Ethics and compliance management system in accordance with the ISO 37002 standard.

The aim of this measure is to conduct an external diagnosis of the Ethics and compliance communication channel to ensure compliance with the applicable law and the benchmark standards in this field: ISO 37002 on systems to manage complaint channels for future certification.

- Adapting the integrity and human rights diligence model for third parties according to best practices.

The purpose of this action is to review the due diligence guide on integrity and human rights and its alignment with the directive proposal on due diligence related to sustainability.

- Progress with regards to annual dissemination, raising awareness and training.

The aim of this measure is to promote awareness and training on key elements for the development of an ethics and compliance culture, adapting to the needs and responsibilities of the functional areas and scopes affected.

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Valuing the essentials