



Grupo Red Eléctrica

REPORT ON NON-FINANCIAL INFORMATION OF THE CONSOLIDATED GROUP OF RED ELÉCTRICA CORPORACIÓN, S.A. FOR THE 2019 FINANCIAL YEAR.

The report on non-financial information of the Consolidated Group of Red Eléctrica Corporación, S.A., mirrors the information contained in point 11 of the Directors' Report of the Consolidated Group of Red Eléctrica Corporación, S.A. for the year ended 31 December 2019, that was authorized for its issuance by the Board of Directors at its meeting of 25 February 2020.



11. Non-financial Information Statement in compliance with Law 11/2018 of 28 December 2018

11.1. Description of the Group's business model

The Group has consolidated itself as a global operator of essential infrastructure, managing electricity transmission networks in Spain and South America, and telecommunications networks (fibre optics and satellites).

Management and operation of domestic electricity infrastructure

Construction and maintenance of power lines and electricity substations forming part of the transmission network (including international and inter-island interconnections) that match generation with consumption and operation in real-time in the Spanish electricity system, guaranteeing continuity of supply and the safe integration of renewable energy.

It also includes the design and construction of storage infrastructure in the Canary Islands, which serves as a tool for the operation of the electricity system to improve the integration of renewable energy and the safety of supply on the islands.

Management and operation of international electricity infrastructure

Construction and operation of energy transmission infrastructure in Peru, Chile and foreseeably in Brazil, and provision of electricity infrastructure maintenance services in Peru.

Telecommunications (fibre optics and satellites)

Satellite communications services for video, data transmission and mobility services through 7 satellites in operation. Hispasat has a presence in 5 countries: Spain, Brazil, Mexico, Argentina and Colombia, and serves customers in more than 26 countries.

Commercial operation of the excess fibre optic network capacity associated with both the electricity transmission network and the rail network, as well as technical spaces for storing telecommunications equipment in Spain.

The Group is committed to innovation and technology, based on the acceleration of **technological innovation**, the generation of competitive advantages and business opportunities to turn the Group into a technological benchmark in the energy transition, the traceability and accessibility of information, as well as the provision of innovation and technological development services to third parties.

The Group's business model creates value for all its stakeholders and for society as a whole.

Commitment to sustainability 2030

The Group has made a strategic commitment to long-term, enterprise-wide sustainability. In 2017, the board of directors approved the Group's 2030 Sustainability Commitment. Through this commitment, the Group aims to achieve long-term continuity through a business model that is capable of responding to the challenges of the future and putting the principles set out in the Corporate Responsibility Policy into practice.

The 2030 Sustainability Commitment is backed by the board of directors and the Group's management team, whose message is transmitted to the entire organisation with a view to encouraging a proactive attitude that incorporates sustainability into day-to-day decision making. It is worth noting the creation of the



Sustainability Committee within the board of directors in 2018 as a result of the strategic importance of sustainability for the Group; the key role of the Sustainability Steering Committee and the Corporate Division for Sustainability and External Relations, which reinforce the involvement of the highest decision-making levels and the involvement of all areas of the organisation in the implementation, supervision and monitoring of the 2030 Sustainability Commitment.

In May 2019, the board of directors approved the Group's 2030 sustainability objectives, which lay out eleven proposals to measure compliance with the commitments established in the four sustainability priorities, focusing on those aspects that provide answers to the great global challenges on the horizon for 2030. The objectives, which are defined by the Sustainability Steering Committee and validated by the Sustainability Committee of the board of directors, are aligned with the priorities of the 2030 Sustainability Commitment and the Group's 2018-2022 Strategic Plan and the United Nations Sustainable Development Goals (SDGs).

Sustainability priorities and objectives for 2030 of the Red Eléctrica Group

DECARBONISATION OF THE ECONOMY

Act as a proactive agent in the energy transition towards an emissions-free model, based on the electrification of the economy and the efficient integration of renewable energy through a robust and better-connected network and the development and operation of energy storage systems.

Objectives for 2030

1. Reduce our GHG emissions by over 40%.
2. Empower 100% of society to be actively involved in the energy transition process.
3. Safely integrate 100% of the renewable energy available in the electricity system, minimising waste and accelerating progress towards meeting the energy transition objectives.

RESPONSIBLE VALUE CHAIN

Extend our responsibility commitment to all the links in the value chain, from our employees to our suppliers and customers, by forging alliances, all underpinned by our model of good governance and integrity.

Objectives for 2030

4. Drive change in our suppliers.
5. Receive ESG financing in 2030.

CONTRIBUTION TO THE DEVELOPMENT OF THE ENVIRONMENT

Contribute to economic, environmental and social progress in the environment, by providing an essential service in a secure and efficient way, fostering environmental conservation, enhancing people's quality of life and social welfare and involving communities in the development of our activities so as to generate mutual rewards that are tangible to that community.

Objectives for 2030

6. Benchmark in gender equality: parity in the management team by 2030.
7. Benchmark in diversity: inclusion of collectives at risk of social and workplace exclusion.
8. Have a net positive impact on the natural capital of the area surrounding our facilities.



9. Fully eradicate the digital divide: 100% connection rate for people in the areas surrounding our facilities.

ANTICIPATION AND ACTION FOR CHANGE

Foster a corporate culture of innovation and flexibility that enables us to identify growth opportunities and tackle future challenges by staying ahead of and adapting to global trends and to the regulatory environment emerging from the new energy model.

Objectives for
2030

10. Become a benchmark technological player, pushing at least 120 technological innovation initiatives that contribute to the energy transition and telecommunications, making the world a more connected, intelligent and sustainable place.
11. Become a leading company in circular economy.

The Group's main objective is to achieve a lasting and trusting relationship with its stakeholders.

The Group's stakeholder management model incorporates the requirements of regulations and benchmark standards in the field, such as AA1000, IQNet SR10, ISO26000 or Global Reporting Initiative. This model ensures adequate management of the significant impact of the Group's activities and services on its stakeholders, avoiding the risk of not rapidly identifying any problem that may affect the relationship with them.

The Group classifies its stakeholders into the following categories: investors, shareholders and business partners, regulatory bodies and the administration, customers, people, suppliers, surrounding environment, opinion makers, business sector and professional associations and innovation agents.

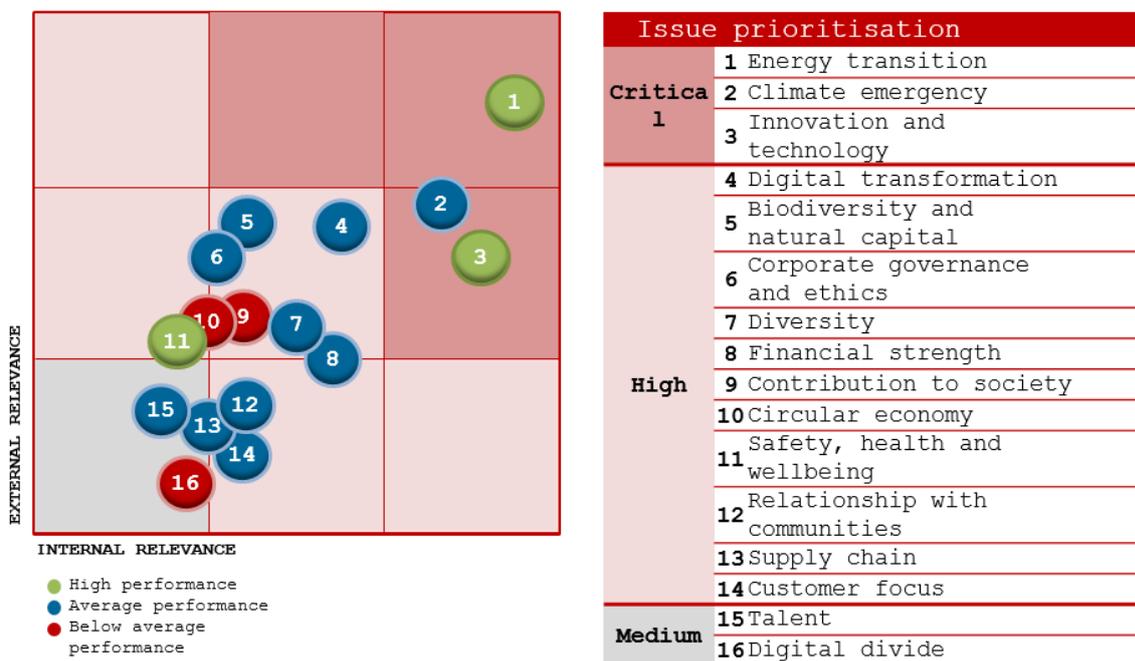
MATERIALITY ANALYSIS

In 2019, with a view to advancing the 2030 Sustainability Commitment, the Group updated its Materiality Study in accordance with the Global Reporting Initiative (GRI) standards for the purpose of identifying relevant issues. This was achieved in stages, as follows:

1. Issue identification. A total of 16 relevant issues were identified in the analysis of the sustainability context. They include: trend analysis, industry benchmarking, strategic interviews with the senior management team and external stakeholders, key technical personnel at the company and an analysis of internal information.
2. Issue prioritisation. Internal and external assessment of the criticality of the identified issues for the achievement of long-term objectives and thus for long-term continuity. The prioritisation matrix provides a dual analysis of the issues, revealing both their internal importance, assigned by the top-level managers and key technical personnel who took part in the analysis of the sustainability context, and their external importance, based on the value assigned by the external stakeholders who were consulted.
3. Issue evaluation and validation. Cross-organisational analysis of the results of the issue identification and issue prioritisation phases. This stage consisted of an evaluation of the results of the previous stages and identified the opportunities associated with each relevant issue, as well as its impact on the 2018-2022 Strategic Plan and any connection with the Sustainable Development Goals.



Relevant issue prioritisation matrix



11.2. Information regarding environmental issues

The Group’s commitment to the environment comes from management and is based on environmental policy, which includes explicit commitment to the prevention of pollution and precautionary principles. To bring about the continuous improvement of environmental performance, Red Eléctrica has implemented an Environmental Management System, certified according to ISO 14001 and EMAS standards. The involvement of all organisational units and the commitment of all the people who work in the Group are critical for the development of this system.

It should be noted that the Group’s ordinary expenses for the protection and improvement of the environment came to Euros 26.1 million.

Specifically, in the case of the domestic management and operation of electricity infrastructure business, ordinary expenses for the protection and improvement of the environment exceeded Euros 25 million due to the implementation of environmental initiatives aimed at protecting biodiversity, fire prevention, landscape integration, climate change, and prevention of pollution. The amount allocated to environmental issues associated with investment projects was Euros 1.7 million.

In the aforementioned domestic electricity infrastructure operation and management business, the environmental commitment has three primary vectors: Environmental management and integration of the electricity facilities into the environment, combating climate change and biodiversity protection.

a) Environmental management and integration of electricity facilities into the environment.

The main route to make facilities compatible with the environment is the selection of routes and sites so that the environmental impact is as low as possible. Additionally, the application of preventive and corrective measures and the monitoring of strict environmental criteria, make it possible for potential effects on the environment to be reduced significantly. The best tool to guarantee this process is an Environmental Impact Assessment. By law, most of Red Eléctrica’s projects are subject to this procedure.



The measures applied notably include those related to pollution prevention. In this respect, the main initiatives undertaken are those aimed at minimising the risk of land or groundwater being polluted by hydrocarbon leaks or spillages. Actions aimed at mitigating the noise generated by certain electrical substations and reducing light pollution are also noteworthy. To address the latter issue, over the last three years the Company has worked on implementing the necessary measures to enable facilities to be shut down at night, thereby limiting light pollution as much as possible while also achieving significant energy savings.

Activities and projects designed to integrate the facilities into the surrounding environment are also particularly relevant, as are those aimed at protecting the socio-economic environment, primarily those related to the conservation of archaeological heritage.

Lastly, we should highlight the importance for Red Eléctrica of the work and significant progress in the sustainable use of resources. In 2019, the Company announced its sustainability goals for 2030, which include the aspiration to be a leading company in the field of circular economy. This year, a circular economy roadmap has been designed, which contains the goals to be achieved and the main actions to be carried out to achieve them. These actions fall within four strategic lines: process optimisation (which includes, inter alia, measures aimed at minimising water consumption), zero waste (the main objective of which is for none of the Group's waste to end up in a landfill); alliances for supplies (which includes actions related to the eco-design of equipment and facilities) and work with other agents (focused on collaboration with key players in the search for solutions related to innovation and promotion of the circular economy).

b) Climate change

The Group, through its activities in the electricity sector, is a key and proactive agent in the energy transition towards a zero emissions model, the main elements of which should be: the electrification of the economy, the full integration of renewable energy into the energy mix and efficiency, while always ensuring the safety of the supply. Taking on this role, in 2011 the Group decided to formalise a voluntary commitment in the fight against climate change, which materialised into a Climate Change Action Plan, the latest version of which was approved in 2015.

This plan includes the main objectives for the 2020 and 2030 time horizons, as well as the main actions needed to achieve them.

As a general objective, the Group is committed to reducing Scope 1 and 2 emissions per MWh transported by 40% in 2030 with respect to 2015. This objective was approved in 2018 by the Science Based Targets (SBTi) initiative and is equivalent to a net reduction of Scope 1 and 2 emissions of 30% by 2030.

The plan covers the following lines of action:

- Contribution to a low-emissions energy model, taking the necessary actions to achieve European objectives for 2020 and 2030:
 - Ongoing investor involvement to develop a robust, intelligent and inter-connected transmission network that enables the electrification and connection of new renewable energy.
 - Maximum integration of renewable energy through optimisation of the operation of the electricity system and the fostering of storage systems.
 - Progress in the efficient management of the network by applying new demand management measures, incorporating new elements such as electric vehicles and the driving of technological innovation.
- Reduction in greenhouse gas emissions resulting from the Company's activities. The main measures implemented apply to the following areas of action:
 - Reduction in SF6 emissions.



- Reduction in electricity consumption (efficiency measures) and the associated emissions (acquisition of 100% renewable energy).
- Sustainable mobility: reduction in emissions associated with the Group's vehicles, business trips and employee travel.
- Involvement of the supply chain in the Group's commitments.
- Progress in the incorporation of the criteria of efficiency and saving of materials in the design of facilities.
- Emissions offsetting, mainly through the Red Eléctrica Forest Project.
- Positioning and disclosure: dissemination of knowledge of the electricity system and demand management measures as well as the promotion of other energy efficiency measures.
- Adaptation: the Group regularly identifies and evaluates the risks and opportunities arising from climate change and applies various measures defined within the framework of this analysis. In 2018, and particularly in 2019, work began on the implementation of the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), which gave rise to a thorough review of the assessment, considering different scenarios and intensifying the economic quantification of risks and opportunities identified. Details of the TCFD recommendations are provided in note 4 on risk management in the consolidated directors' report.

c) Protecting biodiversity

The protection and conservation of biodiversity has always been the Group's priority in environmental management. The Group has a specific commitment for the management of biodiversity (revised in 2017) and a multi-year Action Plan (2017-2021), which lists the main actions to be carried out in this period.

The main effects on biodiversity are associated with the presence of the facilities in the area and the work carried out to build them. Most notable is the risk of birds colliding with earth wires in power lines and the effect of firebreaks on vegetation.

Biodiversity management is carried out taking into account the impact mitigation hierarchy. Avoiding areas that are protected or highly biodiverse is a fundamental criterion when deciding on the location of facilities (in energy transmission infrastructure, only 15.6% of lines and 5.7% of substations are located in protected areas). The second step is to minimise possible affects and is achieved through the application of the corresponding preventive and corrective measures, including the restoration of habitats wherever possible. Lastly, different environmental improvement actions and conservation projects are carried out to offset any impacts.

Notable actions related to the following areas:

- Protection of birdlife, the primary objective being to minimise the risk of birds colliding with ground wires, as mentioned above. A plan to use bird-saving devices in sections with the greatest potential impact for birds (more than 750 km of lines) has been devised and is due to be completed in 2023. In 2019, the proportion of critical priority areas with signalling was 60.7%.
- Prevention of forest fires, through appropriate design and maintenance of safety corridors and the joint efforts of the pertinent authorities in this field. There are currently 10 fire prevention agreements in place and three are being renewed. These agreements have an overall associated budget of more than Euros 1 million for 4 years, which is allocated to cleaning up mountains, acquiring fire extinguishers and fire-fighting equipment, training and raising awareness.
- Implementation of conservation projects in cooperation with the government, NGOs and other bodies, notably including projects relating to birdlife conservation or those devised for the



restoration of degraded areas. The latter include the “REE Marine Forest” project to restore posidonia oceanica seagrass, and the “Red Eléctrica Forest”, with an investment of Euros 2.1 million, through which more than 842 hectares have been restored since 2009.

In 2019, as part of its commitment to sustainability, the Group announced its goal of achieving a net positive impact on the natural capital of the area surrounding its facilities by 2030.

To this end, the Group has defined an initial methodology to study and assess ecosystem services, enabling it to further the incorporation of natural capital as a concept within management and thus make progress in the pursuit of this goal. Furthermore, it participates actively in a sector work group that is designing guidelines to facilitate the calculation and comparability of the results achieved across the different initiatives and projects of this sort within the energy sector.

Environmental indicators of a non-financial nature pertaining to the management and operation of domestic electricity infrastructure

| Non-financial indicators | 2018 | 2019 | Δ% |
|--|------------------------------------|-------------------------------------|-------|
| Direct greenhouse gas emissions (scope 1) (tCO ₂ eq.) | 39,272 | 23,614 | -39.9 |
| Indirect greenhouse gas emissions (scope 2) (tCO ₂ eq.) ⁽¹⁾ | 1,010,754 | 781,452 | -22.7 |
| Power consumption (MWh) ⁽²⁾ | 14,584 | 14,051 | -3.6 |
| Fuel consumption (MWh) ⁽³⁾ | 6,600,714 | 6,853,984 | 3.8 |
| Water consumption (m ³) ⁽⁴⁾ | 22,566 | 20,347 | -9.8 |
| Hazardous waste (kg) ⁽⁵⁾ | 3,036,874 | 547,100 | -82.0 |
| Non-hazardous waste (kg) ⁽⁵⁾ | 1,521,150 | 718,987 | -52.7 |
| Number of environmental accidents ⁽⁶⁾ | 5 | 5 | 0 |
| Lines marked with bird-saving devices in critical priority areas (accumulated kilometres at the end of each year). | 375.7 (51.2% of the total to mark) | 459.7 (60.72% of the total to mark) | 22.3 |

(1) Scope 2 emissions in 2018 have been updated with respect to those published in the 2018 report as in November 2019 there was a significant update in the information on losses in the transmission network. This information is obtained from the Electricity Meter Communication System (SIMEL), which receives the information recorded by all meters in Spain. For various reasons, this information is adjusted and updated throughout the year. Regulations establish a deadline of 11 months to finalise the definitive information

(2) All of the energy supply contracts managed by the company are for green energy or offer guarantees of the renewable origin of the energy, which represents 87% of the electricity consumed in 2019 (the remaining consumption corresponds to workplaces that are leased or that do not have electrical hook-ups and therefore receive their supply from the transmission network).

(3) Fuel consumption of fleet vehicles and electrical generators.

(4) The data has a coverage of 82% in terms of personnel, including collaborators. The water consumed comes from the municipal supply network (79.5%), wells (17.65%), cistern (2.9%). In some centres there are reservoirs for accumulation of rainwater for sanitary use, fire prevention and irrigation. The reservoirs do not have mechanisms to record the stored water so it is not possible to calculate the percentage usage of rainwater.

(5) 68% of all the waste generated (hazardous and non-hazardous) has been recycled (this generic category includes reuse, recycling, composting, anaerobic digestion and regeneration).

(6) Significant accidents are considered to be those categorised as significant, severe or major in the internal classification (level 3 accidents and above on a scale of 1 to 5). Does not include collisions. The 2018 information has been corrected with respect to that published in the previous report, as it now includes an accident that occurred subsequent to the publication of the annual reports.

11.3. Information on social and employee-related issues

Human team

During 2019, in relation to the management and operation of electricity infrastructure and telecommunications (fibre optics) businesses, work continued on the objectives set out in the Human Resources Master Plan linked to the Strategic Plan. The Impulsate project, which was launched in 2018 and



is due to finish in 2020, rolled out the majority of its functionality in 2019, boosting the transformation of the people management function in order to add value to the Group as a strategic lever for change and to help achieve its objectives.

Various key actions were implemented in 2019, such as the change of organisational model, the roll out of the challenge-focused management model and the definition of a new technological organisation (RETIT) and the actions required to manage the cultural changes and digital transformation.

A key project to transform the Group's way of working is the Imagina project, which continues to progress in 2019 through its various projects: the renovation of spaces, the implementation of a digital mailroom, the extension of the external flexibility pilot (distance working and the digital training of our employees through new platforms), among others.

In this context, in keeping with its strategic objectives, the Group has encouraged the adaptation of its human capital to orient its companies towards greater efficiency and digitisation.

a) Employment

At the end of 2019, the Group's workforce consisted of 2,056 professionals. Its commitment to stable employment is reflected in the high levels of permanent employment contracts (nearly 100%), prioritising employability and functional mobility as levers for growth and professional development.

Structure of the workforce by country where the Group is present

| 2019 | Female | | | Male | | | Total |
|--------------------------|-----------|------------|------------|-----------|------------|------------|--------------|
| | Under 30 | 30 to 50 | Over 50 | Under 30 | 30 to 50 | Over 50 | |
| Spain | | | | | | | |
| Management team | 0 | 34 | 13 | 0 | 47 | 45 | 139 |
| Technicians | 38 | 244 | 55 | 56 | 847 | 395 | 1,635 |
| Administrative personnel | 0 | 43 | 60 | 0 | 6 | 24 | 133 |
| Total | 38 | 321 | 128 | 56 | 900 | 464 | 1,907 |

| 2019 | Female | | | Male | | | Total |
|--------------------------|----------|-----------|----------|----------|-----------|----------|-----------|
| | Under 30 | 30 to 50 | Over 50 | Under 30 | 30 to 50 | Over 50 | |
| Peru | | | | | | | |
| Management team | 0 | 0 | 0 | 0 | 4 | 1 | 5 |
| Technicians | 1 | 12 | 1 | 3 | 47 | 5 | 69 |
| Administrative personnel | 0 | 3 | 1 | 0 | 0 | 0 | 4 |
| Total | 1 | 15 | 2 | 3 | 51 | 6 | 78 |

| 2019 | Female | | | Male | | | Total |
|--------------------------|----------|----------|----------|----------|-----------|----------|-----------|
| | Under 30 | 30 to 50 | Over 50 | Under 30 | 30 to 50 | Over 50 | |
| Chile | | | | | | | |
| Management team | 0 | 0 | 0 | 0 | 3 | 0 | 3 |
| Technicians | 0 | 2 | 0 | 2 | 7 | 1 | 12 |
| Administrative personnel | 0 | 2 | 0 | 0 | 0 | 0 | 2 |
| Total | 0 | 4 | 0 | 2 | 10 | 1 | 17 |



| 2019 | Female | | | Male | | | Total |
|--------------------------|----------|----------|----------|----------|----------|----------|----------|
| | Under 30 | 30 to 50 | Over 50 | Under 30 | 30 to 50 | Over 50 | |
| Luxembourg | | | | | | | |
| Management team | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Technicians | 0 | 0 | 1 | 0 | 0 | 0 | 0 |
| Administrative personnel | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total | 0 | 0 | 1 | 0 | 0 | 0 | 1 |

| 2019 | Female | | | Male | | | Total |
|--------------------------|----------|----------|----------|----------|----------|----------|----------|
| | Under 30 | 30 to 50 | Over 50 | Under 30 | 30 to 50 | Over 50 | |
| Argentina | | | | | | | |
| Management team | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Technicians | 0 | 1 | 0 | 0 | 1 | 0 | 2 |
| Administrative personnel | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total | 0 | 1 | 0 | 0 | 1 | 0 | 2 |

| 2019 | Female | | | Male | | | Total |
|--------------------------|-----------|----------|----------|----------|-----------|----------|-----------|
| | Under 30 | 30 to 50 | Over 50 | Under 30 | 30 to 50 | Over 50 | |
| Brazil | | | | | | | |
| Management team | 0 | 0 | 0 | 0 | 1 | 0 | 1 |
| Technicians | 13 | 5 | 1 | 6 | 14 | 8 | 47 |
| Administrative personnel | 0 | 1 | 1 | 0 | 0 | 0 | 2 |
| Total | 13 | 6 | 2 | 6 | 15 | 8 | 50 |

| 2019 | Female | | | Male | | | Total |
|--------------------------|----------|----------|----------|----------|----------|----------|----------|
| | Under 30 | 30 to 50 | Over 50 | Under 30 | 30 to 50 | Over 50 | |
| Colombia | | | | | | | |
| Management team | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Technicians | 0 | 0 | 0 | 0 | 1 | 0 | 1 |
| Administrative personnel | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total | 0 | 0 | 0 | 0 | 1 | 0 | 1 |

The information for 2018 is as follows:

| 2018 | Female | | | Male | | | Total |
|--------------------------|-----------|------------|------------|-----------|------------|------------|--------------|
| | Under 30 | 30 to 50 | Over 50 | Under 30 | 30 to 50 | Over 50 | |
| Spain | | | | | | | |
| Management team | 0 | 24 | 12 | 0 | 36 | 53 | 125 |
| Technicians | 20 | 213 | 57 | 35 | 755 | 398 | 1,478 |
| Administrative personnel | 0 | 26 | 63 | 0 | 2 | 27 | 118 |
| Total | 20 | 263 | 132 | 35 | 793 | 478 | 1,721 |



| 2018 | Female | | | Male | | | Total |
|--------------------------|----------|-----------|----------|----------|-----------|----------|-----------|
| | Under 30 | 30 to 50 | Over 50 | Under 30 | 30 to 50 | Over 50 | |
| Peru | | | | | | | |
| Management team | 0 | 0 | 0 | 0 | 3 | 0 | 3 |
| Technicians | 1 | 8 | 1 | 9 | 40 | 4 | 63 |
| Administrative personnel | 0 | 3 | 1 | 0 | 0 | 0 | 4 |
| Total | 1 | 11 | 2 | 9 | 43 | 4 | 70 |

| 2018 | Female | | | Male | | | Total |
|--------------------------|----------|----------|----------|----------|----------|----------|----------|
| | Under 30 | 30 to 50 | Over 50 | Under 30 | 30 to 50 | Over 50 | |
| Chile | | | | | | | |
| Management team | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Technicians | 1 | 0 | 0 | 0 | 5 | 0 | 6 |
| Administrative personnel | 0 | 1 | 0 | 0 | 0 | 0 | 1 |
| Total | 1 | 1 | 0 | 0 | 5 | 0 | 7 |

| 2018 | Female | | | Male | | | Total |
|--------------------------|----------|----------|----------|----------|----------|----------|----------|
| | Under 30 | 30 to 50 | Over 50 | Under 30 | 30 to 50 | Over 50 | |
| Luxembourg | | | | | | | |
| Management team | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Technicians | 0 | 1 | 0 | 0 | 0 | 0 | 1 |
| Administrative personnel | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total | 0 | 1 | 0 | 0 | 0 | 0 | 1 |

Following is a total for 2018 and 2019 of the information on the Group's workforce by age, gender and professional category:

| By age | 2018 | 2019 |
|--------------|--------------|--------------|
| Under 30 | 66 | 119 |
| 30 to 50 | 1,117 | 1,325 |
| Over 50 | 616 | 612 |
| Total | 1,799 | 2,056 |

| By gender | 2018 | 2019 |
|--------------|--------------|--------------|
| Female | 432 | 532 |
| Male | 1,367 | 1,524 |
| Total | 1,799 | 2,056 |



| By professional category | 2018 | 2019 |
|--------------------------|--------------|--------------|
| Management team | 128 | 148 |
| Technicians | 1,548 | 1,767 |
| Administrative personnel | 123 | 141 |
| Total | 1,799 | 2,056 |

Workforce by contract type

| 2019 | Female | | | Male | | | Total |
|----------------------------------|-----------|------------|------------|-----------|------------|------------|--------------|
| | Under 30 | 30 to 50 | Over 50 | Under 30 | 30 to 50 | Over 50 | |
| Total contracts Permanent | | | | | | | |
| Management team | 0 | 34 | 13 | 0 | 55 | 46 | 148 |
| Technicians | 33 | 259 | 58 | 46 | 900 | 407 | 1,703 |
| Administrative personnel | 0 | 46 | 62 | 0 | 6 | 24 | 138 |
| TOTAL | 33 | 339 | 133 | 46 | 961 | 477 | 1,989 |

| 2019 | Female | | | Male | | | Total |
|----------------------------------|-----------|----------|----------|-----------|-----------|----------|-----------|
| | Under 30 | 30 to 50 | Over 50 | Under 30 | 30 to 50 | Over 50 | |
| Total temporary contracts | | | | | | | |
| Management team | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Technicians | 19 | 5 | 0 | 21 | 17 | 2 | 64 |
| Administrative personnel | 0 | 3 | 0 | 0 | 0 | 0 | 3 |
| TOTAL | 19 | 8 | 0 | 21 | 17 | 2 | 67 |

The information for 2018 is as follows:

| 2018 | Female | | | Male | | | Total |
|----------------------------------|-----------|------------|------------|-----------|------------|------------|--------------|
| | Under 30 | 30 to 50 | Over 50 | Under 30 | 30 to 50 | Over 50 | |
| Total contracts Permanent | | | | | | | |
| Management team | 0 | 24 | 12 | 0 | 39 | 53 | 128 |
| Technicians | 15 | 221 | 58 | 37 | 794 | 401 | 1,526 |
| Administrative personnel | 0 | 28 | 64 | 0 | 2 | 27 | 121 |
| Total | 15 | 273 | 134 | 37 | 835 | 481 | 1,775 |



| 2018 | Female | | | Male | | | Total |
|----------------------------------|----------|----------|----------|----------|----------|----------|-----------|
| | Under 30 | 30 to 50 | Over 50 | Under 30 | 30 to 50 | Over 50 | |
| Total temporary contracts | | | | | | | |
| Management team | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Technicians | 7 | 1 | 0 | 7 | 6 | 1 | 22 |
| Administrative personnel | 0 | 2 | 0 | 0 | 0 | 0 | 2 |
| Total | 7 | 3 | 0 | 7 | 6 | 1 | 24 |

The averages by type of contract in 2019 are as follows:

Average total by type of contract

| | |
|---------------------------|--------------|
| Total permanent contracts | 1,790 |
| Total temporary contracts | 67 |
| Total | 1,857 |

Following are details by age, gender and professional category:

| Average permanent contracts | Female | | | Male | | | Total |
|-----------------------------|-------------|--------------|--------------|-------------|--------------|--------------|----------------|
| | Under 30 | 30 to 50 | Over 50 | Under 30 | 30 to 50 | Over 50 | |
| Management team | 0.0 | 28.6 | 11.0 | 0.0 | 49.8 | 49.8 | 139.2 |
| Technicians | 28.6 | 222.4 | 49.7 | 40.9 | 814.3 | 375.4 | 1,531.4 |
| Administrative personnel | 0.0 | 39.6 | 53.1 | 0.0 | 5.3 | 21.3 | 119.4 |
| TOTAL | 28.6 | 290.7 | 113.7 | 40.9 | 869.5 | 446.6 | 1,790.0 |

| Average temporary contracts | Female | | | Male | | | Total |
|-----------------------------|-------------|------------|------------|-------------|-------------|------------|-------------|
| | Under 30 | 30 to 50 | Over 50 | Under 30 | 30 to 50 | Over 50 | |
| Management team | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Technicians | 17.7 | 4.2 | 0.0 | 23.0 | 17.8 | 1.8 | 64.5 |
| Administrative personnel | 0.0 | 2.5 | 0.0 | 0.0 | 0.0 | 0.0 | 2.5 |
| TOTAL | 17.7 | 6.7 | 0.0 | 23.0 | 17.8 | 1.8 | 67.0 |

In 2019, the Group's workforce does not include any part-time personnel.



Details of dismissals for the year

| 2019 | Female | | | Male | | | Total |
|--------------------------|----------|----------|----------|----------|----------|----------|----------|
| | Under 30 | 30 to 50 | Over 50 | Under 30 | 30 to 50 | Over 50 | |
| Dismissals (1) | | | | | | | |
| Management team | 0 | 0 | 0 | 0 | 1 | 1 | 2 |
| Technicians | 0 | 0 | 0 | 0 | 2 | 1 | 3 |
| Administrative personnel | 0 | 1 | 1 | 0 | 0 | 0 | 2 |
| Total | 0 | 1 | 1 | 0 | 3 | 2 | 7 |

(1) Information pertaining to Group employees

Information on dismissals for 2018:

| 2018 | Female | | | Male | | | Total |
|--------------------------|----------|----------|----------|----------|----------|----------|-----------|
| | Under 30 | 30 to 50 | Over 50 | Under 30 | 30 to 50 | Over 50 | |
| Dismissals (1) | | | | | | | |
| Management team | 0 | 0 | 0 | 0 | 0 | 2 | 2 |
| Technicians | 0 | 1 | 0 | 0 | 4 | 1 | 6 |
| Administrative personnel | 0 | 0 | 2 | 0 | 0 | 0 | 2 |
| Total | 0 | 1 | 2 | 0 | 4 | 3 | 10 |

(1) Information pertaining to Group employees

Remuneration in the Red Eléctrica Group

The Group is working to consolidate a remuneration model across every company in the Group, which reflects the following common principles:

- Internal fairness and external competitiveness.
- Consistency with the organisational and development model.
- Opportunity for salary progression.
- Differentiating recognition of superior performance.
- Salary equality between men and women.

Details of average remuneration of the workforce for 2019 (in Euros):



| Average total salary for 2019 | Female | | | Male | | | Average total for women | Average total for men | Average total |
|-------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|-------------------------|-----------------------|---------------|
| | Under 30 | 30 to 50 | Over 50 | Under 30 | 30 to 50 | Over 50 | | | |
| Management team | 0 | 124,330 | 167,973 | 0 | 133,285 | 166,863 | 137,330 | 150,604 | 146,211 |
| Technicians | 29,847 | 54,443 | 63,943 | 32,072 | 52,442 | 65,582 | 52,649 | 55,604 | 54,980 |
| Administrative personnel | 0 | 36,930 | 43,639 | 0 | 36,306 | 44,131 | 40,919 | 42,364 | 41,234 |
| Total | 29,847 | 58,882 | 64,780 | 32,072 | 56,171 | 74,531 | 57,692 | 61,267 | 60,342 |

Following is the information for 2018:

| Average total salary for 2018 | Female | | | Male | | | Average total for women | Average total for men | Average total |
|--|---------------|---------------|---------------|---------------|---------------|---------------|-------------------------|-----------------------|---------------|
| | Under 30 | 30 to 50 | Over 50 | Under 30 | 30 to 50 | Over 50 | | | |
| Red Eléctrica Group in Spain ⁽¹⁾ | | | | | | | | | |
| Management team | 0 | 117,648 | 157,195 | 0 | 124,630 | 154,929 | 129,732 | 141,695 | 138,193 |
| Technicians | 39,182 | 54,964 | 62,225 | 40,704 | 51,303 | 64,360 | 55,316 | 55,183 | 55,209 |
| Administrative personnel | 0 | 37,055 | 42,984 | 0 | 35,314 | 43,198 | 40,919 | 41,567 | 41,078 |
| Total | 39,182 | 58,604 | 61,631 | 40,704 | 54,580 | 73,121 | 58,684 | 60,652 | 60,177 |

(1) Figures from REE+REC+REINCAN+REI+REINTEL

The average salary by age for 2019 is Euros 31,100 for employees under 30, Euros 56,881 for employees aged 30 to 50 and Euros 72,412 for employees aged over 50.

The Group therefore continues to make progress with the “total remuneration” model defined in 2017 that consists of different elements (economic, financial, intangible and emotional), which enables and supports new ways of working and the organisational and cultural transformation of the Group. This approach includes recognition programmes linked to the development of innovative and efficient ideas as well as revenue generation in order to encourage the participation of all of the Group’s professionals.

In 2019, the Group carried out a study to quantify and analyse the wage gap in order to identify and quantify it by gender and to establish action plans to remedy the situation where necessary.

By professional category, the ratio of the salary for men compared to women (average salary for men / average salary for women), is as follows:

| Category | 2018 ⁽¹⁾ | 2019 |
|--------------------------|---------------------|-------------|
| Management team | 1.06 | 1.1 |
| Technicians | 0.95 | 1.06 |
| Administrative personnel | 1 | 1.04 |
| Total | 0.99 | 1.06 |

(1) Figures from REE+REC



The average remuneration of the members of the board of directors, including variable remuneration and allowances, according to note 24 of the consolidated annual accounts of the Group, is as follows:

| Thousands of Euros | 2019 | 2018 |
|----------------------------------|-------|-------|
| Average remuneration for men (*) | 263.6 | 256.3 |
| Average remuneration for women | 183.4 | 152 |

(*) This includes the Chairman of the Board and the CEO. Excluding these roles, the average remuneration for men would be Euros 149.2 thousand.

Additionally, as stated in the notes to the consolidated annual accounts, in 2019 the CEO was paid compensation totalling Euros 818 thousand.

In 2018 the outgoing Chairman was paid compensation accrued in 2016 totalling Euros 718 thousand.

With regard to senior management, according to note 25 of the consolidated annual accounts of the Group, remuneration for 2019 totalled Euros 664 thousand. The difference in the average salary between men and women is less than 3%.

Lastly, it should be noted that the total amount of contributions to the Group's pension plan in 2018 and 2019 was as follows:

| Thousands of Euros | 2019 | 2018 |
|---------------------------|--------------|--------------|
| Male | 1,806 | 1,606 |
| Female | 484 | 427 |
| Total contribution | 2,290 | 2,033 |

Implementation of workplace disconnection policies

Article 88, the Right to Digital Disconnection from the Working Environment, of Organic Law 3/2018 of 5 December 2018 on personal data protection and digital rights, includes an obligation for companies to meet with employees' representatives and draft an internal policy for employees (including those in management positions) that defines how this right to disconnect can be exercised and the actions taken to train employees and raise awareness about the reasonable use of technology to prevent the risk of IT fatigue.

Furthermore, according to this law, the right to digital disconnection must also be upheld in cases of partial or total remote working, as well as in employees' homes with regard to the use of technology tools for work purposes.

The Group is currently working to comply with the requirements of this law.

b) Organisation of working hours

The actual effective working day established for employees complies with legal standards of minimum required rights and with the conventional framework applicable at the corresponding Group company.

Absenteeism hours

The number of working hours lost due to common illness or occupational accident are shown in the table below:



| 2019 | | | |
|--|---------------|---------------|---------------|
| | Male | Female | TOTAL |
| Hours lost due to occupational accidents | 2,371 | 650 | 3,021 |
| Hours lost due to common illness | 59,025 | 32,282 | 91,307 |
| Hours lost due to health and safety | 61,396 | 32,932 | 94,328 |

In Peru, the number of hours lost due to common illness was 2,031, while in Chile it was 167 hours.

In the Group, the number of hours lost due to common illness was 1,179, with zero hours lost due to occupational accidents (calculation performed using an annual base extrapolated to the period from 1 October to 31 December).

Hours of absence due to occupational accidents included occupational accidents + commuting accidents

Hours lost due to common illness: Sum of days of common temporary disability + Illness < 3 days

Hours lost due to health and safety: Sum of days of common temporary disability + Illness < 3 days + commuting accidents

The information for 2018 is as follows:

| 2018 | | | |
|--|---------------|---------------|---------------|
| Spain ⁽¹⁾ | Male | Female | TOTAL |
| Hours lost due to occupational accidents | 2,839 | 458 | 3,297 |
| Hours lost due to common illness | 48,521 | 29,505 | 78,026 |
| Hours lost due to health and safety | 51,360 | 29,963 | 81,323 |

(1) REE+REC+REI+REINTEL+REINCAN

Hours of absence due to occupational accidents included occupational accidents + commuting accidents

Hours lost due to common illness: Sum of days of common temporary disability + Illness < 3 days

Hours lost due to health and safety: Sum of days of common temporary disability + Illness < 3 days + commuting accidents

Management of work-life balance

Regarding the domestic electricity infrastructure operation and management and Telecommunications (fibre optics) businesses, following the approval in 2018 of the third Comprehensive Work-Life Balance Plan, 2019 has been characterised by the roll out of objectives defined for the year. It is worth noting the participation of the Group in the Observatory for the Development of Work-Life Balance and Co-responsibility, led by ICADE-ICAI University, the extension of a flexible working culture or the implementation of a support service for dependent family members.

This management model is one of the fundamental pillars of the Healthy Company model and the Diversity model and includes over 70 work-life balance measures, structured into different blocks:

1. Leadership and management styles
2. Quality of employment
3. Flexibility of time and location
4. Family support
5. Personal and professional development
6. Equal opportunities

c) Health and Safety

The Group has a strategy and a specific action plan that promotes best practices in relation to occupational risk during activities and work carried out at its facilities. The objective is to go beyond mere legal



compliance, by training, informing and raising awareness about the obligations and responsibilities that exist and to commit the whole Group to this goal.

To minimise the risks associated with construction and maintenance tasks at electricity facilities, the Group places special emphasis on training, awareness, consultation and participation (through the Health & Safety Committee, internal audits and working groups), improving safe conduct and the safety measures employed while work is being carried out by internal and external (contractors) personnel.

With regards to risk prevention, the Group monitors higher risk tasks and activities on an ongoing basis by means of safety inspection programs, which are essential to achieving the high levels of safety required by the Group. Accordingly, in 2019 nearly 11,000 safety inspections were carried out on works at facilities, with incidents having been detected in 13.75% of cases. As a result of all the activities performed to control and monitor works, over 2,200 corrective actions were required, of which over 93% have been resolved.

In order to raise awareness about occupational risk prevention among its team, 2019 saw the continued development and implementation of the new skills-based training management model depending on the activity being carried out, which encourages cross-functional training in this area and ensures that people will improve their health and safety skills regardless of their role.

With the aim of improving the safety conditions in construction and maintenance work, a series of actions aimed at reducing accidents during the works execution phases has been developed in recent years.

Combining this “zero accidents” objective to reduce accidents with the great digital transformation that is taking place in society, during 2019 the Group established objectives to seek out and analyse new technologies that improve, eliminate and minimise the hazardous situations that arise during the performance of works.

Also during 2019, the supplier evaluation system has been implemented and improved, with the aim of improving the safety results in the works execution phase, assisting suppliers in implementing the best practices in prevention, focusing on higher risk activities.

In 2019, the key accident rates for Group employees were 4.13 (frequency rate) and 0.14 (severity index).

The global severity index, counting own personnel and Group suppliers, was 0.28, which represents a significant reduction compared to the previous year (0.92).

Workplace accidents and occupational illnesses

The Group monitors the health of its employees on an ongoing basis through its in-house medical service, which is responsible for checking employees’ health through medical examinations and consultations. No incidents or risks of specific illnesses associated with the professional activities carried out or related to the workplace were identified thanks to the preventive measures applied.



| Red Eléctrica Group | 2018 ⁽¹⁾ | | | 2019 | | |
|--|---------------------|--------|-------|------|--------|-------|
| | Male | Female | Total | Male | Female | Total |
| Accidents with leave | 8 | 1 | 9 | 10 | 3 | 13 |
| Fatal accidents | 0 | 0 | 0 | 0 | 0 | 0 |
| Work days lost due to accidents ⁽²⁾ | 333 | 19 | 352 | 324 | 109 | 433 |
| Accident frequency index | 3.62 | 1.42 | 3.08 | 4.28 | 3.69 | 4.13 |
| Accident severity index | 0.15 | 0.03 | 0.12 | 0.14 | 0.13 | 0.14 |

(1) 2018, only entities in Spain.

(2) The calculation is based on 6,000 working days per fatal accident and 4,500 days for total permanent disability.

Serious accident: Those classified as serious by the physician that issues the medical certificate.

Frequency rate: Number of work-related accidents resulting in leave per million hours worked.

Severity index: number of working days lost for work-related accidents + incapacity scale, per thousand hours worked.

Note 1. Accidents are recorded based on Spanish legislation and according to the Red Eléctrica management system certified under OHSAS 18001.

In addition, it should be noted that there were no occupational illnesses in either 2019 or 2018.

In the specific area of health and health promotion, in addition to the basic actions of individual health monitoring, different campaigns aimed at guaranteeing physical, psychological and social well-being have been rolled out with the aim of improving people's overall well-being: cancer prevention initiatives, nutrition consultations, fitness consultations, physiotherapy consultations, access to yoga classes, Pilates and sports activities, among others. These individual actions will be complemented by talks and awareness-raising sessions on active ageing and stroke prevention.

The set of programmes and actions deployed in recent years has received external validation in the form of the 12th edition of the NAOS Strategy Award granted by the Ministry of Health and the Spanish Agency for Consumption, Food Safety and Nutrition (AECOSAN), with a view to acknowledging interventions or other initiatives that contribute to the prevention of obesity by promoting healthy eating and/or regular physical activity.

d) Social relationships

During the last four months of 2019, a new edition of the climate study was carried out as a continuation of the previous survey conducted in 2017 in order to maintain the traceability of the results. In addition, information related to strategic aspects such as innovation or cultural and digital transformation has been included.

Results will be communicated in 2020, both at Group level and organisational unit level, and the different improvement plans will be defined and implemented.

Employees covered by a collective bargaining agreement

The Group guarantees its employees the right to trade union membership, association and collective bargaining within the framework of the provisions of the International Labour Organisation, existing labour laws and the applicable collective bargaining agreement.

| Employees covered by a collective bargaining agreement | 2018 | 2019 |
|--|------|------|
| Employees in Spain | 93% | 91% |
| Employees in Brazil (1) | - | 96% |

(1) In 2018 there were no Group employees in Brazil



During the first half of 2019, negotiations continued regarding the 11th Red Eléctrica de España Collective Bargaining Agreement started in 2018. This negotiation concluded with an agreement, and the 11th Agreement came into force on 21 June 2019.

Consequently, relations with employees' representatives were defined by the negotiation of a new agreement through the Negotiating Committee created for this purpose.

During the second half of 2019, various meetings were held by Red Eléctrica de España's Intercentre Committee and other committees in which employees' representatives are involved.

Summary of the collective bargaining agreements in the area of health and safety

Red Eléctrica has an occupational health and safety committee whose composition and functions are set out in Chapter 7 of the 11th Collective Bargaining Agreement.

This committee is a collegiate body with equal representation intended to provide regular and periodic consultation regarding the company's occupational health and safety actions. The committee consists of six representatives nominated by the company and six health and safety delegates chosen from among the employees' representatives, who represent 100% of the employees. Specialists from the company's health and safety service also attend the committee's meetings.

The committee meets every quarter (in accordance with Occupational Risk Prevention Law 31/1995) although it may also meet at the request of any of the parties. In 2019, the committee met four times in accordance with its objectives.

These meetings serve to monitor all health and safety activities, any new applicable legislation, the reviews of processes and internal regulations, as well as analysing and tracking the results and the occupational health & safety programmes and monitoring safety equipment and materials. The minutes of these meetings are available to all employees under a dedicated section of the miRED corporate intranet. This committee also receives the results of the internal and external audits that are carried out and any improvement actions that are implemented.

e) Training

In 2019, the Red Eléctrica Group's Campus was the main hub of Learning and Professional Development within the Red Eléctrica Group.

The Group's transformation continues to be promoted through the new leadership approach and the development of employees' capacities through specific programmes developed by the three institutions (business knowledge and technical training, strategy and leadership and transformation and innovation).

As a result of the new "push yourself" (Impúlsate) philosophy, a high component of self-development is encouraged in training, with the launch of programmes and learning spaces where it is the employees themselves who decide how and when to participate based on their own interests. This new direction has translated into the new "Pharos" training catalogue composed of more than 200 online courses on different technical, management and skills subjects, as part of the "Digital by Campus" programme aimed at the acquisition of skills and knowledge related to digital transformation and the "Self Development Ecosystem" designed to improve the personal and professional skills of all employees.

143,330 hours of training have been provided, equivalent to 72 hours per employee and an investment of EUR 4,306.33 per person.



Training hours by professional category and gender

| Red Eléctrica Group | 2018 | | | 2019 | | |
|--------------------------|----------------|---------------|----------------|----------------|---------------|----------------|
| | Male | Female | Total | Male | Women | Total |
| Management team | 5,465 | 2,510 | 7,975 | 4,763 | 2,351 | 7,114 |
| Technicians | 93,991 | 27,267 | 121,258 | 108,452 | 24,046 | 132,498 |
| Administrative personnel | 787 | 3,732 | 4,519 | 635 | 3,083 | 3,718 |
| Total | 100,243 | 33,509 | 133,752 | 113,850 | 29,480 | 143,330 |

All employees are continuously assessed. The new appraisal model was launched in 2019 and effectively separates the evaluation of an employee's contribution in order to increase objectivity and to help align employees with the Group's strategy and encourage a culture of development and recognition.

In 2019 the Group consolidated the implementation of the challenge-based management model, which has contributed towards giving each professional clearer guidance about their work, with greater autonomy and flexibility, allowing employees to work when, where, how and with whom they require.

The voluntary and proactive internal mobility plan has become well established, together with the use of the LinkRED tool that can be accessed by all employees to share their experiences and interests in relation to development and mobility.

In addition, to help students on higher vocational training courses to obtain qualifications, the Red Eléctrica Group has been actively involved in creating a vocational training programme with theoretical and practical content, as part of the dual vocational training system leading to the qualification of Senior Power Plant Technician.

The aim of this initiative is to produce professionals who are qualified in this field and available to immediately take up maintenance specialist technician positions; to furnish the sector with trained professionals equipped with Red Eléctrica know-how; and to enhance the employability of young people, with a view to their becoming part of the domestic industrial fabric. The course for the first intake drew to a close in November 2019, the 2018/20 intake will graduate in 2020 and the third intake has already embarked upon the first year of study at the "Centro Integrado de FP" (integrated vocational training centre) in León.

Lastly, in 2019 the Red Eléctrica Group ran a nine-month theoretical and practical programme led by the Company's operators, that enables people to qualify as an Electricity Control Centre Operator.

f) Integration and universal accessibility for people with disabilities

Disabilities are one of the main areas of focus of the Comprehensive Diversity Plan approved at the start of 2019.

The General Law on the Rights of People with Disabilities (LGD) is applicable to three of the Group's companies, of which two comply with the law through direct employment: REINTEL (3.4%) and HISPASAT (2.2%). REE goes beyond legal compliance with alternative, exceptional measures, achieving 2.7% in total.

Regarding compliance with the General Law on the Rights of People with Disabilities (LGD), in 2019 the Group achieved an average 2.7% equivalent employment for persons with disabilities at those Group companies that are subject to the aforementioned Law. Of this percentage, 1.0% corresponds to direct employment and the rest to the application of exceptional alternative measures within the framework of the LGD, consisting of contracting goods and services from Special Employment Centres and making donations to entities



whose mission is the social and labour integration of people with disabilities, such as the Adecco Foundation, which provide support in carrying out actions related to disabilities as part of the annual diversity programme as we in turn contribute to their social initiatives.

The percentage of Group employees with disabilities is as follows:

| | 2018 | 2019 |
|------------------------------|------|------|
| People with disabilities (%) | 0.9 | 0.9 |

The corporate website of Red Eléctrica is developed using website accessibility criteria with Level Double-A Conformance to Web Content Accessibility Guidelines 2.0 of the Web Accessibility Initiative (WAI) of the World Wide Web Consortium.

One of the most valuable disability projects is the Family Plan, consisting of personalised assistance to improve social and labour integration of any Group employees' family members with disabilities.

Another highly interesting project is the participation in employment schools for people with disabilities, which is carried out as part of the Multiannual Corporate Volunteer Plan.

Red Eléctrica has collaborated with the CERMI Women's Foundation to bring about the 3rd edition of the Women and Girls with Disabilities Forum "UNITED FOR DIVERSITY".

g) Equality and diversity

The Group's commitment to diversity, inclusion and non-discrimination has materialised in the form of its 2018-2022 Comprehensive Diversity Plan, which is aligned with the Group's Strategic Plan and the 2030 Sustainability Commitment. It seeks to inspire and become a benchmark for the Group itself and in the wider social, labour and personal environment, through the Group's commitment to talent diversity, social inclusion, employment and non-discrimination, breaking down stereotypes and cultural barriers. The goals of the Comprehensive Diversity Plan are:

- Create a corporate culture that encourages diversity among employees and other stakeholders.
- Integrate diversity into all of the Group's processes, especially people management.
- Involve, raise awareness and promote the Group's mission and approach to diversity among collaborators and suppliers.
- Participate with official organisations, academic institutions and other social agents in campaigns and projects that enable the Group to become a leading social agent that will contribute to building a more diverse society.
- The Comprehensive Diversity Plan has the following specific objectives:
 - Ensure that at least 35% of the management team are women.
 - 0% wage gap.
 - Family-Friendly Company (EFR) classification - A+
 - LGD compliance of 70% through direct employment

Gender equality is one of the vectors included in the new Comprehensive Diversity Plan and refers to the principles of equal employment opportunities, the promotion of women to positions of responsibility, salary equivalence between men and women, the promotion of familial co-responsibility, the prevention of harassment on moral, sexual and gender grounds and the prevention of gender violence. These aspects are monitored through indicators that enable the Group to measure the progress of the objectives defined.



The percentage of women in the Group's workforce in 2019 was 25.8% (24.0% in 2018). The number of women in management positions has once again increased significantly, totalling 31.8% in 2019 (28.1% in 2018). These results are nearing the targets set for 2022.

The indicator that measures equal promotion opportunities (men/women), specifically for the domestic electricity infrastructure operation and management business, was 1.62% this year, surpassing the 1.20% target set for 2019.

Equal opportunities in training reached 1.36%. It is worth noting the Group's participation in all editions of the Promociona programme, with a total of 7 participating female managers.

The significant female presence on the Executive Committee is also notable, with 55.56% women, as well as on the board of directors, where women have a 42% representation.

During 2019 the Group has collaborated with entities and participated in various observatories and academic forums in relation to diversity, including:

- Generation & Talent Observatory (Universidad Europea de Madrid), participation in the Intergenerational Health and Wellness project.
- Instituto de empresa: Bias workshop and innovation and diversity study.
- Real Instituto Elcano. Participation in the working group on gender equality and international relations.
- Alcobendas Business Owners Association (AICA) Diversity Committee
- Spanish Association of Executives and Directors (EJE&CON)
- Association of Spanish diplomatic women (AMDE).
- Royal Academy of Engineering (RAI): Participation in the "Women and Engineering" project to foster the involvement of women in STEM careers.
- The Women's Institute (Instituto de la mujer): participation in technical workshops on equality and gender violence.

In 2019, various commitments and agreements were signed in relation to diversity, including:

- Signing of the commitment #CEOPORLADIVERSIDAD: With a view to promoting the De&I (Diversity, equity and Inclusion) strategy with CEOE and Fundación Adecco.
- Signing of the protocol "More women, better companies": In order to ensure the presence of women in management roles, on steering committees and boards of directors, signed with the government department of the Ministry of the Presidency, Relations with the Cortes and Democratic Memory (MPR).
- Renewed signing of the diversity charter with the Diversity Foundation (Fundación Diversidad).
- Signing of the membership agreement with the Spanish Association of Women in Energy (AEMENER). Spanish Association of Women in Energy (AEMENER)

The Group has received acknowledgement for the following:

- Woman Forward Award for corporate governance and gender diversity in the "Corporate" category.
- The Group is in the top 100 of the EQUILEAP ranking, at number 49.



- It is also ranked in the top 30 of companies with best practices in diversity and inclusion.

11.4. Information about respect for human rights

Respect for human rights

The Group has an explicit and public commitment to respect and promote human rights in every country in which it operates, with special emphasis on the freedoms and rights of vulnerable groups such as indigenous people, women, children and ethnic minorities, among others. This commitment is included in the rules of conduct and guidelines established in the Code of Ethics and the Corporate Responsibility Policy and applies to the whole supply chain through the Code of Conduct for Group Suppliers. Lastly, as a member of the Spanish network of the United Nations Global Compact, Red Eléctrica has strengthened its commitment to human rights by signing up to the ten principles of the Global Compact.

In order to continue making progress in human rights management and to strengthen its commitment to upholding them, in 2017 the Group formalised a human rights management model, approved by the Sustainability Steering Committee, which applies to all of the Group's activities and is based on the United Nations' Guiding Principles on Business and Human Rights.

The Group takes an approach based on control and continuous improvement, implementing actions that help to prevent potential human rights violations, while searching for solutions and redressing them in the event that they arise. The Group's conduct in this area is subject to internal and external audits and it carries out corporate audits among its suppliers to ensure the effectiveness of the management model.

The scope of the human rights due diligence carried out applies to all the Group's activities. The results demonstrate a low level of risk in all analysed areas and shows that the Group applies the appropriate controls.

The Group has set up a whistleblower channel available to all stakeholders as a formal mechanism for addressing any human rights-related enquiries or complaints. The Group also has the DÍGAME Service and ASA (the Procurement Support Service), through which stakeholders can express their concerns about any grievances in this area. In 2019, the DÍGAME Service received two human rights related complaints. 100% of these claims have been resolved. The whistleblowing channels available to stakeholders have not received any human rights related complaints in respect of HISPASAT.

11.5. Information about the fight against corruption and bribery

Ethics and Compliance in the Red Eléctrica Group

Ethics and Compliance are fundamental pillars of the proper course of business at the Group. This means acting with the utmost integrity in discharging the Group's obligations and commitments, and in relations and cooperation with its stakeholders.

The Group has a series of corporate rules of conduct establishing the values and standards of behaviour that must be adhered to by all persons in the Group in the performance of their professional activities.

Code of Ethics

The Group's Code of Ethics applies to the Group's directors and employees and establishes the values and commitments that must govern their behaviour. The latest edition of the Group's Code of Ethics was approved by the board of directors on 28 May 2013.



Ethics Channel

The Group has an Ethics Channel, available through its corporate website, to convey queries, complaints or suggestions relating to the Code of Ethics. The Group has an Ethics Officer for fielding queries and compiling, analysing and resolving complaints relating to the Code of Ethics. This figure, in direct contact with the Chairman and the board of directors, acts independently and undertakes to maintain the utmost confidentiality in performing their duties.

In 2019, 21 queries were filed with the Ethics Officer and the maximum resolution time was 10 days. The queries related to the following patterns of behaviour:

- Integrity, responsibility and transparency.
- Respect, dignity and non-discrimination.
- Responsible monitoring of supplier management.
- Restriction on the acceptance of gifts, loans and invitations.
- Adequate safeguarding of information systems.

In 2019, 3 complaints were received in connection with compliance with the Code of Ethics, one of which is pending resolution.

Compliance system

The Group's Compliance System is aligned with the best practices in this area, so as to support the organisation in fulfilling its obligations and commitments.

In 2019, a global Compliance Policy for the Group was approved, expressing the organisation's commitment to the prevention, detection and response to any conduct that contravenes the legal obligations and commitments assumed voluntarily, in accordance with the values and behaviour guidelines of the Code of Ethics.

The Group has a Compliance area that is entrusted with the design, development, implementation and monitoring of the organisation's compliance system.

The main goals of the compliance system are:

- Establish a control and supervision system to mitigate compliance risks.
- Make available to the entire organisation the content of the principles and rules that should govern their performance within the Group and the instruments required to this end.
- Raise awareness among Group members of the importance of the Compliance System and the necessary adaptation of their conduct to the values and behaviour guidelines of the Code of Ethics.
- Formalise the Group's commitment to the prevention of any conduct that is contrary to the applicable legislation and to the commitments assumed voluntarily.
- Inform the persons subject to the Compliance System that the violation of the principles and guidelines of the System will lead to disciplinary measures.
- Establish appropriate control measures to mitigate the Group's compliance risk, as well as reaction and correction when a breach is detected.
- Maintain supporting evidence of compliance with obligations and commitments.



Legal compliance system

The Group has a legal compliance system that aims to identify the rules, procedures and tools in place in the Group to prevent non-compliance with the criminal legislation applicable to the company and its personnel. The management and prevention of criminal risks that could affect the Group, based on its activities and business sectors, are thus incorporated into the Group's control processes.

The process of reviewing and updating the Criminal Compliance System has been completed in 2019 with the aim of adapting it to the criteria of the Group's Global Compliance System and to best practices in criminal compliance management.

The board of directors, as the ultimate body in charge of the Group's risk management, in accordance with applicable regulations, has designated the Criminal Compliance Committee as the specific body in control of the Group's Criminal Compliance System. The Criminal Compliance Committee is responsible for the supervision and monitoring of the Group's Criminal Compliance System and its objective is for the main criminal risks to be properly identified, managed and disseminated internally.

In 2019, none of the Group's companies were investigated or found guilty of acts of non-compliance linked to the organisation's criminal risks. Likewise, no complaints were filed in connection with potential cases of corruption and no Group company was investigated or found guilty by any court in connection with non-compliances linked to corruption cases.

Prevention of corruption and money laundering

The Code of Ethics and the Criminal Compliance System, which include aspects related to the fight against corruption and money laundering, constitute an effective mechanism for the detection and treatment of possible cases of corruption and fraud. The Group has a guide for the prevention of corruption: zero tolerance, approved by the board of directors in 2015, which establishes behaviour guidelines and commitments, as well as the performance criteria and main controls in place at the company associated with corruption, including money laundering.

11.6. Information regarding society

Impact of the activity on employment and local development

The activities carried out by the Group, specifically in its electricity infrastructure operation and management business, undoubtedly have benefits for society, with the best known being that they maintain the continuity and safety of the electricity supply in conditions of high quality.

Once again this year, Red Eléctrica's investment in the transmission network in Spain has had a beneficial effect on society due to its dynamic effect on the economic activity of the country because by encouraging production it leads to an increase in wealth (as measured by GDP), in jobs and in tax revenue, which can be used to improve the general well-being of society. All this is the result not only of the Group's direct investments but also of the increase in activity driven by the circular flows of the economy.

Since 2017, the Group has used a benchmark methodology based on implicit multipliers of activity, computed using the latest Input-Output Tables provided by the Spanish National Statistics Institute (INE) to estimate the level of general activity generated as a result of an initial investment. Calculations are performed taking into account three main effects:



| Direct effect | Indirect effect | Induced effect |
|---|---|---|
| Estimation and valuation of the production chain and job and income creation generated in the economic system by an initial investment. | Income and jobs created when the beneficiaries of the initial investments acquire other goods and services (intermediate consumption) from other production systems, which in turn acquire goods and services from their own suppliers. | Impact arising from all the income generated in the previous stages. This effect thus incorporates the effect of the final consumption arising from the wage income generated and the tax revenue obtained by governments when taxing the different economic activities and the income they generate. |

In 2019, the Group's total investment in the transmission network in Spain amounted to Euros 396.4 million, of which an estimated Euros 71 million were spent on importing the products needed to carry out the activity. The remainder, totalling around Euros 325 million, consisted of direct investment in Spain, the effect of which, after applying the chosen methodology, is broken down in the following table:

Total effects of the investment in the transmission network

| | Direct | Indirect | Induced | Total |
|-------------------------------|--------|----------|---------|--------------|
| Generation (€M) | 325 | 286 | 30 | 641 |
| Income-GDP (€M) | 149 | 124 | 10 | 283 |
| Employment (no. of positions) | 2,214 | 2,208 | 305 | 4,727 |
| Tax income (€M) | 54 | 47 | 4 | 105 |

This same methodology is already being applied to other specific investment projects to estimate the socio-economic contribution to the region and country in terms of wealth (measured by GDP), output, jobs and tax revenue.

The investment made in Spain has generated Euros 641 million of output in the business sectors concerned, which is almost double the investment made (Euros 325 million). This led to a contribution of Euros 283 million to Spanish GDP (around 14.1% of the Group's revenues in 2019), which has generated activity equivalent to 4,727 jobs. All this combined has generated tax revenue of Euros 105 million (represents approximately 7.5% of provisional collection in 2019 for the special electricity tax).

Impact of the activity on local populations and the local area

The Group focuses its socio-environmental commitment towards unlocking shared value with society by pursuing actions and investments that are aligned with its business goals and, while generating value for the Group, also have a positive impact on society, the country or region and its inhabitants. It also contributes to the attainment of various challenges, such as the UN's Sustainable Development Goals or those envisaged as part of the European 2020 energy strategy.

Shared value is created by the Group both in the way it develops and builds infrastructure and in the way it operates and delivers services to the effective systems it operates in and to its customers. This activity generates opportunities to unlock shared value throughout the infrastructure life cycle.

In addition, the Group supplements its projects in the area with collaboration projects to nurture institutional and social relationships, transparently seeking collaboration agreements, disseminating information about the electricity network and fostering involvement in projects and initiatives that boost socio-economic development, education, social well-being and the conservation, protection and enhancement of natural and cultural heritage in the countries and regions in which it operates.



In 2019, the Group contributed over Euros 8 million (amount calculated using the London Benchmarking Group methodology) to social initiatives.



Of the total social initiatives carried out by the Group in 2019, 62 are contributions to funds and non-profit organisations, totalling Euros 1.7 million.

In 2019, the Group signed over 100 agreements with public and social entities, mainly to cooperate on socio-economic, environmental, educational and cultural development projects.

Of the 545 social initiatives undertaken, 289 were focused on the socio-economic development of the local area, including, among others, municipal infrastructure construction or improvement projects, efforts to nurture the area's cultural wealth and restoration of emblematic and socially significant buildings with an impact on tourism.

With regard to the dissemination of knowledge, the Group has always played an important role through activities that foster the spreading of knowledge on the Spanish electricity system, which is even more important now given the great challenge posed by the new energy transition model through the decarbonisation of the economy, since a better informed society has greater capacity to develop and maintain a new sustainable energy model.

In 2019, as part of its institutional commitment, the Group welcomed 212 visits, which is an increase of 39% with respect to the prior year. Over 2,000 people visited Red Eléctrica's facilities and the control centres (CeCoEI, Cekre and island control centres).

Another major area in which the Group is involved is the education of school children, most notably through the itinerant exhibition "A Motorway behind the Wall Socket" explaining the electricity supply process from generation to consumption, which was attended by more than 9,000 visitors, as well as the educational game 'entreREDes', aimed at teaching children to be efficient and environmentally-friendly consumers in the future, which attracted over 8,250 school children.

The Group has 24 collaboration agreements with universities and educational institutions.

The training programme for the State Police and Security Forces continued. During 2019, 12 forest fire prevention training days were organised in 14 provinces in 4 autonomous regions, in which 622 people took part.

Corporate volunteering

The Group's Healthy Company model fosters well-being through actions aimed at promoting the well-being of people through actions that also consider the state of the surrounding environment, seeking for this commitment not only to apply to the work environment but also the wider community.

Thus, the Group's corporate volunteering model, approved in 2017, extends its social action by driving and reinforcing collaboration in solidarity activities that respond to the social needs, problems and interests defined in its action guidelines.



The corporate volunteering model has a strategic and transformational focus, aimed at promoting volunteering actions which, on the one hand, channel internal talent into corporate volunteering and, on the other, provide innovative solutions to social and environmental problems. The actions carried out in 2019 were in response to the interest shown by participating volunteers and were targeted primarily at improving the quality of life for groups at risk of social exclusion, fostering employability and meeting specific, real needs of society.

The volunteering actions carried out in 2019 saw a participation of individual volunteers of 33.6%, which is far higher than the target set at the beginning of the year (20%).

Main corporate volunteering actions in 2019

| SOCIAL VOLUNTEERING | |
|--|---|
| <i>Give and Gain</i> | Participation in Forética's International Volunteering Week through initiatives carried out in Madrid, Barcelona, Seville, Granada and Zaragoza. Each region chose the most relevant action for them. <ul style="list-style-type: none"> • 89 volunteers |
| Adecco's employment school | Mentoring sessions held to improve the employability of people with disabilities and women at risk of social exclusion in Madrid, Mallorca, Zaragoza, Valencia, Barcelona and Zaragoza. <ul style="list-style-type: none"> • 41 volunteers |
| A LA PAR Foundation Mentoring | Mentoring by the management team in Madrid of young persons with learning disabilities to improve their personal development and employability. <ul style="list-style-type: none"> • 9 volunteers |
| Christmas activities with Cruz Roja | Collection of a total of 438 new books for children aged 0 to 9 in all regions of Spain. <ul style="list-style-type: none"> • 438 volunteers |
| SOCIAL AND HEALTHCARE VOLUNTEERING | |
| Heroes at home project with the Stop Strokes Association (Asociación Freno al Ictus) | Raising awareness about strokes, addressing over 300 children in schools. Volunteers will receive training prior to visiting the schools to provide information on the condition and the actions to take. <ul style="list-style-type: none"> • 10 volunteers |
| Children's day with Cruz Roja | Preparation of 500 child hygiene kits for international children's day. <ul style="list-style-type: none"> • 500 volunteers |
| ENVIRONMENTAL VOLUNTEERING | |
| "Red Natura 2000" project | Cleaning of protected natural habitats in Zaragoza in collaboration with the Spanish Ornithology Society (SEO) and BirdLife. <ul style="list-style-type: none"> • 13 volunteers |
| Project LIBERA | Cleaning rubbish in natural habitats in Madrid and Seville, once again in collaboration with SEO/BirdLife. <ul style="list-style-type: none"> • 67 volunteers |
| Limne Foundation | Planting of helophytes in the Turia river (Valencia). These plants are crucial in favouring the filtration of pollutants and the oxygenation of water. <ul style="list-style-type: none"> • 20 volunteers |
| Ocean's day | Cleaning of Caletillas beach in collaboration with the council, the island authorities and various associations in Tenerife, as well as the performance of environmental workshops, an exposition and the release of turtles into the wild. <ul style="list-style-type: none"> • 11 volunteers |



| | |
|--|--|
| Acteo, Arqueología y Patrimonio S.L. | Day of cleaning and superficial trimming of weeds in Galapagar, Madrid. • 21 volunteers |
| Release into the wild of Cory's shearwaters | Release into the wild of 9 Cory's shearwaters, a nesting bird in the Canary Islands that breeds in colonies on islets and coastal cliffs. • 27 volunteers |

Other corporate volunteer actions that are worth mentioning are the collection of solidarity bottle tops that were sent to the CEPRI association (an entity that provides educational and rehabilitation care for people with autism), the solidarity auction of donated institutional gifts, the money from which was donated to the Apsuria Foundation for people with learning disabilities, and the participation in solidarity races in Barcelona and Zaragoza.

Participation in organisations

The Group is a member of and is active in various international organisations and associations, particularly within the European Union, with a view to raising awareness of its stance on fundamental aspects of its activity, building strong alliances and contributing to the achievement of common objectives.

| | |
|--|---|
| European Network of Transmission System Operators for Electricity (ENTSO-E) | Red Eléctrica is a member of this association along with all the other European transmission network managers. ENTSO-E is the fundamental tool for collaboration among TSOs in building the Internal Energy Market. The main areas in which the Group cooperates in ENTSO-E are the development of the Internal Energy Market, the development of the European electricity infrastructure network and the coordination of the European electricity system. It also works with ENTSO-E on innovation and technological development. Combining the experience and technical capacity of its members, ENTSO-E has been assigned the task of developing the current network codes and is the main technical advisor to the European institutions on electricity matters. Its involvement is essential in meeting the challenges of the new energy transition scenario, characterised by emissions reduction, large-scale integration of renewable energy, flexibility and new technologies. |
| RGI (Renewable Grid Initiative) | Through the joint participation of the TSOs and NGOs in RGI, the Group addresses the environmental concerns of all its stakeholders, directing its action towards the development of efficient, sustainable, clean and socially accepted electricity infrastructure networks that are capable of integrating decentralised renewable resources on a large scale. |

The Group participates in other international electricity-related organisations such as IESOE (Interconnexion de l'électricité du Sud-ouest de l'Europe), G0 15 (Reliable and Sustainable Power Grids), Med-TSO (Mediterranean Transmission System Operators), EASE (European Association for the Storage of Energy), ICGN (International Corporate Governance Network) and CIGRE (International Council of Large Electricity Networks). Regarding the satellite business, HISPASAT participates in the International Telecommunications Union (ITU), the Inter-American Telecommunications Commission (CITEL) and the Inter-American Telecommunications Association (ASIET).

The Group participates in organisations or domestic associations that seek different objectives:



○ **Share and extend the best practices in the business context**

| | |
|--|---|
| Spanish Quality Association (AEC) | An association aimed at defending and promoting quality as a driver of competitiveness in business and improvement in society. |
| Spanish Compliance Association (ASCOM) | The first association created to professionalise the compliance function and facilitate the exchange of ideas and best practices. |
| Spanish Association for Standardisation and Certification (AENOR) | An association that contributes to improving the quality and competitiveness of companies by developing technical standards and certifications. |
| Emisores Españoles | An association that fosters measures to reinforce legal certainty in the issue of listed securities and contributes to the development of high standards of corporate governance. |

○ **Favour knowledge of the Group's activities in the electricity sector**

| | |
|---|---|
| Spanish Energy Association (ENERCLUB) | An association that contributes to a better understanding of various energy-related issues among interested parties in society. |
| Madrid Energy Foundation (Fundación de la Energía de la Comunidad de Madrid) | The foundation drives initiatives and research programmes for the development and application of energy technologies. |
| Energy Cluster (Clúster de la Energía) of various autonomous regions | A group that promotes the development and competitiveness of energy companies in Spain. |

○ **Promote the Group's commitment to sustainability**

| | |
|--|---|
| Sustainability Excellence Association (Club de Excelencia en Sostenibilidad) | A business association aimed at driving sustainability by sharing and building awareness of good practices. |
| Forética | An association of companies and sustainability professionals promoting the integration of environmental, social and good governance issues in companies' strategy and management. |
| Association for Excellence in Management and Innovation (Club Excelencia en Gestión e Innovación) | A business association aimed at strengthening the global competitiveness of organisations and professionals through the values of excellence. |
| Integrity Forum (Foro de Integridad) of Transparency International Spain | A think tank for improving compliance and ethical management in companies. |
| Voluntare Foundation | A global corporate volunteering network that helps to connect companies with third sector organisations. |



h) Subcontracting and suppliers

The globalisation of markets has extended the limits of companies' responsibilities and triggered a change in the role of suppliers, which have become a pivotal element. The Group extends its responsibility over the supply chain and adheres to a responsible management model, based on the principles of non-discrimination, mutual recognition, proportionality, equal treatment and transparency, as well as a framework of legislation and internal Group codes, policies and rules.

In 2019, specifically for the electricity infrastructure operation and management and Telecommunications (fibre optics) businesses, contracts worth a total of EUR 617 million were awarded to 1,071 suppliers. Of that amount, 82% relates to services and works, while the remaining 18% relates to materials and equipment.

91% of the total amount was awarded to suppliers based in Spain and 98% to suppliers in EU countries, which means the Group acts as a driver of growth, fostering business, industrial and social development by creating employment throughout the supply chain.

Besides the aforementioned 1,071 suppliers, an additional 1,038 companies (subcontractors) also did work for the Group, bringing the total number of companies that worked within the framework of the Group's contracts to 2,109. In this context, it should be pointed out that the turnaround time for subcontracting requests was 1.5 days, a figure that has decreased in recent years, improving on the commitment to resolve subcontracting requests within two days.

Social audits were conducted at 53 suppliers during 2019 to verify compliance with the Code of Conduct among the Group's suppliers.

As a result of the audits, 44 action plans have been agreed with 16 suppliers, so that supplier development can be monitored and improvements recorded. The results of these audits and their findings are shared internally, placing special emphasis on the detection of major non-compliances.

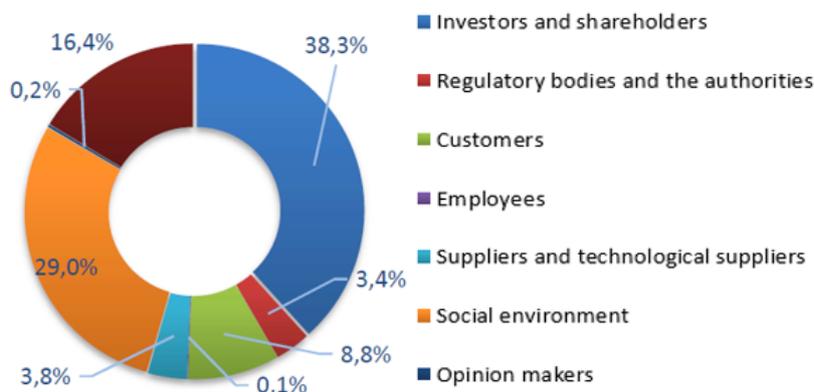
i) Consumers

Since 2008 the "Dígame" service has provided a professional response to requests from external stakeholders, who have several channels of communication at their disposal (telephone, email and online form). The service is manned by employees of Fundación Juan XXIII Roncalli, an institution that facilitates the integration of people with disabilities in the workplace.

In the Dígame service, external stakeholders receive a professional response to their requests through several channels of communication. In 2019, the service processed 3,887 requests.



Assistance received by stakeholder



Requests handled through the Dígame service in 2019

| | |
|---|------------|
| By type: | |
| Impact of the facilities | 47 |
| Quality and continuity of supply | 196 |
| Information on operation | 1 |
| Information on supplier management | 1 |
| Corporate assistance | 1 |
| Total | 246 |
| By stakeholder complainant: | |
| Social environment | 198 |
| Business sector/Professional associations | 46 |
| Other | 2 |
| Total | 246 |

Note: Proper claim is understood as that which corresponds to functions and responsibilities.

Of the 246 claims from 2019, 53 were considered (accepted by considering certain and reasonable the arguments underpinning their acceptance, whether complete or partial). Most of the claims received have been related to: impact of facilities and quality and continuity of supply. The first type primarily consists of claims that have their origin in the cutting down and clearing of vegetation, while the second group reflects claims related to the incidents in Menorca in October 2018 and Tenerife in September 2019.

The five claims that remained open at the end of 2018 were closed during 2019.

Between October and December 2019, HISPASAT received a total of 736 requests from stakeholders (343 incidents, 0 complaints, 0 suggestions and 393 queries) through its call centre and its support centre integrated in the company's corporate website. The assistance needed for any type of request from the customer through any of the official channels is provided by HISPASAT's personnel based on the Customer Service Procedure and the Incident Management Procedure. Both define the life cycle of the request through



their statuses, the hierarchical levels that deal with each request based on the responsibilities derived from each one and guidelines for their resolution.

It is worth highlighting that the activity of the Group companies has no impact on the health and safety of consumers. In the case of energy transmission activity, it should be noted that due to the criteria applied in the design of the facilities, the levels of the electric and magnetic fields (EMFs) remain below those recommended by the Council of the European Union (Official Journal of the European Union 1999/519/EC: limitation of exposure of the general public in areas where they spend significant time, of 5 kV/m for the electric field and 100 µt for the magnetic field). The main criteria applied are as follows:

- Construction of double circuits and translocation of phases in lines.
- Increasing the height of supports, thereby increasing the safety distances.
- Minimum distances from the lines to population centres and isolated homes.

To verify compliance with recommendations, the Group has a tool that uses certain line parameters to accurately gauge the maximum levels of EMFs that the facilities can generate.

j) Tax information

The Group is committed to compliance with tax laws and the fulfilment of its tax obligations, seeks a cooperative relationship with the tax authorities and considers it important to contribute to economic and social development by paying taxes in all the countries in which it operates.

The Group's tax strategy was approved by the board of directors on 30 June 2015 and is intended to define a consistent approach to tax matters in line with the Group's strategy. It embodies the Group's vision and objectives in tax matters and is based on three core values: transparency, good governance and responsibility.

On 29 September 2015, the board of directors approved the Group's Tax Risk Control and Management Policy and its inclusion in the Comprehensive Risk Management Policy. The tax risk control and management systems are described in the corporate governance report.

The Group's Tax Strategy and Comprehensive Risk Management Policy may be consulted on the corporate website.

Both the Code of Ethics and the Tax Strategy state the Group's commitment not to create companies in countries considered tax havens in order to evade tax.

The Group has no presence and carries out no activity in countries considered tax havens under applicable laws and regulations.^[1]

^[1] Royal Decree 1080/91 of 5 July 1991, subsequently amended by Royal Decree 116/2003 of 31 January 2003; EU list of non-cooperative countries and jurisdictions in taxation matters and list of non-cooperative tax havens drawn up by the OECD.



Profits obtained, broken down by country

Millions of Euros

| Profit before corporate income tax ^(*) | 2018 | 2019 |
|---|------|------|
| Spain | 921 | 930 |
| Peru | 6 | 7 |
| Chile | -6 | -7 |
| Brazil | - | 3 |

^(*) Comprises the pre-tax income and expenses of each company, excluding dividends received from Group entities, aggregated at country level.

Corporate income tax paid

With a view to following best practices in corporate social responsibility and voluntarily providing greater transparency in tax matters for its various stakeholders, since 2014 the Group has calculated and published its total tax contribution, highlighting the significant economic and social importance of its tax contribution.

The Group's total 2019 tax contribution in all the countries in which it operates amounted to Euros 732 million, consisting of Euros 251 million paid and Euros 481 million collected.

The corporate income tax paid in each country in 2019 and 2018, understood as the amount of corporate income tax paid, is as follows:

Millions of Euros

| Corporate income tax paid | 2018 | 2019 |
|---------------------------|------------|------------|
| Spain | 202 | 195 |
| Peru | 3 | 4 |
| Chile | 1 | 1 |
| Total | 206 | 200 |

Corporate income tax in 2019 accounts for 80% of the taxes paid by the Group to governments, mainly the Spanish government.

Government grants received

In 2019, Euros 0.3 million were received from official bodies mainly for R&D&i projects. The grants received in 2019 and 2018, broken down by country, are as follows:

Millions of Euros

| Government grants received | 2018 | 2019 |
|----------------------------|----------|------------|
| Spain | 3 | 0.3 |
| Total | 3 | 0.3 |



11.7. Index of content required by Law 11/2018 of 28 December 2018 on disclosure of non-financial and diversity information

| CONTENTS | Page | Reporting framework |
|---|-----------------|--|
| Description of the business model : <ul style="list-style-type: none"> - Business environment - Organisation and structure - Markets in which the Group operates - Objectives and strategies - Key factors and trends that may affect future developments | 26 | (1) 102-1, 102-2, 102-4, 102-6, 102-7, 102-40, 102-43, 102-44, 102-46, 102-47, 102-49 |
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| Management approach | 29 | (1) 103-1, 103-2, 103-3 |
| Present and foreseeable impact of the company's activities on the environment, health and safety. | 29 | Internal framework. Description of the impact of the activity on the environment, health and safety |
| Environmental assessment or certification procedures. | 30 | Internal framework. Certified Environmental Management System |
| Resources allocated to preventing environmental risks. | 29 | Internal framework. Ordinary expenses incurred for environmental protection and improvement. |
| Application of the precautionary principle | 29 | (1) 102-11 |
| Provisions and guarantees for environmental risks. | 29 | Internal framework. Amount allocated to environmental aspects associated with investment projects |
| Pollution | | |
| Measures for the prevention, reduction or remediation of the effects of carbon emissions (also includes noise and light pollution) | 30 | Internal framework. Measures for the prevention of noise, light and atmospheric pollution, as well as measures for the reduction of carbon emissions |
| Circular economy and waste prevention and management | | |
| Measures for the prevention, recycling, reuse and other recovery and disposal of waste. | 30 | Internal framework. Circular economy measures |
| Actions to combat food waste | Not significant | These types of actions are not carried out due to the nature of our activities |
| Sustainable use of resources | | |
| Water consumption and supply | 32 | (1) 303-1 |
| Consumption of raw materials and measures to improve efficiency | Not significant | The company's activities do not entail direct consumption of raw materials |
| Direct and indirect energy consumption | 32 | (1) 302-1 / 302-2 |
| Measures taken to improve energy efficiency | 30 | Internal framework. Initiatives to combat climate change and energy efficiency measures |



| | | |
|---|----|--|
| Use of renewable energies | 32 | Internal framework. Qualitative/quantitative information on the use of renewable energy |
| Climate change | | |
| Key elements of the greenhouse gas emissions generated | 30 | (1) 305-1 / 305-2 / 305-3 / 305-4 |
| Measures taken to adapt to the consequences of climate change. | 30 | (1) 305-5 |
| Voluntary medium and long-term emission reduction targets set and steps taken. | 30 | Internal framework. Objective for reducing emissions and combating climate change |
| Protection of biodiversity | | |
| Measures taken to preserve or restore biodiversity | 31 | (1) 304-1 / 304-3 |
| Impacts caused by activities or operations in protected areas. | 32 | (1) 304-2 |
| II. Information on social and employee-related issues | | |
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| Employment | | |
| Total number and distribution of employees by gender, age, country and professional qualifications. | 33 | (1) 102-8 |
| Total number and distribution of employment contract types by gender, age and job category. | 35 | (1) 102-8 |
| Average annual number of permanent, temporary and part-time contracts, by gender, age and professional category | 36 | Internal framework. Average annual number of contracts by type, broken down by gender, age and professional category |
| Number of dismissals by gender, age and professional classification | 38 | Internal framework. Details of dismissals for the year by gender, age and professional classification |
| Wage gap | 39 | (1) 405-2 |
| Average pay by gender, age and professional classification | 39 | Internal framework. Average total salary by gender, age and professional classification |
| Remuneration of like positions or average remuneration in the company | 39 | (1) 405-2 |
| Average remuneration of directors by gender | 40 | Internal framework. Average remuneration of members of the board of directors by gender |
| Average remuneration of management personnel by gender | 40 | Internal framework. Average remuneration of senior management personnel by gender |
| Implementation of workplace disconnection policies. | 40 | Internal framework. Workplace disconnection measures |
| Employees with disabilities | 45 | Internal framework. Percentage of employees with a disability |
| Organisation of work | | |
| Organisation of working hours | 41 | Internal framework. Real and effective working day |
| Number of hours of absenteeism. | 40 | Internal framework. Number of hours of absenteeism |



| | | |
|---|----|---|
| Measures aimed at facilitating a work-life balance and encouraging the joint and responsible sharing thereof by both parents | 40 | (1) 401-2 |
| Health and safety | | |
| Occupational health and safety conditions. | 41 | (1) 403-3 / 404-1 / 404-2 |
| Number of workplace accidents and occupational illnesses by gender, frequency and severity | 42 | (1) 403-2 |
| Social relationships | | |
| Organisation of social dialogue, including procedures on worker communication, consultation and negotiation | 43 | (1) 402-1 |
| Percentage of employees covered by collective bargaining agreements by country | 43 | (1) 102-41 |
| Outcome of collective bargaining agreements, particularly in the field of health and safety | 44 | (1) 403-1 / 403-4 |
| Training | | |
| Policies implemented | 44 | (1) 404-2 |
| Total hours of training by professional category | 45 | (1) 404-1 |
| Universal accessibility for people with disabilities | | |
| Universal accessibility for people with disabilities | 45 | Internal framework. Accessibility measures |
| Equality | | |
| Measures taken to promote equal treatment and equal opportunities for women and men | 46 | Internal framework. Measures adopted to promote diversity |
| Equality plans: job stimulation measures, protocols against sexual harassment and gender bias | 46 | Internal framework. Diversity plan |
| Integration and universal accessibility for people with disabilities | 46 | Internal framework. Hiring of people with disabilities and integration and accessibility measures |
| Policies against all kinds of discrimination and, as the case may be, diversity management | 47 | Internal framework. Anti-discrimination policy |
| III. Information about respect for human rights | | |
| Management approach | 48 | (1) 103-1, 103-2, 103-3 |
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| Prevention of risks of human rights abuses and, where appropriate, measures to mitigate, manage and redress any potential abuses committed | 48 | (1) 411-1 / 412-1 / 412-3 |
| Reporting of human rights infringements | 48 | (1) 102-17 |
| Promotion of and compliance with the provisions of the core conventions of the International Labour Organisation with regard to respect for freedom of association and the right to collective bargaining; elimination of discrimination in employment and occupation; elimination of forced or compulsory labour; effective abolition of child labour. | 44 | Internal framework. Compliance with ILO provisions |
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| The company's commitments to sustainable development | | |
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| Relations with local community actors and types of dialogue | 52 | (1) 413-1 |
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| Subcontracting and suppliers | | |
|---|----|--|
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| Attention given to social and environmental responsibility in relations with suppliers and subcontractors | 56 | (1) 414-1 |
| Supervision systems and audits and results | 56 | (1) 308-1 / 308-2 |
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| Measures to protect consumer health and safety | 56 | (1) 416-1 |
| Systems in place for making claims | 57 | (1) 102-43 / 102-44 |
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| Tax information | | |
| Profit obtained, broken down by country | 58 | (1) 207-4 |
| Corporate income tax paid | 58 | (1) 207-4 |
| Government grants received | 58 | Internal framework. Government grants received |

- (1) This table shows the equivalence between the requirements of Law 11/2018 and the GRI indicators. Red Eléctrica has published non-financial information since 2003 in accordance with successive versions of the Sustainability Reporting Guidelines of the Global Reporting Initiative (GRI).

12. Annual Corporate Governance Report

The Annual Corporate Governance Report forms an integral part of the directors' report and can be viewed at the following address:

<http://www.cnmv.es/Portal/consultas/EE/InformacionGobCorp.aspx?nif=A-78003662>