



RED
ELÉCTRICA
CORPORACIÓN

Grupo Red Eléctrica

GENERAL SHAREHOLDERS' MEETING
2021

ADDRESS

BEATRIZ CORREDOR
CHAIRWOMAN

Introduction

Hello and welcome,

For yet another year, the public health situation forces us to hold this General Shareholders' Meeting remotely, although the evolution of the pandemic, thanks to the development of vaccines in record time and their distribution among society, shows that we are ever closer to closing a stage we never imagined we would live through.

From here, our thoughts go out to all those who are no longer with us, to their families and to those who are suffering the serious consequences of this virus that has hit us so hard.

Over the past year, the pandemic has confronted us with unfamiliar situations, to which we have responded without an instruction manual, but with a commendable spirit of carrying on, adapting and solidarity.

And we have been able to do so because we have solid social structures, resilient infrastructures and a workforce that has been there at critical moments, that has responded with dedication and vocation to the countless difficulties that this crisis has generated.

Among them, I would like to highlight the more than 2,000 employees of Red Eléctrica whose work guarantees that the essential services we provide - electricity supply and connectivity- are guaranteed 24/7, and who have played an indisputable role in this pandemic.

Thanks to their efforts, Red Eléctrica implemented a contingency plan in record time -which our CEO will explain in detail later- that allowed it to successfully deal with an unusual situation: electricity demand fell by 21.4% at the most

complicated times and telecommunications networks faced an extraordinary growth in data volume.

We also went a step further in our response to the pandemic, joining various social initiatives to support both people who were struggling as well as our suppliers.

In short, these were unexpected challenges that we overcame in an extraordinary way thanks to all those who make up the great Red Eléctrica team. To all of you, thank you for being the best example for the values of excellence and public service that define our purpose. Once again, and as I emphasise in each of my interventions: you are the soul of this company.

Context: towards a green and digital economy

More than a year after the outbreak of the new coronavirus, the mass vaccination campaign is fanning the flames of economic and social recovery. And in this process, the speed with which we act will be as important as the way in which we achieve this recovery. This will decide whether this moment is a turning point in our history, in which we lay the foundations for a better future.

Europe and Spain have already taken a step forward on this path by articulating a true renaissance, supported by two major pillars: the green transition and the digital transformation. Two processes of change that were already underway before the pandemic and which are the driving forces behind this desired goal: a more prosperous, just and sustainable world.

It is clear that the fight against the climate emergency requires an urgent push. Because it is a global crisis that waits for no one and affects everyone. In Spain,

the most recent data on the state of the climate reveals that in the last 60 years there has been a cumulative increase in temperature of 1.3 degrees Celsius.

Nobody is unaware of the seriousness of these figures, which urge us to take faster steps towards a decarbonised economy that makes emissions reductions compatible with sustained growth and well-being.

And the main tool to achieve this is the ecological transition, a transformation process with which we will configure a new energy model whose main vectors are electrification, the integration of renewable energies and energy efficiency.

The data for 2020 and the latest peaks in wind and solar generation in 2021 are good proof that we are doing well. But we certainly need to redouble our efforts. In the future, the objective is for 74% of electricity to be generated from renewable sources, as established by the Spanish Government for 2030. This is one of the ambitious goals that, in line with the European Green Pact, have been set by the recently approved Climate Change Law and its Integrated National Energy and Climate Plan.

The roadmap is clear, and it is supported by a prepared sector, enviable natural resources and a solid regulatory framework, following an intense reformist agenda, in which the 2021-2026 Plan for the transmission grid will play an essential role. This plan, which we hope will be approved by the end of the year, will be one of the main tools for successfully implementing this process of change. Because, without a grid, there will be no ecological transition.

On the other hand, the digital transformation, which has been accelerated by the coronavirus pandemic, has become another process with no turning back. We cannot ignore the obvious benefits that digitalisation will bring to the Spanish economy in terms of prosperity, as recognised by the Digital Spain

Agenda 2025: it will relaunch economic growth, mobilise public and private investment and strengthen the productive fabric.

But in order to talk about digitalisation, we must necessarily talk about connectivity, which is one of its main levers. We will need to deploy this new generation of connectivity, the main component of which is 5G. But we will also have to make a special effort to ensure that this deployment is fair, making the opportunities of digitalisation equally accessible to all. This will make it an essential tool for tackling the unpostponable demographic challenge: 42% of our country's municipalities are at risk of depopulation.

We are therefore facing two major trends, the green economy and the digital economy, which are converging to overcome the crisis and which, together with social and territorial cohesion and gender equality, constitute a unique opportunity to catalyse a new model of country. This is recognised by a hundred researchers in "Spain 2050", the recently presented collective exercise in strategic foresight.

These processes of transformation will receive a vigorous boost through the National Plan for Recovery, Transformation and Resilience, which will channel NextGenerationEU funds: Spain will receive 19 billion euros this year from this source.

The European Commission gave the green light to the Plan just a few days ago, a historic event that took place at the headquarters of Red Eléctrica and which was attended by the President of the Government, Pedro Sánchez, the President of the European Commission, Ursula von der Leyen and the Second and Fourth Vice-Presidents of the Government, Nadia Calviño and Teresa Ribera. And it was not by chance that this space, this very hall, was chosen to host the event. This venue was chosen because these are the headquarters of the company that the

President of the Government defined as the backbone of the energy transition. There is no greater recognition or greater challenge for us.

Our role and roadmap: Strategic Plan 21-25

The path has already been laid out and, in order to travel it, we will count on unprecedented resources and the warmth of a consensus that is rare in current times. There are probably few times in our history that have been as challenging for us as a country, as a company and as citizens.

But it is also unlikely that we will ever again have such an extraordinary opportunity to drive change. The chance to become the makers of a more sustainable future and to leave behind, once and for all, the outdated assumption that growth is inevitably linked to the destruction of the resources of our planet. We can –and must– do better.

As we stand at this crossroads, I can assure you that Red Eléctrica will be on the right side of history, working day by day to make this desired future scenario a reality.

After all, that has always been its place. Since its beginnings in 1985, the purpose of Red Eléctrica has been to promote the economic and social development of the country through our electricity and telecommunications grids. Red Eléctrica has accompanied us, almost imperceptibly, in every advance we have made, but also in every difficulty we have faced.

Red Eléctrica is there when nothing happens and when everything happens. Before the pandemic, during the pandemic, and in spite of severe meteorological phenomena such as Filomena, Hortensia or Ignacio. In short, Spain has always been able to count on Red Eléctrica, and now it will also be able

to count on us as one of the protagonists of its green and digital future, as well as of its recovery after this crisis.

And we are going to do it the way we know best: working, dedicating all our resources and making available the talent of our teams and the more than 36 years of experience we have accumulated. We have set ourselves a roadmap for the next five years, our Strategic Plan 21-25, which we presented last February. This plan combines preparation, necessity and opportunity.

It is a transparent, realistic and honest approach, through which we are going to invest 4.4 billion euros to promote this green and digital shift, enabling the transformation of the energy model in Spain, guaranteeing, as always, a continuous and secure electricity supply, expanding connectivity in the field of telecommunications and consolidating our presence in Latin America. And we will do all this based on sustainability criteria, valuing our neutrality, promoting innovation, talent and technological development and contributing to social and territorial cohesion.

These investments will generate a virtuous circle that will have a dynamic effect on economic activity: it will stimulate production, restore the productive fabric and create employment, wealth and well-being for all citizens. This will certainly be a valuable stimulus in this urgent recovery process.

75% of our investment plan will be destined to achieve the first of these goals: to speed up the ecological transition in Spain.

And Red Eléctrica will be the backbone of this process, facilitating the massive integration of renewables into the electricity system and guaranteeing a secure supply with the highest levels of quality for the public. We have been working on this mission for years -as an example, the more than 4,700 MW of new

renewable power integrated last year and a peninsular grid availability rate of 98.6%– and we constitute a global benchmark thanks to our Electricity System Control Centre and the Renewable Energy Control Centre, which celebrated its 15th anniversary just a few days ago.

When it was created in 2006, CECRE was a pioneer in the world. Its creation was a strategic and courageous decision by a group of visionary Red Eléctrica professionals who were able to see the importance of renewable energies and the important role they would play in the not-too-distant future.

It is this spirit of leadership that now also drives us to continue on this path, thanks to which Spain is already one of the leading players in green energy.

- We will develop the necessary infrastructures to have a more intelligent, meshed, resilient and more interconnected grid with Europe, in line with the future Plan 21-26.
 - I would like to highlight several interconnection projects between systems due to their high technical complexity and because they will be decisive not only for improving the quality of supply but also for maximising the penetration of renewables in the Spanish electricity system. They include the new link between the mainland and the Balearic Islands; the interconnection between the mainland and Ceuta; the new submarine link between Ibiza and Formentera, or the interconnection project between Tenerife and La Gomera.

- Other types of links –in this case I am referring to international interconnections and especially those that connect us with France– are the only way for Spain to avoid the dumping of green production, for Spain to abandon its status as an energy island and therefore contribute to the creation of a single energy market. For this reason, and in line with the PNIEC and Planning 21-26, our Strategic Plan includes the development of the interconnection with France via the Bay of Biscay, a project currently in the public information phase, which we estimate will come into service in 2026-2027.

- In this plan, we will also focus on the current main technology for storage, hydraulic pumping, which is critical for isolated systems, especially on islands, in order to avoid "wasting" a very high and ever-increasing percentage of renewable energy and to make it available to the consumer when the sun and wind are not present. A good example of this is the construction of the Salto de Chira pumping station in Gran Canaria.

- Finally, we will provide tools for the operation of the system to successfully address a more dynamic, complex and interconnected scenario with Europe.

The leadership of Red Eléctrica has also been acknowledged for many years in the telecommunications sector. Through Reintel, we are the largest dark optical fibre operator in Spain, and through Hispasat, with its fleet of 9 satellites, we are a benchmark satellite operator. These assets and this expertise place us in

a privileged position to make the deployment of a new generation of connectivity possible and to make it equally accessible to all, bringing it to rural or remote areas where terrestrial networks cannot arrive or do not reach the level of quality required in the 21st century, thus enabling greater economic and social development in these places. Because only in this way, through inclusive connectivity that is accessible to all, will we be able to make a decisive contribution to eliminating the digital divide that still affects a significant part of rural Spain and many areas in Latin America.

Finally, we will make progress in consolidating our international business in Latin America, where we have been present for 20 years. We manage more than 4,400 km of power lines in Brazil, Chile and Peru, countries in which we are now reaffirming our commitment and vocation for permanence.

Besides the Strategic Plan, we have also presented a series of projects that are consistent with the objectives of the EU's Next Generation Fund. These projects supplement the activity and resources already included in our roadmap.

These are proposals that will contribute to economic recovery and are focused on meeting the objectives of the National Recovery, Transformation and Resilience Plan. The proposed programmes focus on island storage, the introduction and integration of renewable energies, the conservation and increase of biodiversity, the development of new technologies and the increase of coverage in the field of telecommunications, innovation and digitalisation through the introduction of new technologies.

In addition to contributing to the ecological transition, these proposals will act as catalysts, as they will facilitate the development of additional investments in

the electricity sector and will have a multiplier effect on the national economy, as they are mainly based on local suppliers and services, which will strengthen the industrial fabric, accelerate its growth and improve its competitiveness.

Our three defining features: Innovation, Good Governance, Sustainability and People

As you can see, the path before us is not without challenges, but we are sure that we can overcome them with the values that define us - the constant search for excellence and our heartfelt devotion to public service - and the support of our defining features, which are also our strengths and the guiding principles of our Strategic Plan 21-25: innovation, good governance, sustainability and a focus on people.

1. Innovation

We have always known that innovation cannot come without causing disruption. This has always been the main lever of change, in the major upheavals that we have lived through, and it will also be true in this case. It is an essential tool to respond to the challenges raised by our ecological transition and also by the transformation of the telecommunications sector.

At Red Eléctrica we are driving this disruptive but necessary innovation through our subsidiary Elewit, the technology platform that we presented in 2020 and which is the catalyst for the innovative work of the Group, positioning us as a reference in Spain's business ecosystem.

In 2020, we have run more than 120 innovation projects that use the most advanced technologies, such as artificial intelligence, the Internet of Things and blockchain. We are also supporting entrepreneurs and startups, who offer solutions that are rocking the boat in the Spanish ecosystem and beyond. We are therefore adopting an approach of open innovation that is accelerating the application of the latest technological advances in the Group.

Recently, in 2021, we joined the “Spain Entrepreneur Nation” strategy with full conviction that it is only through innovation that our country can become more competitive, modern and, above all, cohesive.

Innovation is in our DNA. Our excellent results are no more than the reflection of a culture of anticipation and intraentrepreneurship that has been rooted in the company from its earliest days. It is our employees who, with their passion, knowledge, experience and dedication, always go the extra mile and promote these innovative processes.

One example of this is SAGA, a tech solution developed by Red Eléctrica and based on IBM’s artificial intelligence that enables companies who are transmitting and distributing electricity to adapt the maintenance of their assets. SAGA has attracted the interest of the Belgian TSO, Elia, which is going to take part in its development from this point.

This example shows that innovation *with the RED seal* is setting the pace and crossing frontiers.

2. Good Governance

Our dedication to innovation, along with a constant striving for excellence, a focus on integrity and transparency are the foundations of our organisational and business model.

A model based on environmental, social and governance criteria (ESG) that makes our business compatible with care for the environment and the creation of shared value, through alliances with our peers. At this point, I would like to restate the Board of Directors' full commitment to sustainability, in which it has the support of the Sustainability Committee and other Board Committees.

This model is also a response to the enormous growth of this company since its foundation, as the first TSO in the world, and becoming the major Group that it is today, as a result of the expansion and diversification of its core business and the integration of the Hispasat Group.

To make the operation of the RE Group even more efficient and to reinforce still further the functional independence of the Electricity System Operator, a role legally attributed to REE, in 2020 we implemented the process of incorporation approved by the Board of Directors in September 2019.

On November 1st we transferred the corporate services of Red Eléctrica de España to the Red Eléctrica Corporation, which therefore includes all the units that provide corporate services. This new organisational model guarantees the separation of our business and enables us to grow as a Group. It limits our risks and offers us synergies while encouraging further efficiency in our operations.

On the other hand, this business model that we have consolidated in these years stands out, above all, for its reliance on a robust and transparent system of corporate governance that makes use of the best practices and

recommendations from around the world to ensure that the company benefits from good governance.

I have already discussed some of the main advances in this area during my talk, and I would like to complete this with detailed up-to-date information, as recommended in the Code of Good Governance for Quoted Companies

Even so, you can find more details in the Company's Annual Corporate Governance Report, which is available on our website and which I invite you to read if you would like further information on this subject.

- To consolidate our commitment to sustainability among our shareholders, we have set up the usual road shows with proxy advisors, directed by the Independent Coordinating Director and we have updated our criteria for communication with shareholders, institutional investors and proxy advisors.
- We have also reviewed our Company Statutes, the Regulations for the General Meeting and Board Meetings, to adapt them to the modifications to Company Law and the Code of Good Governance approved by the CNMV in June 2020: proposals which shall be submitted to the General Meeting today.
- We have also prepared a new Remuneration Policy for the board members, for the period 2022-2024, in accordance with the new law and fully compliant with our current policy, which shall also be submitted to this General Meeting.
- The Board has also approved a Protocol for relations between the Board and the employees of the companies in the Group, in accordance with the

best practices of corporate governance, to contribute to the cultural transformation and nurture the talent of the people in our Group.

- As usual, in order to continue improving our corporate governance procedures among the members of the Board, the Board of Directors has carried out a yearly process of self-assessment with external guidance.
- Finally, among the other decisions it has taken, the Board has updated the Company's Corporate Governance Policy, the Contingency plans for the succession of the chairwoman and CEO, the Annual Programme for the Board's activities and the Plan for incorporating new directors.

I would like to make a brief pause at this point because the Board is entering a new phase today and welcomes, if the General Meeting approves their appointment, three new members: Marcos Vaquer, Elisenda Malaret and José María Abad. All three have the experience and knowledge necessary to help the company face the challenges of the present and future. This Meeting will also decide whether to ratify the appointment of Ricardo García to our Board last December.

I would like to offer my personal thanks to María José García, Alberto Carbajo and Arsenio Fernández de Mesa for their dedication and effort during these years, which have been vital to the success of Red Eléctrica.

3. Sustainability

As I explained earlier, one of Red Eléctrica's defining features is its choice of a governance model founded on a commitment to sustainability. I would like to pay special attention to this point because it is no longer simply an option. At least, for Red Eléctrica it is not.

For us, being sustainable means that our work will usher in a more ecological future, one which is fairer and more cohesive and diverse. Our business can make the world a better place than we found it. Above all else, we understand our role as a social entity, a company that is active in its care and responsibility for the times we are living in. We are convinced that this is the right way and the only way to ensure our future.

This firm commitment to sustainability is expressed in 11 targets that are fully aligned with the UN's Sustainable Development Goals and are included in our risk assessment policy, impregnating all our business. One obvious example is this General Meeting which, like last year, is in the process of being certified as a sustainable event by AENOR.

Our sustainable leadership is acknowledged and recognised.

- It has been certified by the main international indexes for sustainability, which rate our company as excellent in sustainability every year. They include the prestigious Dow Jones and MSCI indexes, who have classed us as one of the most sustainable companies in the world.

In 2020, we have confirmed this commitment with tangible advances.

- These include, for example, the fight against climate change and protection of biodiversity and natural capital. We have met the targets that we set out in our Action plan, reducing our scope 1 and 2 greenhouse gases by 47%, and this year we are setting ourselves more ambitious targets.
 - Through this effort, we have been included in the A list, the most demanding, of the prestigious *CDP Leadership Index*.

- We have also restated and confirmed our commitment to biodiversity, spending more than 23 million euros last year on projects to protect and conserve the ecosystems and natural capital in which our installations are set. Among these, I would like to focus on those dealing with the conservation of threatened bird species, in the Red Eléctrica Forest, which consists of 860 hectares of replanted land, and the Marine Forest, where we have recovered 2 hectares of *Posidonia oceanica* in the Balearics.

- As part of this activity, the study that we have made in collaboration with CSIC deserves a special mention, as it shows that our transmission grid can become ecological corridors, in channels of biodiversity that serve to join populations, instead of separating them.

- On the other hand, we see sustainability as a necessary and urgent part of our progress towards a more diverse future. In 2020 we have continued to make efforts, under the supervision of the Board of Directors, to promote gender equality both inside our company and in our supply chain.
 - We are the only IBEX company with equality in our Board of Directors.
 - In 2021, we joined the Bloomberg Gender Equality Index, which at the moment only has 17 Spanish companies, and we have agreed to the Principles for Female Empowerment promoted by UN Women and the World Pact of the United Nations.
 - However, we know that this is not enough, and we continue to apply positive discrimination for women in our selection

processes, we are strengthening our training plans and we have set ourselves the target of achieving equality in our senior management by 2030. At the moment, this figure is at 32.4%.

- Last year, we also continued to work to ensure that our responsible business model was extended to all our stakeholders.
 - We updated our Code of Ethics and Behaviour to adapt it to best practices in ethics and compliance, and we reviewed our specific Behavioural Code for Suppliers.

- At the same time, we have continued to contribute to our society through our transparent and responsible fiscal strategy, choosing sustainable financing as an essential factor in articulating a model of society that is greener and fairer.
 - In 2020, 48 euros out of every 100 earned was paid in tax, with an effective business tax rate of 24.16%.
 - We were leaders in the IBEX companies for the transparency of our fiscal responsibility. In June we repeated our leading position in the ranking of “Contribution and transparency” of the Commitment and Transparency Foundation.
 - In accordance with our Green Financing Framework, in January 2020 we made our first issue of green bonds - for a total of 700 million euros - and last month we beat our record with a new green bond with the lowest credit margin in the last decade.
 - Recently, we have joined the network of sustainable bonds of the Nasdaq index: Nasdaq's Sustainable Bond Network.

- Thanks to this commitment to sustainable finance, we have joined the Spanish Observatory for Sustainable Finance.
- Finally, I would like to pause for a moment to focus on our support for Social Innovation as part of our Commitment to Sustainability. 2020 has been a turning point in this area of activity, in which we want to help build a country which is more integrated, with real and effective equality of opportunities for all. During this year, we have reinforced our work to counter the phenomena that are destroying our rural communities, like depopulation and the digital divide. Our way of handling it is to promote innovative projects that rely on the support of local agents to ensure that their inhabitants can develop fully the same citizenship rights as the people living in urban areas.
 - With this in mind, and to refer to just some of our social innovation projects, our HolaPueblo project connects entrepreneurs with villages that need new residents. We are setting up the first rural energy community and working to overcome the digital divide by offering our surplus optical fibre to a pilot community project that aims to provide ultra-high-speed internet access. With Hispasat, we are also taking advantage of its potential for satellite connectivity, on the one hand, to offer Internet of Things solutions as part of the Smart Agro area, which aims to offer universal digitalisation in the rural environment and boost the primary sector, and on the other to explore solutions that can carry electronic administration anywhere and extend universal rights such as health or education through remote medicine applications and virtual classrooms.

4. People

This dedication to social innovation is an honest reflection of the conviction that guides our activity: there are people running our infrastructures. These people have their life projects and ambitions, but also needs and, of course, concerns.

This is why we are proud to be a company that does more than just cover our country, but works with it, joining forces with its people to improve their quality of life. The vital ingredient for this is permanent, transparent dialogue that is open to all: institutions, organisations and citizens.

- Our dialogue seeks to convey the importance of our installations for the social and economic growth of these areas, and how they will be more important if we want to bring about a greener energy model.
- A dialogue that expresses our conviction to respect ecosystems and natural capital, and our efforts to avoid areas rich in biodiversity when deciding the location of our installations.
- Above all else, though, our dialogue seeks to understand the concerns, preferences and needs of the citizens, authorities and the productive sector so that we can design and develop infrastructures that are useful and valuable for everyone.

This commitment to dialogue is more necessary now than ever and has to define our business and our way of understanding the important mission that we are entrusted with of guaranteeing telecommunications and the electricity supply with the highest quality.

The times we are living in are vital, and the best way to ensure our success in the future is to decide together how we are going to live together, what kind of

country and society we want to live in. We will be an ally on this path, with loyalty to our institutions and social responsibility.

Red Eléctrica looks forward to 2025.

We are preparing with a transparent, realistic and honest plan.

This plan will enable the green, digital transformation and is an honest reflection of the ideas behind the founding of the group 36 years ago: to build a more sustainable, connected world through services that are essential for our daily lives.

They are also the foundation for the economic rebuilding that we need to face the future.

If there is one company that can tackle this, it is Red Eléctrica. As a neutral operator of electricity and telecommunications infrastructures, it is in our power to open the door to a better future.

I can tell you that we are up for it. Because we are prepared.

We can rely on:

- The experience, professionalism and passion of over 2000 talented individuals who watch over this connectivity that we rely on 24/7.
- The dedication to service that has always characterised us and an unshakeable commitment to green, fair, diverse and cohesive development.

We are Red Eléctrica. We look to the future.