



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

11.1 About the Non-Financial Information Statement

In compliance with Law 11/2018 of 28 December 2018, the Non-Financial Information Statement forms an integral part of the directors' report and can be viewed at the following address:

Section 11.9 of this document, "Content index required by Law 11/2018 of 28 December 2018 on non-financial and diversity information", details the specific reporting framework for each item required by the Law. For those requirements that do not pertain to any specific reporting framework, the company uses an internal framework and details in the respective section what this internal framework entails in order to facilitate understanding.

The scope of the NFIS encompasses the entire consolidated Group formed by Red Eléctrica Corporación, S.A. and Subsidiaries. Law 11/2018 of 28 December 2018 stipulates that the Group's subsidiaries are not required to prepare an NFIS as their information is included in the Group's Consolidated NFIS.

As regards information on the main risks associated with the significant investments accounted for using the equity method, the Group carries out a risk assessment that takes into consideration both financial and non-financial aspects, both at the point the investments are made and subsequently as part of the Group's regular monitoring of its risks. The results of these analyses are not considered significant to warrant their inclusion in the NFIS for 2021.

In 2021 the Group worked with the subsidiary Argo on defining the criteria and methodology to identify and assess the risks inherent to this Group company.

Please also note that, subsequent to this NFIS, the Red Eléctrica Group publishes a sustainability report which supplements this document; this sustainability report is also subjected to external assurance.

Materiality Study

In 2019, with a view to making progress in 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.

The Materiality Study is based on an analysis of the Group's sustainability context in order to build an overall picture of the environment in which the organisation operates. This then allows the Group to review sustainability planning for the 2019-2022 period. To define the context, the Group considers all the business activities and the geographical areas where it operates.

The sustainability context includes: a trend analysis that defines and/or will define the overall sustainability, industry and geographical framework in which the Group carries out its activity; the identification of good practices to ascertain the level of maturity of the Group's sustainability performance with respect to comparable benchmark companies; and an analysis of internal information to identify the requirements and expectations of stakeholders and other issues of relevance with a view to their incorporation in the commitments and corporate planning. Please note that the Group's stakeholders were involved in this study in order to gauge their requirements and expectations. In this respect, strategic interviews were conducted with Group management, key technical personnel and representatives of external stakeholders in order to collect knowledge on the challenges, risks and opportunities regarding sustainability from both an internal and external perspective. Specifically, representatives of the following stakeholder groups were involved in the 2019 analysis of the sustainability context: business partners, suppliers, technology research and development centres, social agents and associations, environmental groups, consumer associations and end consumers, rating agencies, the media, industry associations, professional and business bodies and associations, other companies in the sector and competitors.

This analysis led to the identification of a total of 16 relevant issues.

2021 update

Various events have occurred since then, such as the creation of the new technology company (Elewit), the acquisition of a 89.68% stake in Hispasat, S.A., the acquisition of Argo, the situation triggered by COVID-19 and the approval of the new 2021-2025 Strategic Plan, among others. The foregoing factors make it necessary to update the Materiality Study.



The 2021 update of the Materiality Study builds upon the 16 relevant issues identified previously and focuses on defining criteria to prioritise them in a more technical manner so as to better reflect the Group’s current reality.

The issues are prioritised based on the concept of double materiality, as defined by the European Commission, the Spanish National Securities Market Commission (CNMV) and the GRI, among others, which considers:

- How sustainability topics influence enterprise value (financial materiality or outside-in impacts) and;
- How the company affects the economy, the environment and society (environmental and social materiality or inside-out impacts).

On the basis of this dual approach, the table below details the technical criteria used for the 2021 update of the Materiality Study.

Financial materiality and outside-in impacts
Contribution to the Group’s Strategic Plan
Contribution to the Group’s 2030 Sustainability Objectives
Input of the management team (1)
Inclusion in the corporate risk map (*)
Environmental and social materiality or inside-out impacts
Contribution to the Sustainable Development Goals (SDGs)
Impact of the ISO 26000 guidance on social responsibility on the criteria (2)(*)
Results of the perception studies undertaken with external stakeholders (3)(*)

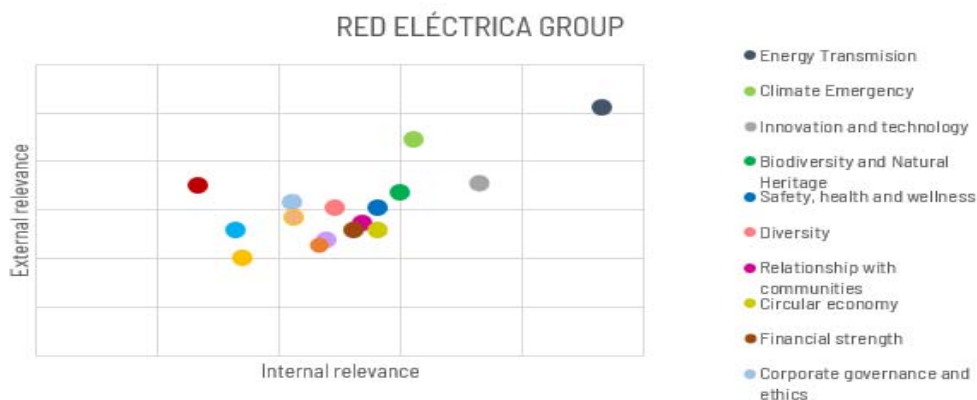
(*) New assessment criteria for the 2021 update of the Materiality Study.

(1) A survey was conducted in 2021 with the Group’s management team (52% of which responded) in order to gain their insight as regards the priority and relevance of the issues.

(2) The ISO 26000 guidance establishes whether poor management or a failure to address the issue represents: non-compliance with the law; inconsistency with international norms of behaviour; potential violations of human rights; practices that could endanger life or health; and/or practices that could seriously affect the environment.

(3) As part of the initiative to update the perception studies, a section on materiality was added in 2019 where participating stakeholders can assess the relevance and priority of issues in terms of sustainability and score how they believe the company has performed on each one.

Relevant issue prioritisation matrix





The following remain priority issues: Energy Transition, Climate Emergency and Innovation and Technology. Talent and the Digital Divide are still considered issues with a lower priority. A change in the priority of the social issues can also be observed. Notable in this respect is the greater relevance of Safety, Health and Well-being (up from 11th to 5th place) and Community Relations (from 12th to 7th place).

The definition of a new 2023-2025 Sustainability Plan has been slated for 2022, which will be in line with the Group's Strategic Plan and the 2030 Sustainability Objectives; to this end materiality will be thoroughly reviewed.

The Red Eléctrica Group's response to COVID-19

The emergence of Coronavirus (COVID-19) in 2020 and its subsequent declaration as a pandemic by the World Health Organization (WHO) had a major impact around the world in 2020 and continued to do so in 2021. The recovery of global economic activity back to pre-pandemic levels will largely depend on the vaccination rates of the population in order to reach herd immunity, and on the emergence of new variants.

All operation and maintenance of the facilities was conducted normally in 2021, as was work to build new infrastructure. No incidents occurred during the year that posed a risk as regards meeting electricity demand and keeping the system up and running correctly; neither were any transmission network incidents recorded that in any way compromised the operation of the Spanish electricity system.

Moreover, both the international electricity infrastructure business and the telecommunications business have been providing essential services with no incidents arising. As regards international business, in 2021 the availability of facilities remained at its consistently high level and no service quality incidents were reported.

Within this context, Red Eléctrica has continued to apply the guidelines adapted to the recommendations issued by the different pertinent authorities in Spain as well as in each market of operations, with the priority of preserving the health and safety of all of its employees, customers and suppliers.

With this in mind, measures remain in place to allow for flexibility and to enable all staff whose physical presence in the workplace is not strictly necessary (essential personnel) to work from home, thus guaranteeing security of supply for electricity and telecommunications at any given time. The rest of the workforce has continued to work in-situ since September 2020, albeit with the necessary flexibility (shift work, essentially) to ensure compliance with the health and safety measures established at any given time by the pertinent authorities, with particular attention paid to the health situation in each market of operations, inasmuch as different measures could be required to ensure the health and safety of employees, customers and suppliers.

From a financial and economic perspective, the Group's financial position remains robust, enabling it to continue to address these circumstances through measures aimed at bolstering its liquidity. In 2021 the Group carried out a bond issue for an amount of Euros 600 million (two issues in 2020 for a total amount of Euros 1,100 million), and arranged loan agreements amounting to Euros 860 million and US Dollars 200 million. Following these transactions, and having already settled due debts and the payments arising from the Group's activity, the Group's liquidity position at December 2021 stands at Euros 3,427 million, specifically Euros 1,574 million in available cash and Euros 1,853 million in undrawn credit facilities. This position ensures the Group's ability to meet its operating cash flow requirements and to honour forecast debt maturities up to 2025.

The situation brought on by COVID-19 did not have a significant impact on the continuity of the Group's operations in 2021 nor on its financial-economic indicators. The forecasts laid out across all the Group's business units at the beginning of the year, which are aligned with the Strategic Plan, have been met at 31 December 2021.

The Red Eléctrica Group continues to set its sights on a green recovery as the cornerstone of the economic rebuilding process, given its massive potential to generate activity and create jobs. In this vein, the pandemic has clearly brought to the fore the need to up the pace of the ecological transition and digital transformation in order to advance with the decarbonisation of the economy. The Red Eléctrica Group, as operator and sole transmission agent for the Spanish electricity system, plays an essential role in this process by working towards and achieving the goals set in the European Green Deal and the integrated National Energy and Climate Plan (PNIEC).

The Red Eléctrica Group is responding to this new paradigm through its 2021-2025 Strategic Plan, which is focused on making the ecological transition a reality in order to advance towards an efficient decarbonisation of the economy, while also simultaneously strengthening the Group's position in major growth vectors, such as international operations and driving connectivity through telecommunications. All of the above is underpinned by a corporate culture in which innovation, talent and a commitment to sustainability act as the levers to ensure the Group's continuity going forward.



The Group's management and directors will continue to assess the situation and closely monitor any incidents arising in the infrastructure it manages, as well as trends in other external factors and the impact such factors could have on the financial statements.

11.2 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 Latin 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.

This 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 security of supply on the islands.

Management and operation of international electricity infrastructure

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

Telecommunications

Satellite communications services for video, data transmission and mobility services through satellites in operation.

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 hosting telecommunications equipment in Spain.

Development of new opportunities stemming from the roll-out of 5G networks.

Innovation and technology

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.

2030 Sustainability Commitment

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 Sustainability 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 Studies reinforces the participation 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 2019, the Board of Directors approved the Group's 2030 sustainability objectives, which lay out 11 proposals to measure fulfilment of 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, the Group's Strategic Plan and the United Nations Sustainable Development Goals (SDGs).



The Red Eléctrica Group's sustainability priorities and objectives for 2030

DECARBONISATION OF THE ECONOMY	
Act as a proactive agent in the energy transition towards a zero emissions 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 scope 1 ² and 2 ³ <u>emissions</u> by 55% and scope 3 ⁴ emissions by 28% with respect to 2019.
	2. <u>Empower 100% of society</u> to be actively involved in the energy transition process.
	3. <u>Safely integrate 100% of the renewable energy</u> 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 employees to our suppliers and customers, by forging alliances, all underpinned by our model of good governance and integrity.	
Objectives for 2030	4. Be a <u>catalyst for change in our suppliers</u> .
	5. <u>Receive (socially responsible) ESG financing</u> in 2030.
CONTRIBUTION TO THE DEVELOPMENT OF THE LOCAL AREA	
Contribute to economic, environmental and social progress in the local area, by providing an essential service in a safe and efficient way, fostering environmental conservation, enhancing people's quality of life and social well-being and involving communities in the development of our activities so as to generate tangible mutual benefits.	
Objectives for 2030	6. Be a <u>benchmark in gender equality</u> : parity in the management team by 2030.
	7. Be a <u>benchmark in diversity</u> : inclusion of collectives at risk of social and workplace exclusion.
	8. Have a net positive impact on the <u>natural capital</u> of the area surrounding our facilities.
	9. Fully eradicate the <u>digital divide</u> : 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 <u>benchmark technological player</u> , pushing at least 120 technological innovation initiatives that contribute to the <u>energy transition</u> and <u>telecommunications</u> , making the world a more connected, intelligent and sustainable place.
	11. Become a leading company in circular economy.

² Scope 1 emissions: direct emissions from sources owned or controlled by the Group (SF6, emissions associated with vehicle fuel combustion, generators and air conditioning).

³ Scope 2 emissions: indirect emissions from electricity consumption (including transmission network losses).

⁴ Scope 3 emissions: indirect emissions linked to the Group's operations, arising from sources not controlled by the Group (supply chain, business trips, employee commuting, logistics, waste, etc.).



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

The Red Eléctrica Group's stakeholder management model incorporates the requirements of regulations and benchmarks in the field, such as AA1000, IONet SR10, ISO26000 and Global Reporting Initiative standards. This model ensures adequate management of the significant economic, social and environmental impacts of the activities and services of the Red Eléctrica Group on its stakeholders, avoiding the risk of not rapidly identifying any problem that may affect the relationship with them. This model is composed of the following stages: identification and segmentation of stakeholders, prioritisation, definition of the framework and relationship channels, and ways to identify requirements and expectations.

The Group undertakes an annual programme of perception studies aimed at assessing stakeholders' satisfaction with its performance and ascertaining their requirements and expectations. As well as being a tool to foster dialogue and closer relationships with stakeholders, the studies are also an important driver of continuous improvement for the Group.

The thorough review of the stakeholder management model, which began in 2020, continued apace through 2021. The final aim is to build an up-to-date and prioritised inventory for each Red Eléctrica Group company, which will serve as the starting point to define new stakeholder relationship frameworks that are tailored to each subsidiary and in line with the Group's actual situation.

The work carried out in this area in 2021 has led to the identification of the following stakeholder categories: regulatory bodies and public administration, the economic-financial ecosystem, suppliers, customers, the corporate ecosystem, the social ecosystem and people.

Work will continue in 2022 on the next stages of the project, consolidating the new stakeholder management model through its progressive roll-out at various Group companies.

11.3 Information on environmental issues

The Red Eléctrica Group's commitment to the environment stems from management and is based on environmental policy, which includes an explicit commitment to the prevention of pollution and the precautionary principle. The involvement of all of the organisational units and the commitment of all of the Group's employees are essential to the implementation of this commitment.

REE and REA have an Environmental Management System in place (ISO 14001 certified) to facilitate the continuous improvement of their environmental performance. REE also meets the requirements established by the EU Eco-Management and Audit Scheme (EMAS).

The Group companies incurred ordinary expenses of Euros 23.4 million in protecting and improving the environment in 2021 (Euros 23.7 million in 2020), essentially due to the adoption of measures aimed at protecting biodiversity, fire prevention, landscape integration, climate change, and prevention of pollution. As regards the business pertaining to the management and operation of domestic electricity infrastructure (REE), these expenses amounted to Euros 22.7 million (Euros 23.3 million in 2020).

A total of Euros 3.5 million (Euros 5.4 million in 2020) was spent on environmental issues associated with investment projects (including environmental impact studies, environmental oversight of work, and the adoption of preventive, corrective and accompanying measures).

The Red Eléctrica Group's main environmental impacts are those related to the construction of the electricity transmission network facilities and their physical presence in the area. The Group works to minimise these impacts, considering the entire life cycle of its facilities and paying special attention to the protection of biodiversity. In view of its role as a leading player in the transition towards a carbon-free energy model, the Red Eléctrica Group has taken on board a specific commitment in relation to the fight against climate change. The Group's environmental commitment is based on three pillars: environmental management and the integration of electricity facilities into the environment; the protection of biodiversity; and climate change.



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

The main approach for making 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 Red Eléctrica Group projects are subject to this procedure.

The measures implemented include those carried out during the construction of facilities to minimise land clearing and the impact on vegetation, fauna and the socio-economic environment (infrastructure, crops and archaeological heritage), as well as pollution prevention measures.

Actions during the maintenance phase aimed at mitigating the noise generated by certain electrical substations (programmes for measuring and adjusting the operating parameters of certain power equipment to reduce noise levels and the design of acoustic screens) and reducing light pollution are also noteworthy. To address the latter issue, in recent 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.

Thanks to the criteria considered when designing the facilities, the electromagnetic field (EMF) strength is kept within the exposure limits for the general public as per the Official Journal of the European Communities 1999/519/EC.

Lastly, visual impact assessment methodologies and tools have been improved, areas affected by works have been restored and specific landscape integration projects have been undertaken so as to reduce the visual impact of the facilities.

In addition to the measures aimed at making facilities compatible with the environment, we should highlight the importance to the Group of working towards and making significant headway on the sustainable use of resources. The Group's 2030 sustainability objectives include becoming a leading player in circular economy. The goals to be achieved and the actions to be carried out are enshrined in the Circular Economy Roadmap, which focuses on improvement in various dimensions:

- **Materials:** reduction in raw material consumption, promoting the use of materials that are or can be recycled. This notion includes action related to eco-design, which entails close cooperation with suppliers.
- **Waste:** a target of zero landfill waste has been set for 2030.
- **Land:** steps aimed at minimising the risk of land or groundwater contamination due to hydrocarbon leaks or spills, as well as the cleaning up of land affected by accidents using sustainable techniques.
- **Water:** seeking solutions to improve efficiency and optimise the use of water.

Major actions undertaken in 2021 include the definition of circular economy criteria as regards the consumption of raw materials, water, energy and waste production for the Red Eléctrica Group's supply chain and their inclusion in certain purchase processes for large equipment in 2021. These steps contribute towards the Group's goal of having a circular supply network by 2030.

Major progress has also been made on the "zero landfill waste" project, thanks to the adoption of measures that resulted in 88% of all waste generated (hazardous and non-hazardous) being recycled (this generic category includes reuse, recycling, composting, anaerobic digestion and regeneration).

b) Protecting biodiversity

Protecting and preserving biodiversity has always been a priority in the Group's environmental management strategy. The specific commitment to biodiversity management includes the goal of having a positive impact on biodiversity wherever the Group is present by 2030.

To meet this ambitious goal, a **2030 biodiversity roadmap has been drawn up based on a natural capital approach** (nature versus society). The roadmap is centred around five strategic pillars that involve lines of action for which specific measures and steps need to be defined.

The two supporting pillars (governance and management) make up the framework for the coordination, execution and monitoring of the roadmap. They also envisage questions related to governance, financing, accounting and measurement, reporting and management of risks and opportunities in natural capital.



The three operational pillars include actions designed to create social and environmental value and to strengthen the positive impact on biodiversity. Details are as follows:

- Habitats and species: actions aimed at protecting and conserving significant habitats and species, and at rolling out the mitigation and conservation hierarchy to all Group activities.
- Social value: the contribution to social development encompasses various environmental awareness-raising and training initiatives, and cooperation with public bodies and other stakeholders. Noteworthy is the line of action aimed at developing the green economy in rural, urban and industrial settings based on the sustainable management of natural capital.
- Supply chain: measures designed to reduce the impact of the Group's supply chain on biodiversity.

Biodiversity management is carried out taking into account the mitigation and conservation hierarchy. Avoiding areas that are protected or highly biodiverse is a fundamental criterion when deciding on the location of facilities (in electricity transmission infrastructure, only 15.45% of lines and 5.7% of substations are located in protected areas). The second step is to minimise possible repercussions and is achieved through the application of the corresponding preventive and corrective measures, including the restoration of habitats wherever possible. Lastly, different environmental improvement initiatives and projects are implemented, aimed at offsetting any impacts that may arise.

The main impacts of the Red Eléctrica Group's activities on biodiversity are the risk of birds colliding with earth wires in power lines and the effect on vegetation of felling and pruning to open up firebreaks. The **multi-year Action Plan (2017-2021) currently in force contains, among other things, various actions associated with these aspects:**

- Protection of birdlife, the primary objective being to minimise the risk of birds colliding with earth wires, as mentioned above. A plan to use bird-saving devices in sections with the greatest potential impact for birds (more than 790 km of lines) has been devised, installing them for 71.1% of critical priority lines by the end of 2021.
- Prevention of forest fires, through the appropriate design and maintenance of firebreaks and the joint efforts of the pertinent authorities in this field. There are currently 11 fire prevention agreements in force with an overall associated budget of more than Euros 880 thousand allocated for a four-year period and channelled into cleaning up forest land, acquiring fire extinguishing and fire-fighting equipment, training and awareness.
- Offsetting the loss of native woodland affected by the construction of new facilities through reforestation efforts. The Group entered into a collaboration agreement in 2021 with the Vizcaya Provincial Authorities and the town halls of Garai and Alonsotegui in respect of a reforestation and restoration project covering approximately 100 hectares of mountainous terrain to be carried out in 2022.
- 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 "Red Eléctrica Forest" project, with more than 915 hectares restored since 2009 and an investment in excess of Euros 2,127 thousand, and the "Red Eléctrica Marine Forest" project to restore *posidonia oceánica* seagrass, with 2 hectares restored in the bay of Pollensa, Mallorca.

c) Climate change

The Group, mainly through its activities in the electricity business, 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 security of supply. Taking on this role, in 2011 the Group decided to formalise a voluntary commitment in the fight against climate change, which is reflected in the goals to reduce emissions and the Climate Change Action Plan.

In 2021, in order to ramp up its climate ambitions and in keeping with the global goal of limiting the average rise in temperature to no more than 1.5°, the Group has updated **its emission-reduction targets in accordance with the criteria put out by the Science Based Target initiative (SBTi)**. It is worth underlining at this point that in addition to ramping up efforts to cut scope 1 and 2 emissions, targets associated with the reduction of scope 3 emissions have been added for the first time.



Approved objectives:

- Reduction in scope 1 and 2 emissions of 55% by 2030 with respect to 2019.
- Reduction in scope 3 emissions of 28% by 2030 with respect to 2019.
- Suppliers that account for 2/3 of supply chain emissions must have science-based targets in place within five years.

In order to define the steps required to meet these new goals, the **Climate Change Action Plan has been duly updated.**

The plan covers the following lines of action:

- Contribution to a more sustainable energy model, taking the necessary actions to achieve the objectives of the National Energy and Climate Plan (NECP) for 2030:
 - Ongoing investor involvement to develop a robust, intelligent and interconnected transmission network that enables the electrification and connection of new renewable energy capacity.
 - Maximum integration of renewables by optimising the operation of the electricity system, the use of artificial intelligence as a decision-making and predictive tool, the integration of more evenly distributed generation and the development of storage systems.
 - Furthering efficient network management by encouraging technological innovation, incorporating new elements and services and applying new flexibility measures.
- Reduction in greenhouse gas emissions resulting from the Group's activities. The main measures implemented apply to the following areas of action:
 - Reduction in SF6 emissions through the control and reduction of leaks, the renewal of switchgear equipment and the establishment of measures to limit the growth of installed gas, including the increased use of alternatives to gas.
 - Reduction in energy consumption and the associated emissions: increased use of renewable sources, the development of energy-efficiency measures and more sustainable mobility initiatives.
 - Reduction in the emissions associated with the supply chain:
 - ◆ Roll-out of collaboration programmes with suppliers aimed at setting reduction targets in line with the SBTi. On this front, the Group has already embarked upon a working programme with its leading suppliers, which will be continued and expanded over the coming years.
 - ◆ The incorporation of sustainability criteria into procurement decisions, prioritising more sustainable supplies and promoting changes that make the reduction of emissions possible.
 - Offsetting of emissions to make progress towards a carbon neutral position for the Group, primarily through the Red Eléctrica Forest project.
- Positioning and outreach: ensuring all stakeholders are involved in Red Eléctrica's commitment, disseminating knowledge and providing complete and transparent information on the electricity system and its role in the energy transition, as well as on various energy efficiency measures.
- Adaptation: in order to address both the inevitable physical changes in the climate parameters, as well as the social, economic and regulatory changes associated with the fight against climate change, 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 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 of the consolidated directors' report.



Environmental indicators

Non-financial indicators	2021	2020	Var. %
Direct greenhouse gas emissions (scope 1)(tCO ₂ eq.) ⁽¹⁾	23,632	25,557	-7.5
Indirect greenhouse gas emissions (scope 2)(tCO ₂ eq.) ⁽¹⁾	646,531	600,824	7.6
Power consumption (MWh) ⁽²⁾	19,770	18,255	8.3
Fuel consumption (MWh) ⁽³⁾	11,015	9,438	16.7
Consumption of energy from renewable sources as a percentage of total energy consumption (%) ⁽⁴⁾	52	52	0
Water consumption (m ³) ⁽⁵⁾	34,894	27,195	28.3
Hazardous waste (kg) ⁽⁶⁾	584,894	236,654	147.2
Non-hazardous waste (kg) ⁽⁶⁾	696,535	794,664	-12.3
Recycled waste (%) ⁽⁷⁾	88	63	39.7
Number of environmental accidents ⁽⁸⁾	8	10	-20.0
Lines with bird-saving devices installed in critical priority areas (accumulated kilometres at the end of each year).	562.5 (71.1% of the total to be installed)	508.4 (66.5% of the total to be installed)	10.6

(1) The data on emissions and energy consumption includes information for all Group companies.

(2) Most 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 80.6% of the electricity consumed in 2021 (the remaining consumption corresponds to workplaces that are leased, workplaces in Latin America or that do not have electrical hook-ups and therefore receive their supply from the transmission network).

(3) Fuel consumption of fleet vehicles, generators and heating.

(4) Includes renewable energy as a percentage of total energy consumed (electricity and fuels). It does not include the percentage of renewable energy corresponding to the energy mix of each country (only that acquired contractually) or the percentage of biofuel contained in vehicle fuels.

(5) The data has a coverage of 97.7% in terms of personnel, including collaborators. The water consumed comes from the municipal supply network (49.1%), wells (48.5%) and cisterns (2.4%). In some centres there are reservoirs for the 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. While water is not a material issue for the Red Eléctrica Group, the decision was made to disclose information in this respect and to seek assurance thereon, as it is nonetheless an aspect required by some sustainability indexes.

(6) When analysing the difference between the 2020 and 2021 data, it must be borne in mind that 2020 was anomalous due to the halt in maintenance and renovation activities because of the pandemic. Thus, 2021 does not represent an increase in hazardous waste based on historical data, but rather a return to figures from previous years in which this activity was carried out normally.

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

(8) Relevant 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). They do not include birds striking equipment.



11.4 Information on labour and employee-related issues

Our people

Red Eléctrica is fully committed to the professional development of our personnel and to maintaining their internal employability during their tenure, through integration, development and mobility programmes.

Consequently, in 2021 the Red Eléctrica Group continued to work on its talent management model, an essential part of the People and Culture Department's Operational Plan, which uses a systematic approach to attract, discover, develop, train, transform and retain talent and exchange knowledge. Through the deployment of the following five lines of action, the model pursues excellence in these processes, thus ensuring that the company retains a foremost position both at home and abroad:

- Attracting, Selecting and Integrating Talent: Commitment to the future.
- Identifying Talent: Bonding.
- Professional training and development plans: Red Eléctrica virtual campus.
- Knowledge Management: Transfer plan.
- Transformative Leadership.

On this front, the Group worked on various initiatives in 2021, such as developing the transformative leadership of the management team; rolling out the Individual Learning Plan, which allows employees to create their own training programmes; consolidating the virtual campus as the central jump-off point for learning; and implementing 360° feedback as the key tool for people to receive input regarding their contribution and skills.

The Group has also worked on rolling out the Sustainable People Management project, which provides a new people management model that adapts the organisational structure to the new realities of the Group, geared towards the demands of the business, management and people.

In this context, efforts are being made to adapt the Group's personnel to make the Group companies more digital and efficient as part of the Red Eléctrica Group's cultural transformation project, "Imagina", which is driving an innovative, agile and collaborative culture powered by self-leadership with the aim of making the organisation more resilient to change and equipped to take on the major challenges of the Strategic Plan: energy transition, connectivity drive, innovation and technology, international business development, all underpinned by the talent of our people, efficiency and commitment to sustainability.

The efficiency and effectiveness of the people management processes deployed are continuously monitored through key indicators, thus enabling the Group to marry its short-term objectives with its long-term goals and driving improvements in the processes.

Details of the key indicators for people management in 2020 and 2021 are as follows:

INDICATOR	2021	2020
Total headcount	2,117	2,051
Women (%)	26.7	26.6
Men (%)	73.3	73.4
Women in management positions (%)	34.1	32.7
People with disabilities (%)	0.9	1.0



INDICATOR	2021	2020
Net job creation (no. of positions)	66	-5
Average age	45.9	45.0
Average length of service (years)	15.8	15.6
Overall turnover (%)	4.9	0.5
Internal movement (%)	12.1	5.0
Permanent contracts (%)	98.6	98
Management team as % of total headcount	7.7	7.3
Pay gap	7.0	9.8
Training hours per employee	65	67
Average investment in training per employee (€)	2,407	3,042
Accident frequency rate	2.0	2.9
Accident severity rate	0.1	0.1

a) Employment

At the end of 2021, the Group's workforce consisted of 2,117 professionals. Of these, 90.6% (1,917 employees) work in Spain, 9.4% work in Latin America (199 employees) and 1 person works in Luxembourg. Staff enjoy stable, high-quality employment (98.6% of staff are on a permanent contract), with the focus on employability and functional mobility as a lever for growth and professional development (12.1% moved internally in 2021).

Our commitment to stable, high-quality employment is also reflected in our low unwanted external turnover (4.9%) and the average length of service of our employees (16 years).

Structure of the workforce by country where the Group is present

2021	Women			Men			Total
	Under 30	30 to 50	Over 50	Under 30	30 to 50	Over 50	
Spain							
Management team	0	34	21	0	43	53	151
Technicians	36	246	75	46	837	411	1,651
Administrative personnel	0	28	65	0	1	21	115
Total	36	308	161	46	881	485	1,917

2021	Women			Men			Total
	Under 30	30 to 50	Over 50	Under 30	30 to 50	Over 50	
Peru							
Management team	0	0	0	0	2	4	6
Technicians	0	29	1	1	62	6	99
Administrative personnel	0	3	0	1	3	0	7
Total	0	32	1	2	67	10	112

2021	Women			Men			Total
	Under 30	30 to 50	Over 50	Under 30	30 to 50	Over 50	
Chile							
Management team	0	0	0	0	4	0	4
Technicians	0	5	0	2	17	2	26
Administrative personnel	0	1	0	0	0	0	1
Total	0	6	0	2	21	2	31



2021	Women			Men			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	1
Administrative personnel	0	0	0	0	0	0	0
Total	0	0	1	0	0	0	1

2021	Women			Men			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	1	0	0	1
Total	0	1	0	1	1	0	3

2021	Women			Men			Total
	Under 30	30 to 50	Over 50	Under 30	30 to 50	Over 50	
Brazil							
Management team	0	1	0	0	1	1	3
Technicians	4	4	3	1	11	4	27
Administrative personnel	3	3	1	5	5	4	21
Total	7	8	4	6	17	9	51

2021	Women			Men			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

2021	Women			Men			Total
	Under 30	30 to 50	Over 50	Under 30	30 to 50	Over 50	
Mexico⁵							
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

⁵ New country since 2021



The information for 2020 is as follows:

2020	Women			Men			Total
Spain	Under 30	30 to 50	Over 50	Under 30	30 to 50	Over 50	
Management team	0	30	19	0	43	48	140
Technicians	39	247	63	52	836	399	1,636
Administrative personnel	0	38	59	0	4	20	121
Total	39	315	141	52	883	467	1,897

2020	Women			Men			Total
Peru	Under 30	30 to 50	Over 50	Under 30	30 to 50	Over 50	
Management team	0	0	0	0	3	3	6
Technicians	0	14	1	2	42	6	65
Administrative personnel	0	3	0	0	0	0	3
Total	0	17	1	2	45	9	74

2020	Women			Men			Total
Chile	Under 30	30 to 50	Over 50	Under 30	30 to 50	Over 50	
Management team	0	0	0	0	3	0	3
Technicians	0	6	0	2	12	1	21
Administrative personnel	0	2	0	0	0	0	2
Total	0	8	0	2	15	1	26

2020	Women			Men			Total
Luxembourg	Under 30	30 to 50	Over 50	Under 30	30 to 50	Over 50	
Management team	0	0	0	0	0	0	0
Technicians	0	0	1	0	0	0	1
Administrative personnel	0	0	0	0	0	0	0
Total	0	0	1	0	0	0	1

2020	Women			Men			Total
Argentina	Under 30	30 to 50	Over 50	Under 30	30 to 50	Over 50	
Management team	0	0	0	0	0	0	0
Technicians	1	1	0	0	0	0	2
Administrative personnel	0	0	0	0	0	0	0
Total	1	1	0	0	0	0	2



2020	Women			Men			Total
	Brazil	Under 30	30 to 50	Over 50	Under 30	30 to 50	
Management team	0	0	0	0	1	0	1
Technicians	6	4	3	1	12	3	29
Administrative personnel	6	2	1	3	4	4	20
Total	12	6	4	4	17	7	50

2020	Women			Men			Total
	Colombia	Under 30	30 to 50	Over 50	Under 30	30 to 50	
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

Details of the Group's total workforce in 2021 and 2020 by age, gender and professional category are as follows:

Age	2021	2020
Under 30	100	112
30 to 50	1,344	1,308
Over 50	673	631
Total	2,117	2,051

Gender	2021	2020
Women	565	546
Men	1,552	1,505
Total	2,117	2,051

Professional category	2021	2020
Management team	164	150
Technicians	1,808	1,755
Administrative personnel	145	146
Total	2,117	2,051

Workforce by contract type

Age	Permanent contracts		Temporary contracts	
	2021	2020	2021	2020
Under 30	82	82	18	30
30 to 50	1,333	1,298	11	10
Over 50	672	631	1	0
Total	2,087	2,011	30	40



Gender	Permanent contracts		Temporary contracts	
	2021	2020	2021	2020
Women	555	527	10	19
Men	1,532	1,484	20	21
Total	2,087	2,011	30	40

Professional category	Permanent contracts		Temporary contracts	
	2021	2020	2021	2020
Management team	164	150	0	0
Technicians	1,778	1,715	30	40
Administrative personnel	145	146	0	0
Total	2,087	2,011	30	40

Details of the average number of permanent and temporary contracts by gender, professional category and age range in 2021, and a comparison with the previous year, are shown below. The age ranges are different to those used in 2020 (detailed further below) as a result of improvements being made to the information systems in 2020 and 2021:

Gender	2021		2020	
	Average permanent contracts	Average temporary contracts	Average permanent contracts	Average temporary contracts
Women	542.85	9.78	521.8	18.8
Men	1,503.01	19.62	1,479.5	20.9

Professional category	2021		2020	
	Average permanent contracts	Average temporary contracts	Average permanent contracts	Average temporary contracts
Management team	162.40	0	149.3	0
Technicians	1,737.26	29.31	1,706.9	39.8
Administrative personnel	146.28	0	145.3	0

Age	2021	
	Average permanent contracts	Average temporary contracts
Under 30	91.18	20.02
30 to 50	1,368.53	11.29
Over 50	583.35	0.87



	2020	
	Average permanent contracts	Average temporary contracts
Under 25	13.4	7.5
26 to 35	201.5	23.8
36 to 45	847.6	4.0
46 to 55	548.7	1.0
Over 55	394.5	0.0

In 2021 and 2020, the Group's workforce did not include any part-time personnel.

Details of dismissals⁶ in the year

Age	2021	2020
Under 30	0	0
30 to 50	6	15
Over 50	3	7
Total	9	22

Gender	2021	2020
Women	3	5
Men	6	17
Total	9	22

Professional category	2021	2020
Management team	4	6
Technicians	5	16
Administrative personnel	0	0
Total	9	22

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.
- Equal pay between men and women.

⁶ Information pertaining to Group employees: including employees who have an employment relationship with a Group company under the provisions of Article 1 of the Workers' Statute, and excluding those engaged under a service contract.



The Group has a flexible remuneration system that can be configured to provide personalised employee remuneration, offering its personnel products such as health insurance, training, life insurance, travel cards, luncheon vouchers and childcare vouchers, as well as REC (Red Eléctrica Corporación, S.A.) stock option programmes.

Red Eléctrica's remuneration model for non-management personnel comprises a fixed portion with broad pay bands that enable wage differentiation and a variable portion or extraordinary bonus that allows for outstanding contributions to be recognised.

The remuneration model for the management team includes a fixed portion and a variable annual element which considers the contribution made to the achievement of individual objectives, the company's overall targets, and leadership goals that promote and link the variable remuneration to the management leadership model. Long-term variable remuneration is also available to the management team at the level of director and above, the purpose of which is to maximise motivation and commitment to achieving the Strategic Plan and to develop leaders.

Moreover, the Group continues to make progress with the "total remuneration" model, which consists of different elements (economic, financial, intangible and emotional), and 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.

Details of the average remuneration of the Red Eléctrica Group's workforce

When calculating the average remuneration, all elements of employee remuneration are included, as follows:

- Fixed remuneration.
- Annual variable remuneration.
- Remuneration in kind.
- Personal supplements.
- Job-related supplements.
- Expatriate supplements.
- Benefits.
- Indemnities.
- Payments into long-term savings schemes.
- Long-term variable remuneration.
- Overtime.
- Allowances.

The detail of the average remuneration of the Group's workforce for 2021 would be the following (in Euros):

Average total salary for 2021	Women			Men			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	121,878	197,368	0	137,814	175,826	143,839	155,576	151,591
Technicians	35,346	53,879	62,990	35,815	54,854	68,319	53,349	57,716	56,738
Administrative personnel	12,387	37,644	44,421	16,830	31,065	48,927	40,517	38,398	39,928
Total	33,471	59,219	70,364	33,832	59,200	79,195	59,807	63,973	62,862



The information for 2020 is as follows:

Average total salary for 2020	Women			Men			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	121,550	199,155	0	144,021	176,098	151,642	160,218	157,417
Technicians	33,711	55,321	62,861	36,408	56,169	69,949	54,104	59,447	58,277
Administrative personnel	11,774	36,571	44,247	13,698	34,511	46,811	39,380	41,161	39,807
Total	31,130	58,616	72,948	35,291	60,560	79,987	59,886	65,780	64,216

The Red Eléctrica Group rewards its professionals under principles of fairness based on their level of responsibility and professional experience, and its annual salary review processes differentiate on the basis of the contribution made over the year and the results of their achievements, never on the basis of gender.

With a view to promoting transparency and complying with market recommendations and best practices, the Red Eléctrica Group includes all elements of remuneration and all amounts received by its employees when calculating the gross pay gap, included allowances, overtime and supplements for expatriate assignments. The calculation formula is as follows:

$$\frac{\text{Average salary for men} - \text{Average salary for women}}{\text{Average salary for women}}$$

The gross pay gap in the Red Eléctrica Group in 2020 and 2021 is shown in the following table:

Red Eléctrica Group	2021	2020
Gross pay gap	6.96%	9.84%

The Group takes great care as regards equal pay for men and women, which has enabled it to reduce the gross pay gap by approximately three percentage points this year.

In 2021 the Group has also worked on keeping record of remuneration, as set out in RD 902/2020, with the aim of guaranteeing equal pay in equivalent positions and ensuring transparency, following consultation with the workers' representatives in the pertinent Red Eléctrica Group companies.

Over the coming years, the Group will continue working to develop initiatives that enable us to make further progress in improving these values.

Details of the average remuneration in 2020 and 2021 by gender and age are as follows:



Gender	2021	2020
Women	59,807	59,886
Men	63,973	65,780
Total	62,862	64,216

Age	2021	2020
Under 30	33,679	33,397
30 to 50	59,205	60,044
Over 50	77,083	78,356
Total	62,862	64,216

As regards the remuneration of the Board of Directors, there is no gender-based pay difference amongst the members of the Board, as disclosed in note 26 to the consolidated annual accounts.

As regards senior management, according to note 27 to the Group's consolidated annual accounts, in late 2020 the Group started a reorganisation process to address the challenges posed by the new 2021-2025 Strategic Plan, involving the centralisation of corporate activities in the Group's parent company and culminating in the approval of a new Group organisational structure in the first quarter of 2021, geared towards ensuring fulfilment of the Strategic Plan.

This reorganisation has entailed, inter alia, certain professionals who already formed part of the Red Eléctrica Group, and who were carrying out management duties, being acknowledged as senior management personnel.

In 2021 total remuneration accrued by senior management personnel amounted to Euros 3,103 thousand and is recognised as personnel expenses in the consolidated income statement. In 2020, total remuneration accrued by senior management personnel, applying the criteria resulting from the organisational changes, amounted to Euros 2,939 thousand. These amounts include the accrual of variable annual remuneration, on the assumption that the objectives set each year will be met. After the fulfilment of these objectives has been assessed, the variable remuneration, adjusted to the actual fulfilment rate, is paid in the first few months of the following year.

Implementation of policies on disconnecting from work

Article 88, the Right to Digital Disconnection from the Working Environment, of the Spanish Data Protection and Digital Rights Act (Organic Law 3/2018 of 5 December 2019), includes an obligation for companies to meet with workers' 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.

The Red Eléctrica Group's Digital Disconnection Protocol, which defines how the right to disconnect can be exercised and the actions to be taken to train employees and raise awareness about the reasonable use of technology, entered into effect in the first quarter of 2021.

b) Organisation of working time

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.

A real and effective timetable of 1,690 hours per annum is established for 78% of the Group's workforce. This is distributed according to the circumstances at each work centre, with a basic 7-hour day schedule on every working day of the year, and flexible starting and finishing times.



Number of hours of absenteeism

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

	2021		
	Men	Women	TOTAL
Hours lost due to occupational accidents	2,148	250	2,398
Hours lost due to common illness	63,720	30,165	93,885
Hours lost due to health and safety	65,868	30,415	96,283

No hours have been lost due to occupational accidents at Hispasat or at the Latin American companies.

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

Hours lost due to common illness is the sum of days of temporary disability due to common illness + illness < 3 days

Hours lost due to health and safety is the sum of days of common temporary disability + illness < 3 days + commuting accidents

When calculating this data, the number of calendar days of absence was multiplied by 5.20, which is the coefficient deemed appropriate to take into account all days of absence without considering whether they are working days or not in order to make them equivalent to the number of days actually lost.

Information on Group companies in 2020 is as follows:

	2020		
	Men	Women	TOTAL
Hours lost due to occupational accidents	1,207	884	2,091
Hours lost due to common illness	64,724	22,932	87,656
Hours lost due to health and safety	65,931	23,816	89,747

The number of hours lost due to common illness is 1,071.2 hours in Peru and 171.6 in Chile

For the Group as a whole, 87,656 hours were lost due to common illness. Zero hours were lost due to occupational accidents in Hispasat and the Latin American companies.

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

Hours lost due to common illness is the sum of days of temporary disability due to common illness + illness < 3 days

Hours lost due to health and safety is the sum of days of common temporary disability + illness < 3 days + commuting accidents

Management of work-life balance

Following the approval in 2018 of the third Comprehensive Work-Life Balance Plan, 2021 saw the continued roll-out of the objectives defined for the year, with 75% of the planned programme being executed, and the further expansion of the culture promoting new ways of working.

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:

- Leadership and management styles.
- Quality of employment.
- Flexible working time and workplace.
- Family support.
- Personal and professional development.
- Equal opportunities.



Another highlight of 2021 was the satisfactory result of the audit to renew the Family-Responsible Company certificate, once again being recognised as a proactive company (B+).

Health and safety

Through the commitment and leadership of the management team, the Red Eléctrica Group promotes best practices in safety, health and well-being. Its healthy company management model is aligned with the Group's Strategic Plan, the People Department's Operational Plan and the 2030 Sustainability Commitment of the Red Eléctrica Group.

Within this framework, the healthy company model revolves around four main lines of action:

- **Physical work environment:** providing all the means necessary in order to perform our professional duties in the best possible safety conditions.
- **Participation in the community:** through actions performed by the company that have an impact on improving the health and well-being of its employees' families and the communities in which it operates.
- **Health resources:** providing the workforce with tools to improve their physical and mental health, contributing to their well-being and quality of life.
- **Psychosocial work environment:** implementing management and work organisation tools and resources that favour the physical and psychosocial well-being of workers.

The model is deployed through annual programmes that aim to facilitate the continuity of the management model through continuous improvement and to consolidate the Group as a leader in best practices for safety, health and well-being, prevention, and promoting health.

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 engage the whole Group to achieve this goal.

In this context, higher risk tasks and activities are monitored on an ongoing basis by means of safety inspection programmes, which are essential to achieving the high levels of safety required. Accordingly, in 2021, 11,004 safety inspections were carried out on works and facilities (10,285 inspections in 2020), incidents having been detected in 11.34% of cases. As a result of all the activities performed to control and monitor works, over 1,800 corrective actions were required, of which 89.78% were resolved while the rest are in the process of being resolved.

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. In recent years, several initiatives aimed at reducing accidents during the works execution phases have been implemented.

In 2021 the initiatives set out in the 2020-2023 Health and Safety Action Plan have been undertaken, aimed at addressing the strategic challenge of being a Zero Accidents group. Two main lines of work have been established: Culture of Prevention and Innovation.

- **Culture of Prevention:** to instil a culture of prevention focused on the well-being of the people working at Red Eléctrica's facilities, promoting a safe working environment, strengthening the communication of all the aspects that contribute to increased safety when performing an activity.
- **Innovation:** focusing on innovation as a driver of digital transformation in the field of occupational safety. We manage innovation in health and safety, putting technology to work for people.

As part of the *Culture of Prevention*, efforts have been made in 2021 to ingrain communication as one of the essential facets for creating and fostering a long-lasting culture of prevention, with the aim of imbuing and sharing the message across the organisation, raising awareness among the Group's personnel regarding the importance of prevention.

In this respect, the following actions were carried out in 2021 to develop a Culture of Prevention:

- ✓ Strengthening of internal and external communication channels.
- ✓ Management of communication to improve the culture of prevention.
- ✓ Synergies and shared experiences across companies.



- ✓ Transfer of knowledge.
- ✓ Improvement and optimisation of communication protocols.

On the *Innovation* front, and in view of the opportunities offered by digitalisation, the aim is to improve the health and safety conditions and well-being of the Group's employees and stakeholders, strengthening the strategic areas where technology and people converge, as the most important assets of the companies.

The Group drew up an innovation strategy in 2021 to develop an innovative organisation as regards health and safety, making it possible to design, explore and execute specific actions in a proactive and shared manner within the Group's coordinated environment of innovation. The Group has also put into motion various pilot projects seeking to make an impact on health and safety processes and promote the use of technology, with the help of Elewit, the Group's technology company, and supported by the IT Department.

One of the main areas of development revolves around the concept of "connected workers" and the underlying technology: from IoT devices (through sensors that send alerts) to the roll-out of communication networks providing connectivity. The value of this technology has been explored with the startup ENGIDI in order to validate its usefulness in pre-empting and avoiding situations that could compromise workers in electrical environments, such as the Group's critical infrastructure facilities.

Likewise, artificial intelligence applied to knowledge management has been used in a pilot project called ZAPIENS-CIRIS, and its use in employee well-being has been investigated through a proof of concept with the startup ERUDIT.

Such testing allows results to be obtained swiftly and facilitates decision-making for future escalation. Following on from a pilot project carried out in 2020 ("*Protected Areas*", which applied blockchain technology) and the usefulness proven during the testing, the Group launched a new platform in 2021 to continue to improve the execution of "Protected Areas" and increase traceability in the process.

In the specific area of Health and Health Promotion, in addition to the basic actions of health monitoring, various campaigns aimed at guaranteeing physical, psychological and social well-being have continued, offering certain services through digital platforms and gradually resuming some in-person activities: consultations on nutrition, physical condition, physiotherapy and other sports activities.

Red Eléctrica conducts preventive monitoring of the health of its employees on an ongoing basis through its in-house medical service, which is responsible for checking employees' health through periodic medical examinations and consultations. As a result of the preventive measures applied, no incidents or risks of specific illnesses associated with the professional activities carried out or related to the workplace have been identified.

Another highlight of 2021 was the satisfactory result of the audit to renew the Healthy Company certificate and ISO 45001. Regulatory audits have also been performed on the companies that form part of the Red Eléctrica Group's Joint Health and Safety Service.

Lastly, this year a psychosocial risk assessment was performed with 64% of employees completing the evaluation survey. Furthermore, 13 workshops and interview sessions were held involving the direct participation of over 120 people.

Workplace accidents and occupational illnesses

In 2021, the key accident rates for Group employees were 1.98 (frequency) and 1.33 (severity). In 2020 the frequency rate stood at 2.87 and the severity rate was 0.10.

Unfortunately, in 2021 a Group employee suffered an accident classed as very serious due to falling from a height while working on power lines. The worker is currently recovering.



Red Eléctrica Group	2021			2020		
	Men	Women	Total	Men	Women	Total
Accidents with leave	7	0	7	9	1	10
Fatal accidents	0	0	0	0	0	0
Days lost due to accidents ⁽¹⁾	4,699	0	4,699	173	170	343
Accident frequency rate	2.70	0	1.98	3.52	1.08	2.87
Accident severity rate	1.84	0	1.33	0.07	0.18	0.10

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

Severity rate: number of working days lost due to occupational accidents + incapacity scale, per thousand hours worked.

⁽¹⁾ The calculation is based on 6,000 working days for a fatal accident and 4,500 days for total permanent disability.

Moreover, there were no cases of occupational illness in either 2021 or 2020.

Red Eléctrica implemented measures at the first news of the spread of COVID-19, which has allowed the contingency plans to be rolled out promptly and effectively.

Since the start of the high-alert situation triggered by the pandemic, reported cases have been monitored both in terms of illness and possible contact. Essential personnel, system operators and technical maintenance specialists have been identified and are subject to special monitoring. Exhaustive monitoring of positive cases continued in 2021, equipping personnel with the necessary protective equipment to perform their duties (face masks and sanitiser gels), and adapting buildings in line with health recommendations.

c) Labour relations

Red Eléctrica considers internal communication a key factor for sharing its mission and strategic goals, involving employees in the organisation's various projects and improving the work climate, thus helping to boost pride in belonging.

The main focus of internal communications was as an adjunct to the company's transformation and the introduction of new, more agile, flexible and collaborative ways of working that enable the company to achieve the challenges set out in the new Strategic Plan.

The various internal channels include NuestraRED, a new collaborative intranet integrated with Office 365 that was launched in 2021. It contains the most relevant news related to the company and offers users information on their day-to-day activity (meetings, pending tasks, etc.), all without leaving the corporate environment.

NuestraRED also has an exclusive area for the management team, the leaders portal, providing all the specific information related to their team management, people management processes, development and training, thus helping to galvanise their leadership.

Users also have direct access to applications, areas and tools geared towards boosting innovation and agility in the organisation, making it a simple, useful and easy-to-access tool that is on hand for all employees during the cultural transformation.

In 2021 the Group continued to explore new internal channels of communication that bolster and complement the messages and reach of NuestraRED. These have included the employee mailing and new instant messaging channels through Teams chats, which has become the go-to collaboration space for all Group staff.

The company has continued to increase leader communication cascading, giving it a closer, more personal touch and designing new listening channels between collaborators and their superiors.

In November 2021, the Red Eléctrica Group conducted a Climate Survey to learn about how employees perceived different aspects of the company (commitment, leadership, development, communication, etc.) and to identify opportunities for improvement.

The methodology and the questionnaire have remained the same as prior years to provide continuity when tracking results, although new items and categories have been incorporated in response to current needs, for example cultural or digital transformation and innovation.



The Group will publish its overall results during the first quarter of 2022 through the intranet (NuestraRED) and the results for each area will be presented to the organisation in person by the management team, fostering constructive dialogue.

Throughout 2022, work will continue apace on the design, development and communication of action plans for areas needing improvement, whether the area as a whole or the area leader.

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 Organization (ILO), current labour laws and the applicable collective bargaining agreement. This involves having workers' representatives at several Group companies as well as collective bargaining agreements and holding talks and meetings on this topic.

Employees covered by a collective bargaining agreement	2021	2020
Employees in Spain	86%	91%
Employees in Brazil	94%	98%

In 2021, the aggregate figure for the other countries where the Group is present (Peru, Chile, Argentina, Colombia and Luxembourg) is as follows:

Employees covered by a collective bargaining agreement (Peru + Chile + Argentina + Colombia + Luxembourg)	2021	2020
	3%	3%

In the second half of 2021 talks began regarding a framework collective bargaining agreement for REE, REC, REINTEL, REINCAN and Elewit, as well as individual equality plans for REE (adapting the existing equality plan), REC and REINTEL.

2021 saw a significant number of union elections, resulting in the renewal of directly elected representatives for the majority of REE's workforce, as well as the appointment of a Workers' Committee for REC and an employee delegate for REINCAN.

Also, the Red Eléctrica de España Intercentre Committee has met and the sitting workers' representative has been briefed on matters of general interest to the workforce. Other committees have also held various meetings which have included the workers' representatives of REE and the workers' committees of REC and REINTEL.

Consequently, labour relations in 2021 featured a high degree of union activity.

The Red Eléctrica Group promotes the involvement of workers in the company's management through various internal channels of communication (as indicated above) and through social dialogue in the form of briefings, consultations and participation of workers' representatives via the different committees in place.

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

Red Eléctrica de España 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 workers' 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) and at the request of any of the parties. In 2021 the committee held four meetings as planned and two extraordinary meetings at the behest of the company's representatives and the health and safety delegates to report on accidents that had occurred.



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 and safety programmes and monitoring safety equipment and materials. The minutes to these meetings are available to all employees under a dedicated section of the NuestraRED 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.

The REINTEL Health and Safety Committee was set up in 2021, consisting of two representatives nominated by the company and two health and safety delegates chosen from among the workers' representatives, who represent 100% of the employees. Specialists from the Group's joint health and safety service also attend the committee's meetings.

d) Training

As regards training, our commitment focuses on the "Sustainable management of diverse and committed talent", through the development and fostering of knowledge and continuous learning of the Red Eléctrica Group's employees.

To do this, every year a Training and Development Plan is defined within the framework of the Talent Management Model to combine the planning and implementation of professional development programmes and training actions, which will help achieve both the goals of the organisation and the people in it. The content is aligned with the three levers of the philosophy of the Red Eléctrica Group Campus: knowledge of the business and technical training; strategy and leadership; cultural transformation and innovation.

A high component of self-development is encouraged in training, with the launch of programmes and learning spaces this year wherein the employees themselves decide how and when to participate based on their own interests. This was formalised for the first time in 2021 through the new Individual Learning Plan process.

This year, 137,010 hours of training were undertaken, equivalent to 65 hours per employee, at an investment of Euros 2,406.86 per person.

Training hours by professional category and gender:

Red Eléctrica Group	2021			2020		
	Men	Women	Total	Men	Women	Total
Management team	7,940	4,900	12,840	8,708	4,987	13,695
Technicians	98,955	20,756	119,711	94,164	23,178	117,342
Administrative personnel	1,779	2,680	4,459	1,995	3,716	5,711
Total	108,674	28,336	137,010	104,867	31,881	136,748

To help students on higher vocational training courses obtain qualifications, the Group has remained actively involved in the 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 third graduating class completed their training on 30 November 2021.

The aims of this initiative is to produce professionals who are 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 job opportunities of young people in the Spanish industry.

Because the preventative measures applied by the Group as a result of COVID-19 remained in place, the programme for the third graduating class was designed and executed drawing on experience from the second year. This entailed a mixed format which combined a wide range of virtual technical and safety training with traineeships at the work centres.

Lastly, the Red Eléctrica Group runs a nine-month theoretical and practical programme led by the company's operators, that enables young engineering graduates to qualify as Electricity Control Centre Operators.



e) Integration and universal accessibility for people with disabilities

Disabilities are one of the main areas of focus of the 2018-2022 Comprehensive Diversity Plan.

The General Law on the Rights of People with Disabilities (LGD) is applicable to four of the Group's companies, one of which complies with the law through direct employment (REINTEL, 3.33%).

REE achieves legal compliance through alternative, exceptional measures, reaching 2.62%. Of this percentage, 0.54% corresponds to direct employment and the remainder 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, and which support the Group in carrying out actions related to disabilities as part of the annual diversity programme and contribute to its social initiatives.

At present, 1.28% of REC's workforce have a disability, thus, in addition to its efforts to hire a greater number of differently abled employees, the Group is working on obtaining the certificate of exceptional circumstances so as to achieve legal compliance through alternative measures.

Hispasat's direct employment percentage is 1.95% and it complies with the LGD by also applying alternative, exceptional measures.

The number of Group employees with disabilities is as follows:

	2021	2020
People with disabilities	20	20

The corporate website of Red Eléctrica was developed using website accessibility criteria with Level AA Conformance to Web Content Accessibility Guidelines 2.0 (WCAG 2.0) of the World Wide Web Consortium (W3C) Web Accessibility Initiative (WAI).

One of the most valuable disability projects is the Family Plan, consisting of personalised assistance to improve the social and labour integration of any Group employees' family members with disabilities. Red Eléctrica participates in institutional and private campaigns fostering the employment of differently abled people, as well as awareness campaigns.

f) Equality and diversity

The Group's commitment to diversity, inclusion and non-discrimination is 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 human 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 contributes to building a more diverse society.
- The Comprehensive Diversity Plan has the following specific objectives:
 - 35% of all senior management positions to be held by women.
 - Reduction in the pay gap.
 - Family-Responsible Company (EFR) classification A
 - 70% of LGD compliance through direct employment.



Gender equality is one of the facets included in the new Comprehensive Diversity Plan and refers to the principles of equal employment opportunities, the promotion of women to positions of responsibility, equal pay between men and women, the promotion of shared family 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.

2021 saw the launch of a training and awareness programme called *Management of diversity and Female leadership*, aimed at promoting leadership among the women employed by the Group, separated into two different modules:

- The first, aimed at the entire workforce without exception, to raise awareness regarding the importance of diversity and foster inclusion in the organisation, reducing unconscious bias.
- The second, aimed at ascertaining the opinion of the Group's professionals regarding the opportunities offered in the organisation for professional advancement and development, to discover potential individual limitations.

Focus groups and questionnaires have been used in both cases, making enquiries with both management and non-management personnel. The first phase of the programme ends in January 2022 and it will continue throughout the year along with other actions.

Stemming from the Group's commitment to equality, the percentage of women in the workforce stood at 26.69% in 2021 (26.62% in 2020). The number of women in management positions has once again increased, totalling 34.15% in 2021 (32.67% in 2020). These results are nearing the targets set for 2022.

The significant female presence on the Executive Committee is notable, with 50% women, as well as on the Board of Directors, where women have a 50% representation, the highest among the IBEX 35 companies.

Accordingly, efforts remain ongoing to achieve equality between men and women. Details of the key indicators for 2020 and 2021 are as follows:

	2021	2020
Hiring opportunities index	1.0	1.1
Selection opportunities index	1.0	1.0
Training opportunities index	1.0	1.0
Promotion opportunities index	1.7	1.4
Opportunities for internal promotion to the management team index	1.8	1.6

During the last quarter of the year talks began with workers' representatives to adapt REE's Equality Plan and to establish Equality Plans for REINTEL and REC in line with new legislation on equality.

This year the Group has collaborated with a number of entities related to this subject matter and has participated in various observatories and academic forums on diversity.

11.5 Information on respect for human rights

Respect for human rights

The Group has an explicit and public commitment to respecting and promoting 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 Conduct and in the Sustainability Policy, and it 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, the Group has strengthened its commitment to human rights by signing up to the ten principles of the Global Compact.

In 2017 Red Eléctrica formalised its human rights management model, approved by the Group's Sustainability Steering Committee. This Model follows the methodology defined by the United Nations (UN) Guiding Principles on Business and Human Rights. The Model covers all of the Red Eléctrica Group's activities and establishes global commitments and grievance mechanisms for all of its business activities and in all the geographical areas in which it operates.



Human rights are managed from a continuous improvement perspective. In this connection, the Group has been conducting regular due diligence assessments since 2013 in order to identify the actual and potential impact of its activities on human rights. In 2020, due to the opening up of new markets and the sourcing of supplies outside Europe, the company carried out a project to update its due diligence mechanisms in order to identify and analyse new direct or indirect risks that its activities might pose to human rights. Among other things, it was ascertained that the company's presence in Peru and its more recent expansion to Chile and Brazil underlines the need to consider the possible impact on local communities, with particular emphasis on indigenous people, and it was determined that investment in new projects increases the number of business partners in countries with different standards and job markets, which could give rise to the violation of labour rights or of the right to equality and non-discrimination.

In 2021 progress was made in various projects carried out in this connection, aimed at contributing to improved management of potential and actual impacts on human rights. Any impacts identified in respect of the Group's relations with its stakeholders will be assessed in the course of 2022 with the ultimate aim of designing measures to prevent the violation of human rights in its area of activity.

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. In 2021 a total of 35 social audits were performed and seven action plans were designed to redress the most significant non-conformances, affecting six suppliers, for whom a specific deadline has been granted to remedy the non-conformances identified, facilitating supplier development and verification of the improvements made. The results of these audits and their findings are shared internally, placing special emphasis on the detection of significant non-conformances. As regards human rights commitments, improvements aimed at fostering supplier development are agreed, and changes are measured so as to verify whether such improvements have been made, and otherwise to ban the supplier temporarily or permanently. In 2021 the company did not receive any external complaints through the channels established for that purpose, and it did not cancel any contracts or orders on grounds of respect for human rights in its supply chain.

The Group has set up a whistleblowing channel that is available to all stakeholders as a formal mechanism for addressing any human rights-related enquiries or complaints. The company also has the DÍGAME and ASA services (Procurement Support Services), through which stakeholders can express their concerns about any grievances in this area. The DÍGAME Service did not receive any human rights-related complaints in 2021.

The whistleblowing channels available to stakeholders have not received any human rights-related complaints in respect of Hispasat. None were received in previous years either.

Lastly, we highlight that in 2021 a total of 144 users from 104 suppliers took part in the human rights training programme developed by the Group in cooperation with the Spanish network of the United Nations Global Compact.

11.6 Information on 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, principles and standards of conduct that must be adhered to by all persons in the Group in the performance of their professional activities.

Code of Ethics and Conduct

The Group's Code of Ethics and Conduct applies to all Group personnel. It establishes and facilitates commitment to the ethical values, principles and standards of conduct that must govern our professional activity within the organisation.

The latest version of the Red Eléctrica Group's Code of Ethics and Conduct, approved by the Board of Directors on 26 May 2020, addresses the ethics management requirements and recommendations established by the United Nations (primarily through the Sustainable Development Goals, the Ten Principles of the Global Compact and the Universal Declaration of Human Rights and its implementing conventions), the Organization for Economic Co-



operation and Development (OECD), the International Labour Organization (ILO) and Transparency International, among others.

Ethics and Compliance Channel

The Red Eléctrica Group has set up an Ethics and Compliance Channel available to all the organisation's members and stakeholders, through which they can:

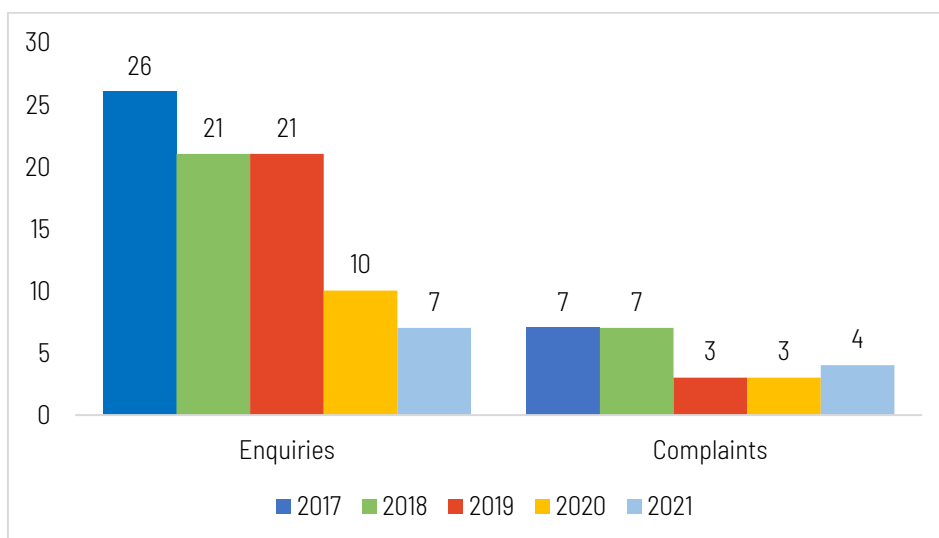
- Raise any queries regarding interpretation of the ethical values, principles and standards of conduct laid down in the Code, or propose improvements.
- Report any non-conformances in respect of the Code, legislation, internal regulations or commitments taken on by the organisation.
- Report any potential irregularities or non-conformances related to financial, accounting or business malpractice.

The Red Eléctrica Group's Ethics and Compliance Channel is managed by the Ethics Office in coordination with the Compliance area and its activity is governed by guidelines on the channel's management, which are in line with the Spanish Data Protection and Digital Rights Act and the EU Directive on the protection of persons who report breaches of Union law.

Enquiries and complaints processed in 2021

A total of seven enquiries were made to the Ethics Officer via the Ethics and Compliance Channel in 2021. Four complaints were received in relation to compliance with the Code of Ethics and Conduct in 2021. None of the complaints concerned non-conformances linked to the organisation's criminal risks.

The chart below shows the number of queries and complaints made in each of the last five years.



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.

The Red Eléctrica Group's Compliance Policy, the latest version of which was approved by the Board of Directors on 27 July 2021, expresses the organisation's commitment to the prevention and detection of, and response to, any conduct that contravenes the legal obligations and commitments assumed voluntarily, in accordance with the values, principles and behaviour guidelines of the Code of Ethics and Conduct. The Policy sets out the Red Eléctrica Group's express commitment to compliance with the criminal and anti-bribery laws applicable to the organisation and its rejection of any form of criminal conduct, in keeping with the values, principles and behaviour guidelines established in the Red Eléctrica Group's Code of Ethics and Conduct.

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, optimising and improving their management.
- 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 and Conduct.
- 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 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 reactive and corrective measures when non-conformances are detected.
- Maintain supporting evidence of compliance with the Group's obligations and commitments.

Criminal and anti-bribery compliance system

The Group has a criminal and anti-bribery 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 Group 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 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 and anti-bribery compliance system and its objective is for the main criminal risks to be properly identified, managed and disseminated internally.

The Criminal Compliance Committee is an independent body which reports its activities to the Board of Directors, via the Audit Committee. It also provides the Board of Directors with information on the adequacy and effectiveness of the criminal and anti-bribery compliance system.

The criminal and anti-bribery compliance systems of the Parent of the Red Eléctrica Group (REC) and its subsidiary REE have been certified under UNE 19601 and ISO 37001. The certification process for these systems was carried out by AENOR in accordance with the aforementioned standards.

In 2021, none of the Group 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 acts of non-compliance linked to corruption.

Prevention of corruption and money laundering

The Code of Ethics and Conduct and the criminal and anti-bribery 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.

No complaints were filed in 2021 in connection with potential cases of corruption or money laundering, and no Group company was investigated or found guilty by any court in connection with acts of non-compliance linked to corruption or money laundering.



11.7 Information on social issues

Impact of the activity on employment and local development

The activities carried out by the Red Eléctrica Group in the different territories undoubtedly have benefits for society, notably that they maintain the continuity and security of electricity supply in conditions of high quality.

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

Since 2017, the Red Eléctrica Group has used a methodology based on multipliers to estimate the level of general activity generated as a result of an initial investment. The calculations take into account the direct, indirect and induced effects.

Effects of investments

Direct effect	Indirect effect	Induced effect
Estimation and valuation of the production chain and of jobs and income 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 generated.

Socio-economic contribution in Spain

In 2021 the Red Eléctrica Group's total investment in Spain, through the activity of REE, REINTEL, Elewit and Hispasat, amounted to Euros 531 million, of which an estimated Euros 122 million was spent on importing the products and services needed for such investment.

The remainder, totalling around Euros 409 million, consisted of direct investment in Spain, the effect of which, after applying the chosen methodology, is broken down in the following table:

	Direct	Indirect	Induced	Total
Production (millions of Euros)	408.6	326.7	48.0	783.3
Income - GDP (millions of Euros)	184.0	150.1	23.0	357.1
Employment (no. of jobs)	3,000	2,384	341	5,725
Tax revenue (millions of Euros)	72.6	56.6	8.1	137.3

The investment in Spain has generated Euros 783.3 million of output in the business sectors concerned, which is almost double the investment made (Euros 409 million). This represents a contribution of some Euros 357 million to Spanish GDP (around 18% of the Red Eléctrica Group's revenues in 2021), generating activity equivalent to 5,725 jobs. All of this combined has generated tax revenue of Euros 137.3 million (approximately 12.6 % of the amount provisionally collected in 2021 in respect of the special electricity tax).



Socio-economic contribution in Chile

In 2021, through its subsidiary Red Eléctrica Chile, the Red Eléctrica Group invested a total of US Dollars 41 million, approximately, in the transmission network, reflecting direct investment in Chile the effect of which, after applying the chosen methodology, is broken down in the following table:

	Direct	Indirect	Induced	Total
Production (millions of US\$)	40.5	28.2	6.9	75.6
Income - GDP (millions of US\$)	20.9	13.1	3.5	37.5
Employment (no. of jobs)	535	378	95	1,008
Tax revenue (millions of US\$)	4.6	2.5	0.7	7.8

The investment made has generated US Dollars 75.6 million of output in the business sectors concerned. This represents a contribution of US Dollars 37.5 million to GDP, generating activity equivalent to 1,008 jobs. All of this combined has generated tax revenue of US Dollars 7.8 million.

Socio-economic contribution in Peru

In 2021, through its subsidiaries in Peru, the Red Eléctrica Group invested a total of US Dollars 10 million, approximately, in the transmission network, almost all of which was direct investment in Peru the effect of which, after applying the chosen methodology, is broken down in the following table:

	Direct	Indirect	Induced	Total
Production (millions of US\$)	9.8	7.1	1.8	18.7
Income - GDP (millions of US\$)	4.4	3.4	0.9	8.7
Employment (no. of jobs)	216	328	80	624
Tax revenue (millions of US\$)	0.8	0.7	0.2	1.7

The investment in Peru has generated around US Dollars 19 million of output in the business sectors concerned, which is almost double the investment made (US Dollars 9.8 million). This represents a contribution of US Dollars 8.7 million to GDP, generating activity equivalent to 624 jobs. All of this combined has generated tax revenue of US Dollars 1.7 million.

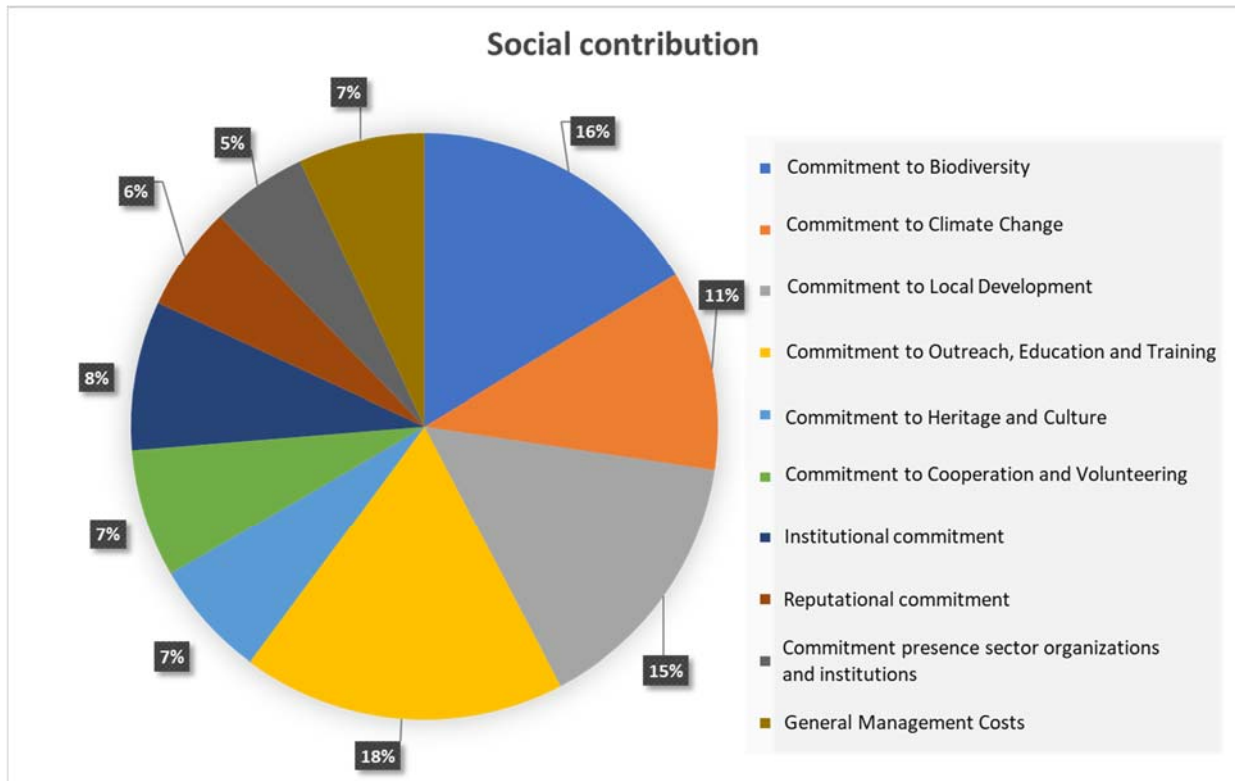
Impact of the activity on local communities and the local area

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 local area and its inhabitants. It also helps tackle various challenges, such as the UN's Sustainable Development Goals or those envisaged as part of the European 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 in which it operates 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 schemes to nurture institutional and social relationships, transparently seeking collaboration agreements, disseminating information about the electricity network's performance and fostering involvement in projects and initiatives that boost socio-economic development, education, social well-being, biodiversity and the conservation, protection and enhancement of natural and cultural heritage in the local areas.

In 2021 the Group contributed over Euros 8.5 million (amount calculated using the London Benchmarking Group methodology) to social initiatives.



In 2021 REE signed 86 agreements with public and social entities, mainly to execute socio-economic, environmental, educational and cultural development projects.

Of the 457 social initiatives undertaken, 244 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.

To further strengthen the Red Eléctrica Group's commitment to local areas, in 2021 a new Social Innovation approach has been defined, placing a greater importance on the "S" of society, with a view to making it one of the transformative levers capable of generating solutions to real needs.

The new approach aims to reduce digital, territorial, generational and gender inequality so as to improve the lives of citizens in local communities. It is deployed in an Action Plan with 11 lines of work linked to the UN's Sustainable Development Goals; the Demographic Challenge Action Plan of the Spanish Ministry for the Ecological Transition and the Demographic Challenge (MITERD); the company's 2021-2025 Strategic Plan; and the 2030 Sustainability Commitment.

With regard to knowledge-sharing, the Group has always played an important role through activities that seek to enhance knowledge of the Spanish electricity system. This now takes on even greater importance given the sizeable 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 the new sustainable energy model.

In this respect, the company welcomed 40 visits in 2021, adapting to the new requirements brought about by the health crisis triggered by COVID-19. Over 800 people have visited Red Eléctrica's facilities and the control centres (CECOEL, CECRE and island control centres), both in person and virtually. School children can learn through the educational game "entreREDes", which aims to teach children to be efficient consumers and environmentally friendly in the future. Over 14,000 school children from eight autonomous regions participated in 2021.

The company has 14 collaboration agreements with universities and educational institutions.



Corporate volunteering

The Group’s corporate volunteering model was updated in 2021, extending 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 actions carried out in 2021 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 situation triggered by the COVID-19 pandemic has significantly affected such actions as they have only been possible in virtual formats or small family groups. Nevertheless, the company reached a level of participation of individual volunteers of 23% (26.48% in 2020), which was once again higher than the target set at the beginning of the year (20%).

Main corporate volunteering actions in 2021

Social volunteering	
Experiment kits with Escuelab	Fostering interest in science among disadvantaged groups with volunteers preparing experiment kits: <ul style="list-style-type: none"> • 53 employees and 95 children participated. • 72 experiment kits sent. • Funding for scholarships of children in situations of social exclusion.
Aldeas Infantiles [Children’s Villages] landing page	Virtual campaign to raise money (donations) for the purchase of school material for children at risk of social exclusion ahead of the 2021-2022 school year: <ul style="list-style-type: none"> • 41 volunteers. • Euros 1,110 raised.
Christmas activities with Cruz Roja Española [Spanish Red Cross]	Book drive for families at risk of social exclusion. <ul style="list-style-type: none"> • 230 books collected.
Environmental volunteering	
“Diary of a Naturalist”, Telesforo Bravo – Juan Coello Foundation in the Canary Islands	Creation of a field notebook from nature outings of employees and their children during their holidays or free time. <ul style="list-style-type: none"> • 28 volunteers and their children.
“Great waste cleanup” challenge with HandsOn Spain	Cleaning of waste by the volunteers in any area close to their home. The volunteers received a collection kit and scales to weigh the kilos of waste cleaned up. <ul style="list-style-type: none"> • 50 volunteers and their families. • 293 kg of waste cleaned up.
Educational workshops on seeds with the Global Nature Foundation	Workshops aimed at fostering knowledge of the natural processes in food production, focusing on the need to promote zero-mile diets, eco-friendly production, and aspects such as food safety. <ul style="list-style-type: none"> • 8 volunteers and their families.

Participation in organisations

The Group is an active member of 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.

The Group participates in international electricity-related organisations such as ENTSO-E (European Network of Transmission System Operators for Electricity), RGI (Renewable Grid Initiative), IESOE (Electricity Interconnection in South-Western Europe), Med-TSO (Mediterranean Transmission System Operators), EASE (European Association



for the Storage of Energy), and CIGRE (International Council on Large Electric Systems). Regarding the satellite business, Hispasat participates in the International Telecommunication Union (ITU), the Spanish Association of Technology Companies for Defence, Aeronautics and Space (TEDAE), the Inter-American Telecommunications Commission (CITEL), the Spanish Aerospace Technological Platform (PAE), the EMEA Satellite Operators Association (ESOA), and the Inter-American Association of Telecommunications Companies (ASJET).

The Group participates in national organisations and associations that seek different objectives:

- **Share and extend best business practices**

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.
Spanish Issuers (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.

- **Enhance knowledge of the Group's activities**

- **Electricity sector**

Spanish Energy Club (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)	A foundation that drives initiatives and programmes for the research, 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.

- **Telecommunications and aerospace sector**

Madrid aerospace cluster (Clúster aeroespacial)	An association that fosters and contributes to development and innovation in the aerospace industry in the Madrid Region.
Spanish Association of Technology Companies for Defence, Aeronautics and Space (TEDAE)	This Spanish association brings together technology companies in the fields of defence, security, aeronautics and space, encompassing the Spanish tech industries in these domains, and makes a meaningful contribution to the national objective of changing the Spanish economy's production model.
Spanish Aerospace Technological Platform (PAE)	A group which furthers aeronautics and space research consultancy in Spain, currently charged with updating the Strategic Aerospace Research Agenda.



- Promote the Group's commitment to sustainability

Sustainability Excellence Club (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.
Excellence in Management and Innovation Club (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.

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 Red Eléctrica Group focuses on the scope of 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, transparency and free competition, as well as a framework of legislation and internal Group codes, policies and rules.

A new aspect this year is the reporting on Hispasat supplies, both for the parent in Spain and the subsidiaries in various countries in Latin America⁷.

In 2021 the Red Eléctrica Group worked with 2,157 suppliers in transactions worth Euros 702.8 million⁸ (accredited investment and spending). Of that amount, 80.7% relates to services and works, while the remaining 19.3% pertains to materials and equipment.

In addition to these suppliers, there are a further 880 subcontractors authorised to perform work in the electricity transmission network facilities.

The overall local purchases indicator (percentage of purchases from suppliers based in the same country as the company) of the Red Eléctrica Group is 85.6%. The breakdown of this indicator is 86.5% for Group companies based in Spain, 98.3% in Chile, 66.9% in Peru, 68.9% in Brazil, 92.5% in Argentina, 62.3% in Colombia and 91.4% in Mexico⁹. This enables the Group to act as a driver of local growth, fostering business, industrial and social development through job creation across the supply chain.

The Group verifies that approved suppliers meet the minimum requirements, which vary depending on the supply contract: they must have accepted the Code of Conduct for Suppliers, show evidence of a stable financial position, fulfil certain minimum quality guarantee criteria, have adequate public liability insurance, and provide references and records of previous work.

⁷ For subsidiaries domiciled outside the European Union which operate in US Dollars, a conversion rate of 1 USD = 1 EUR is applied for all purposes.

⁸ As an indication, the incorporation of Hispasat has increased the number of suppliers of the rest of the Red Eléctrica Group companies by 65% and the expenditure by 25%.

⁹ The volume of purchases is very low in the latter three countries: Argentina (Euros 78 thousand), Colombia (Euros 362 thousand) and Mexico (Euros 1,714 thousand).



Should more specific environmental and social criteria be needed (in addition to those required for approval), these are conveyed by the Group's technical areas as part of the technical specifications that will form part of the tender process. Their evaluation would form part of the technical assessment of the tender bids received.

The monitoring process verifies the suppliers' performance in the context of the contracts with the company and the ongoing fulfilment of the requirements made upon approval. The main areas screened are: (1) business (monitoring of the financial solvency of all approved suppliers and application of mitigating measures, continuous oversight of legal matters such as being up-to-date with payments to the Spanish taxation authorities, Social Security, public liability insurance, etc.); (2) technical; (3) compliance (criminal risk, privacy and cybersecurity); (4) integrity; (5) sustainability (ESG scoring); and (6) social responsibility (verification of proper adherence to the Code of Conduct for Suppliers through social audits).

Social audits were conducted at 35 suppliers during 2021 (45 in 2020) to verify compliance with the Code of Conduct for Suppliers. As a result of the audits, seven action plans have been agreed with six suppliers, facilitating supplier development and verification of the improvements made. The results of these audits and their findings are shared internally, placing special emphasis on the detection of major non-conformances.

The effects of the pandemic triggered by COVID-19 have not had a notable negative impact on the Group's supply chain thanks to the actions taken, such as continuous monitoring of the status of suppliers and their ability to supply, analysis of the minimum stock of materials and equipment for the resolution of breakdowns, giving suppliers more visibility regarding future purchase plans, and bringing forward the purchase of some material.

Consumers

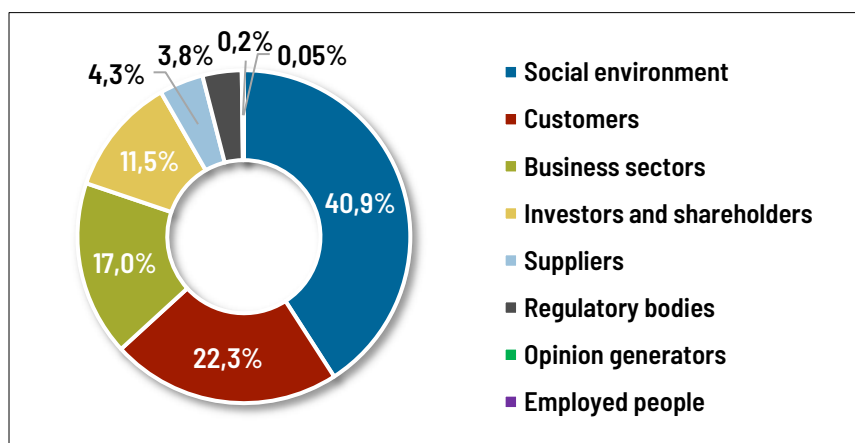
Throughout 2021, the Group's services that receive enquiries from external stakeholders worked on defining a corporate procedure to determine the guidelines for managing all incoming communications. This shared procedure has been adapted to the Group's various incoming communication channels in order to reflect the specific characteristics of each of the different businesses.

Red Eléctrica de España (REE)

Since 2008 the "Dígame" service has provided a professional response to enquiries from external stakeholders, who have several channels of communication at their disposal (telephone, email, online contact form, post or certified fax), regarding REE's electricity system operation and transmission network management services. The service is manned by employees of Fundación Juan XXIII Roncalli, a non-profit entity that facilitates the workplace integration of people with disabilities.

Enquiries received through the Dígame service in 2021

In 2021 a total of 3,843 enquiries were received and managed¹⁰, with stakeholders from the local area accounting for the highest number (1,571), followed by customers (858), business sectors and associations (653), and then investors and shareholders (442). To a lesser extent the Group has recorded interactions with regulatory bodies and governments, suppliers and other stakeholders.



¹⁰ "Enquiries" comprise any communication between the Red Eléctrica Group and a stakeholder. Enquiries are classified into: claims, incidents, queries, requests, grievances, suggestions, information notifications and recognitions.



Claims admitted and handled through the Dígame service in 2021

Of the 103 claims received, 44 fell under REE’s remit and were admitted. Of these, 34 were upheld (accepted on correct and reasonable grounds, whether fully or partially).

The bulk of the claims admitted referred to the impact of REE’s facilities in relation to felling and clearing of vegetation or damage to infrastructure.

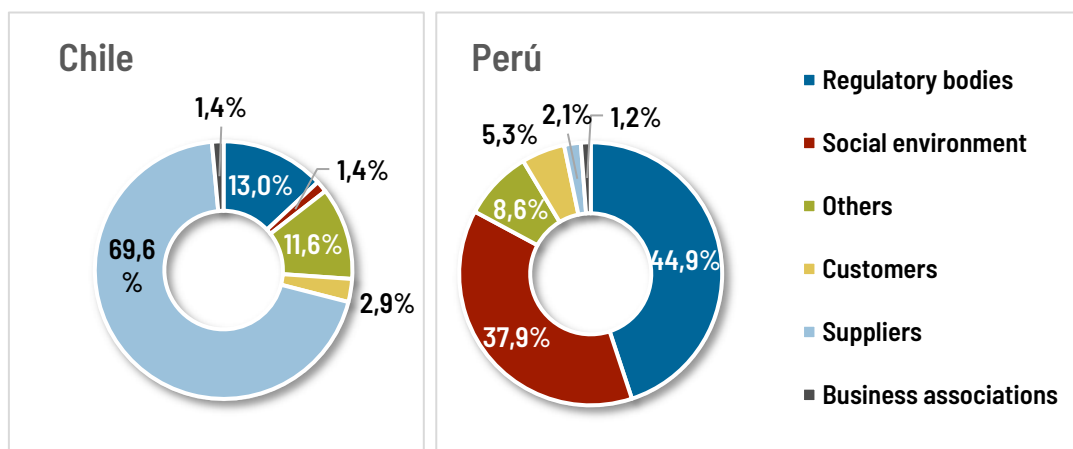
By type	2021	2020 ¹¹
Quality and continuity of supply	13	0
Impacts of facilities	29	41
Measures	-	2
Other	2	3
Total	44	46
By stakeholder		
Local area	36	42
Business sectors and associations	6	1
Customers	2	3
Total	44	46

Of the claims admitted, 89% had been resolved by year end. Of the 11 claims that remained open at the end of 2020, nine were fully closed in 2021 and the other two more complex claims, relating to the impact of the facilities, are in the process of being resolved.

Red Eléctrica de España regularly conducts perception studies among its customers and business agents. A new study was devised in 2021 in which 450 customers and business agents were invited to take part. The results indicate an overall satisfaction rate of 8.7 out of 10.

International business

In 2021 the Group consolidated the channel for queries, enquiries, grievances and claims through a Latin America-wide procedure that establishes the response times and prioritisation of communications received from external stakeholders.



¹¹ The 2020 figures shown are different to those presented in the 2020 Non-Financial Information Statement since various rulings have been handed down in favour of REE, ordering the distributor to pay the damages resulting from the complete blackouts in Tenerife (the so-called “cero”) by virtue of the contracts binding it to consumers. Consequently, the 170 claims previously admitted were deemed inadmissible. Possible changes in the future cannot be ruled out because the Canary Islands government might yet make a decision on the penalties.



By type	Peru	Chile
Requests	532	29
Queries	46	35
Grievances	5	-
Claims	-	5
Total	583	69

No claims were logged in Peru in 2021, whereas five were filed in Chile, two related to REDENOR and three to REDENOR 2. Five grievances were received in Peru, two pertaining to REDESUR, one to CCNCM, one to TESUR and one to TESUR 4. Chile, por su parte, no ha reportado este tipo de solicitud.

At the reporting date of this report, 13 enquiries in Peru are still being resolved and one in Chile.

REINTEL

REINTEL has its own 24/7 service and supervision centre, which controls and monitors the status of the network and handles incidents and scheduled work of customers, with the aim of offering a reliable service of the utmost quality. In 2021 a total of 506 network incidents affecting customers were handled. Of these, 64% stemmed from power failures, third party works, natural causes and vandalism, while the remaining 36% were due to scheduled network work.

These incidents were handled and resolved as part of normal business within the timeframes established in the customers' contracts.

Hispasat

Hispasat also maintains an ongoing dialogue with its customers, providing them with various tools for direct communication: 24/7 customer service call centre offered in three languages (Spanish, Portuguese and English) with local phone numbers, a support centre and a web portal, allowing customers to open service incidents or request information.

In 2021 it received a total of 5,113 enquiries, primarily queries (57%).

By type	2021	2020
Queries ¹²	2,928	2,207
Incidents ¹³	2,182	1,558
Grievances - Claims	3	4
Total	5,113	3,769

Hispasat surveys customer satisfaction every two years. The overall net satisfaction rate was 84.1% in 2021. This year saw participation rise to 257 responses (47%), compared to 175 in 2020 thanks to Hispasat's social incentive of donating Euros 2 to the UNHCR's Afghanistan Emergency programme for each survey completed.

Lastly, 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 the electricity 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 Communities 1999/519/EC: limitation of exposure of the general public in areas where they spend significant time - 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 phased translocation in lines.
- Raising the height of supports, thereby increasing the safety distances.

¹² Includes operational matters, information requests, alignments, changes, service provisions and others.

¹³ Includes incidents, problems, terminal-related incidents, platform-related incidents, service incidents and scheduled work.



- 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.

Tax information

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

The Red Eléctrica Group has been recognised by the Commitment and Transparency Foundation for the second year running, topping the tax transparency and responsibility ranking in the Transparency in Tax Responsibility Management Report on the IBEX 35 in 2020. This analyses the voluntary transparency of content related to the tax obligations of IBEX 35 companies. The Red Eléctrica Group scored maximum points and led the transparent companies category.

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 Conduct 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 ⁽¹⁴⁾.

Considering the applicable legislation for the preparation of the CBCR (Country-By-Country-Report) in Spain, details of aggregate profits and taxes, by country, of the Red Eléctrica Group entities included in the consolidated financial statements, except for those accounted for using the equity method, are provided below.

This information is prepared on the basis of the respective individual financial statements.

Profit/(loss) before corporate income tax comprises the pre-tax income and expenses of each company, excluding dividends received from Group entities, aggregated at country level.

Millions of Euros

Pre-tax profits obtained by country	2021	2020
Spain	844	726
Peru	11	10
Chile	-4	-5
Brazil	3	-2
Argentina	-	-1
Other (*)	-	-

(*) Includes France, Luxembourg and the United Kingdom in Europe and other countries in the Americas, with amounts under Euros 1 million.

Income tax paid

With a view to following best practices in sustainability 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.

⁽¹⁴⁾ 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.



The Group's total 2021 tax contribution in all the countries in which it operates amounted to Euros 775 million, consisting of Euros 244 million paid and Euros 531 million collected.

The corporate income tax paid in each country in 2020 and 2021 is as follows:

Millions of Euros

Corporate income tax paid	2021	2020
Spain	177	192
Peru	4	3
Mexico	-	2
Other (*)	-	-
Total	181	197

(*) Includes France, Luxembourg and the United Kingdom in Europe and other countries in the Americas, with amounts under Euros 1 million.

Corporate income tax in 2021 accounts for 74% of the taxes paid by the Group to governments, mainly the Spanish government.

Government grants received

In 2021 Euros 3.5 million was received in grants from official bodies (Euros 1.8 million in 2020). The grants received in 2020 and 2021, broken down by country, are as follows:

Millions of Euros

Government grants received	2021	2020
Spain	3.5	1.8
Total	3.5	1.8

11.8 Taxonomy information

In 2018 the European Commission published its "Action Plan: Financing Sustainable Growth", thereby setting in motion a comprehensive strategy with regard to sustainable finance. One of the objectives established in that action plan was to reorient capital flows towards sustainable investment in order to achieve sustainable and inclusive growth.

The most important and urgent measure envisaged in the action plan was the establishment of a unified classification system for sustainable activities. The action plan acknowledges that the reorientation of cash flows towards more sustainable activities should be underpinned by a shared understanding of what is meant by environmental sustainability of activities and investments.

The first step, consisting of establishing clear guidance on activities potentially qualifying as contributing to the achievement of environmental objectives, helps to provide investors with information on investments that finance environmentally sustainable economic activities.

Building on the aforementioned Action Plan, the European Parliament and the Council of the European Union approved Regulation (EU) 2020/852 of 18 June on the establishment of a framework to facilitate sustainable investment (or Taxonomy Regulation) in June 2020.

This is a key milestone in the development of sustainable finance in the European Union (EU), since it establishes the criteria for determining whether an economic activity qualifies as environmentally sustainable by establishing a list of environmentally sustainable activities.

The Taxonomy Regulation establishes that the economic activities should be in line with the following technical screening criteria in order to qualify as sustainable:



1. They must contribute significantly to at least one of the following six environmental objectives:
 - Climate change mitigation.
 - Climate change adaptation.
 - The sustainable use and protection of water and marine resources.
 - Circular economy.
 - Pollution prevention.
 - Healthy ecosystems (biodiversity).
2. Not causing significant harm to any of the other environmental objectives.
3. Compliance with minimum social safeguards (human rights).

June 2021 saw the approval of the European Commission Taxonomy Delegated Act implementing the environmental objectives relating to climate change mitigation and adaptation and, in particular, establishing a list of activities qualifying as environmentally sustainable.

The approved list includes electricity transmission, more specifically, the “construction and operation of transmission systems that transport electricity on the extra high-voltage and high-voltage interconnected system”, as an activity that contributes to climate change mitigation.

The European Commission Delegated Act on Article 8 of the Taxonomy Regulation, concerning the transparency of undertakings in non-financial statements, was later approved in July 2021.

Under Article 8, non-financial undertakings are required to disclose the following information:

- a) The proportion of their turnover (Revenues) derived from products or services associated with economic activities that qualify as environmentally sustainable under the Taxonomy Regulation.
- b) The proportion of their capital expenditure (CAPEX) and the proportion of their operating expenditure (OPEX) related to assets or processes associated with economic activities that qualify as environmentally sustainable under the Taxonomy Regulation.

The quantitative and qualitative information to be reported (KPIs) and the criteria for preparing such indicators are also described at length, and the mandatory reporting date for the KPIs is partially set back.

Based on the aforementioned legislation, the RE Group’s information for 2021, in accordance with the Taxonomy Regulation, is as follows:

% of Revenues at 2021 year-end corresponding to qualifying activities: 81.8% (79.6% in 2020).

% of CAPEX at 2021 year-end corresponding to qualifying activities: 75.6% (89.4% in 2020).

% of OPEX at 2021 year-end corresponding to qualifying activities: 75.1% (76.6% in 2020).

Although the aforementioned delegated act makes no mention of the telecommunications activities carried out by the Group, based on the established parameters, we believe that such activities would not cause significant harm to the environmental objectives laid down in the Taxonomy Regulation.

Methodology for calculating Revenue, CAPEX and OPEX ratios.

As regards calculation of the Revenue, CAPEX and OPEX figures for Transmission activities, as described in note 28 to the consolidated annual accounts on segment reporting, the Red Eléctrica Group segments its business activities based on their nature, reflecting the main branches of activity used by the Group in its management and decision-making.

At 31 December 2021, the Group’s operating segments and their main products, services and operations are as follows:

• Management and operation of domestic electricity infrastructure:

This segment comprises the Group’s principal activity, as sole transmission agent and system operator for the Spanish electricity system (TSO). Its mission is to guarantee the security and continuity of the electricity supply at all times and manage high-voltage electricity transmission.

Since the activity included in the Taxonomy Regulation is specifically Transmission (and does not include System Operation), the following legislation is observed in order to separate the various activities:



- Article 20.2 of Electricity Industry Law 24/2013 of 26 December 2013 (Title III, "Economic and Financial Sustainability of the Electricity System") provides as follows: "Red Eléctrica de España, S.A.U. shall keep separate accounts for transmission activities and system operation (mainland and non-mainland)".
- National Energy Commission (currently the Spanish National Markets and Competition Commission ("CNMC")) Circular 5/2009, of 16 July 2009, on the procurement of accounting, economic and financial information of companies that carry out activities relating to electricity, natural gas and pipeline gas.
- CNMC Circular 1/2015 of 22 July 2015, which establishes a regulatory reporting system for costs related to the regulated activities of transmission, regasification, storage and technical management of the natural gas system, and for transmission and electricity system operation.

Therefore, the information relating to the separation of REE's activities into Transmission, System Operation and Other activities is already included in the company's annual accounts and is currently being reported to the CNMC on a quarterly basis.

The balances taken into account for the calculation of the ratios established by the Taxonomy Regulation were those relating to domestic Transmission activities.

- **Management and operation of international electricity infrastructure:**

This segment comprises activities related to international business development as a natural form of growth, mainly focused on the construction and operation of electricity transmission networks outside Spain; at 31 December 2021, in Peru, Chile and Brazil specifically.

The international electricity infrastructure management and operation activities relate in full to the Transmission activities provided for in the Taxonomy Regulation.

- **Telecommunications (satellites and fibre optics):**

Activities not covered by the Taxonomy Regulation.

The Group also carries out reinsurance activities and fosters innovation in the electricity and telecommunications sectors. These activities are not covered by the Taxonomy Regulation.



11.9 Content index required by Law 11/2018 of 28 December 2018 on non-financial and diversity information

CONTENT	Page	Reporting framework
Description of the business model. Business environment. Organisation and structure. Markets served. Objectives and strategies. Key factors and trends that could affect future performance.	31 and thereafter	(*) 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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Government grants received.	70 and thereafter	Internal framework. Government grants received
VI. Alignment with the Taxonomy Regulation on sustainable finance in the European Union		
Proportion of turnover (Revenues) derived from products or services associated with economic activities that qualify as environmentally sustainable under the Taxonomy Regulation.	72 and thereafter	European Commission Delegated Act on Article 8 of the Taxonomy Regulation, concerning the transparency of undertakings in non-financial statements.
Proportion of capital expenditure (CAPEX) related to assets associated with economic activities that qualify as environmentally sustainable under the Taxonomy Regulation.	72 and thereafter	European Commission Delegated Act on Article 8 of the Taxonomy Regulation, concerning the transparency of undertakings in non-financial statements.
Proportion of operating expenditure (OPEX) related to assets or processes associated with economic activities that qualify as environmentally sustainable under the Taxonomy Regulation.	72 and thereafter	European Commission Delegated Act on Article 8 of the Taxonomy Regulation, concerning the transparency of undertakings in non-financial statements.

(*) This table shows the equivalence between the requirements of Law 11/2018 and the GRI standards. 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>

13 Annual Report on Directors' Remuneration

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

<https://www.cnmv.es/Portal/Consultas/EE/InformacionGobCorp.aspx?TipInforme=6&nif=A-78003662>