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CIRCULAR ECONOMY CRITERIA RELATED TO THE SUPPLY CHAIN



RED ELÉCTRICA
GROUP



Circular economy in Red Eléctrica Group

The current economy's linear system, based on extracting, manufacturing, using, and eliminating goods and materials, has reached its limit. The exhaustion of certain natural resources is looming over the horizon. We cannot build our future on the "pick, manufacture, use and throw away" model.

The Circular Economy appears like a new economic model, closely linked to the concept of Sustainability. Its goal is for the value of goods and materials to be maintained over the longest period possible, reducing waste generation and the use of resources to the minimum. This also translates in a reduction of energy costs and a decline in greenhouse gas emissions.

Red Eléctrica faces an ambitious challenge as a key agent in the transition towards a sustainable energy model, also linked to the commitment to offer a service of the utmost quality, managing ethically and responsibly and generating value for all their stakeholders. As part of the path towards a sustainable energy model, the company drives the integration of circular economy in its activities and, for this reason, it has prepared a Road Map compiling the main initiatives to carry out until 2030. This is one of the 11 Sustainable Goals 2030 for the Red Eléctrica Group.

Aiming at promoting and driving circular economy throughout the whole chain value in the Group, the circular economy criteria related to the supply chain Red Eléctrica Group considered to be the most relevant in that Road Map have been extracted.

Circular economy criteria of Red Eléctrica Group related to the supply chain

1. **Introducing eco-design** with measures that increase durability, reparability and recyclability of equipment and materials, as well as energy efficiency, provided the minimum eco-design requirements set in the laws in force so allow.
2. Ensuring all equipment and materials have been manufactured, insofar as possible, provided the current regulation, specifications and contractual terms and conditions so allow, with recycled and/or recyclable raw materials with the ultimate goal of minimising the use of resources and promoting the reuse, **recovery and recyclability of materials**.



3. Ensuring **maximum durability of equipment and materials** by the availability of spare parts at least during the period stated in the general contracting terms and conditions, easiness to repair and facilitating treatment at the end of their useful life.
4. **Identifying, characterising, and estimating the mass of the materials used in manufacturing the equipment.** Including codes according to Directive 2021/19/EU (WEEE) when applicable.
5. Ensuring equipment and materials have been manufactured according to **energy efficiency criteria**, identifying **consumption and loss of energy** of equipment throughout their life cycle.
6. **Transforming waste into valuable resources**, including reuse, recycling and/or recovery criteria in the final disposal of materials included in the equipment or material at the end of the useful life. Seeking always to reduce waste ending in a landfill to zero.
7. Using tools or developing techniques that allow **the reduction or elimination of waste generation.**
8. Having the **product's carbon footprint** (and, if applicable, the organisation's carbon footprint), including a reference to its verification.
9. Having adopted commitments to **reduce emissions** and indicators to follow up and control the level of compliance.
10. Having the **water footprint of the manufacture**, including indicators to be verified on a frequent basis.
11. Having **environmental management certificate systems** or integrating environmental management in the manufacturing process.
12. Having **FSC or PEFC certificates for wood or cardboard packaging** of supplies, ensuring the material used in the manufacturing comes from forests managed in a sustainable way: appropriated environmentally, socially beneficial, and economically viable, avoiding deforestation. Using packaging made of recycled and recyclable material, especially when it comes to plastic materials.