



**RED**  
**ELÉCTRICA**  
CORPORACIÓN

*Grupo Red Eléctrica*

## **Sustainability Committee**

15 February 2022

Activities Report of the Sustainability  
Committee for 2021

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## 1. Introduction

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The Annual Action Plan of the Sustainability Committee for 2022, in accordance with that contained in Article 18 ter k) of the Board Regulations, envisages the preparation of an annual Report on the Committee's activities in 2021, which constitutes the subject matter of this document.

## 2. Legal background, structure, functions and composition

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### 2.1. Legal background

The Sustainability Committee was created by a resolution of the Board on 27 November 2018, pursuant to that established at that time in article 22 of the Articles of Association and article 14 of the Board Regulations, and in accordance with Recommendation no. 53 of the Code of Good Governance for Listed Companies.

At the meeting held on 19 February 2019, the Board approved an amendment to the Board Regulations in view of the strategic focus the Board wished to give to sustainability in the Red Eléctrica Group by restructuring the Board's Committees, creating a new Sustainability Committee and updating the functions of the other two Committees, the Audit Committee and the Appointments and Remuneration Committee. The responsibilities of the Appointments and Remuneration Committee were strengthened in relation to the Group companies, in accordance with international best practices regarding corporate governance, and in addition, the general oversight and risk control function to be carried out by the Audit Committee was reviewed, in conjunction with the specific functions assigned to each of the other Committees within the scope of their respective responsibilities.

At the meeting held on 31 March 2020, the Board Regulations were amended to include the appropriate adaptations to Spanish Law 11/2018, of 28 December, on non-financial information and diversity (*Ley 11/2018 en materia de información no financiera y diversidad*), to update the functions of the Board and its committees as regards sustainability, some of them of a cross-cutting nature, with the formal and material scope agreed upon by the three Committees, and to strengthen the mechanisms of coordination among the three Board Committees.

Lastly, the Board, at its meeting held on 25 May 2021, approved the amendment to the Board Regulations to include the appropriate adaptations to Spanish Law 5/2021, of 12 April, which amends the consolidated text of the Spanish Corporate Enterprises Act, approved by Royal Legislative Decree 1/2010, of 2 July (*Ley de Sociedades de Capital*), and other financial regulations, as regards the encouragement of long-term shareholder engagement in listed companies, and to include certain technical and wording clarifications.

This revision therefore brought the Board Regulations into line with matters mainly relating to the rules on related-party transactions, directors' remuneration, the directors' duty of diligence and the content of the Annual Corporate Governance Report and the Annual Directors' Remuneration Report.

It should also be noted that the proposal to amend the Company's Articles of Association was approved at the Annual General Meeting of Red Eléctrica Corporación, S.A. held on 29 June 2021, which included the creation of a new article 24 bis establishing the basic rules for the composition and functions of the Sustainability Committee, in coordination with that set out in the Board Regulations.

## 2.2. Structure and functions

Article 24 bis of the Articles of Association states that the Company will have a Sustainability Committee and establishes its basic composition and functions. Sections 18 BIS and 18 TER of the Board Regulations govern in greater detail the structure, composition and functions of the Sustainability Committee.

The functions of the Sustainability Committee include, among others, those related to ethical leadership, compliance with the Group's sustainability policy, sustainability actions and proposals, the 2030 Sustainability Commitment, sustainability policy and its relationship to the Strategic Plan, interaction with different stakeholders, the Annual Report on ethical management in the Group, sustainability disclosures in accordance with international benchmarks, the review and validation of reports on specific sustainability areas and oversight of compliance with and review of the Code of Ethics and Conduct.

The Committee meets with the appropriate frequency to properly discharge its duties. In any event, it must meet at least on a quarterly basis, when called by its chair or requested by two of its members and whenever the Board or its Chairwoman requests the issuance of a report or the submission of proposals.

Article 18 BIS.4 of the Board Regulations stipulates that meetings may be called, with the related documentation, by electronic means that guarantee the due security and confidentiality of the call notice and of the relevant documentation.

This call notice, which will include the agenda, will be sent by the chair or secretary of the Committee to each of its members at least three days prior to the date scheduled for the meeting, except in cases of emergency where a meeting needs to be called in a shorter period of time.

Article 18 BIS.6 of the Board Regulations stipulates that Committee meetings may be held by conference call, video-conference or any other remote means of communication that allows the holding of such meetings, provided that all the Committee members agree to do so.

The Committee may be convened with the attendance of the majority of its members and may adopt decisions or recommendations by an absolute majority of votes of the directors attending the meeting in person or by proxy. To better carry out its functions, the Committee may engage advice from independent professionals and may also access any type of information or documents of the Company that it may require to carry out its functions.

## 2.3. Composition

The composition of the Sustainability Committee is governed by Article 24 bis of the Articles of Association and Article 18 BIS of the Board Regulations. In accordance with these Articles, the Committee will be comprised of three (3) members appointed from among the non-executive directors, and the majority of its members must be independent directors. The chair of the Committee will be an independent director chosen by the Committee from among its members, and the secretary will be the secretary to the Board.

The appointment, re-election and removal of the Committee members is carried out by the Board at the proposal of the Chairwoman of the Board, following a report from the Appointments and Remuneration Committee, ensuring that they have the knowledge, skills and experience appropriate to the functions of the Committee. The Committee members will discharge their duties for a period of no more than four years, may be re-elected and will leave office when they cease to be directors or when so resolved by the Board, following a report from the Appointments and Remuneration Committee. The chair will be replaced every four years and may be re-elected.

The composition of the Sustainability Committee as at 1 January 2021 was as follows:

<b>Director</b>	<b>Position</b>	<b>Director category</b>	<b>Date of initial appointment</b>
Mr. José Juan Ruiz Gómez	<i>Chair</i>	Independent non-executive	24/11/2020
Mr. Alberto Carbajo Josa	<i>Member</i>	Independent non-executive	27/11/2018
Ms. María Teresa Costa Campi	<i>Member</i>	Proprietary non-executive (SEPI)	27/11/2018

The changes in the composition of the Sustainability Committee in 2021 were as follows:

- Red Eléctrica Corporación, S.A.'s Board, at its meeting held on 2 July 2021, appointed the independent director Ms. Elisenda Malaret García as member of Red Eléctrica Corporación, S.A.'s Sustainability Committee, for the term of four years stipulated in the Board Regulations, at the proposal of the Chairwoman of the Board and following a report from the Appointments and Remuneration Committee, in accordance with Article 24 bis of the Articles of Association and Article 18 bis of the Board Regulations, to fill the vacancy on the Sustainability Committee as a result of the expiry of the term of office of Mr. Alberto Francisco Carbajo Josa as Board member of the Company.
- On 30 November 2021, Red Eléctrica Corporación, S.A.'s Board resolved to re-elect the proprietary director Ms. María Teresa Costa Campi as member of Red Eléctrica Corporación, S.A.'s Sustainability Committee, for the term of four years stipulated in the Board Regulations, at the proposal of the Chairwoman of the Board and following a report from the Appointments and Remuneration Committee, in accordance with Article 24 bis of the Articles of Association and Article 18 bis of the Board Regulations.
- Red Eléctrica Corporación, S.A.'s Board, at its meeting held on 30 November 2021, appointed the independent director Ms. Carmen Gómez de Barreda Tous de Monsalve as member of Red Eléctrica Corporación, S.A.'s Sustainability Committee, for the term of four years stipulated in the Board Regulations, at the proposal of the Chairwoman of the Board and following a report from the Appointments and Remuneration Committee, in accordance with Article 24 bis of the Articles of Association and Article 18 bis of the Board Regulations, to replace Mr. José Juan Ruiz Gómez and stepping down as a member of the Audit Committee.
- The Sustainability Committee, at its meeting held on 30 November 2021, unanimously appointed Ms. Carmen Gómez de Barreda Tous de Monsalve as chair of the Committee for a term of four years, in accordance with that established in Articles 18.1 bis and 18.2 bis of the Board Regulations, as a result of the former chair stepping down from his position as member of the Sustainability Committee.

The composition of the Sustainability Committee as at 31 December 2021 was as follows:

<b>Director</b>	<b>Position</b>	<b>Director category</b>	<b>Date of initial appointment</b>
Ms. Carmen Gómez de Barreda Tous de Monsalve	<i>Chair</i>	Independent non-executive	30/11/2021
Ms. María Teresa Costa Campi	<i>Member</i>	Proprietary non-executive (SEPI)	27/11/2018
Ms. Elisenda Malaret García	<i>Member</i>	Independent non-executive	2/07/2021

All Committee members have the proven capacity to discharge the functions entrusted to the Committee as a result of their broad experience, skills and knowledge.

Below is a brief summary of the professional careers of the Committee members at 31 December 2021:

- *Carmen Gómez de Barreda Tous de Monsalve*, born on 20 May 1968, holds a B.A. in Economics and Business Administration from Universidad Pontificia de Comillas (ICADE), and a Master's Degree in Business Administration from IESE (Executive MBA) at the University of Navarra.

She is currently a Board member and chair of the Appointments and Remuneration Committee of Hispasat, S.A.; Member of the Advisory Board to the Board of Grupo Antolin-Irausa, S.A.; Board member of Mutua Madrileña Automovilista, Sociedad de Seguros a Prima Fija and chair of its Audit and Compliance Committee; Member of the Strategy Advisory Group of Sidenor Aceros Especiales.

She has held the position of Board member of Grupo Ezentis, S.A.; General Manager of Corporación de Reservas Estratégicas de Productos Petrolíferos (CORES); Manager of Institutional Relations and Communication at BP Oil España; Deputy Manager of Oil Markets at the Spanish National Energy Commission (CNE); Head of Services Development at Unión Fenosa; Head of the International, Petrochemicals and Marketing Departments at Repsol; Head of the Cogeneration Department and Business Management at Enagás; Representative of the Spanish delegation in the Standing Group on Emergency Questions and in the Standing Group on Markets of the International Energy Agency (IEA); Representative in various international working groups on energy regulation and security of supply issues (ARIAE and CEER); Board member of Grupo Ezentis, S.A.; Professor and/or lectures in various Master's programmes (University of Barcelona, ICAI, Cesma, Spanish Energy Club); Speaker at the Sagardoy Business School's Course for Directors.

- *María Teresa Costa Campi*, born on 31 July 1951, holds a B.A. and PhD (Cum Laude) in Economics from the University of Barcelona.

She is currently Professor of Economics at the University of Barcelona, Emeritus Professor of Economics at the University of Barcelona, Head of the Energy Sustainability Chair at the University of Barcelona, Coordinator of the Energy Economics Programme and Professional Seminars for the Master's Degree in Renewable Energy at the University of Barcelona, Lead Researcher of the Energy Sustainability and Environment Research Group; Member of the Royal Academy of Moral and Political Sciences; Member in a personal capacity of the Energy and Environment Committee of the Elcano Royal Institute (since 2006).

She has held positions with high level responsibilities in public agencies in the energy sector, including President of the Spanish National Energy Commission (CNE) (2005-2011); Chair of ARIAE (2005-2011); Deputy chair of MEDREG (2010-2011) and Chairwoman of its Scientific Committee (2014-2016); Member of CEER (2005-2009); Chair of the Board of MIBEL (2006-2007).

In the private sector she has held positions that include Board member of EDP RENOVÁVEIS, S.A. (EDPR) and member of the Audit, Control and Related Parties Committee of this company (July-September 2018); Board member of ABERTIS (2013-2018), having been a member of the Audit Committee and the Appointments and Remuneration Committee and Chair of the CSR Committee; Member of the Advisory Board of the Nuclear Safety Council (CSN) (2016-2018); Member of the Advisory Board of EDP Universidade (2014-2016); and Member of the Advisory Board of Abertis (2011-2013).

She has had a long academic career, with a very active presence in research and teaching, and at conferences and as a speaker at international congresses in the energy, industrial and business sectors. She has more than 170 publications in books and specialised Spanish and international academic journals in the fields of energy and economics. The research group she directs on energy economics has been recognised for research excellence by the corresponding official research quality assessment agency. She received the 2019 Victoriano Reinoso Energy and Society Award (Spanish Energy Club).

- *Elisenda Malaret García*, born on 20 March 1958, has a B.A. in Law from the University of Barcelona, a PhD in Law from the University of Barcelona, and is a postdoctoral researcher at Università degli Studi di Bologna, Project on the Promotion of Industrial Reorganisation.

She is currently Professor of Administrative Law at the Faculty of Law of the University of Barcelona; Head of the Master's programme in Advanced Public Procurement at the University of Barcelona; Joint Head of the Master's programme in Public Management at *Escola d'Administració Pública de Catalunya* (EAPC); Chair of the Law Teaching Staff Accreditation Committee of the Spanish National Agency for Quality Assessment and Accreditation (ANECA); Lecturer in Economic Regulation Law in the Master's programme in Advanced Legal Studies at the Faculty of Law and in the Master's programme in Regulation, Competition and Public Services of the Faculty of Economics at the University of Barcelona; Member of the Scientific Committee of the European Federation of Energy Law Associations; First Vice President of the Spanish Association of Energy Law (AEDEN); Member of the Scientific Committee of *Associazione per gli Studi e le ricerche sulla Riforma delle Istituzioni Democratiche e sull'innovazione nelle amministrazioni pubbliche* (ASTRID); Member of the Inaugural Council of the International Society of Public Law; Member of the Public Contracts in Legal Globalization (PCLG) European network; Member of the Spanish Association of Administrative Law Professors (AEPD); Member of the European Group of Public Law (EGPL); Board member of Mibgas Derivatives, S.A.

She has also held positions that include Director of the Catalan Audiovisual Council (2008-2014); Member of the Advisory Board of the Spanish Data Protection Agency (AEPD) (2005-2008); Guest lecturer at the following universities: Paris II Pantheon-Assas, Institut de Sciences Politiques, Paris, Paris I Panthéon-Sorbonne, Institut de Sciences Politiques, Grenoble, Roma Tre, Externado, Bogotá, Siena, Oviedo, Euskadi, Roma La Sapienza, Pisa, Florence, Cattolica de Milano, Pavia, Montpellier; Head of various courses on telecommunications regulation at Consorci Universitat Internacional Menéndez Pelayo de Barcelona (CUIMPB) (1997-2001); Head of the Department of Administrative Law and Procedural Law at the Faculty of Law of the University of Barcelona (2000-2004); Professor of Administrative Law at the University of Barcelona since 1986; Representative of the CAC on the European Platform of Regulatory Authorities (EPRA), on the contact committee provided for in the SCA Directive between national audiovisual regulators and the European Commission, on the *Réseau des Institutions de Régulation Méditerranéennes* (RIRM) and on the Platform of Latin American Audiovisual Regulators (PRAI); Member of the Lower House of the Spanish Parliament in the 8th and 9th legislatures (2004-2008). Rapporteur for the Antitrust Act, the Basic Statute of Public Employees Act, the Public Sector Contracts Act, the Act on Transparency in Financial Relations between Public Authorities and Public Companies, the Act on State Agencies for the Improvement of Public Services, and the Act on the Special Regime for the Municipality of Barcelona, among others (2004-2008).

She is also the author of numerous books, book chapters, articles and research projects on the main lines of research she has undertaken in her career, including: economic regulation law; energy law; infrastructure law; judicial control, administration and technology; telecommunications law; transparency, conflicts of interest and accountability – good governance and good administration; independent regulatory authorities, public procurement; public services; and liberalisation in the process of European integration; etc.

In recent years, she has also participated in numerous presentations at conferences, and on the boards of scientific journals, committees and representations, and has received merit awards for research and teaching from the Spanish National Commission for the Evaluation of Research Activity (ANECA).

Detailed information on the Committee members and their professional background is available to shareholders, investors and other stakeholders on the Company's website.

The secretary of the Committee is Carlos Méndez-Trelles García, the current secretary to the Company's Board of Directors, by virtue of his appointment as such, approved by Red Eléctrica Corporación, S.A.'s Board, at the proposal of the Appointments and Remuneration Committee, on 26 May 2020.

Throughout 2021, at the request of the Committee itself and following an invitation by the chair, the persons who during the financial year have held the position of Corporate Manager of Sustainability and Research and the persons who have held the position of Head of the Sustainability Department attended the Committee meetings, along with the Corporate Manager of Transformation and Resources, the Corporate Chief Financial Officer, the Financial Manager, the Sustainability Manager, the Economic Manager, the Corporate Manager of Institutional Relations, Communication and Territory, the Internal Audit and Risk Control Manager, the Head of the Organisation, Compensation and Labour Relations Department, the Head of Occupational Safety, Well-being and Diversity, the Head of the Corporate Governance Department, and an environmental technician from the Sustainability Department, all of them solely to report on matters related to the areas of their competence, safeguarding at all times the independence of this Committee.

### 3. Activities carried out in 2021

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At its meeting held on 14 December 2020, the Sustainability Committee approved its Annual Action Plan for 2021, taking into consideration the responsibilities attributed to it by the Articles of Association and the Board Regulations.

The Sustainability Committee has informed the Board of its activities at the Board meetings held immediately after each Committee meeting and made any documents corresponding to the meetings and copies of the meeting minutes available to all directors through the "directors' portal" intranet.

The main tasks carried out by the Committee in 2021 included the following:

- Analysis and follow-up, on a quarterly and half-yearly basis, of the Management Sustainability Objective.
- Analysis of participation in the Bloomberg GHG index and adherence to the UN Global Compact initiative, Women's Empowerment Principles (WEP).
- Analysis of the report on the monetisation project of the Circular Economy Roadmap to 2030 of the Red Eléctrica Group.
- Analysis and submission to the Board of the Annual Management Report on the Group's Code of Ethics for 2020.
- Analysis of the main trends in sustainable financing.
- Analysis of the green bond issue carried out by the Red Eléctrica Group on 10 May 2021.
- Analysis of the 2021 Environmental Plan of the Red Eléctrica Group.
- Analysis of the recommendations of the Task Force on Climate-related Financial Disclosure (TCFD).
- Analysis of the process and methodology for obtaining Sustainable Board Certification.
- Analysis of the proposed amendments to the Articles of Association and the General Meeting Regulations to bring them into line with the reform of the Corporate Enterprises Act.
- Analysis of the proposed amendment to the Board Regulations to bring them into line with the reform of the Corporate Enterprises Act.



- Analysis and approval of the Non-Financial Information Statement of Red Eléctrica Corporación, S.A. for 2020 and the external verification report.
- Analysis of the resolutions proposed by the Board at the Annual General Meeting within the scope of the competencies of the Sustainability Committee.
- Analysis and approval of the 2020 Sustainability Report.
- Analysis of and follow-up on the 2020-2022 Sustainability Plan.
- Analysis and approval of the Committee's Activities Report for 2020.
- Review of and favourable report on the sections of the Annual Corporate Governance Report for 2020 within the scope of the competencies of the Sustainability Committee.
- Analysis and approval of the 2020 Diversity Report.
- Analysis of main aspects of the Dow Jones Sustainability Index assessment process. Analysis of the report on the results obtained and the comparative study.
- Analysis of the update of the internal regulations relating to ethical principles in relation to people.
- Analysis of the sustainability overview report for the Red Eléctrica Group.
- Analysis of the draft update of the stakeholder management Model.
- Analysis of the review of risks and opportunities arising from climate change.
- Analysis of ongoing sustainability assessment processes.
- Follow-up and reporting on the 2018-2022 Comprehensive Diversity Plan of the Red Eléctrica Group and the 2021 Annual Programme.
- Follow-up on the sustainability objectives of the Red Eléctrica Group.
- Follow-up on the Circular Economy Roadmap of the Red Eléctrica Group.
- Favourable report on and submission to the Board for approval of the proposed updates to the Sustainability Policy and the Corporate Reputation Policy; and the proposed updates to the Compliance Policy and the Integrated Risk Management Policy.
- Analysis of the launch of the process regarding the 2021 Sustainability Report and Non-Financial Information Statement.
- Follow-up and reporting on the Green Framework for the issuance of green bonds to finance green projects.
- Analysis of the monitoring of the Red Eléctrica Group's contribution to the Sustainable Development Goals and structure of the report.
- Analysis of the ESG Analyst Ecosystem Project.
- Analysis of the Annual Tax Transparency Report of the Red Eléctrica Group for 2020.
- Analysis of the proposal for a Corporate Sustainability Reporting Directive.
- Analysis of the focus of the new Research Department of the Red Eléctrica Group.

- Analysis of the 2021 Sustainability Conference of the Red Eléctrica Group.
- Report on and submission to the Board for approval of the proposed updates to the 2030 emission reduction target of the Red Eléctrica Group.
- Analysis of the update to the Materiality Study of the Red Eléctrica Group.
- Analysis of the results of the Vigeo Eiris assessment process, relating to the ESG profile.
- Approval of the Committee's Action Plan for 2022.
- Approval of the schedule of Committee meetings for 2022.

#### 4. Directors' attendance at meetings

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In 2021 the Sustainability Committee held twelve (12) meetings, one (1) of which was an special meeting, reporting the same number of times to the Board on the Committee's activities. Over the course of the year there was only one absence, where the director designated a proxy with instructions, and therefore there were a total of 35 attendances in person, for an attendance rate of 97.22%.

#### 5. Conclusions

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On the basis of the above, the Sustainability Committee considers that in 2021:

- The composition of the Committee was in line with the corporate provisions established for this purpose, being made up of members that have the relevant expertise in relation to the Committee's functions, with the majority of Committee members being independent directors.
- The Committee met more frequently than that established in Article 18 bis of the Board Regulations and whenever it was necessary in view of the issues to be handled.
- All Committee meetings were attended in person by all its members (except for one meeting where one of the directors designated another of the members to be their proxy), who had the necessary information in relation to the different items on the Agenda available to them, prior to the meetings, to be able to discuss and take informed decisions. When necessary, the Committee has also consulted external experts for advice.
- Finally, the Committee fulfilled all its functions in accordance with the Company's Articles of Association and the Board Regulations, and in accordance with the Recommendations of the Code of Good Governance for Listed Companies.

In accordance with the above, it can be concluded that the Sustainability Committee has complied with the rules set out in the Company's corporate texts in terms of composition, frequency of meetings, attendance and informed participation of its members, the Committee having dealt with the matters within its competence in 2021.