

# 2021

*Our commitment to  
sustainability | Progress report*

**GRUPO RED**  
ELÉCTRICA



# 2021

*Our commitment to  
sustainability | Progress report*



Our vision	The Red Eléctrica Group at a glance	A value-creating business model	Our 2021-2025 Strategic Plan	A cutting-edge Corporate Governance model
4 page	6 page	8 page	10 page	12 page

2030 Commitment to Sustainability. Progress made	Anticipating change and taking action	Decarbonisation of the economy	Responsible value chain	Contribution to social, economic, and environmental development	Leadership in sustainability
14 page	14 page	16 page	18 page	20 page	22 page

# Our vision

2021 was an important year for the Red Eléctrica Group as it was marked by the approval of our 2021-2025 Strategic Plan; a plan focused on making the green transition a reality in order to move towards a more decarbonised economy.

We are convinced that there is no dichotomy between sustainability and economic recovery because there is no growth without sustainable development. We are therefore committed to a green recovery as a key tool for growth and job creation.

2021 was a year of significant progress as emphasised in this report, but we would like to highlight the celebration of the 15th anniversary of the Control Centre for Renewable Energies (CECRE). Today it continues to be a benchmark centre worldwide and a pioneering facility that is key to progressing towards a more sustainable future.

Additionally, this year we have showcased the commitment of the Red Eléctrica Group to sustainable development with the holding of the 2021 Sustainability Conference, in which, under the title 'Recovery from an ESG perspective', we had thirty experts who shared their insights with us on the contribution of companies to recovery.

We will continue to strengthen our commitment to serve society, generating value from our position as a neutral operator of two essential services: the electricity supply and connectivity linked to telecommunications.

**BEATRIZ CORREDOR SIERRA**

Chairwoman of the Red Eléctrica Group



**ROBERTO GARCÍA MERINO**

Chief Executive Officer



## → Our purpose

# Guarantee the electricity supply and ensure connectivity



The purpose of the Company is to guarantee the electricity supply and ensure connectivity in the field of telecommunications, promoting a just green transition based on sustainability criteria, whilst showcasing our neutrality as an operator and contributing to social cohesion.

## → Our hallmarks



Electricity



Telecommunications



Talent

## → Our ethical values



Respect



Integrity



Sustainability

# The Red Eléctrica Group at a glance

In 1985, Red Eléctrica de España, S.A. was set up as the first company in the world dedicated exclusively to the transmission of electricity and the operation of an electricity system. Today, the Red Eléctrica Group has consolidated itself as a global operator of critical infrastructure, managing electricity transmission grids in Spain, Peru, Chile and Brazil, as well as telecommunications networks (fibre optic and satellite) and which has been possible thanks to the significant investment made by the Group in innovation and technological development.



## Business activities of the Red Eléctrica Group

**Electricity business in Spain**  
RED ELÉCTRICA DE ESPAÑA

**Electricity business abroad**  
RED ELÉCTRICA INTERNACIONAL (Peru, Chile and Brazil)

**Telecommunications business**  
REINTEL + HISPASAT

**Technological innovation**  
ELEWIT

LINE CIRCUIT IN SERVICE

49,166 km

TRANSFORMER CAPACITY

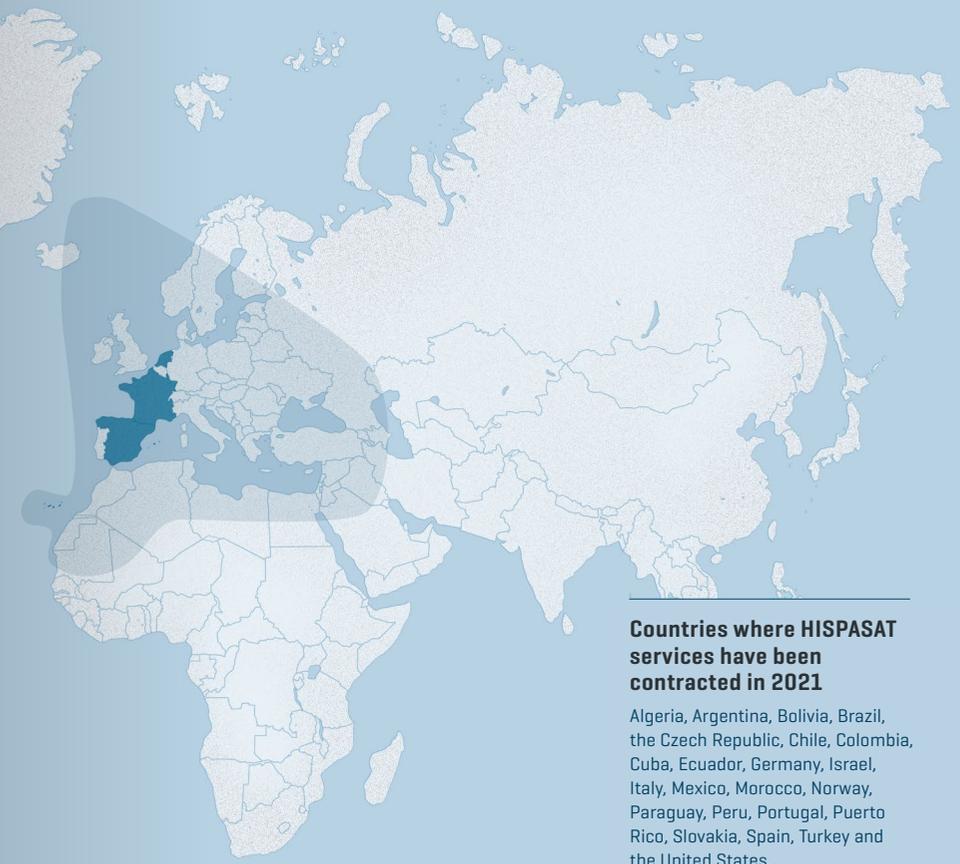
93,871 MVA

SUBSTATION BAYS

6,104

## → Presence of the Red Eléctrica Group in the world

- Countries in which the Red Eléctrica Group is present
- Satellite coverage area



### Countries where HISPASAT services have been contracted in 2021

Algeria, Argentina, Bolivia, Brazil, the Czech Republic, Chile, Colombia, Cuba, Ecuador, Germany, Israel, Italy, Mexico, Morocco, Norway, Paraguay, Peru, Portugal, Puerto Rico, Slovakia, Spain, Turkey and the United States.

2 ELECTRICITY CONTROL CENTRES

7 SATELLITES IN OPERATION

FIBRE OPTIC NETWORK  
56,257 km

1 SATELLITE CONTROL CENTRE

# A value-creating business model

## Our resources

### INFRASTRUCTURE

**49,166 km** of line circuit in service

**93,871 MVA** of transformer capacity

**56,257 km** of fibre optic network

**1 satellite** control centre

**6,104** substation bays

**2** electricity control centres

**7** satellites in operation

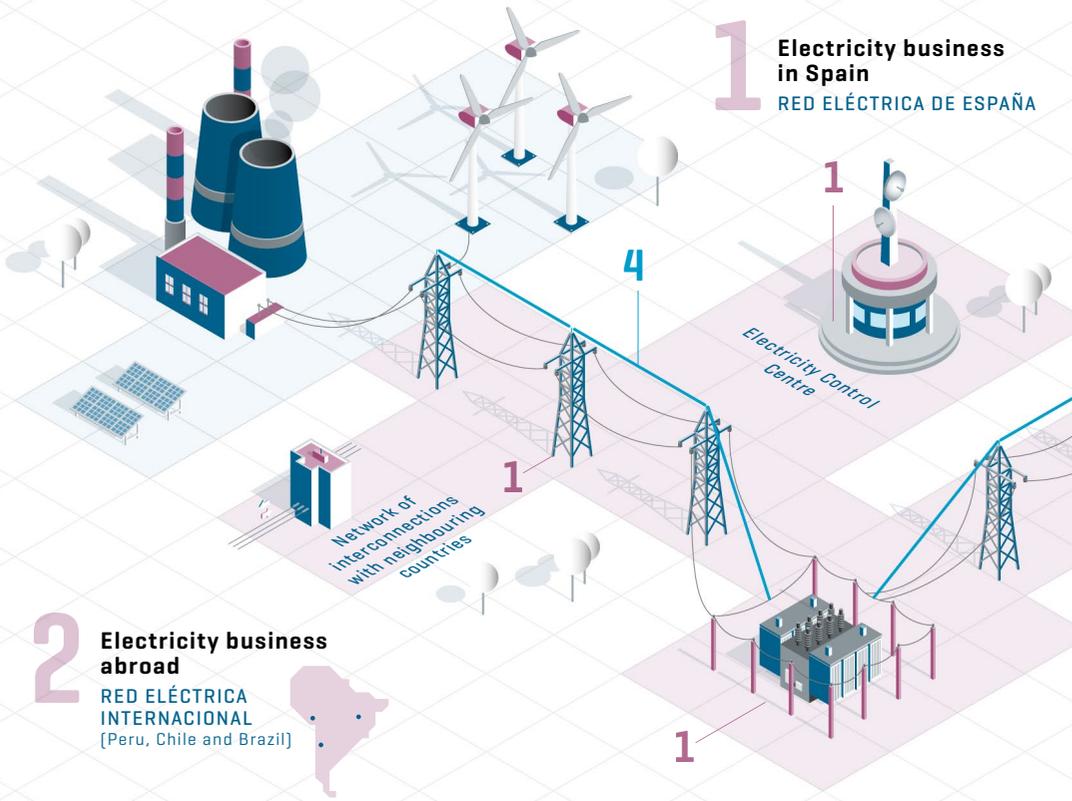
### CORPORATE GOVERNANCE

**93.6%** average percentage of votes in favour of the items on the agenda of the General Shareholders' Meeting

**58.3%** Independent Board Members

**12** Board members

**50%** women on the Board



**1** Electricity business in Spain  
RED ELÉCTRICA DE ESPAÑA

**2** Electricity business abroad  
RED ELÉCTRICA INTERNACIONAL  
(Peru, Chile and Brazil)

## Value created

### SHAREHOLDERS AND INVESTORS

**539** M€ distribution of dividends

**10,294** M€ capitalisation

### EMPLOYEES

**187.3** M€ personnel costs

**98.6%** fixed contracts

**34.1%** women in the management team

**50%** women on the Executive Committee

**1.98** occupational accident frequency rate

### CUSTOMERS

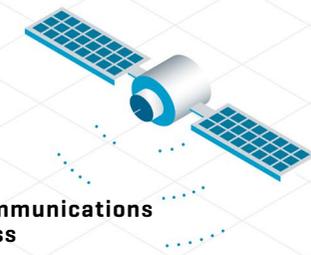
**98.48%** availability rate of the electricity grid on the Spanish peninsula

**99.89%** availability rate of the transmission system managed in Peru

**99.92%** availability rate of the transmission system managed in Chile (TEN)

## 5 Telecommunications business

HISPASAT (satellites)



### FINANCIAL RESOURCES

**2,027** M€ revenue

**576** M€ investment

**3,037** companies/suppliers have worked with the Group within the framework of the Company's contracting conditions

### HUMAN RESOURCES

**2,117** employees in the Group

**65** hours of training per employee

**2,407** € investment in training per employee

### INNOVATION

**11.4** M€ total investment in innovation and technological development

**124** innovation projects

### ENVIRONMENT

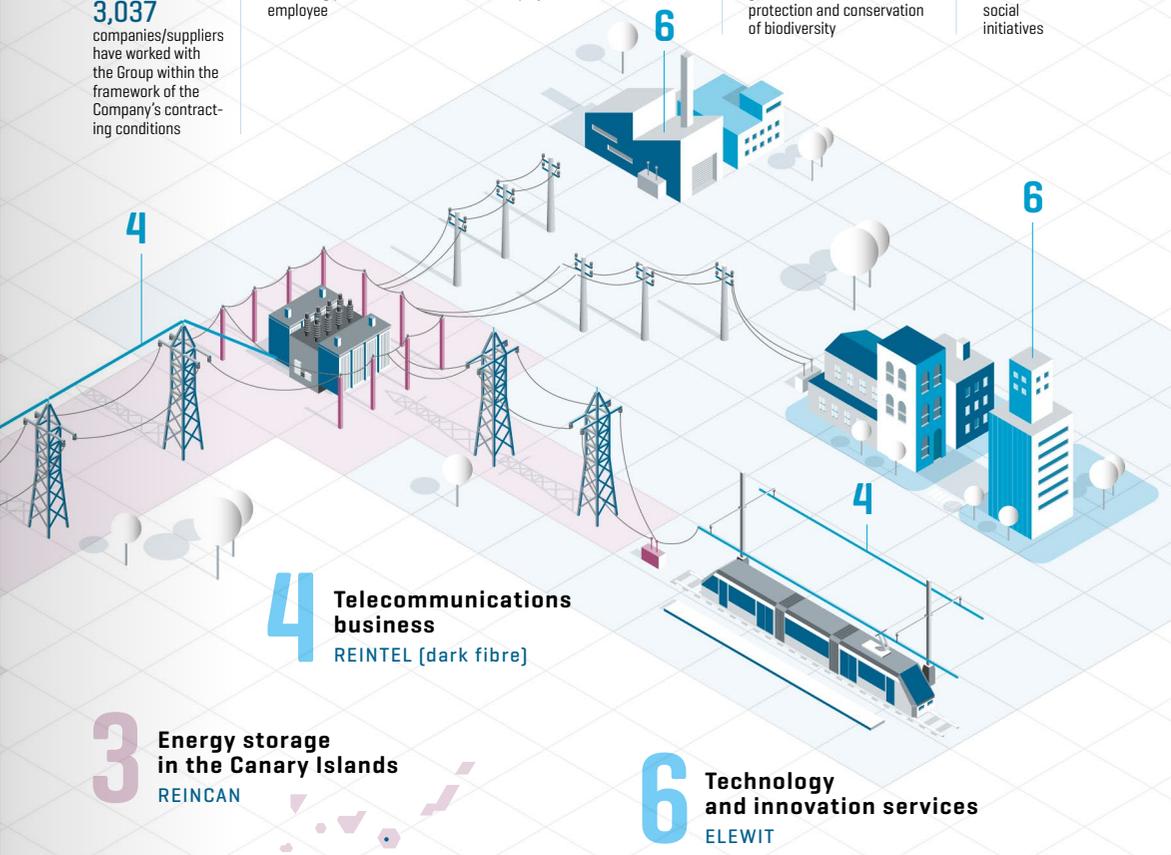
**26.9** M€ allocated to the protection of biodiversity and other concepts

**38** initiatives geared towards the protection and conservation of biodiversity

### SOCIETY

**8.5** M€ investment in the communities where we are present

**457** social initiatives



**3** Energy storage in the Canary Islands  
REINCAN

**4** Telecommunications business  
REINTEL (dark fibre)

**6** Technology and innovation services  
ELEWIT

### SUPPLIERS

**100%** availability of the payload of the satellite fleet

**702.8** M€ in purchases of goods and services

### ENVIRONMENT

**86.5%** purchases from suppliers within the European Union

**32,449,031** tonnes of CO<sub>2</sub> avoided

**48.4%** of Spain's generation mix comprised of renewables

### SOCIETY

**71.1%** of electricity line in critical priority zones marked with bird-saving devices

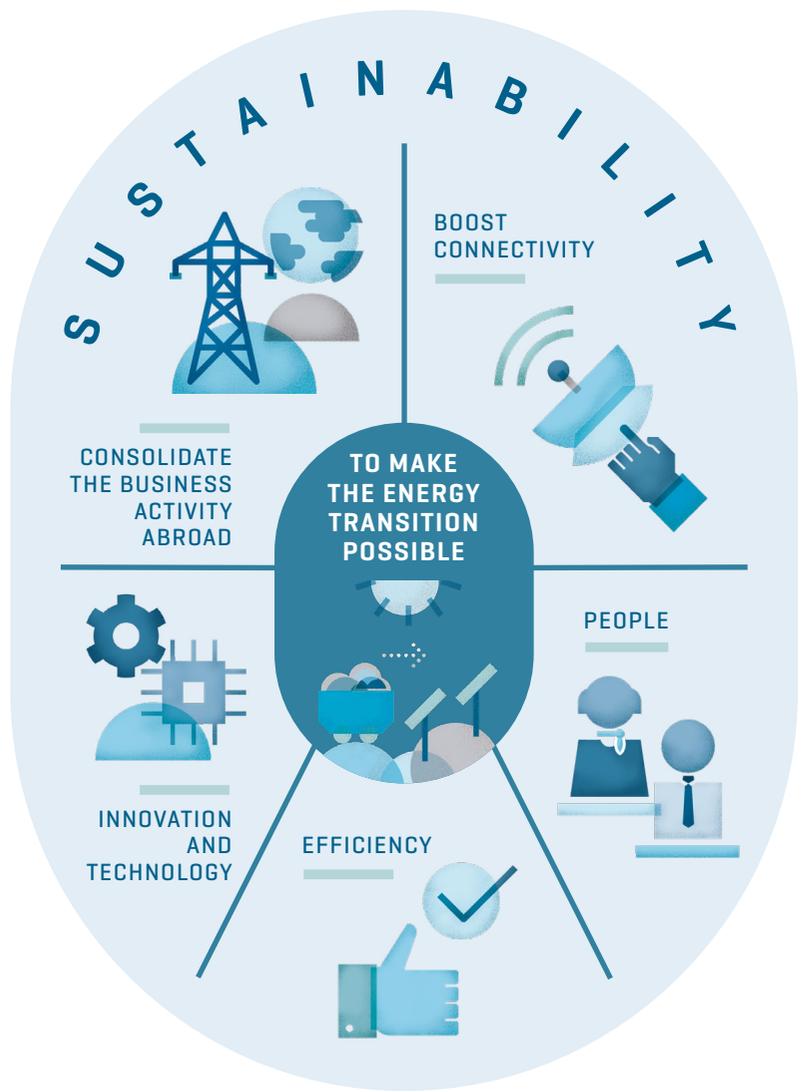
**357.1** M€ GDP contribution as a result of investments made in Spain

**37.5** M€ and **8.7** M€ GDP contribution as a result of investments made in Chile and Peru, respectively

**775** M€ total tax contribution

# Our Strategic Plan

The 2021-2025 Strategic Plan prioritises the development of the energy transition in Spain in order to advance towards a decarbonised economy efficiently, promoting the growth achieved in the field of telecommunications and consolidating the business activity abroad and having innovation, talent and sustainability at the heart of our corporate culture.



## → Our 2021-2025 Commitment

**TOTAL INVESTMENT** **4,400 Bn€** *~ 75% earmarked for the transmission grid, cross-border connections, energy storage and system operation*

### FINANCIAL EFFICIENCY 2025

<b>EBITDA Margin</b>	<b>Net debt / EBITDA</b>	<b>FFO / EBITDA Ratio</b>	<b>Maintain strong credit ratings</b>
<b>70 %</b>	<b>&lt; 5 x</b>	<b>&gt; 15 %</b>	

### DIVIDEND POLICY

<b>2021-22</b>	<b>2023-25</b>
<b>1.0 euros per share</b>	At least <b>0.8 euros per share</b>

## → Relevant events during the year

- JAN 2021**: Approval of the 2021-2025 Strategic Plan by the Board of Directors.
- FEB 2021**: Commencement of works for the laying of the new submarine link that will connect the islands of Lanzarote and Fuerteventura.
- MAR 2021**: Commencement of the permitting process of the draft project for the Spain-France electricity interconnection across the Bay of Biscay.
- APR 2021**: Second issue of green bonds by Red Eléctrica in the amount of 600 million euros.
- MAY 2021**: HISPASAT is granted 80.7 million US dollars in financing for the Amazonas Nexus project by the Export-Import Bank of the United States (EXIM-Bank).
- JUN 2021**: 15<sup>th</sup> anniversary of the Control Centre for Renewable Energies (CECRE).
- DEC 2021**: Obtaining administrative authorisations and permits, and declaration of public utility for the Salto de Chira pumped storage hydroelectric power station project.
- NOV 2021**: Agreement for the sale of 49% of REINTEL to KKR.
- OCT 2021**: Adaptation of the Company's green financing framework to the European Union Taxonomy.
- SEP 2021**: Launch of the Red Eléctrica Group's first intra-entrepreneurship programme.
- AUG 2021**: Commissioning of the 220 kV Centinela substation in Chile.
- JUL 2021**: Hosting of the Red Eléctrica Group's 2021 Sustainability Conference.
- DEC 2021**: Approval of new climate change targets: commitment to reduce Scope 1 and 2 emissions by 55% and Scope 3 emissions by 28% by 2030.
- DEC 2021**: Commencement of works on the new electricity link that will strengthen the electricity connection between the islands of Ibiza and Formentera.
- DEC 2021**: 83.6% of instantaneous demand covered by wind energy [28 December at 3:03 a.m.].

# A cutting-edge corporate governance model

Red Eléctrica has a robust and transparent Corporate Governance system which, through the adoption of best practices and international recommendations, constitutes an essential strategic element to ensure the good governance of the Company.

## → Governance structure



### GENERAL SHAREHOLDERS' MEETING

60.02% attendance at the General Shareholders' Meeting



### BOARD OF DIRECTORS

Audit Committee  
[4 MEMBERS]

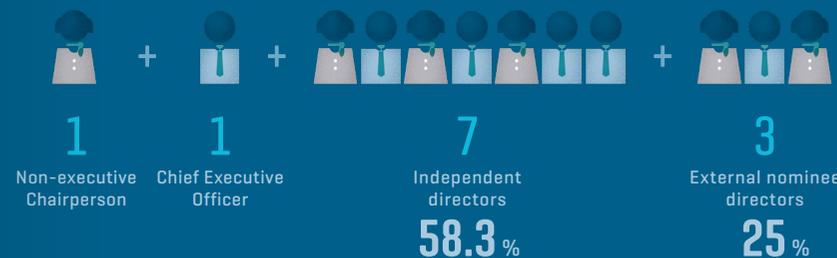
Appointments and Remuneration Committee  
[4 MEMBERS]

Sustainability Committee  
[3 MEMBERS]

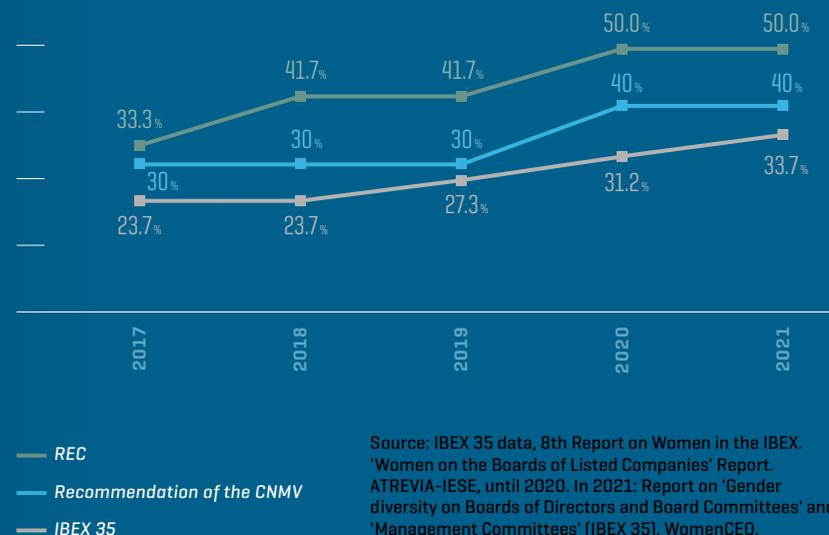


### MANAGEMENT TEAM

## → Board of Directors / 12 MEMBERS



## → Gender parity on the Board of Directors



Source: IBEX 35 data, 8th Report on Women in the IBEX. 'Women on the Boards of Listed Companies' Report. ATREVIA-IESE, until 2020. In 2021: Report on 'Gender diversity on Boards of Directors and Board Committees' and 'Management Committees' (IBEX 35). WomenCEO.

# 2030 Commitment to Sustainability. Progress made

The Red Eléctrica Group has a strategic and cross-cutting Commitment to sustainability with a long-term vision, driven by the Board of Directors and shared with stakeholders, structured on four priorities.



Anticipating  
change and taking action



## → Our priority

Promote a corporate culture of **innovation and flexibility** that allows us to identify growth opportunities and respond to the challenges of the future, **anticipating and adapting** both to global trends and to the regulatory environment arising from the new energy model.

## → 2030 Sustainability Goals

### 2030 GOALS

- Be a **benchmark agent** in the field of technology, spearheading at least 120 technological innovation initiatives that contribute to the development of the energy transition and telecommunications, making it possible for the world to be more connected, smart and sustainable.

### PROGRESS

124 innovation projects, which have entailed a financial investment in innovation of 9.1 million euros. In addition, 2.3 million euros in funding processes for startups were also launched.



- Be a leading company in the **circular economy**.

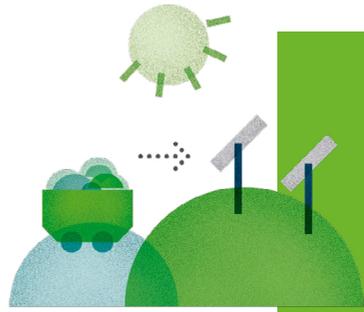
Definition and implementation of circular criteria for the Group's supplies and implementation of the zero waste to landfill action plan.



## → 2021 milestones

- More than 500 action plans to reduce the level of risk.
- Deployment and implementation of the risk analysis and business continuity model in the Red Eléctrica Group and the security risk management model in the supply chain.
- 1,206 people trained in new digital tools.
- Creation of an Asset Management Expertise Centre for the design of innovative solutions for the management of electricity grids.





## Decarbonisation of the economy



### → Our priority

Be a proactive agent in the **energy transition** towards a **zero-emission** model, advocating for the **electrification of the economy** and the efficient integration of **renewable energy**, through a robust and better-interconnected grid, as well as through the development and operation of energy storage systems.



## → 2030 Sustainability Goals

### 2030 GOALS

- 55% reduction of Scope 1 and 2 emissions and a 28% reduction in Scope 3 emissions compared to 2019.

### PROGRESS

The Company has increased its ambition in the fight against climate change with the approval, in December 2021, of its new, more ambitious reduction targets for 2030 according to the criteria of the Science-Based Target (SBTi) initiative.



- Empower 100% of society for their active participation in the energy transition process.

9<sup>th</sup> enerTIC Award for the redOS app in the 'Energy Transition & Sustainability' category. This mobile application provides citizens with the most relevant indicators on the performance of the electricity system in real time.



- Safely integrate 100% of the available renewable energy into the electricity system, minimising the curtailment of renewable energy generation and accelerating progress towards meeting the energy transition targets.

46.7% of electricity generated with renewable technologies in Spain [highest share in the generation mix since records began]. 68.5% of total electricity generation with CO<sub>2</sub> eq. emission-free production [all-time record]. 63.3 GW of renewable installed power capacity in the national electricity system [56.4% of total capacity].



## → 2021 milestones

- New record highs for instantaneous power, hourly energy, daily energy and coverage of instantaneous demand with wind and photovoltaic production in the peninsular electricity system.
- All-time lows in energy production with coal-fired power stations.
- 27 R&D projects underway aimed at improving the system operator's tools.
- 80.6% of electricity consumed by the Company is from renewable sources.





## Responsible value chain

### → Our priority

Extend our **responsibility commitment** to all links in the value chain, ranging from our own people to suppliers and customers, accomplishing this through the **creation of alliances** and by basing it on our corporate **governance and integrity** model.



## → 2030 Sustainability Goals

### 2030 GOALS

- Be the driving force that promotes change in the way our suppliers operate.

### PROGRESS

Emissions reduction programme. Human rights and diversity training. Inclusion of circular criteria in contracting conditions and technical specifications. Measures to guarantee occupational health & safety in the Group's facilities.



- Be a company financed under ESG (socially responsible) criteria by 2030.

35% of the Company's financing incorporates ESG criteria. Inclusion of ESG criteria in financing in Chile for 120 million US dollars, in Peru for 30 million US dollars and in REINTEL for 325 million euros, for the first time.



## → 2021 milestones

- 83% of the Group's employees trained in ethics and compliance.
- 652 suppliers participating in training programmes on human rights and diversity.
- Implementation of the new strategy for attracting and recruiting talent.
- Holding of the 2<sup>nd</sup> Internal Conference with service managers and the 3<sup>rd</sup> Conference with customers 'Conectados' of Red Eléctrica de España.





Contribution to social, economic and environmental development



## → Our priority

Contribute to the **economic, environmental and social progress of society**, through the provision of a key service in a safe and efficient manner. This is achieved by promoting environmental conservation, the quality of life and social well-being of people and involving the communities, in which our facilities are located, in the execution of our activities with the aim of generating a **mutual benefit** that has a positive impact on society as a whole.



## → 2030 Sustainability Goals

### 2030 GOALS

- Be a company of reference in gender equality: achieve parity in the executive management team by 2030.

- Be a leading company in terms of diversity: inclusion of groups at risk of social and labour exclusion.

- Generate a positive net impact on the natural capital of the areas in which our facilities are located.

- Completely eliminate the digital divide: promote connectivity of 100 % of people located in the vicinity of our facilities.

### PROGRESS

34.1 % of women on the management team, 50 % on the Executive Committee and 50 % of female directors on the Board of Directors. The Red Eléctrica Group is one of only two IBEX 35 companies chaired by a woman.

Development of quality standards in diversity management, especially for groups at risk of social and labour exclusion.

Design of the Red Eléctrica Group's 2030 Biodiversity Roadmap with a focus on natural capital, in accordance with international benchmark trends and initiatives.

REINTEL's collaboration with local operators to improve connectivity in the area surrounding the new Caparacena-Baza transmission line. For its part, HISPASAT has initiated a pilot project with *Correos* (National postal service) to provide satellite connectivity to offices in six rural locations, and has implemented IoT (Internet of Things) pilots for activities linked to livestock and fishing in the Basque Country, and is developing different projects to provide satellite connectivity in Lleida, Guadalajara and Albacete.



## → 2021 milestones

- Implementation of the Dialogue with the Community Plan as part of the environmental management strategy of the TESUR 4 Environmental Impact Study (Peru).
- Strengthening of the commitment to the Renewables Grid Initiative by taking on the role of co-chair of the Board.
- Completion of the 'Red Eléctrica Forest' project in Salamanca with 72.54 ha planted.
- Publication of the guides: '*Pastoreo enRED*' (livestock grazing project) and '*Servicios de los ecosistemas reforzados por el Pastoreo en RED*' (reinforced ecosystem services for the livestock grazing project).

# Leadership in Sustainability

The performance of the Red Eléctrica Group in terms of sustainability is subject to continuous scrutiny and is positively valued and recognised by external organisations and specialised assessment agencies.

## → Awards and recognitions

- Silver Class distinction in the *Electric Utilities* sector in *The Sustainability Yearbook 2022* published by S&P Global.

- Startup Olé Entities Award given to Red Eléctrica de España in the Corporate Manager of Essential Infrastructure category for its role in the innovation and entrepreneurship ecosystem.

- EnerTIC Award for the redOS application in the Energy, Transition & Sustainability category.

- The Refinitiv Diversity and Inclusion Index 2021 recognises the Red Eléctrica Group as the most diverse and inclusive Spanish company, occupying 18<sup>th</sup> place in the global ranking.

- Recognition of the Red Eléctrica Group as Supplier Engagement Leader 2021 by CDP.



- Special mention by the European Commission jury for the 'Pastoreo enRED' [livestock grazing project] in the Good Practice of the Year 2021 awards organised by RGI [Renewables Grid Initiative].

- Leadership, for the second consecutive year, in the ranking of the Transparency report on the tax responsibility of IBEX 35 companies published by the Commitment and Transparency Foundation.

- Appointment of Red Eléctrica Internacional in Chile as an Ambassador company of the Chinchorro Culture in recognition of the support provided.



## → Results of the sustainability assessments

Sustainability Analysts	Scale	Results	Evolution
S&P Global	0 - 100	87	↓
Vigeo Eiris	0 - 100	67	→
FTSE 4 Good	0 - 5	4.3	↑
MSCI	CCC - AAA	AAA [7.7]	↓
ISS ESG	D- / A+	B+	→
Stoxx Global ESG Leaders	•	•	→
Sustainalytics	0 - 100	78.7	↑
Bloomberg GEI	0 - 100	73.7	↑
CDP climate change	F - A	A-	↓

## → Presence in sustainability indexes



**Published by**

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de los Gaitanes, 177  
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**Publication date**

April 2022

**English Translation by**

Wayman English  
International S.A.  
[www.waymanenglish.com](http://www.waymanenglish.com)

This English version is a translation of the original and authentic Spanish text found in the *'Nuestro compromiso con la sostenibilidad 2021. Avance'* report, originally issued in Spanish. In the event of a discrepancy, the original Spanish-language version shall prevail.



Red Eléctrica works on selecting the most legible typographical font for its publications. The typographical font Geogrotesque has been used for the texts and graphics in this report.

**Published by**

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