

*Grupo Red Eléctrica*

**REPORT ON NON-FINANCIAL INFORMATION OF THE  
CONSOLIDATED GROUP OF RED ELÉCTRICA CORPORACIÓN, S.A.  
FOR THE 2020 FINANCIAL YEAR.**

**The report on non-financial information of the Consolidated Group of Red Eléctrica Corporación, S.A., mirrors the information contained in point 11 of the Directors' Report of the Consolidated Group of Red Eléctrica Corporación, S.A. for the year ended 31 December 2020, that was authorized for its issuance by the Board of Directors at its meeting of 23 February 2021.**



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

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### 11.1 About the Non-financial Information Statement

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#### Scope of the NFIS

The Non-financial Information Statement (hereinafter "NFIS") responds to the reporting requirements established in Law 11/2018 of 28 December 2018 on non-financial and diversity information, which are reported in accordance with the Global Reporting Initiative's (GRI) Sustainability Reporting Guidelines.

Section 11.8 of this document, "Index of content 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.

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 a NFIS as their information is included in the Group's Consolidated NFIS.

#### Materiality Study

In 2019, with a view to advancing 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.

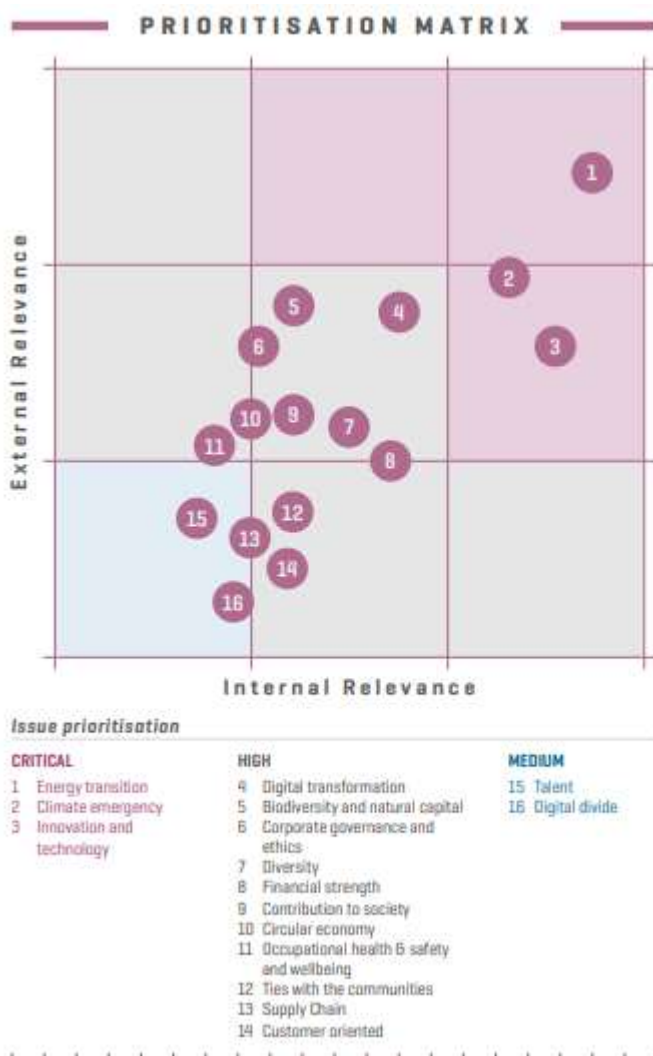
The Materiality Study is based on an analysis of the Group's sustainability context in order to build an overall picture of the environment in which the organisation operates. This then allows the Group to review sustainability planning for the 2019-2022 period. To define the context, the Group considers 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 data 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. In order to prioritise issues, an internal and external assessment of the criticality of the identified issues for the achievement of long-term objectives, and thus for long-term continuity, was carried out. The prioritisation matrix provides a dual analysis of the issues, revealing both their internal importance, assigned by the top-level managers and key technical personnel who took part in the analysis of the sustainability context, and their external importance, based on the value assigned by the external stakeholders who were consulted. Linking the prioritisation of issues with the 2018-2022 Strategic Plan and the United Nations Sustainable Development Goals (SDGs) is absolutely fundamental.



## Relevant issue prioritisation matrix



The impact of the COVID-19 pandemic on the business model of the Red Eléctrica Group has not necessitated a review of the materiality study results, although it is clear that management of certain issues, especially “Safety, health and well-being” and “Digital Transformation”, includes new aspects.

### The Red Eléctrica Group's response to COVID-19

The Group provides services that are essential for the safety and well-being of the general public. To this end, ensuring the health and safety of employees and guaranteeing the proper functioning of the electricity system in Spain, as well as that of the electricity, telecom and satellite infrastructure in the countries where it operates, are the primary concerns of the Group during this pandemic.

### Ensuring security of supply and the proper functioning of our infrastructure

The Group and more specifically REE, as the electricity transmission infrastructure owner and system manager, has remained fully committed to achieving the targets defined by the Spanish authorities, having implemented a number of extraordinary measures in order to meet its obligations as laid down in Law 24/2013, aimed at ensuring continuity and security of supply. These measures have been executed in parallel with the priority of guaranteeing the health of the Company's employees and observing the health authorities' policy to slow the spread.



Electricity demand fell by 8% in the first six months of the year with respect to the prior year. Specifically, it fell by 13.3% during the state of emergency in Spain from 15 March 2020 to 21 June 2020. Despite this anomalous situation, REE guaranteed the electricity supply to all households and essential services across the country at all times.

The scenario triggered by COVID-19 has not hindered the progress of the energy transition. Renewables were up by 10.3% in terms of GWh output in the first four months of 2020 with respect to the same period in 2019. In fact, renewables accounted for 47.3% of the entire electricity generation mix at the April 2020 close. The boom in renewables, together with the 11.8% decline in electricity generation with respect to the same month in 2019, made April the cleanest month in terms of greenhouse gas emissions: equivalent to 2,154,465.2 tCO<sub>2</sub>, almost halving the level of ten years ago.

In order to bolster security of supply even further, the company brought a third control centre into service. Like the first two, it operates entirely autonomously and is manned by independent teams working around the clock, seven days a week.

Additional prevention measures were also implemented for staff operating the Telecommunications Supervision Centre and the Facilities Maintenance Centre, as well as for professional teams on call to respond to possible incidents on the grid.

The development of new electricity transmission and telecommunications infrastructure experienced temporary delays, due to the total or partial stoppage of economic activities imposed by the authorities. These activities resumed in part in the closing months of the year. The impact on the Group as a whole amounts to 5% of the initially envisaged volume of investment. This impact is mainly concentrated in transmission network development in Spain, although Chile has likewise seen delays in the development of the new HISPASAT Amazonas Nexus satellite.

In international business, despite the decline in demand for electricity in Peru and Chile, security of supply has been guaranteed since operations remained ongoing as an essential service through the following activities:

- Contingency Plan to respond to COVID-19 consisting of four execution phases. The contingency plan had to be adapted to the legislative changes in the country.
- ManTop project, which ensured a response at substations, made up of local operations and maintenance personnel.
- “Essential Activities COVID-19” programme, which set out the minimum and vital tasks that had to be undertaken at the outset of the pandemic.
- Changes to shift patterns at mining facilities in Chile from 9x5 to 14x14 and to modes of transport to reduce the number of trips required.

The telecommunications business (fibre and satellite) provided essential services throughout the year without incident.

### Looking after the health of our professionals

At the outset of the pandemic, the Group put in place safeguard measures to protect the health of all its professionals and applied action protocols in each case. Red Eléctrica has followed guidelines that have been adapted to the recommendations issued by the various pertinent authorities in Spain, as well as in each market of operations; the priority in all cases was to safeguard the health and safety of all of its employees:

- Working from home was implemented for all Group employees whose duties allowed for it. This encompasses 80% of the workforce in Spain and in Latin America. The remaining 20% work on-site at the electricity and telecommunications control centres where the Group operates and at the worksites that respond to the various needs of the grid.
- All people in high-risk groups continue to work from home. These include people who are vulnerable to COVID-19, people over 60 years old, those who share their home with a pregnant woman or family members that work in the healthcare field, as well as those coming to work by public transport.
- Office-based work resumed in September in Spain and later in Peru and Chile, albeit in the mornings only, and with the following measures in place:
  - Antibody tests for all employees.
  - Mandatory use of masks throughout the working day, even when safe distancing of 2 metres can be respected.



- A rotating shift pattern to ensure 2-metre safe distancing between staff at the office.
- Provision of protective equipment for all employees, including surgical masks, hand sanitizer gel and gloves.
- All meetings still have to be conducted online, even though attendees may physically be at the office.
- Suspension of services such as the staff canteen, vending machines, physiotherapy, and sporting and volunteering activities that require a physical presence.
- Restrictions on international travel, except where deemed absolutely essential and only after approval from the area head.

### Strengthening the commitment to digitalisation

The digital transformation of the company has been ongoing for some time now. For example, infrastructure is now widely in place to allow staff that need to work from home to do so. The spotlight has also remained squarely focused on cybersecurity, through strengthening the security measures already in place to protect equipment and to roll out remote access. This has all contributed to the following:

- Over 2,100 users connected (employees and associates) at any given time via VPN (Virtual Private Network).
- Over 3,125 active channels on shared working platforms.
- Over 40,000 virtual meetings held.
- Over 10,000 incidents, requests and queries resolved remotely.

### Actively cooperating with those most affected

The Group has been working on various fronts to help those most impacted by the healthcare crisis and its social and economic collateral effects. Activities carried out in this regard include the following:

- The Group has joined the Cruz Roja Responde initiative to help cover the basic needs of 25,000 families at risk of poverty and social exclusion, especially to cover their needs in terms of food and companionship.
- Backing for rural environments through the following initiatives:
  - #Alimentos\_Solidarios alongside the Federation of Rural Women's Associations (FADEMUR per its Spanish acronym), which consists of buying food from 70 family-run farms in rural areas for distribution to social organisations to cover the basic needs of families at risk of exclusion. A total of 135,300 basic food parcels have been donated.
  - "Huerta Próxima", which has fostered cooperation among more than 300 smallholder farmers across Spain, providing access to local markets for their products.
- Financial assistance for the production of healthcare material:
  - Open Ventilator pilot project to design a ventilator accredited by the Ministry of Health; the initiative is promoted by the Celera Foundation.
  - Donation of protective equipment to 19 health centres in Cajamarca, Amazonas and San Martín, regions in Peru where the Group has a direct presence.
  - The acquisition of 36 oxygen cylinders and flowmeters for the Moquegua Hospital and the Health Centres located in the Salinas y Aguada Blanca National Reserve in Peru.
  - Awareness-raising and provision of protective equipment for 6 communities in the Peruvian city of Puno.
- Provision of a 3D printer to the Makerspace at the Universidad de Las Palmas de Gran Canaria Library to make over 800 pieces of protective healthcare equipment.
- Donation of bluetooth earphones so that those in hospital could stay in touch with family members.
- Involvement of employees in the corporate volunteering project based on the writing of letters for those in hospital (Solidarity Letters).
- Active involvement in the Positive Energy+ initiative; endorsement of startups capable of projects that could come to fruition in the short term to help mitigate the economic and social impact of the crisis.
- Joining the campaign launched by the Ministry for Equality and the Institute for Women and Equal Opportunities (IMIO per its Spanish acronym) to support victims of gender violence during the lockdown.



## Impact on the financial statements

From a financial and economic perspective, throughout this period the Group's financial position has been robust, enabling it to confront these difficult times through measures aimed at bolstering its liquidity. In 2020 the Group made two bond issues for a total amount of Euros 1,100 million, by way of Euros 700 million in January and Euros 400 million in April, and also entered into loan and credit facility agreements amounting to Euros 475 million. Following these transactions, and having already settled due debts and the payments arising from the acquisition of Argo Energia in Brazil, the Group's liquidity position at the end of 2020 stands at Euros 2,412 million, specifically Euros 482 million in available cash and Euros 1,930 million in available credit facilities. This position ensures the Group's ability to meet its operating cash flow requirements, to honour debt maturities for the coming years, and to address any adverse situations that could emerge in the financial markets over the coming months as a result of developments in the current crisis. In the next two years the Group will need to repay debt amounting to Euros 1,206 million, on the basis of Euros 164 million in 2021 and Euros 1,042 million in 2022.

The situation brought on by COVID-19 has not had a significant impact on the Group's activity. Nonetheless, in early February the Company activated a monitoring committee, enabling the implementation of an exhaustive contingency plan.

The Red Eléctrica Group is setting its sights on a green recovery as the only way out of the economic crisis brought on by the COVID-19 pandemic. For the Group, the focal point of this model is to foster an inclusive and fair energy transition. In this regard, the Red Eléctrica Group has joined forces with initiatives both in Spain and in the international arena that endorse sustainability as a springboard to post-crisis economic recovery. These include the "Manifesto for a Sustainable Recovery", championed by representatives from the political, corporate, trade union, scientific and third sector communities in Spain, and which is aligned with the Green Recovery Alliance in Europe, and the "Uniting Business and Governments to Recover Better" statement, promoted by the prestigious Science Based Targets initiative and supported by the United Nations. These two initiatives are seeking to pave a way forward out of the COVID-19 crisis that places people, achievement of the United Nations 2030 Agenda, and an ambitious climate-related action plan at the very heart.

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

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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.

It 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 safety 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 (satellites and fibre optics)

Satellite communications services for video, data transmission and mobility services through satellites in operation. HISPASAT has a corporate presence in five countries: Spain, Brazil, Mexico, Argentina and Colombia.



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 storing telecommunications equipment in Spain.

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 External Relations, which reinforce the involvement 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 eleven proposals to measure compliance with 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 2018-2022 Strategic Plan and the United Nations Sustainable Development Goals (SDGs).

### Sustainability priorities and objectives for 2030 of the Red Eléctrica Group

DECARBONISATION OF THE ECONOMY	
Act as a proactive agent in the energy transition towards an emissions-free 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 our <u>Greenhouse Gas emissions</u> by over 40%.
	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 our employees to our suppliers and customers, by forging alliances, all underpinned by our model of good governance and integrity.	
Objectives for 2030	4 <u>Drive change in our suppliers.</u>
	5 <u>Receive (socially responsible) ESG financing</u> in 2030.



CONTRIBUTION TO THE DEVELOPMENT OF THE ENVIRONMENT	
Contribute to economic, environmental and social progress in the environment, by providing an essential service in a secure and efficient way, fostering environmental conservation, enhancing people's quality of life and social welfare and involving communities in the development of our activities so as to generate mutual rewards that are tangible to that community.	
Objectives for 2030	<b>6</b> <u>Benchmark in gender equality</u> : parity in the management team by 2030.
	<b>7</b> <u>Benchmark in diversity</u> : inclusion of collectives at risk of social and workplace exclusion.
	<b>8</b> Have a net positive impact on the <u>natural capital</u> of the area surrounding our facilities.
	<b>9</b> 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	<b>10</b> 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.
	<b>11</b> Become a leading company in the circular economy.

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

The Red Eléctrica Group's **stakeholder management model** incorporates the requirements of regulations and benchmark standards in the field, such as AA1000, IQNet SR10, ISO26000 or Global Reporting Initiative. 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 and definition of the framework and relationship channels.

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 ongoing improvement for the Group.

The review of the perception studies continued in 2020 and improvements identified in 2019 were brought into the studies carried out during the year. Of note are the following improvements that were incorporated:

- Improvement to the structure of the studies, adapting them to the 2030 Sustainability Commitment and seeking synergies among target issues and audience.
- Inclusion of relevant identified issues, alongside an assessment of their importance for each stakeholder group.
- Identification and reporting of overall indices, both in terms of perception and reputation.

The thorough review of the stakeholder management model, which began in 2020, is expected to continue through 2021. The 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 Group currently classifies its stakeholders into the following categories: investors, shareholders and business partners, regulatory bodies and the administration, customers, people, suppliers, surrounding environment, opinion makers, business sector and professional associations and innovation agents.





## 11.3 Information regarding environmental issues

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The Red Eléctrica Group's commitment to the environment stems from management and is based on environmental policy, which includes the explicit commitment to the prevention of pollution and to precautionary principles. 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 ongoing improvement of their environmental performance. REE also meets the requirements established by the EU Eco-Management and Audit Scheme (EMAS).

In 2020 Group companies incurred ordinary expenses of Euros 23.7 million in protecting and improving the environment (Euros 26.1 million in 2019), essentially due to the implementation of environmental initiatives aimed at protecting biodiversity, fire prevention, landscape integration, climate change, and prevention of pollution.

In 2020 a total of Euros 5.4 million (Euros 3.2 million in 2019) 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).

Specifically, in the case of management and operation of the domestic electricity infrastructure business, ordinary expenses for the protection and improvement of the environment amounted to Euros 23.3 million (Euros 25 million in 2019) due to the implementation of environmental initiatives aimed at biodiversity protection, fire prevention, landscape integration, climate change, and prevention of pollution. The amount allocated to environmental aspects associated with investment projects exceeded Euros 4.9 million, significantly more than in prior years (Euros 1.7 million in 2019), due to work carried out on future submarine links.

The Red Eléctrica Group's main environmental impacts are those associated with the presence of the facilities in the area and, therefore, the Company is working to ensure they are compatible with the environment, considering their entire life cycle 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 route to make 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 excavation and the impact on vegetation, fauna and the socio-economic environment (infrastructure, crops and archaeological heritage), and those related to the prevention of pollution. Actions aimed at mitigating the noise generated by certain electrical substations (plans for measuring and adjusting the operating parameters of certain power equipment to reduce noise levels) 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.

In addition, 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.

Lastly, we should highlight the importance for the Group of working towards and making significant headway on the sustainable use of resources. The Group's sustainability ambitions with a view to 2030 is to become a leading player in the 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 0% 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.

Actions undertaken in 2020 include the development of a methodology for monetising the measures set out in the Roadmap, and Project DIN2020, the purpose of which is to optimise electrical equipment design and increase the efficiency of processes applicable to electricity infrastructure, applying circular economy criteria to raw material consumption, water and energy, waste production and land.

## b) Protecting biodiversity

Protecting and preserving biodiversity has always had a high priority in the Group's environmental management strategy. The specific commitment to biodiversity management was revised in 2020 and now includes the goal of having a positive impact on biodiversity wherever the Group is present.

To meet this ambitious goal, the Group has set out a series of strategic steps, which include the "*Development of the 2030 biodiversity roadmap*". The goal of this project is to develop a strategy and a number of action steps aimed at improving the relationship with natural capital, and to strengthen the commitment to protect, preserve and improve biodiversity.

The main effects on biodiversity are associated with the presence of facilities in the area. Most notable is the risk of birds colliding with earth wires in power lines and the effect on vegetation of felling and pruning to open up firebreaks.

Biodiversity management is carried out taking into account the impact mitigation hierarchy. Avoiding areas that are protected or highly biodiverse is a fundamental criterion when deciding on the location of facilities (in energy transmission infrastructure, only 15.5% of lines and 5.73% of substations are located in protected areas). The second step is to minimise possible affects 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 occur.

The multiannual Action Plan (2017-2021) currently in force contains the main activities to be executed in this period. The initiatives relating to the following areas are noteworthy:

- **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 760 km of lines) has been devised and is due to be completed in 2023. Flagging of 66.5% of critical priority areas was completed in 2020.
- **Prevention of forest fires**, through appropriate design and maintenance of firebreaks and the joint efforts of the pertinent authorities in this field. There are currently 12 fire prevention agreements in place and two are being renewed. These agreements have an overall associated budget of more than Euros 960,000 which is allocated for a four-year period and channelled into cleaning up forest land, acquiring fire extinguishing and fire-fighting equipment, training and awareness.
- **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 Marine Forest*" project to restore *posidonia oceanica* seagrass (planting of 2 hectares in the bay of Pollensa, Mallorca was completed in 2020), and the "*Red Eléctrica Forest*", with an investment of over Euros 2 million, through which more than 860 hectares have been restored since 2009.



### c) Climate change

The Group, mainly through its activities in the electricity sector, 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 materialised into a Climate Change Action Plan, the latest version of which was approved in 2015.

The plan includes the objectives for Horizon 2020 and Horizon 2030, as well as the main initiatives that will be undertaken to achieve them.

As a general objective, the Group is committed to reducing Scope 1 and 2 emissions per MWh transported by 40% in 2030 with respect to 2015. This objective was approved in 2018 by the Science Based Targets (SBTi) initiative and is equivalent to a net reduction of Scope 1 and 2 emissions of 30% by 2030.

The plan covers the following lines of action:

- Contribution to a low-emissions energy model, taking the necessary actions to achieve European objectives for 2020 and 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 and progressing with storage systems.
  - Furthering efficient network management by applying new measures for managing demand, incorporating new elements and services and encouraging technological innovation.
- 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 gas emissions (mainly by renewing switchgear and improving the detection and control of leaks).
  - Reduction in electricity consumption (energy-efficiency measures for buildings, such as the renovation of the La Lomba building in 2020) and associated emissions (acquisition of 100% renewable energy).
  - Sustainable mobility: reduction in emissions associated with the Group's vehicles, business trips and employee travel.
  - Involvement of the supply chain in the Group's commitments. A programme has been started in this regard with the Group's main suppliers to include their data in the overall scope 3 emissions calculation and to set an ambitious target to reduce them.
  - Progress in including efficiency criteria and reducing materials when designing facilities.
  - Offsetting of emissions, primarily through the Red Eléctrica Forest project.
- Positioning and outreach: dissemination of knowledge of the electricity system and demand management measures, and promotion of other energy efficiency measures.
- Adaptation: 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 on risk management in this consolidated directors' report.

In 2019 the Red Eléctrica Group joined the United Nations Business Ambition for 1.5<sup>o</sup>, through which it champions the commitment to review its targets and scale up its ambitions. Work to set new targets will continue through 2021, as will work on a new version of the Climate Change Action Plan to meet these new goals.



## Environmental indicators

Indicators of a non-financial character	2020	2019	Δ%
Direct greenhouse gas emissions (scope 1) (tCO <sub>2</sub> eq.) <sup>(1)</sup>	25,557	23,614	8.23
Indirect greenhouse gas emissions (scope 2) (tCO <sub>2</sub> eq.) <sup>(1)</sup>	600,824	781,452	-23.14
Power consumption (MWh) <sup>(1)(2)</sup>	18,255	14,051	29.92
Fuel consumption (MWh) <sup>(1)(3)</sup>	9,438	6,854	37.7
Consumption of energy from renewable sources as a percentage of total energy consumption (%) <sup>(1)(4)</sup>	52	58	-10.34
Water consumption (m <sup>3</sup> ) <sup>(5)</sup>	27,195	20,347	33.6
Hazardous waste (kg) <sup>(6)</sup>	236,654	547,100	-56.74
Non-hazardous waste (kg) <sup>(6)</sup>	794,664	718,987	10.53
Number of environmental accidents <sup>(7)</sup>	10	5	100
Lines marked with bird-saving devices in critical priority areas (accumulated kilometres at the end of each year).	508.4 (66.5% of the total to mark)	459.7 (60.72% of the total to mark)	11

- (1) The data on emissions and energy consumption includes information for all Group companies (Peru, Chile and HISPASAT are included in 2020).
- (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 79% of the electricity consumed in 2020 (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, electrical generators and heating. The increase is due to the inclusion of Peru, Chile and HISPASAT and to a change in the methodology employed to calculate the amount of fuel consumed by electrical generators.
- (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 vehicles fuels.
- (5) The data has a coverage of 83.5% in terms of personnel, including collaborators. The water consumed comes from the municipal supply network (68.6%), wells (14.07%), cistern (17.32%). In some centres there are reservoirs for 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.
- (6) The 2020 data refers to the generation of waste by various Group companies (REE, Peru, Chile and HISPASAT), whereas the 2019 figure only refers to REE. To analyse and compare the waste generation data against the prior year, it must be borne in mind that REE generates over 95% of hazardous waste and over 70% of non-hazardous waste. The major decline in the generation of hazardous waste is due to the fall in maintenance, renovation and improvement activities in the wake of the pandemic. 63% of all the waste generated (hazardous and non-hazardous) has been recycled (this generic category includes reuse, recycling, composting, anaerobic digestion and regeneration).
- (7) 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). Does not include collisions.

## 11.4 Information on social 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 2020 the Red Eléctrica Group continued to work on its talent management model, an essential part of its Human Resources Master Plan, which uses a systematic approach to attract, discover, develop, train, transform and retain talent and exchange knowledge. Through the deployment of five lines of action, the model seeks to pursue excellence in these processes, thus ensuring that the company retains a foremost position both at home and abroad, as follows:

- Employment: recruitment, selection and internal mobility.
- Training: technical training and skills.
- Development: professional development programmes.
- Knowledge management and leadership.
- Assessment of contribution and key skills.

In 2020, work has been carried out on several key actions such as reviewing the selection process, rolling out an efficiency plan for learning and development activities, conducting workforce strategic planning and identifying



new professional profiles, and defining and implementing steps for professional recognition linked to employees' performance reviews.

The *Impúlsate* project, which began in 2019, continued to roll out its functionality in 2020 as scheduled, promoting the transformation of the people management function so as to add value to the Group, as a strategic lever for change and to facilitate the achievement of objectives through its various projects: the implementation of a digital mailroom, digital signatures, the introduction of the Agile Mindset in several of the Group's areas, and the definition and implementation of the Transformational Leadership Model.

In this context, in keeping with its strategic objectives, the Group has encouraged the adaptation of its human capital to orient its companies towards greater efficiency and digitalisation.

## a) Employment

At the end of 2020, the Group's workforce consisted of 2,051 professionals. Of these, 92.5% (1,897 employees) work in Spain, 7.5% work in Latin America (153 employees) and 1 person in Luxembourg. Staff enjoy stable, high-quality employment (98% of jobs are on a permanent contract), with the focus on employability and functional mobility as a lever for growth and professional development (5% mobility in 2020).

Our commitment to stable, high-quality employment is also reflected in our low overall external turnover (0.5%) and the average seniority of our employees (16 years).

### Structure of the workforce by country where the Group is present

2020	Female			Male			Total
	Spain	Under 30	30 to 50	Over 50	Under 30	30 to 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
<b>Total</b>	<b>39</b>	<b>315</b>	<b>141</b>	<b>52</b>	<b>883</b>	<b>467</b>	<b>1,897</b>

2020	Female			Male			Total
	Peru	Under 30	30 to 50	Over 50	Under 30	30 to 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
<b>Total</b>	<b>0</b>	<b>17</b>	<b>1</b>	<b>2</b>	<b>45</b>	<b>9</b>	<b>74</b>

2020	Female			Male			Total
	Chile	Under 30	30 to 50	Over 50	Under 30	30 to 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
<b>Total</b>	<b>0</b>	<b>8</b>	<b>0</b>	<b>2</b>	<b>15</b>	<b>1</b>	<b>26</b>



2020	Female			Male			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
<b>Total</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>

2020	Female			Male			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
<b>Total</b>	<b>1</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2</b>

2020	Female			Male			Total
Brazil	Under 30	30 to 50	Over 50	Under 30	30 to 50	Over 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
<b>Total</b>	<b>12</b>	<b>6</b>	<b>4</b>	<b>4</b>	<b>17</b>	<b>7</b>	<b>50</b>

2020	Female			Male			Total
Colombia	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	0	0	1	0	1
Administrative personnel	0	0	0	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>1</b>

The information for 2019 was as follows:

2019	Female			Male			Total
Spain	Under 30	30 to 50	Over 50	Under 30	30 to 50	Over 50	
Management team	0	34	13	0	47	45	139
Technicians	38	244	55	56	847	395	1,635
Administrative personnel	0	43	60	0	6	24	133
<b>Total</b>	<b>38</b>	<b>321</b>	<b>128</b>	<b>56</b>	<b>900</b>	<b>464</b>	<b>1,907</b>

2019	Female			Male			Total
Peru	Under 30	30 to 50	Over 50	Under 30	30 to 50	Over 50	
Management team	0	0	0	0	4	1	5
Technicians	1	12	1	3	47	5	69
Administrative personnel	0	3	1	0	0	0	4
<b>Total</b>	<b>1</b>	<b>15</b>	<b>2</b>	<b>3</b>	<b>51</b>	<b>6</b>	<b>78</b>



2019	Female			Male			Total
	Under 30	30 to 50	Over 50	Under 30	30 to 50	Over 50	
<b>Chile</b>							
Management team	0	0	0	0	3	0	3
Technicians	0	2	0	2	7	1	12
Administrative personnel	0	2	0	0	0	0	2
<b>Total</b>	<b>0</b>	<b>4</b>	<b>0</b>	<b>2</b>	<b>10</b>	<b>1</b>	<b>17</b>

2019	Female			Male			Total
	Under 30	30 to 50	Over 50	Under 30	30 to 50	Over 50	
<b>Luxembourg</b>							
Management team	0	0	0	0	0	0	0
Technicians	0	0	1	0	0	0	0
Administrative personnel	0	0	0	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>

2019	Female			Male			Total
	Under 30	30 to 50	Over 50	Under 30	30 to 50	Over 50	
<b>Argentina</b>							
Management team	0	0	0	0	0	0	0
Technicians	0	1	0	0	1	0	2
Administrative personnel	0	0	0	0	0	0	0
<b>Total</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>2</b>

2019	Female			Male			Total
	Under 30	30 to 50	Over 50	Under 30	30 to 50	Over 50	
<b>Brazil</b>							
Management team	0	0	0	0	1	0	1
Technicians	13	5	1	6	14	8	47
Administrative personnel	0	1	1	0	0	0	2
<b>Total</b>	<b>13</b>	<b>6</b>	<b>2</b>	<b>6</b>	<b>15</b>	<b>8</b>	<b>50</b>

2019	Female			Male			Total
	Under 30	30 to 50	Over 50	Under 30	30 to 50	Over 50	
<b>Colombia</b>							
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
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>1</b>

Details of the Group's total workforce in 2020 and 2019 by age, gender and professional category are as follows:

By age	2020	2019
Under 30	112	119
30 to 50	1,308	1,325
Over 50	631	612
<b>Total</b>	<b>2,051</b>	<b>2,056</b>



By gender	2020	2019
Female	546	532
Male	1,505	1,524
<b>Total</b>	<b>2,051</b>	<b>2,056</b>

By professional category	2020	2019
Management team	150	148
Technicians	1,755	1,767
Administrative personnel	146	141
<b>Total</b>	<b>2,051</b>	<b>2,056</b>

### Workforce by contract type

By age	Permanent contracts		Temporary contracts	
	2020	2019	2020	2019
Under 30	82	79	30	40
30 to 50	1,298	1,300	10	25
Over 50	631	610	0	2
<b>Total</b>	<b>2.011</b>	<b>1.989</b>	<b>40</b>	<b>67</b>

By gender	Permanent contracts		Temporary contracts	
	2020	2019	2020	2019
Female	527	505	19	27
Male	1,484	1,484	21	40
<b>Total</b>	<b>2.011</b>	<b>1.989</b>	<b>40</b>	<b>67</b>

By professional category	Permanent contracts		Temporary contracts	
	2020	2019	2020	2019
Management team	150	148	0	0
Technicians	1,715	1,703	40	64
Administrative personnel	146	138	0	3
<b>Total</b>	<b>2.011</b>	<b>1.989</b>	<b>40</b>	<b>67</b>

The average number of permanent and temporary contracts by gender and professional category in 2020, and a comparison with the previous year, is as follows:

Gender	2020		2019	
	Average permanent contracts	Average temporary contracts	Average permanent contracts	Average temporary contracts
Female	521.8	18.8	433.0	24.4
Male	1,479.5	20.9	1,357.0	42.6





Professional category	2020		2019	
	Average permanent contracts	Average temporary contracts	Average permanent contracts	Average temporary contracts
Management team	149.3	0	139.2	0.0
Technicians	1,706.9	39.8	1,531.4	64.5
Administrative personnel	145.3	0	119.4	2.5

With regard to the average number of permanent and temporary contracts, in 2020 work has been carried out on improving the information systems, which has led to the use of a different age range breakdown from that of the other indicators. In 2019 the same age range is used as in the information provided in the previous year. As shown by the indicators of the workforce, Group personnel is very stable throughout the year, with an extremely low turnover.

	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

	2019	
	Average permanent contracts	Average temporary contracts
Under 30	69.6	40.7
30 to 50	1160.1	24.5
Over 50	560.3	1.8

In 2020 and 2019, the Group's workforce does not include any part-time personnel.

Details of dismissals<sup>2</sup> in the year

By age	2020	2019
Under 30	0	0
30 to 50	15	4
Over 50	7	3
<b>Total</b>	<b>22</b>	<b>7</b>

<sup>2</sup> 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.



By gender	2020	2019
Female	5	2
Male	17	5
<b>Total</b>	<b>22</b>	<b>7</b>

By professional category	2020	2019
Management team	6	2
Technicians	16	3
Administrative personnel	0	2
<b>Total</b>	<b>22</b>	<b>7</b>

## 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.
- Salary equality between men and women.

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 Group has a flexible remuneration system that can be configured to provide personalised employee remuneration. The Group offers its personnel products such as medical insurance, training, life insurance, travel cards, luncheon vouchers and childcare vouchers, as well as REC stock option programmes.

The remuneration model for the management team includes a variable annual element which considers the contribution made to the achievement of individual objectives regarding efficiency, quality and other factors such as security and sustainability. As part of this model, members of senior management have a deferred variable element of remuneration, the purpose of which is to strengthen their motivation and commitment to achieving the Group's Strategic Plan.

Furthermore, the Group continues to foster its leadership goals, which promote and link variable remuneration with the leadership model for the management team and with the Group's strategy.

In 2020 the use of a results-based remuneration model for non-management personnel, based on a system of setting and monitoring challenges and deploying management team goals, was consolidated.

The Group therefore 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, the Red Eléctrica Group includes all elements of employee remuneration, as follows:

- Fixed remuneration
- Annual variable remuneration



- Remuneration in kind
- Personal supplements
- Job-related supplements
- Benefits
- Compensation
- Contributions to long-term benefit schemes
- Long-term variable remuneration
- Overtime
- Allowances

Details of the average remuneration of the Group's workforce for 2020 (in Euros):

Average total salary for 2020	Female			Male			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	<b>157,417</b>
Technicians	33,711	55,321	62,861	36,408	56,169	69,949	54,104	59,447	<b>58,277</b>
Administrative personnel	11,774	36,571	44,247	13,698	34,511	46,811	39,380	41,161	<b>39,807</b>
<b>Total</b>	<b>31,130</b>	<b>58,616</b>	<b>72,948</b>	<b>35,291</b>	<b>60,560</b>	<b>79,987</b>	<b>59,886</b>	<b>65,780</b>	<b>64,216</b>

The information for 2019 is as follows:

Average total salary for 2019	Female			Male			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	126,743	169,385	0	140,204	174,450	139,445	157,868	<b>151,770</b>
Technicians	30,239	55,227	64,310	33,391	55,809	69,096	53,314	58,939	<b>57,753</b>
Administrative personnel	0	37,512	43,718	0	37,624	44,806	41,203	43,184	<b>41,635</b>
<b>Total</b>	<b>30,239</b>	<b>59,797</b>	<b>65,116</b>	<b>33,391</b>	<b>59,692</b>	<b>78,292</b>	<b>58,406</b>	<b>64,793</b>	<b>63,141</b>

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.

The elements of remuneration used to calculate the gross wage gap are the same as those used to calculate the average remuneration using the following formula:

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



The gross wage gap in the Red Eléctrica Group in 2019 and 2020 is shown in the following table:

Red Eléctrica Group	2020	2019
Gross wage gap	9.84%	10.94%

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

With a view to promoting transparency and complying with market recommendations and best practices, the Group includes all elements of remuneration and all amounts received by its employees when calculating the gross wage gap. This year, for the first time, it has also included allowances, overtime and supplements for expatriate assignments. The results of recalculating the wage gap for 2019 in accordance with these new criteria are shown in the above table.

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 2019 and 2020 by gender and age are as follows:

By gender	2020	2019
Female	59,886	58,406
Male	65,780	64,793
<b>Total</b>	<b>64,216</b>	<b>63,141</b>

By age	2020	2019
Under 30	33,397	31,918
30 to 50	60,044	59,720
Over 50	78,356	75,417
<b>Total</b>	<b>64,216</b>	<b>63,141</b>

The remuneration of personnel who did not form part of the Group for the full year in 2020 has been extrapolated to 100% in all calculations.

The average remuneration of the members of the board of directors, including variable remuneration and allowances, according to note 26 to the consolidated annual accounts of the Group, is as follows:

Thousands of Euros	2020	2019
Average remuneration for men (*)	303.7	263.6
Average remuneration for women (**)	230.7	183.4

(\*) Includes the CEO. If the CEO were not included, average remuneration for men in 2020 would be Euros 186.4 thousand.

(\*\*) Includes the chairwoman. If the chairwoman were not included, average remuneration for women in 2020 would be Euros 184.0 thousand.

With regard to senior management, according to note 27 to the consolidated annual accounts of the Group, remuneration for 2020 totalled Euros 662 thousand<sup>3</sup> (Euros 664 thousand in 2019). The difference between the average salary for men and women is less than 1%.

### Implementation of workplace disconnection policies

<sup>3</sup>Data is not broken down by gender as there is only one woman at senior management level, which would render data privacy an impossibility.



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 2018), includes an obligation for companies to meet with employees' 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.

Furthermore, according to this law, the right to digital disconnection must also be upheld in cases where employees are working from home part or all of the time, as well as in employees' homes with regard to the use of technology tools for work purposes.

In 2020 the Group endeavoured to meet the requirements enshrined in the aforementioned Law by introducing a Digital Disconnection Protocol that will go into effect in the first quarter of 2021. It 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.

## b) Organisation of working hours

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 has been established for 81% of the Group's workforce. This is distributed according to circumstances at each work centre, with a basic 7-hour day schedule on every working day of the year.

### Number of hours of absenteeism

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

	2020		
	Male	Female	TOTAL
Hours lost due to occupational accidents	1,207	884	2,091
Hours lost due to common illness	64,724	22,932	87,656
<b>Hours lost due to health and safety</b>	<b>65,931</b>	<b>23,816</b>	<b>89,747</b>

In Peru, the number of hours lost due to common illness was 1,071.2, while in Chile it was 171.6 hours.

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.

Information on Group companies in Spain in 2019 was as follows:

Spain	2019		
	Male	Female	TOTAL
Hours lost due to occupational accidents	2,371	650	3,021
Hours lost due to common illness	61,532	32,547	94,079
<b>Hours lost due to health and safety</b>	<b>63,903</b>	<b>32,197</b>	<b>97,100</b>

The number of hours lost due to common illness is 2,031 hours in Peru and 167 in Chile

For the Group as a whole, the number of hours lost due to common illness is 94,079 hours, with zero hours lost due to occupational accidents (calculation performed using an annual base and extrapolating the period from 1 October to 31 December).

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

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

Absences of less than 3 days' duration are accounted for by the number of hours lost (those in which the employee has been temporarily disabled due to a commuting accident, occupational accident and common illness).

### Management of work-life balance

Regarding the domestic electricity infrastructure operation and management and Telecommunications (fibre optics) businesses, following the approval in 2019 of the third Comprehensive Work-Life Balance Plan, 2020 saw the roll-out of objectives defined for the year and the extension of a flexible working culture.

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
- Flexibility of time and location
- Family support
- Personal and professional development
- Equal opportunities

### 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, deployed through a multi-year plan, is aligned with the Group's Strategic Plan, the Human Resources Master 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: within the definition of the future energy model, identifying opportunities to generate value in the services offered.
- Participation in the community: through actions performed by the company that have an impact on improving the state of 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 commit the whole Group to 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 2020, 10,285 safety inspections were carried out on works and facilities, incidents having been detected in 11.26% of cases. As a result of all the activities performed to control and monitor works, over 1,700 corrective actions were required, of which 85.34% 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 2020 the Action Plan to improve health and safety was updated, establishing 2020-2023 as the new timeline in order to address 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:** the Red Eléctrica Group is 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.

Through innovation management, we seek 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. In 2020 pilot projects were undertaken with several startups specialising in different enabling technologies such as virtual and mixed reality, data analytics (big data), IoT (internet of things, which provides connected workers with sensors), and blockchain, applied to different use cases and proofs of concept.

In 2020, the key accident rates for Group employees were 2.87 (frequency rate) and 0.10 (severity index). In 2019, the rates were 4.13 (frequency rate) and 0.14 (severity index).

### Workplace accidents and occupational illnesses

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 were identified.

Red Eléctrica Group	2020			2019		
	Male	Female	Total	Male	Female	Total
Accidents with leave	9	1	10	10	3	0
Fatal accidents	0	0	0	0	0	0
Work days lost due to accidents (5)	173	170	343	324	109	433
Accident frequency index	3.52	1.08	2.87	4.28	3.69	4.13
Accident severity index	0.07	0.18	0.10	0.14	0.13	0.14

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

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

Moreover, there were no occupational illnesses in either 2020 or 2019.

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 pandemic alert, reported cases have been monitored both in terms of illness and possible contact, and essential personnel, system operators and technical maintenance specialists have been identified and are subject to special monitoring.

In addition, personnel have been provided with the necessary protective health and safety equipment to carry out their duties and adhere to all requisite safety protocols (masks, gloves and sanitiser gels).

In the specific area of health and health promotion, in addition to the basic actions of individual health monitoring, different campaigns aimed at guaranteeing physical, psychological and social well-being have continued with the aim of improving the overall well-being of people who have been forced to adapt to the circumstances of the pandemic, offering various services through digital platforms in lieu of face-to-face: consultations on nutrition and physical fitness, access to yoga classes, Pilates and mindfulness workshops.

The result of the 2020 audit of the Healthy Company model has been satisfactory.



### c) Social relationships

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

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

New intranet tools continue to be promoted through various internal channels, including the corporate Twitter feed and the new Innovation channel, which aims to foster digital capabilities and co-creation among users.

In 2020, the company continued to increase communication cascading, giving it a closer, more personal touch and designing new listening channels between managers and associates.

In October 2019, 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 been maintained 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 published its results through the intranet (miRED) and the results for each area were presented by the management team in face-to-face sessions during which constructive dialogue was encouraged.

Throughout 2020, work continued apace on the design, development and communication of action plans for Group 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 Organisation, 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	2020	2019
Employees in Spain	91%	91%
Employees in Brazil	98%	96%

In 2020, 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)	2020	2019
	3%	0%

During the first half of 2020, negotiations were held on REINTEL's 1st Collective Bargaining Agreement. The negotiations concluded successfully and the 1st Collective Bargaining Agreement went into effect on 14 September 2020.

Consequently, relations with employees' representatives were defined by the negotiation of a new agreement through the Negotiating Committee created for the purpose.

During 2020, various meetings were held by Red Eléctrica de España's Intercentre Committee and other committees in which employees' representatives are involved.

#### 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 employees' 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) although it may also meet at the request of any of the parties. In 2020, the committee met four times in regular sessions in accordance with its objectives.

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

As a result of the health emergency triggered by the spread of Coronavirus disease 2019 (COVID-19), four special meetings were held during the year to report on the actions and measures taken by the company, particularly with regard to the work activities of essential personnel.

#### d) Training

In 2020, the Red Eléctrica Group's Campus was the main hub of Learning and Professional Development within the Red Eléctrica Group.

The Group's transformation continues to be promoted through the new leadership approach and the development of employees' capacities through specific programmes developed by the three institutions (business knowledge and technical training, strategy and leadership, and transformation and innovation).

As a result of the "push yourself" (*Impúlsate*) philosophy, a high component of self-development is encouraged in training, with the launch of programmes and learning spaces wherein the employees themselves decide how and when to participate based on their own interests. This new direction has translated into a new training catalogue composed of more than 200 online courses on different technical, management and skills-based subjects, as part of the "Digital by Campus" programme aimed at the acquisition of skills and knowledge related to digital transformation and the "Self-development Ecosystem" designed to improve the personal and professional skills of all employees.

Employees received 136,748 hours of training, equivalent to 67 hours per employee, at an investment of Euros 3,041.91 per person.

#### Training hours by professional category and gender:

Red Eléctrica Group	2020			2019		
	Male	Female	Total	Male	Female	Total
Management team	8,708	4,987	13,695	4,763	2,351	7,114
Technicians	94,164	23,178	117,342	108,452	24,046	132,498
Administrative personnel	1,995	3,716	5,711	635	3,083	3,718
<b>Total</b>	<b>104,867</b>	<b>31,881</b>	<b>136,748</b>	<b>113,850</b>	<b>29,480</b>	<b>143,330</b>

All employees are continuously assessed. The new appraisal model launched in 2019 continued to be used in 2020, effectively individualising the evaluation of an employee's contribution in order to increase objectivity and help align employees with the Group's strategy and encourage a culture of development and recognition.

In 2020 the Group consolidated the implementation of the challenge-based management model, which has contributed towards giving each professional clearer guidance about their work, with greater autonomy and flexibility, allowing employees to work when, where and how they require and with whoever needs them.



The voluntary and proactive internal mobility plan has become well established, together with the use of the LinkRED tool that can be accessed by all employees to share their experiences and interests in relation to development and mobility.

In addition, to help students on higher vocational training courses to obtain qualifications, the Group has been actively involved in creating a 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. In 2020, the second graduating class completed their training.

The aim of this initiative is to produce professionals who are qualified in this field and 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 employability of young people, with a view to their becoming part of the domestic industrial fabric.

Due to the preventive measures implemented by the Red Eléctrica Group as a result of the COVID-19 crisis, the programme for the second graduating class had to be redesigned, adapting it to a mixed format. This format combined a wide range of online technical and safety content using remote training via the TEAMS and FORMS corporate applications to teach the theory portion of the programme, with face-to-face practical training in which the participants were divided into several classrooms. This ensured that they attained the minimum required level of proficiency in protection while also acquiring agility and skill in the handling of equipment and tools and receiving the necessary safety training. The 20 students were thus able to complete their traineeships at their assigned work centres in the 8 transmission districts having gained sufficient knowledge of health and safety.

Lastly, every two years 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 Comprehensive Diversity Plan approved at the start of 2019.

The General Law on the Rights of People with Disabilities (LGD) is applicable to three of the Group's companies, of which two comply with the law through direct employment: REINTEL (3.33%) and HISPASAT (2.05%). The company that does not comply through direct employment (REE) goes beyond legal compliance with exceptional alternative measures, achieving a rate of 2.47%. Of this percentage, 0.86% 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.

The number of Group employees with disabilities is as follows:

	2020	2019
People with disabilities	20	19

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 social and labour integration of any Group employees' family members with disabilities.

In September 2020 Red Eléctrica took part in the *Carrera de las Capacidades*, a race event organised to raise disability awareness.

#### f) Equality and diversity

The Group's commitment to diversity, inclusion and non-discrimination has materialised in the form of its 2019-2022 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 will contribute to building a more diverse society.
- The Comprehensive Diversity Plan has the following specific objectives:
  - Ensure that at least 35% of the management team are women.
  - 0% wage gap.
  - Family-Friendly Company (EFR) classification - A+
  - LGD compliance of 70% through direct employment

Gender equality is one of the vectors included in the new Comprehensive Diversity Plan and refers to the principles of equal employment opportunities, the promotion of women to positions of responsibility, salary equivalence 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.

The percentage of women in the Group's workforce in 2020 was 26.62% (25.88% in 2019). The number of women in management positions has once again increased, totalling 32.67% in 2020 (31.76% in 2019). These results are nearing the targets set for 2022.

The Red Eléctrica Group is committed to equality. The significant female presence on the Executive Committee is notable, with 55.56% women, as well as on the board of directors, where women have a 50% representation, the highest among the IBEX 35 companies.

We continue working on gender equality as shown by the indicators achieved in 2020 for equal opportunities in training: 0.97%, contracts: 1.1%, promotion: 1.38% and promotion to the management team: 1.57%.

During 2020 the Group collaborated with entities and participated in various observatories and academic forums in relation to diversity, including:

- Collaboration in working roundtables and forums on diversity, equality and inclusion promoted by institutions such as IE Business School and the Spanish Association of Women Executives and Directors (EJE&CON), the Real Instituto Elcano and the Spanish Royal Academy of Engineering (participation in the Women and Engineering project to foster the involvement of women in STEM careers).
- Woman Forward event. Presentation of the 1st Report to promote the creation of value and equality in companies: Proposals to move forward.
- Women Action Sustainability (WAS) event related to the European funds and green recovery.
- Women In A Legal World (WLW) first event: forum for women on boards of directors.
- Celebration of the second "Mujer en Red" (*Women in Red Eléctrica*) week (March 2020), with daily initiatives to raise awareness of the importance of women in society at large and more specifically in organisations.
- Campaigns to raise awareness against gender-based violence, of communication on the International LGBTI Pride Day, on the International Day of Persons with Disabilities and the 2020 International Day of Rural Women.

In 2020, various commitments and agreements were signed in relation to diversity, including:

- Signing of the protocol "More women, better companies", an agreement to foster equal participation of men and women on boards of directors.
- Collaboration agreement called "Red de Empresas por una Sociedad Libre de Violencia de Género" (*Network of Companies for a Society Free from Gender-based Violence*).



- Participation in the Observatory on Work-Life Balance and Co-responsibility promoted by Universidad de Comillas.
- Signing of the #CEOPORLADIVERSIDAD commitment with CEOE and Fundación Adecco to promote the De&I strategy (Diversity, equity and Inclusion).

## 11.5 Information about respect for human rights

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### 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 the Sustainability Policy, and 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, Red Eléctrica has strengthened its commitment to human rights by signing up to the ten principles of the Global Compact.

In 2017 the company formalised a human rights management model, approved by the Sustainability Steering Committee, which applies to all of the Group's activities and is based on the United Nations' Guiding Principles on Business and Human Rights.

The Group takes an approach based on control and continuous improvement, implementing actions that help to prevent potential human rights violations, while seeking solutions to redress such violations in the event that they arise. In 2020 a total of 45 social audits were performed and 38 action plans were designed to redress major non-compliances, which apply to 18 suppliers. 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 2020 the Group did not identify any supplier contracts which have generated human rights incidents and there is no record of any such complaints being received.

In order to continue making progress in human rights management and to strengthen its commitment to upholding them, the company is working on improving the due diligence mechanisms to identify and evaluate actual or potential negative implications on human rights, specifically those affecting local communities in the areas of activity.

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 Group also has the DÍGAME Service and ASA (the Procurement Support Service), through which stakeholders can express their concerns about any grievances in this area. In 2020, the DÍGAME Service received five human rights-related complaints (two in 2019). 100% of these complaints have been resolved.

The whistleblowing channels available to stakeholders have not received any human rights-related complaints in respect of HISPASAT. None were received in 2019 either.

## 11.6 Information about the fight against corruption and bribery

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### 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 Red Eléctrica 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.

In 2018 the company embarked upon a process of reviewing and updating the Code of Ethics in order to bring it into line with best practices for ethical management and compliance, as well as the structural changes in the Red Eléctrica Group. This process was completed on 26 May 2020 when the board of directors approved the Red Eléctrica Group's Code of Ethics and Conduct.

## 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 violations of the Code, legislation, internal regulations or commitments taken on by the organisation.
- Report any potential irregularities or violations related to financial, accounting or business malpractice.

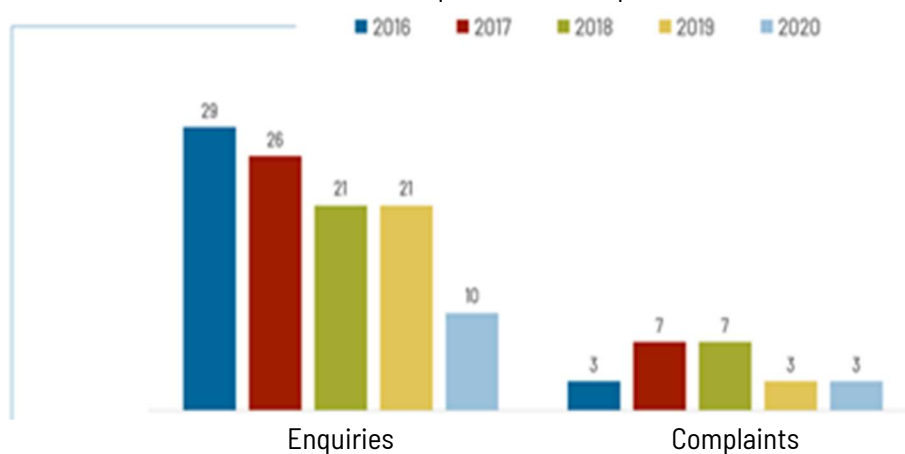
The Red Eléctrica Group's Ethics and Compliance Channel is managed by the Ethics Office in coordination with the Compliance area and its activity is governed by guidelines on the channel's management.

On 1 December 2020 the Red Eléctrica Group's Executive Committee approved the "Guidelines for managing the Ethics and Compliance Channel", comprising the internal regulations for management of said channel. The new guidelines have been approved to bring the channel's activity into line with: the criteria of the Code of Ethics and Conduct; the Spanish Data Protection and Digital Rights Act (article 24 of which regulates whistleblowing systems); and Directive (EU) 2019/1937 of 23 October 2019 on the protection of persons who report breaches of Union law.

## Enquiries and complaints processed in 2020

A total of 10 enquiries were made to the Ethics Officer via the Ethics and Compliance Channel in 2020. Three complaints were received in relation to compliance with the Code of Ethics and Conduct in 2020, all of which were resolved by year end (three complaints in 2019, one of which was unresolved at the 2019 year end). None of the complaints were about non-compliance 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 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 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 reaction and correction when a breach is 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 Compliance System and its objective is for the main criminal risks to be properly identified and managed, and to raise awareness of such risks within the organisation.

In 2020 the criminal and anti-bribery compliance system of the Parent of the Red Eléctrica Group (REC) and its subsidiary Red Eléctrica de España (REE) was certified under UNE 19601 and ISO 37001. The certification process for this system was carried out by AENOR in December 2020.

In 2020, none of the Group's 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 non-compliances linked to corruption cases.

### **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", which was approved by the board of directors in 2015 and sets out conduct guidelines and commitments, as well as the performance criteria and main controls in place at the company associated with corruption, including money laundering.



## 11.7 Information regarding society

### Impact of the activity on employment and local development

The activities carried out by the Red Eléctrica Group 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 in the transmission network 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), in jobs and in tax revenue, which can be used to improve the general well-being of society. All this is the result not only of the Group's direct investments but also of 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 computed using Input-Output Tables to estimate the level of general activity generated as a result of an initial investment. Calculations are performed taking into account three main effects:

#### Effects of investments

Direct effect	Indirect effect	Induced effect
Estimation and valuation of the production chain and job and income creation 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 they generate.

#### Socio-economic contribution in Spain

In 2020, the Red Eléctrica Group's total investment in the transmission network in Spain amounted to Euros 383.1 million, of which an estimated Euros 71 million was spent on importing the products needed to carry out the activity. The remainder, totalling around Euros 312 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)	312	296	31	<b>639</b>
Income - GDP (millions of Euros)	129	126	10	<b>265</b>
Employment (no. of jobs)	2,350	2,250	316	<b>4,916</b>
Tax revenue (millions of Euros)	50	48	4	<b>102</b>

The investment made in Spain has generated Euros 639 million of output in the business sectors concerned, which is more than double the investment made (Euros 312 million). This represents a contribution of Euros 266 million to Spanish GDP (around 14% of the Group's revenues in 2020), generating activity equivalent to 4,916 jobs. All of this combined has generated tax revenue of Euros 102 million (approximately 9.2 % of the amount provisionally collected in 2020 in respect of the special electricity tax).

#### Socio-economic contribution in Chile

In 2020, through its subsidiary Red Eléctrica Chile, the Red Eléctrica Group invested a total of US Dollars 42 million 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\$)	42	30	6	78
Income - GDP (millions of US\$)	22	14	3	39
Employment (no. of jobs)	572	407	92	1,071
Tax revenue (millions of US\$)	6	2	1	9

The investment made in Chile has generated US Dollars 78 million of output in the business sectors concerned, which is almost double the investment made (US Dollars 42 million). This represents a contribution of US Dollars 39 million to GDP, generating activity equivalent to 1,071 jobs. All of this combined has generated tax revenue of US Dollars 9 million.

### Socio-economic contribution in Peru

In 2020, through its subsidiaries in Peru, the Red Eléctrica Group invested a total of US Dollars 11 million in the transmission network, reflecting 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\$)	11	7	2	20
Income - GDP (millions of US\$)	5	4	1	10
Employment (no. of jobs)	265	357	90	712
Tax revenue (millions of US\$)	1	1	0	2

The investment made in Peru has generated US Dollars 20 million of output in the business sectors concerned, which is almost double the investment made (US Dollars 11 million). This represents a contribution of US Dollars 10 million to GDP, generating activity equivalent to 712 jobs. All of this combined has generated tax revenue of US Dollars 2 million.

### Impact of the activity on local communities and the local area

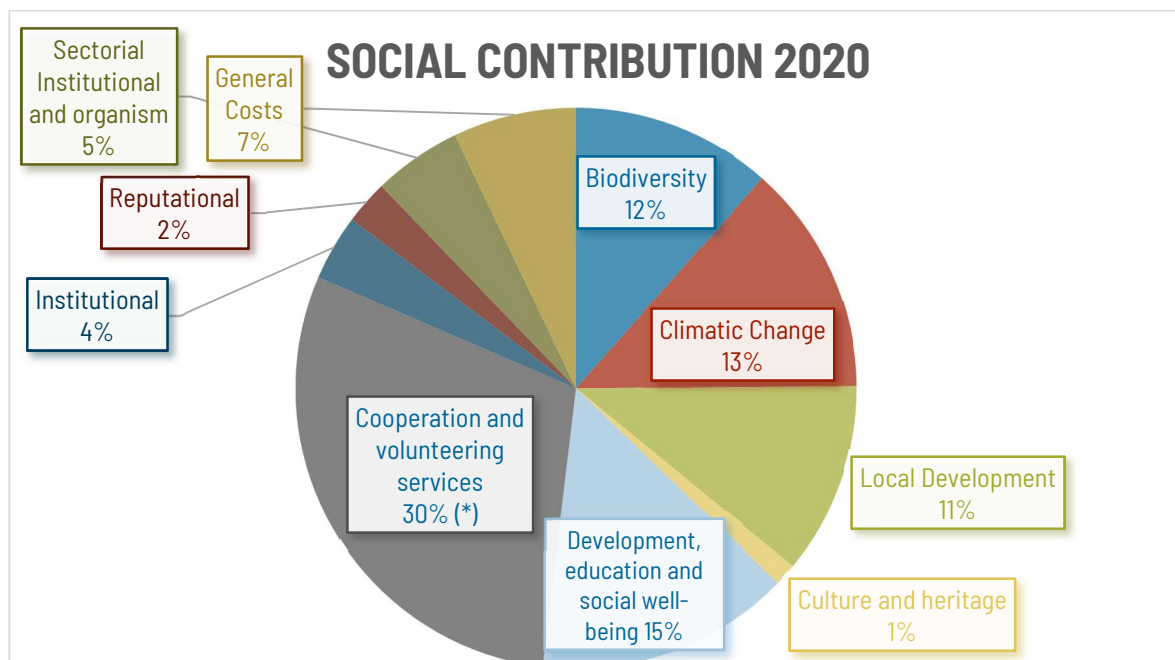
The Group focuses its socio-environmental commitment towards unlocking shared value with society by pursuing actions and investments that are aligned with its business goals and, while generating value for the Group, also have a positive impact on society, the local area and its inhabitants. It also contributes to the attainment of various challenges, such as the UN's Sustainable Development Goals or those envisaged as part of the European 2020 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 it operates in 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 and the conservation, protection and enhancement of natural and cultural heritage in the countries and regions in which it operates.

In 2020, the Group contributed over Euros 9 million (amount calculated using the London Benchmarking Group methodology) to social initiatives (over Euros 8 million in 2019). Of particular note is the contribution of more than Euros 2.4 million to mitigate the social and economic impacts of the global pandemic triggered by COVID-19. Contributions to foundations and non-profit organisations, totalling Euros 1.4 million (Euros 1.7 million in 2019), accounted for 53 (62 in 2019) of all the social initiatives carried out by the Group in 2020.





(\*) Including extraordinary initiatives for COVID-19 contributions

In 2020, the company signed 89 agreements with public and social entities, mainly to cooperate on socio-economic, environmental, educational and cultural development projects.

Among the 377 social initiatives undertaken, special attention has been paid to those focused on a rapid and effective response to needs arising as a result of COVID-19, the mitigation of population drift, and the conservation of biodiversity.

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 a new sustainable energy model.

On this front, the company overcame the restrictions on movement and the social distancing rules imposed as a result of the healthcare crisis by offering virtual tours of its facilities. This allowed 1,100 people (in 53 tours) to see them.

The Group has rolled out initiatives to reduce the impact of the COVID-19 pandemic and the resulting economic and social crisis, particularly on more vulnerable areas of society.

### Corporate volunteering

Corporate volunteering actions have had to be adapted to the conditions imposed as a result of the pandemic. Those actions that required in-person participation have been replaced by remote actions, which help to mitigate the effects of the pandemic on different social groups and the environment.

This change did not stop the volunteering actions carried out in 2020 reaching a level of participation of individual volunteers of 26.48%, which is higher than the target set at the beginning of the year (20%).



## Main corporate volunteering actions in 2020

Social volunteering	
Food bank donations campaign	Virtual campaign to gather basic goods (food) to mitigate the effects of the pandemic <ul style="list-style-type: none"> <li>• 59 volunteers</li> <li>• Euros 2,670 collected by the volunteers, equivalent to 2,519 kg of food</li> </ul>
Event with CREATICA during the second "Mujer en Red" (Women in Red Eléctrica) week	Promoting higher education, particularly in STEM, among adolescents in vulnerable circumstances <ul style="list-style-type: none"> <li>• Practical workshop on programming involving six volunteer employees</li> </ul>
Letters Against Loneliness in collaboration with HandsOn Spain	Sending of letters and drawings to the elderly in care homes <ul style="list-style-type: none"> <li>• 25 volunteers</li> <li>• 25 letters sent</li> </ul>
Cruz Roja donations campaign	Virtual campaign to gather basic goods (food, hygiene products and school material) to mitigate the effects of the pandemic <ul style="list-style-type: none"> <li>• 106 volunteers</li> <li>• Euros 5,000 collected</li> </ul>
Christmas activities with Cruz Roja	Collection of a total of 175 new books for children aged 0 to 9 in all regions of Spain <ul style="list-style-type: none"> <li>• 175 volunteers</li> </ul>
Christmas activities with FDI (Development and Integration Foundation) and care homes for the elderly.	Sending of Christmas cards to the elderly in care homes <ul style="list-style-type: none"> <li>• 9 volunteers</li> <li>• 13 cards sent</li> </ul>
Environmental volunteering	
#Plantemos (Let's plant) a new world with Fundación Juan XXIII	Environmental and social project where participants receive a kit of seeds and sustainable and compostable material (prepared by people with disabilities) to plant at home <ul style="list-style-type: none"> <li>• 368 volunteers</li> </ul>
STAY IN YOUR NEST with SEO/BirdLife	Insight into urban birds to highlight their importance to biodiversity. Virtual training workshop and use of the e-bird app <ul style="list-style-type: none"> <li>• 6 volunteers</li> </ul>
Nest boxes with SEO/BirdLife	Raising awareness about the importance of caring for urban biodiversity and engaging different players (citizens, governments, businesses, associations) in conservation <ul style="list-style-type: none"> <li>• 8 volunteers</li> </ul>

## Participation in organisations

The Group is a member of and is active in 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 Telecommunications Union (ITU), the Brazilian National Telecommunications Agency (ANATEL), the Inter-American Telecommunications Commission (CITEL), the European Satellite Operators' Association (ESOA), and the Inter-American Association of Telecommunications Companies (ASJET).

The Group participates in organisations or domestic associations that seek different objectives:



- Share and extend best business practices

<b>Spanish Quality Association (AEC)</b>	An association aimed at defending and promoting quality as a driver of competitiveness in business and improvement in society.
<b>Spanish Compliance Association (ASCOM)</b>	The first association created to professionalise the compliance function and facilitate the exchange of ideas and best practices.
<b>Spanish Association for Standardisation and Certification (AENOR)</b>	An association that contributes to improving the quality and competitiveness of companies by developing technical standards and certifications.
<b>Spanish Issuers (Emisores Españoles)</b>	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

<b>Spanish Energy Association (ENERCLUB)</b>	An association that contributes to a better understanding of various energy-related issues among interested parties in society.
<b>Madrid Energy Foundation (Fundación de la Energía de la Comunidad de Madrid)</b>	The foundation drives initiatives and research programmes for the development and application of energy technologies.
<b>Energy Cluster (Clúster de la Energía) of various autonomous regions</b>	A group that promotes the development and competitiveness of energy companies in Spain.

- Telecommunications and aerospace sector

<b>Madrid aerospace cluster (Clúster aeroespacial)</b>	An association that fosters and contributes to development and innovation in the aerospace industry in the Madrid Region.
<b>Spanish Association of Technology Companies for Defence, Aeronautics and Space (TEDAE)</b>	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.
<b>Spanish Aerospace Technological Platform</b>	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

<b>Sustainability Excellence Club (Club de Excelencia en Sostenibilidad)</b>	A business association aimed at driving sustainability by sharing and building awareness of good practices.
<b>Forética</b>	An association of companies and sustainability professionals promoting the integration of environmental, social and good governance issues in companies' strategy and management.
<b>Association for Excellence in Management and Innovation (Club Excelencia en Gestión e Innovación)</b>	A business association aimed at strengthening the global competitiveness of organisations and professionals through the values of excellence.
<b>Integrity Forum (Foro de Integridad) of Transparency International Spain</b>	A think tank for improving compliance and ethical management in companies.
<b>Voluntare Foundation</b>	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 Group extends 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 and transparency, as well as a framework of legislation and internal Group codes, policies and rules.

In 2020 the Red Eléctrica Group worked with 1,292 suppliers in transactions worth Euros 599.6 million. Of that amount, 85.4% relates to services and works, while the remaining 14.6% pertains to materials and equipment.

Besides the aforementioned suppliers, an additional 718 subcontractors also did work on electricity network facilities, bringing the total number of companies that worked within the framework of the Group's contracts to 2,010.

The local purchases indicator (purchases from suppliers based in the same country) was 88.2% for Red Eléctrica Group companies in Spain, 97.5% for those in Chile and 97.0% for those in Peru; which means the Group acts as a driver of growth, favouring business, industrial and social development by creating employment throughout 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.

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, and (3) social responsibility (verification of proper adherence to the Code of Conduct for Suppliers through social audits).

Social audits were conducted at 45 suppliers during 2020 (53 in 2019) to verify compliance with the Code of Conduct for Suppliers. As a result of the audits, 38 action plans have been agreed with 18 suppliers, so that supplier



development can be monitored and improvements recorded. The results of these audits and their findings are shared internally, placing special emphasis on the detection of major non-compliances.

## Consumers

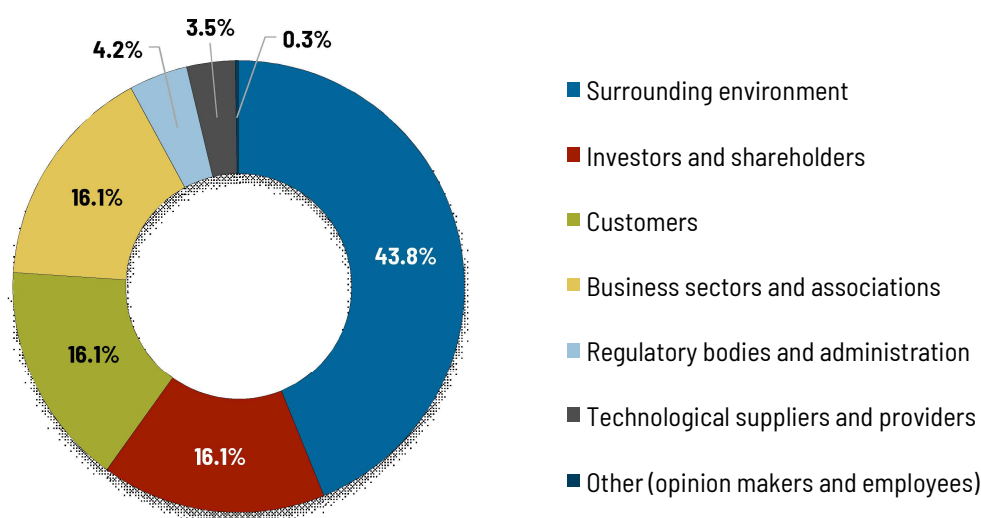
In the fourth quarter of 2020 the Group launched a project to analyse the way in which each Group company deals with stakeholder interactions. The aim is to draw conclusions to establish a procedure defining common grounds for managing such interactions from a Group perspective, allowing the company to consolidate existing information and function as a single corporate system that improves interactions with external stakeholders. Once defined, the Group will apply this master procedure to each company and iron out the specifics which could not be regulated in the general procedure.

### Red Eléctrica de España

Since 2008 the “Dígame” service has provided a professional response to requests 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.

#### Interactions through the Dígame service in 2020

In 2020 a total of 3,559 interactions were received and managed through the Dígame service<sup>(4)</sup>, with stakeholders from the surrounding environment accounting for the highest number (1,560), followed by investors and shareholders (573), and then customers and business sectors and associations (572 each). To a lesser extent the Group has recorded interactions with regulatory bodies and governments, suppliers and other stakeholders.



#### Claims handled through the Dígame service in 2020

Of the 260 claims received, 219 fell under Red Eléctrica’s remit and were admitted. Of these, 58 were upheld (accepted on correct and reasonable grounds, whether fully or partially).

<sup>(4)</sup> “Interactions” comprise any communication between Red Eléctrica de España and a stakeholder. Interactions are classified into: queries, case files, notifications, requests, grievances, claims, recognitions and suggestions.



Most claims received fall into two categories: quality and continuity of supply and impacts of the facilities. The first type primarily consists of claims related to the incidents in Tenerife in September 2019 and August 2020, while the second type mainly comprises claims concerning tree felling and clearing of vegetation.

By type	2020	2019
Quality and continuity of supply	173	196
Impacts of facilities	41	47
Measures	2	0
Other	3	3
<b>Total</b>	<b>219</b>	<b>246</b>
By stakeholder complainant		
Surrounding environment	187	198
Business sectors and professional associations	28	46
Customers	4	2
<b>Total</b>	<b>219</b>	<b>246</b>

While some claims remain open, 95% of the claims accepted have been closed. Of the 21 claims that remained open at the end of 2019, 19 were fully closed in 2020 and the other two more complex claims, relating to the Tenerife incident, are in the process of being resolved.

### International business

In 2020 the Group consolidated the channel for queries, requests, grievances and claims through a Latin America-wide procedure that establishes the response times and prioritisation of communications received from external stakeholders (bodies, entities, communities, associations, customers or the general public).

Moreover, the Dígame channel was opened for the business in Chile and an application was developed to record cases in the field, for direct use by community relations personnel and maintenance workers.

By type	Peru	Chile
Claims	4	0
Grievances	12	1
Queries	2	0
Requests	401	15
<b>Total</b>	<b>419</b>	<b>16</b>

Most of the claims received in Peru relate to the CCNCM concession and one pertains to TESUR 2, while the grievance made in Chile refers to REDENOR. All such claimants seek compensation for the impact of facilities.

In Peru, 53 of the interactions are in the process of being resolved, whereas all cases in Chile were closed during the year.

### 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 2020 a total of 533 network incidents affecting customers were handled. Of these, 63% stemmed from power failures, third party works and natural causes, while the remaining 37% 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.

HISPASAT classifies such interactions into queries, incidents, grievances or suggestions. In 2020 it received a total of 3,769 interactions, primarily queries (58.6%).

By type	2020	2019 <sup>(5)</sup>
Queries <sup>(6)</sup>	2,207	393
Incidents <sup>(7)</sup>	1,558	343
Grievances <sup>(8)</sup>	4	0
<b>Total</b>	<b>3,769</b>	<b>736</b>

HISPASAT surveys customer satisfaction every two years. The overall net satisfaction rate was 83.6% in 2017 and 82.1% in 2019.

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.
- 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 was recognised by the Commitment and Transparency Foundation for topping the rankings in the Tax Responsibility Transparency Report on the IBEX 35 in 2019. 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.

<sup>(5)</sup> As HISPASAT was acquired in October 2019, the total only includes interactions in October, November and December.

<sup>(6)</sup> Includes operational matters, information requests, non-operational incidents and others.

<sup>(7)</sup> Includes operational incidents, incidents, problems, terminal-related incidents, platform-related incidents, provision of service, alignment, service incidents, scheduled work and changes.

<sup>(8)</sup> Includes complaints and claims.



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 <sup>(9)</sup>.

### Profits obtained, broken down by country

Millions of Euros

Profit before corporate income tax (*)	2020	2019
Spain	726	930
Peru	10	7
Chile	-5	-7
Brazil	-2	3
Argentina	-1	-
Others (**)	-	-

(\*) Comprises the pre-tax income and expenses of each company, excluding dividends received from Group entities, aggregated at country level.

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

### Corporate 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.

The Group's total 2020 tax contribution in all the countries in which it operates amounted to Euros 743 million, consisting of Euros 259 million paid and Euros 484 million collected.

The corporate income tax paid in each country in 2020 and 2019 is as follows:

Millions of Euros

Corporate income tax paid	2020	2019
Spain	192	195
Peru	3	4
Chile	-	1
Mexico	2	-
Other (*)	-	-
<b>Total</b>	<b>197</b>	<b>200</b>

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

Corporate income tax in 2020 accounts for 76% of the taxes paid by the Group to public entities, mainly the Spanish taxation authorities.

<sup>(9)</sup> 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.





## Government grants received

In 2020 Euros 1.8 million was received in grants from official bodies (Euros 0.3 million in 2019). The grants received in 2020 and 2019 broken down by country, are as follows:

Millions of Euros

Government grants received	2020	2019
Spain	1.8	0.3
<b>Total</b>	<b>1.8</b>	<b>0.3</b>

## 11.8 Index of content required by Law 11/2018 of 28 December 2018 on non-financial and diversity information

CONTENTS	Page	Reporting framework
Description of the business model:		
Business environment		
Organisation and structure	30	(1) 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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Objectives and strategies		
Key factors and trends that may affect future developments		
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Present and foreseeable impact of the company's activities on the environment, health and safety	32	Internal framework. Description of the impact of the activity on the environment, health and safety
Environmental assessment or certification procedures	32	Internal framework. Certified Environmental Management System
Resources allocated to preventing environmental risks	32	Internal framework. Ordinary expenses incurred for environmental protection and improvement
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Measures for the prevention, reduction or remediation of the effects of carbon emissions (also includes noise and light pollution)	34	Internal framework. Measures for the prevention of noise, light and atmospheric pollution, as well as measures for the reduction of carbon emissions
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Measures for the prevention, recycling, reuse and other recovery and disposal of waste	33	Internal framework. Circular economy measures
Actions to combat food waste	Not significant	These types of actions are not carried out due to the nature of our activities
<b>Sustainable use of resources</b>		
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Measures taken to adapt to the consequences of climate change	32	(1) 305-5
Voluntary medium and long-term emission reduction targets set and steps taken	32	Internal framework. Objective for reducing emissions and combating climate change
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Average annual number of permanent, temporary and part-time contracts, by gender, age and professional category	41	Internal framework. Average annual number of contracts by type, broken down by gender, age and professional category
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Average pay by gender, age and professional classification	43	Internal framework. Average total salary by gender, age and professional classification
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Measures aimed at facilitating a work-life balance and encouraging the joint and responsible sharing thereof by both parents	46	(1) 401-2
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<b>Social relationships</b>		
Organisation of social dialogue, including procedures on worker communication, consultation and negotiation	47	(1) 402-1
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<b>Training</b>		
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Total hours of training by professional category	49	(1) 404-1
<b>Universal accessibility for people with disabilities</b>		
Universal accessibility for people with disabilities	50	Internal framework. Accessibility measures
<b>Equality</b>		
Measures taken to promote equal treatment and equal opportunities for women and men	50	Internal framework. Measures adopted to promote diversity
Equality plans: job stimulation measures, protocols against sexual harassment and gender bias	51	Internal framework. Diversity plan
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(1) This table shows the equivalence between the requirements of Law 11/2018 and the GRI indicators. 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).

Independent Limited Assurance Report of the Consolidated Non-Financial Statement for the year ended December 31, 2020

RED ELÉCTRICA CORPORACIÓN, S.A. and SUBSIDIARIES

## INDEPENDENT LIMITED ASSURANCE REPORT OF THE CONSOLIDATED NON-FINANCIAL STATEMENT

Translation of a report originally issued in Spanish. In the event of discrepancy, the Spanish-language version prevails

To the Shareholders of RED ELÉCTRICA CORPORACIÓN, S.A.:

Pursuant to article 49 of the Code of Commerce we have performed a verification, with a limited assurance scope, of the accompanying Non-Financial Statement (hereinafter NFS) for the year ended December 31, 2020, of RED ELÉCTRICA CORPORACIÓN, S.A. and subsidiaries (hereinafter, the Group), which is part of the Group's accompanying Consolidated Management Report.

The content of the NFS includes additional information to that required by prevailing mercantile regulations in relation to non-financial information that has not been subject to our verification. In this regard, our assignment has been exclusively limited to the verification of the information shown in section "11.8. *Index of content required by Law 11/2018 of 28 December on disclosure of non-financial and diversity information*" of the aforementioned Statement.

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### Responsibility of the Board of Directors

The Board of Directors of the Group are responsible for the approval and content of the NFS included in the Group's accompanying Consolidated Management Report Consolidated of RED ELÉCTRICA CORPORACIÓN, S.A. The NFS has been prepared in accordance with the content established in prevailing mercantile regulations and the criteria of the selected *Global Reporting Initiative Sustainability Reporting Standards*, as well as other criteria described in accordance with that indicated for each subject in section "11.8. *Index of content required by Law 11/2018 of 28 December on disclosure of non-financial and diversity information*" from the aforementioned NFS.

The directors are also responsible for the design, implementation and maintenance of such internal control as they determine is necessary to enable the preparation of a NFS that is free from material misstatement, whether due to fraud or error.

They are further responsible for defining, implementing, adapting and maintaining the management systems from which the information necessary for the preparation of the NFS is obtained.

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### Our independence and quality control procedures

We have complied with the independence and other Code of Ethics requirements for accounting professionals issued by the International Ethics Standards Board for Accountants (IESBA), which is based on the fundamental principles of professional integrity, objectivity, competence, diligence as well as confidentiality and professional behavior.

Our Firm complies with the International Standard on Quality Control No. 1 and thus maintains a global quality control system that includes documented policies and procedures related to compliance with ethical requirements, professional standards, as well as applicable legal provisions and regulations.

The engagement team consisted of experts in the review of Non-Financial Information and, specifically, in information about economic, social and environmental performance.

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### Our responsibility

Our responsibility is to express our conclusions in an independent limited verification report based on the work performed, that refers exclusively to 2020. Our review has been performed in accordance with the requirements established in prevailing International Standard on Assurance Engagements 3000 “Assurance Engagements Other than Audits or Reviews of Historical Financial Information” (ISAE 3000 Revised) issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC) and the guidelines for verifying Non-Financial Statement, issued by the Spanish Official Register of Auditors of Accounts (ICJCE).

The procedures carried out in a limited assurance engagement vary in nature and execution timing and are smaller in scope than reasonable assurance engagements, and therefore, the level of assurance provided is likewise lower.

Our work consisted in requesting information from Management and the various Group units participating in the preparation of the NFS, reviewing the process for gathering and validating the information included in the NFS, and applying certain analytical procedures and sampling review tests as described below:

- ▶ Meeting with Group personnel to know the business model, policies and management approaches applied, the main risks related to these matters and obtain the necessary information for our external review.
- ▶ Analyzing the scope, relevance and integrity of the content included in the NFS for the year 2020 based on the materiality analysis made by the Group and described in section “Materiality Analysis”, considering the content required by prevailing mercantile regulations.
- ▶ Analyzing the processes for gathering and validating the data included in the 2020 Non-Financial Statement.
- ▶ Reviewing the information on the risks, policies and management approaches applied in relation to the material aspects included in the 2020 NFS.
- ▶ Checking, through tests, based on a selection of a sample, the information related to the content of the 2020 NFS and its correct compilation from the data provided by the information sources.
- ▶ Obtaining a representation letter from the Directors and Management.

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## Conclusion

Based on the procedures performed in our verification and the evidence obtained, no matter came to our attention that would lead us to believe that the 2020 NFS of the Group for the year ended December 31, 2020 has not been prepared, in all material respects, in accordance with the content established in prevailing mercantile regulations and the criteria of the selected GRI standards, as well as other criteria described in accordance with that indicated for each subject in section "11.8. *Index of content required by Law 11/2018 of 28 December on disclosure of non-financial and diversity information*" of the aforementioned Statement.

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## Use and distribution

This report has been prepared as required by prevailing mercantile regulations in Spain and may not be suitable for any other purpose or jurisdiction.

ERNST & YOUNG, S.L.

(Signature on the original in Spanish)

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Alberto Castilla Vida

February 23, 2021