

2019 Sustainability Report

Red Eléctrica strengthens its leadership in sustainability and becomes the first IBEX 35 company to apply the international SASB reporting standard

- The standard defined by the Sustainability Accounting Standards Board (SASB), has established itself globally as the framework for reporting sustainability performance to investors.
- In 2019, the Company strengthened its commitment to sustainable development through its 2018-2022 Strategic Plan and its eleven Sustainability Goals, which together have set the roadmap for 2030.
- Throughout the last year Red Eléctrica has promoted the decarbonisation of the economy and the fight against climate change with the commissioning of more than 6.5 GW of new renewable power capacity.
- The Group has invested more than €19 million in projects to protect and conserve biodiversity and natural capital and more than €8 million in social initiatives.
- 50% of the Company's Board of Directors are women, which means that the Company exceeds the IBEX 35 average in terms of diversity and complies with the target recommended by the Spanish National Securities Market Commission (CNMV).

Madrid, 28 April 2020

In 2019, the Red Eléctrica Group took important steps forward to strengthen its commitment and contribution to sustainable development. This is reflected in the 2019 Sustainability Report which the Company has presented today, which includes the Company's main milestones in the period and details its progress in terms of sustainability.

"This report highlights the Group's commitments and specific actions to contribute to economic, environmental and social progress, with sustainability as the cornerstone of its business strategy and aligned with the United Nations' Sustainable Development Goals. This is Red Eléctrica's commitment and should be the commitment of everyone. Ms. Beatriz Corredor, Chairwoman of the Group, indicated that "The time for making declarations of intent is behind us and now is the time to act".

With the publication of this new report, the Company positions itself at the forefront of those companies that make up the IBEX 35 who have been the first to incorporate the Sustainability Accounting Standards Board (SASB) reporting framework. This standard, which in the United States is mandatory, is highly valued by the financial markets at an international level. This framework is complementary to the Global Reporting Initiative standards adopted by the Red Eléctrica Group and which serve as the basis to inform its stakeholders about its sustainability performance.

The Sustainability Report shows that in 2019 the Company has consolidated sustainability as an essential lever for its activity as a global operator of essential electricity and telecommunications infrastructure. On the one hand, in February Red Eléctrica presented its 2018-2022 Strategic Plan which clearly outlines the Group's commitment to



diversified and sustainable growth. On the other hand, in October the Group communicated its eleven Sustainability Goals, which constitute the Group's roadmap for the next decade and which are aligned with the four priorities of the Company's 2030 Sustainability Commitment.

These four priorities - decarbonisation of the economy, contribution to social, economic and environmental development, responsible value chain and anticipating change and taking action - have marked the Group's activity in 2019. In this regard, the following milestones are noteworthy:

Boosting decarbonisation: more than 6.5 GW of renewable energy capacity integrated into the system

In 2019, the Company actively participated in boosting the decarbonisation of the economy and the fight against climate change by promoting the energy transition and an emissions-free energy model, as established in the draft Integrated National Energy and Climate Plan (NECP). In this regard, in 2019 the Company has managed to integrate an all-time historical record of more than 6.5 GW of new renewable energy capacity into the Spanish electricity system.

In addition, last December, Red Eléctrica presented the initial draft proposal regarding the transmission grid development planning, which includes the planning foreseen for the period 2021-2026 and which will be decisive in meeting the targets of the NECP. On the other hand, it has continued its efforts to reduce its carbon footprint. In this regard, during the past year, significant progress has been made towards the goal of reducing its Scope 1 and 2 emissions by 40% for each MWh transported by 2030, as compared to the values of 2015, and a commitment has been undertaken to increase the ambition of the latter to align it with the challenge of limiting the temperature increase at the end of the century to below 1.5°C, as per recommendations of the latest Intergovernmental Panel on Climate Change Report (IPCC).

More than 19 million euros invested in biodiversity protection

Red Eléctrica continues to be committed to the protection of biodiversity and the conservation of natural capital. Last year it invested €19.5 million in various projects, including the Red Eléctrica Forest, which in 2019 has celebrated its tenth anniversary with more than 800 hectares of forested areas recovered throughout Spain during this period.

On the other hand, the Company considers social action as an essential element of its commitment to sustainability. In this respect, in 2019 Red Eléctrica has signed 109 collaboration agreements with local public administrations and has invested more than €8 million in the design, implementation and promotion of 545 social initiatives, 25% more than in 2018. More than half of these projects are aimed at the socio-economic development of the territory and the promotion of repopulation in rural areas.

New system for managing risks associated with climate change

In 2019, the Company has moved towards taking on a more proactive approach to managing risks and opportunities. Specifically, Red Eléctrica has focused on the risks associated with climate change and has adapted its management model following the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) established by the Financial Stability Board. As part of this new outlook, it has implemented a new system



to quantify the operational, financial and reputational impacts derived from changes in climate variables and regulatory & technological aspects, considering various scenarios that may have an impact on the evolution of each of these conditioning factors.

Commitment to sustainable financing and the circular economy

Another of the Company's priorities is to extend its commitment to sustainability to all links in its value chain. From a financial point of view, in 2019 the Company strengthened its commitment to sustainable financing and presented its Green Financing Framework, for financial instruments, which will allow it to promote projects that accelerate the energy transition in Spain. Barely three months after its approval, Red Eléctrica made its inaugural issue of green bonds in January 2020 for an amount of €700 million to finance projects that meet the criteria set out within this framework.

On the other hand, this year the Company has also taken on the commitment to integrating circular economy in the execution of its activities and has drawn up a Circular Economy Roadmap through which it intends to apply this approach to all its resources, products and waste in 2030.

Other milestones: driving force for employment and the promotion of gender equality

In 2019, the Group also stood out as a driver of the local economy, favouring business and industrial development and job creation throughout its supply chain, which is made up of more than 1,000 suppliers, 90% of which are based in Spain. In addition, the Group has made a total tax contribution to society amounting to €732 million, whereby 44% of the value generated by the Company is used to pay taxes.

Lastly, the 2019 Sustainability Report also highlights the Company's commitment to gender equality. At present, Red Eléctrica exceeds the average number of IBEX 35 companies in terms of the number of women included on Board of Directors - with 50%. The Company thus complies with the 30% target recommended in the Good Governance Code for 2020 and the 40% target set out in the reform proposal of the Spanish National Securities Market Commission.