

2020 Sustainability Report

The Red Eléctrica Group reduces its Scope 1 and 2 GHG emissions by 47% compared to 2015

- The Group increased its investment in environmental and social projects, allocating €23.3 million to the protection and conservation of biodiversity and natural capital and €9 million to initiatives aimed at combating rural depopulation and alleviating the effects of the COVID-19 pandemic on the most vulnerable population
- Red Eléctrica's 2020 Sustainability Report integrates, for the first time, the recommendations of the Task Force on Climate-related Financial Disclosures; that provides guidelines on the disclosure of climate-related risks and opportunities that contributes to improve investors' understanding of their impact
- Additionally, the report includes data regarding the first issuance of green bonds by Red Eléctrica for an amount of 700 million euros and provides detailed information on the allocation of funds and the environmental impacts associated with green projects

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Last year, the Red Eléctrica Group reduced its Scope 1 and 2 greenhouse gas emissions by 47% compared to 2015 levels, according to its 2020 Sustainability Report, which describes in detail the activities carried out by the Company within the framework of its 2030 Sustainability Commitment.

"The ethos of companies must go far beyond generating economic return. Companies must facilitate a useful economy for people, defend the environment and be actively involved in the fight against the climate crisis. Therefore, sustainability permeates the entire strategy and decision-making of the Red Eléctrica Group and is the lever with which we will drive the green, just and digital transition through our 2021-2025 Strategic Plan," says Fátima Rojas, Corporate Director of Sustainability and Studies of the Group.

In the report, the Company compiles the activities carried out in 2020 aimed at limiting the increase in global temperature and announces that it will modify its climate targets and action plan to conform to the Business Ambition for 1.5° C initiative, promoted by the United Nations Global Compact.

Among its main advances in reducing its carbon footprint is the 26.5% decrease in its direct emissions compared to 2015. This reduction is due to the measures implemented to reduce sulphur hexafluoride (SF₆) losses that are mainly associated with small leaks and breakdowns in transmission grid equipment.



The lower GHG emissions in 2020 are also due to a 22.6% drop in electricity consumption associated with the Company's work centres.

Furthermore, given that emissions associated with the supply chain represent the Group's most significant indirect emissions (Scope 3), the Company has a helpline regarding carbon footprint aspects and in which 23 suppliers are taking part; as a whole, this group of suppliers represents around 47% of the emissions of the supply chain. Thanks to this, suppliers know their level of maturity in terms of climate change and can take measures to reduce their impact.

More than €32 million invested in actions to protect biodiversity, reduce depopulation and combat COVID-19

In its commitment to social and environmental sustainability, last year Red Eléctrica allocated €23.3 million (19% more than in 2019) to projects for the protection of biodiversity and the conservation of natural capital. These include projects for the conservation of endangered species, such as the Iberian imperial eagle in Doñana; the Osprey in the Marjal Natural Park in Valencia; and the Canarian Egyptian Vulture in Fuerteventura. Also noteworthy is the Red Eléctrica Forest, which has already recovered 864 hectares of degraded forested areas throughout the territory, and the Red Eléctrica Marine Forest, which has already restored 2 hectares of *Posidonia oceanica* in the Balearic Islands.

Furthermore, the Company has given special support, through 377 initiatives, to the fight against rural depopulation and to providing a rapid and effective response to the needs arising from the pandemic among the most disadvantaged groups. Thus, for example, in collaboration with the Federation of Rural Women's Associations (FADEMUR), it launched the Food Solidarity initiative, which consisted of providing an outlet for the products of small produce and livestock farms run by women, whose business was at risk of disappearing after the closure of restaurants and bars due to the pandemic, by donating the foodstuff to social entities that were seeing themselves overwhelmed in their in capability to provide social services, especially for those people most affected by the economic crisis stemming from the health situation.

The Red Eléctrica Group has also taken into account the difficult circumstances that its suppliers faced (and continue to face) due to the pandemic. At all times and especially in the weeks when only essential services were operating, the Company maintained ongoing and fluid communication with its suppliers, providing them with the necessary information for the correct performance of their work in a safe environment, adapting their occupational health and safety plans to the COVID-19 situation, especially regarding those activities to be carried out in its facilities. The Company also implemented support measures such as temporarily extending those contracts where the personnel authorised by the suppliers to provide services were furloughed (temporary layoffs) and relaxing the criteria for restricting the amount of business awarded to suppliers in financial difficulties.



Measuring climate-related risks and opportunities

The Sustainability Report of the Red Eléctrica Group is a reflection of the Company's commitment and contribution to sustainable development and its capacity to address global challenges. The 2020 report incorporates the latest trends in reporting and offers in-depth information on the Company's management and performance regarding sustainability. The Group is an early adopter of the most updated GRI (Global Reporting Initiative) standards, the SASB (Sustainability Accounting Standards Board) reporting framework and, for the first time, the report fully integrates the reporting recommendations of the Task Force on Climate-related Financial Disclosures, created by the Financial Stability Board; recommendations that provide a reporting framework for the risks and opportunities arising from the climate emergency and which contributes to improving investors' understanding of their impact.

This year's edition also responds to the requirements of the Climate Disclosure Standards Board framework on environmental and climate change reporting, which provides clear, concise and comparable information that links environmental risks and opportunities with the business strategy and the value creation model.

First issuance of green bonds by Red Eléctrica for an amount of €700 million

In 2020, Red Eléctrica's inaugural green bond issue was executed for an amount of €700 million and with a maturity of eight and a half years. In accordance with the transparency criteria established in the Green Finance Framework of the Red Eléctrica Group, and in alignment with the 2018 Green Principles of the ICMA (International Capital Markets Association) and the LMA (Loan Markets Association), the 2020 Sustainability Report includes information on the Company's inaugural green bonds issue and provides detailed information on how the green bond funds are allocated in addition to the environmental impacts associated with green projects. Said green bond issue was submitted to an external limited assurance audit, the result of which is included in the report itself.