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CODE OF CONDUCT FOR SUPPLIERS

GRUPO  **RED**
ELÉCTRICA



INTRODUCTION

The Red Eléctrica Group holds a key position as a global operator of essential infrastructure and consequently, is a decisive agent in the development of a sustainable energy future. The company is fully committed to supporting the achievement of the Sustainable Development Goals approved in 2015 by the United Nations and has taken these goals into account in designing its Sustainability Commitment 2030, to ensure that the company's priorities and actions contribute significantly to the achievement of the SDGs.

The Red Eléctrica Group understands sustainability as the Company's commitment to its long-term continuity through the creation of shared value for all its stakeholders while operating responsibly. The Company has adopted commitments, policies, management systems and actions in the field of management, ethics and corporate responsibility to achieve this objective.

The Red Eléctrica Group, aware of the importance of the actions of its suppliers within the value chain, try to demand from all those who supply the Company with goods or services that they observe the criteria regarding corporate responsibility. These criteria are based on the 10 principles of the Global Compact, which include the United Nations guidelines on human rights, working conditions, the environment and anti-corruption.

The objective of this Supplier Code of Conduct is to disseminate and promote values and responsible practices regarding the suppliers' working and professional conduct within their different areas of activity.

This document is aligned with the ethical values of respect, integrity and sustainability as well as with the principles contained in the Code of Ethics and Conduct of the Red Eléctrica Group, and in the Global Compliance Policy, and therefore it should be interpreted in the light of said documents.



The Supplier Code of Conduct formalises the minimum ethical, social and environmental requirements that all suppliers must accept and comply with in order to collaborate with the Red Eléctrica Group, while also assuming the commitment to extend it to their own supply chain.

The principles of conduct contained within this Code are structured within three main areas and they are based on the supplier's relationship with;

- Its employees and contractors.
- The Red Eléctrica Group.
- The environment.

The Red Eléctrica Group will monitor and ensure the continued application of these principles by the suppliers and may request audits to verify the degree of compliance.

This code applies to all suppliers of the Red Eléctrica Group and their subcontractors. In the case of subcontracting, the supplier shall be responsible for ensuring that its contractors carry out their activity in compliance with all the principles set out in this document.



PRINCIPLES OF CONDUCT FOR SUPPLIERS



In their relationship with employees and contractors

Every supplier of the Red Eléctrica Group must respect the principles of the Universal Declaration of Human Rights and the conventions on which it is developed, as well as the recommendations of the International Labour Organisation with regard to the rights of workers in carrying out their activities. In particular, the supplier must promote and respect, amongst others, the following principles:

- To guarantee the non-existence of all forms of child labour. Comply with all laws, regulations and international, national and local declarations with regard to the minimum age for employment.
- To guarantee the non-existence of any form of forced or coerced labour.
- Not to expose employees to any physical or verbal abuse or any other form of intimidation.
- To integrate criteria of equal opportunities and non-discrimination, carrying out the selection, promotion, access to training and any other practice related to the management of people on the basis of professional merit and objective evaluations.
- Not to allow any type of discrimination because of ethnic or cultural origin, sex, gender identity, sexual orientation, disability, nationality, religion, age, social origin or ideology, among others.
- To respect the maximum working hours and minimum wages established by law and by international agreements applicable to the supplier.
- To guarantee that employees carry out their work in a safe and healthy working environment and in accordance with the applicable legislation and international agreements on hygiene and occupational health and safety. The supplier shall facilitate the adoption of preventive measures that minimise the risk associated with the execution of their activity, as well as train its employees in matters of occupational health, safety and well-being, thereby ensuring their safety and that of those people in their surroundings who may be affected during the execution of the activity.



- To respect and promote human rights, with special attention to the freedoms and rights of vulnerable groups such as indigenous communities, women, children and ethnic minorities, among others, and to promote the extension of this respect to suppliers and other stakeholders.
- To guarantee their personnel's rights to freedom of association and collective bargaining without any type of penalty.
- To establish training, information and awareness actions so that its managers and employees know, adopt and comply with the Supplier Code of Conduct of the Red Eléctrica Group.



In their relationship with the Red Eléctrica Group

All suppliers shall carry out their activities in compliance with the applicable law and international agreements, as well as with the commitments undertaken through their commercial relations with the Red Eléctrica Group. Furthermore, suppliers shall carry out their duties with a clear orientation towards the quality of the goods and services they provide.

The supplier shall conduct its activity with integrity, complying specifically with the following principles:

- To respect the applicable regulations at all times, carrying out its activities in accordance with the values and principles of the Red Eléctrica Group in its relations with competitors and other parties involved in the market.
- To know its own suppliers, carrying out due diligence to guarantee the reputation of the Red Eléctrica Group and the integrity of the supply chain.
- To behave in accordance with the principles of action contained in this Code in all its commercial operations for the Red Eléctrica Group.
- To avoid any situation that may lead to a conflict of interest in its commercial relations. In this respect, any situation of this nature, real or potential that affects any of its employees will be identified and resolved.
- Not to make or accept any type of gift, loan, favour or compensation to persons of the Red Eléctrica Group, with the exception of gifts of negligible or symbolic value that are in keeping with customary courtesy.



- Not to exert irregular business practices, including those involving price manipulation or other practices that go against free competition.
- Not to disclose or improperly use internal, confidential or secret information obtained as a result of the relationship with the Red Eléctrica Group.
- Not to allow any form of bribery to authorities or other third parties, nor to carry out any type of action that could result in obtaining an illicit benefit for itself, for third parties or for the Red Eléctrica Group, nor to unduly influence its commercial, administrative or professional relations both with the Red Eléctrica Group and with other entities, whether public or private.
- To encourage vigilance against corruption in its scope of action in order to prevent and detect activities such as fraud, money laundering and embezzlement.
- To foster commitment towards responsible procurement in its processes for the supply of goods and services.
- To take the utmost care to preserve the image and reputation of the Red Eléctrica Group, avoiding any inappropriate and incorrect use thereof, both by its employees and its subcontractors.
- To establish mechanisms to ensure objectivity and transparency in its activities and to comply with all international, national and/or local corporate transparency regulations.
- To guarantee its employees' right to the protection of personal data and of the people in its stakeholders at all times, protecting and making appropriate use of them and respecting in all cases the applicable law on data protection.
- To implement the necessary information security measures to ensure that both digital information and documents are adequately protected according to their level of security risk.



In their relationship with the environment

The supplier shall promote the criteria of respect and environmental responsibility of the Red Eléctrica Group and, in particular, it shall expressly respect the following principles about the environment:

- To know and comply with the legal and voluntary requirements adopted by the Red Eléctrica Group in environmental matters, in order to guarantee responsible behaviour towards the environment.
- Provide preventive measures to avoid or minimise contamination, with special consideration paid to emissions of greenhouse gases and degradation of the environment.
- To integrate circular economy criteria into the organisation's activities, such as life cycle analysis, sustainable use of resources, eco-design, extension of the life of assets and minimisation and management of waste.
- To guarantee the application of the necessary preventive and corrective measures to minimise and, where appropriate, correct possible effects on habitats and species, protecting biodiversity in the performance of its activities.
- To apply environmental criteria in the contracting and monitoring of suppliers, extending these good practices to its own supply chain.
- To Maintain a respectful attitude towards society and those stakeholders affected by the activities carried out for the Red Eléctrica Group, avoiding situations that have or could have negative consequences on the environment, the people's health or the balance of natural systems.



SUPPLIER LIABILITY AND MANAGING CODE VIOLATIONS

All suppliers are required to ensure that their contractors implement policies and practices consistent with the principles contained in this Code, and to ensure that they respect similar principles to those of the Red Eléctrica Group, guaranteeing complete integrity in the supply chain.

The Red Eléctrica Group may carry out social audits of suppliers in order to verify the degree of compliance with the principles contained in this Code.

If a breach is identified, depending on its severity, this may lead to the termination of the contract or order, and a review of the classification as a supplier of the Red Eléctrica Group.

COMMUNICATION CHANNELS

The Red Eléctrica Group makes various channels available to its suppliers to facilitate and improve the relationship:



ASA (Procurement Help Desk): manages supplier queries, doubts and claims associated with the procurement processes: qualification, purchasing, logistics and subcontracting.

Telephone: **+34 91 659 99 83**. Email: **asa@ree.es**

In addition, the Red Eléctrica Group offers its stakeholders the figure of the Ethics Manager, to collate and manage, in the strictest confidence and with the support of the Compliance area, claims and noncompliance reports related to the principles of this document¹. Any breaches of this Code must be directed to the Ethics Manager through the ethics and compliance channel set up on the corporate website:

www.ree.es

VALIDITY

This document shall remain in effect until a new update is approved or it is repealed. It shall be reviewed periodically and shall be updated in the Suppliers Area on the corporate website: www.ree.es.

This document is effective from **3/06/2020**, date on which it was endorsed by the Executive Committee.

1. The Red Eléctrica Group provides stakeholders with a form for submitting complaints to the ethical channel: <https://www.ree.es/en/corporate-governance/ethics-and-compliance/alleged-breach-notification-form>