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2030 SUSTAINABILITY COMMITMENT

Sustainability priorities

The progress in the priorities of the 2030 Sustainability Commitment is ensured through specific multi-year sustainability plans and the annual programme of projects, whose fulfilment in 2017 stood at 91%.

Decarbonisation of the economy



Anticipating change and taking action



Contribution to social, economic and environmental development



Stakeholder management model

The Red Eléctrica Group has carried out an update of its stakeholder inventory in 2017. The overall satisfaction level was 8.3 out of 10.

Responsible value chain



Sustainable Development Goals [SDGs]

The activity of the Red Eléctrica Group contributes to the achievement of the United Nations Sustainable Development Goals.

Materiality analysis

The analysis of the sustainability context carried out by the Red Eléctrica Group has identified 24 material issues prioritised according to their relevance for the stakeholders.

Leadership in sustainability

Red Eléctrica has been recognised as the top company in sustainability in the Electric Utilities sector by the Dow Jones Sustainability Index, and leads the Utilities super-sector, which encompasses the electricity, gas and water sectors.

2030 Sustainability Commitment of the Red Eléctrica Group

The Red Eléctrica Group has taken on a firm commitment to sustainability that is strategic, cross-cutting in nature and with a long-term vision.

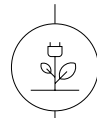
In 2017, the Board of Directors approved the 2030 Sustainability Commitment of the Red Eléctrica Group. With this commitment, the Company is committed to its long-term sustainability through a business model capable of responding to the challenges of the future and embracing the principles set out in the Company's Corporate Responsibility Policy.

This commitment is based on **ten principles** defined in the Company's Corporate Responsibility Policy and is set

out as **four sustainability priorities** identified as the key drivers to respond to the challenges the Company faces and to

help materialise the existing opportunities, in order to occupy a position of reference in the global business context.

SUSTAINABILITY IS BASED ON THE FOLLOWING PRINCIPLES:



Financial sustainability



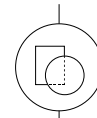
Excellence and corporate responsibility



Innovation



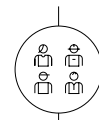
Corporate governance and ethics



Transparency



Talent, diversity and equality



Partnerships with stakeholder groups



Creation of shared value



Care for the natural environment



Respect for Human Rights



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SUSTAINABILITY PRIORITIES OF THE RED ELÉCTRICA GROUP



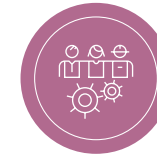
Anticipating change and taking action

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



Decarbonisation of the economy

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



Responsible value chain

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



Contribution to social, economic and environmental development

Contribute to the economic, environmental and social progress of society, through the provision of a key service in a safe and efficient manner. This is achieved by promoting environmental conservation, the quality of life and social well-being of people and involving the community in the execution of our activities, with the goal of generating mutual benefit.

The 2030 Sustainability Commitment is deployed through specific multi-year plans for each of the companies of the Group and annual programmes of projects. In this regard, the **2017-2019 Sustainability Plan of REE S.A.U.** is composed of 18 essential courses of action that ensure

a responsible management of the business and help to advance sustainability priorities as well as respond to the expectations of stakeholders.

In 2017, the overall degree of fulfilment of the sustainability programme reached 91%.

It should be noted that, since 2015, the fulfilment of this programme is a managerial objective that has an impact on the remuneration of the entire workforce.

In the subsequent chapters of this Report, the specific commitment

taken on by the Company for each of the priorities, as well as the progress made in the management areas involved are explained.



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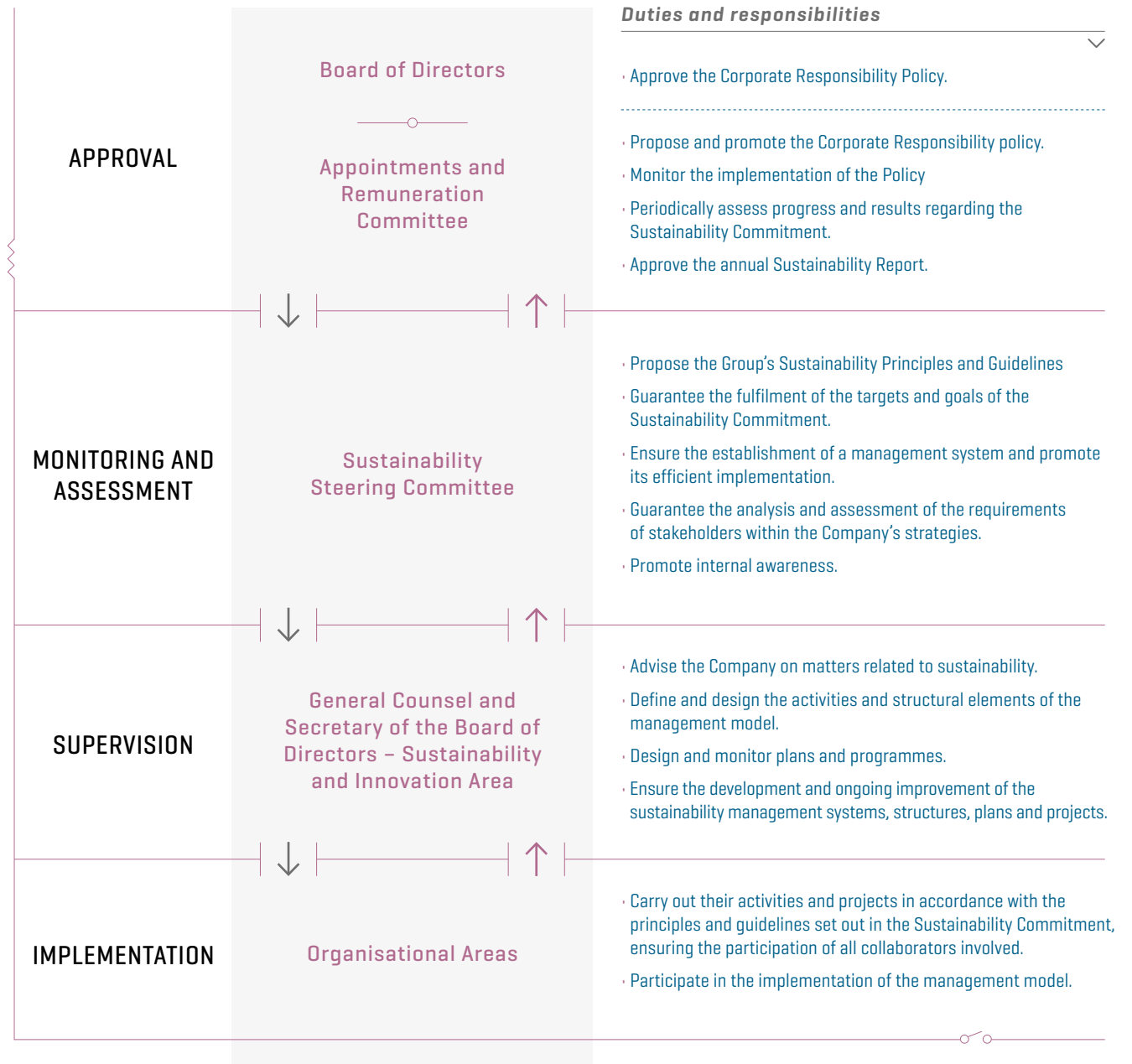
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ORGANISATIONAL STRUCTURE

The 2030 Sustainability Commitment is driven by the management team of the Red Eléctrica Group, whose message is transmitted to the entire organisation and generates a proactive attitude that incorporates sustainability into the day-to-day decision making.

In this regard, the Sustainability Steering Committee and the Sustainability and Innovation Area reinforce the implication of the highest decision-making levels of the organisation. Similarly, the Company involves all areas of the organisation in the implementation, supervision and monitoring of the Sustainability Commitment.

In 2017, the Sustainability Steering Committee held six sessions with an average attendance of 78%.





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MONITORING AND ASSESSMENT

Red Eléctrica regularly assesses its management system through tools that allow the degree of fulfilment of the commitments taken on to be assessed and the progress made in the defined objectives to be measured.

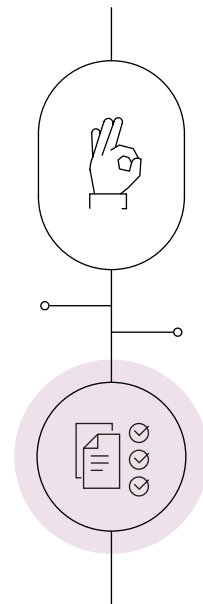
In this regard, the Company carries out a periodic monitoring of the Sustainability Indicator Scorecard, revised in 2017, in order to adapt it to the 2030 Sustainability Commitment. Similarly, Red Eléctrica's corporate responsibility management system is certified according to the international standard IQNet SR10 (Social Responsibility Management System), whose appropriate implementation is assessed annually through external audits. In 2017, the requirements for the renewal of this certification were met.

Additionally, on a periodic basis, the management system is audited internally.

THE QUEST FOR EXCELLENCE

Red Eléctrica's commitment to excellence in management is evidenced by its Quality and Excellence Policy and the Company's 2014-2019 Strategic Plan, given that excellence is one of the Company's cross-cutting strategies.

Since 1999, Red Eléctrica has adopted the **EFQM excellence model** (European Foundation for Quality Management) as a tool to achieve continuous improvement in the Company's management and results, and since 2001, carries out external assessments every two years with the aim of identifying areas for improvement, which are articulated through excellence plans, and provide data on the degree of progress regarding excellence in management. In 2017, as a result of this external assessment, the Company renewed the European Seal of Excellence 500+ with a score of over 700 points, consolidating its position among the leading companies at a national and European level. The degree of fulfilment of the 2016-2017 Excellence Plan,



97 %

Degree of fulfilment of the 2016-2017 Excellence Plan - consists of 46 improvement actions

which consists of 46 improvement actions, at the end of 2017 stood at 97%.

Furthermore, Red Eléctrica has had a certified quality system in place since 2000, which encompasses all the processes of the organisation. In 2017, this system was adapted to the new edition of the international standard UNE-EN-ISO9001 and its certification was carried out through an external audit; a process which, since 2012, has been conducted in a comprehensive manner on all certified corporate management systems.

The management of excellence and quality is carried out using a process-based management approach. In 2017, the Processes Handbook was revised, ensuring it is aligned with the Company's Functions Handbook.

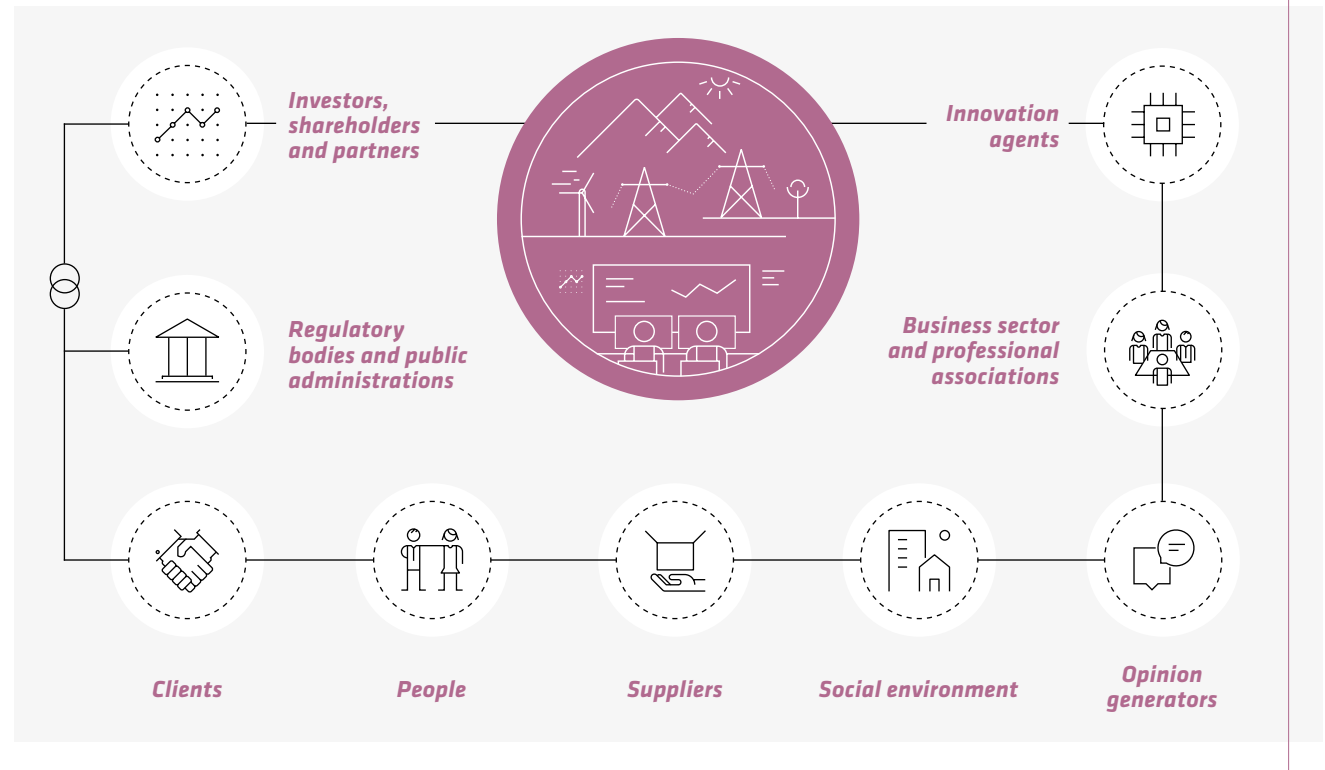
Stakeholder management model

/ 102-40 / 102-42

Red Eléctrica understands the concept of 'stakeholders' as all those groups affected by the services or activities of the Company as well as all those groups whose opinions and decisions have an influence on the Company's financial results, or an impact on its reputation.

In 2017, Red Eléctrica reached the highest score (100 points out of 100) in the Dow Jones Sustainability Index criteria, which assesses a company's commitment and performance with regard to its stakeholders.

STAKEHOLDER GROUPS



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Red Eléctrica's stakeholder management model

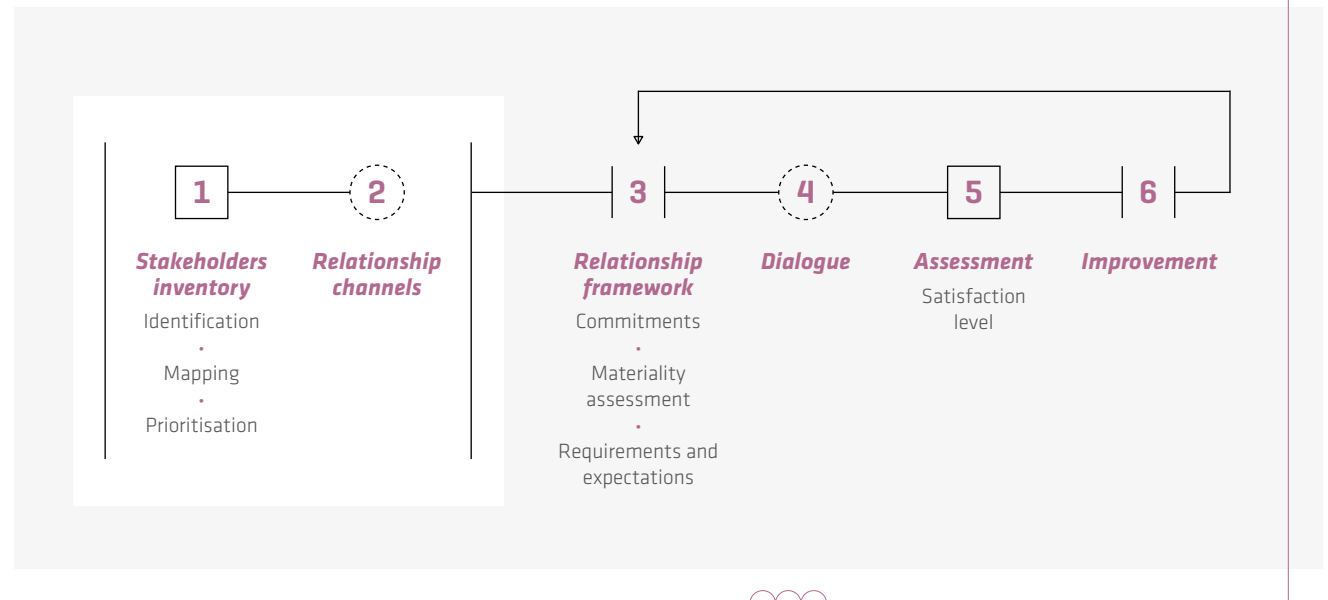
incorporates the requirements set out in the rules and standards of reference in this field.

Red Eléctrica's **stakeholder management model** incorporates the requirements set out in the rules and standards of reference in the field such as the AA1000, IQNet SR10, ISO26000 or the Global Reporting Initiative. The model ensures that relevant economic, social and environmental impacts on its stakeholders, associated to Red Eléctrica's activities and services, are managed adequately.

The stakeholder **identification and mapping phase** is performed by analysing the interrelationships between the processes and activities of the Company and its socio-economic environment. Stakeholder prioritisation is established by analysing the influence that each stakeholder group has on the achievement of the Company's strategic objectives and the impact that the Company's activities have on each stakeholder group concerned.

The **relationship framework** helps categorise the type of relationship with each stakeholder group and defines the most appropriate interaction **channels**, noteworthy of which are the satisfaction surveys that represent a key tool to establish an **ongoing dialogue**, gain a better understanding of their requirements and expectations, evaluate the Company's performance and define actions for **ongoing improvement**.

STAKEHOLDER MANAGEMENT MODEL





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MAIN ACTIONS 2017

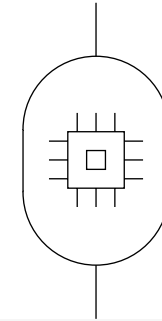
Given that the Red Eléctrica Group understands sustainability as the commitment to its long-term continuity and success through the creation of shared value for all its stakeholders, the Company considered it necessary to review

its stakeholder inventory in order to define said inventory at Group level. The update was carried out with the collaboration of representatives of internal and external stakeholders, through in-depth interviews in which the stakeholders shared their vision on the management of the Company's stakeholders, among other topics.

As a new aspect, the updated inventory has enabled a new category to be identified, called innovation agents. This category refers to the entities and professionals with whom the Red Eléctrica Group collaborates on the development of models, services and products that have innovation, broadly speaking, as a cornerstone. This category includes professionals of the Group, business partners, suppliers of goods and services and research and technological development centres.

Among the actions carried out in 2017 within the framework of the stakeholder management system, noteworthy is the 'Stakeholder management model in transmission grid investment initiatives' project that analyses the current status and the proposal for the inclusion into the project management process of an adequate stakeholder management procedure through the use of existing best practices and its alignment with the recommendations of the ISO 21500 standard.

Stakeholder GROUPS



NEW CATEGORY

Innovation agents

Employees, business partners and suppliers are, together with the research centres, the innovation agents of the Red Eléctrica Group



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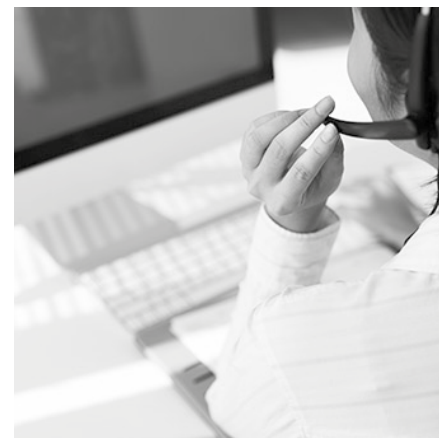
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The *Dígame* service offers external stakeholders various communication channels that provide a professional response to their enquiries.

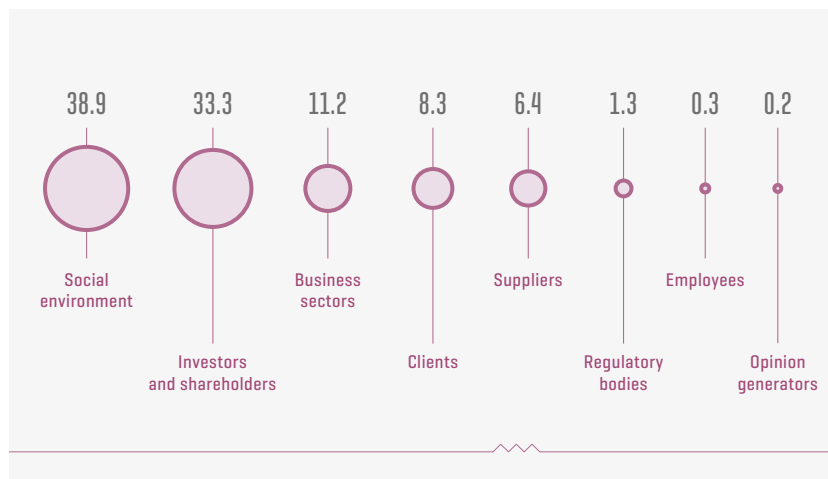
DÍGAME SERVICE
102-43 / 102-44

The *Dígame* service has guaranteed, since 2008, the professional management of all external stakeholder enquiries, by making various communication channels available (phone, e-mail and online web form). This service

is staffed by personnel from the Juan XXIII Roncalli Foundation, an organisation that works with people with some type of disability.



Dígame Service / 3,210 enquiries managed in 2017
%



Applicable grievances managed through the Dígame service in 2017

By type of grievance

Impact of facilities	31
Employment	9
Quality and continuity of supply	3
Other	6
Total	49

Claimant by stakeholder group

Social environment	44
Business sector/Professional associations	3
Other	2
Total	49

Note: An applicable grievance is understood as that which falls within the scope of the duties and responsibilities of Red Eléctrica. Of the 49 applicable grievances in 2017, 44 have been considered applicable [accepted by Red Eléctrica, as a result of considering the arguments presented as valid and reasonable for their acceptance, whether complete or partial]. These include environmental grievances. 85% of grievances that are applicable have been closed, whereas the rest are currently in process. In 2017, all grievances reported in 2016 and that were pending resolution, were closed (7 grievances).



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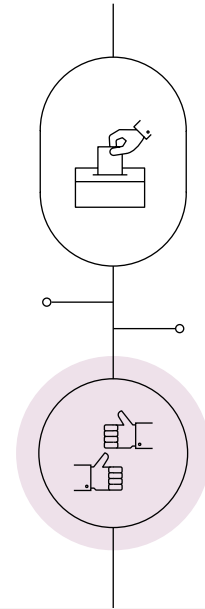
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SATISFACTION SURVEYS 102-43 / 102-44

Satisfaction surveys allow the Company to perform a quantitative and qualitative analysis of the demands and needs of the stakeholders. These surveys are conducted periodically, generally every two years, by an external consultant to guarantee the confidentiality and validity of the process.

The assessment and analysis of the needs contained in the satisfaction surveys led to the drafting of an improvement action plan and the subsequent monitoring of the fulfilment of such actions. The results of the surveys and the action plans are communicated to the stakeholder groups, and fulfilment of the same is notified to them for the next survey.

Overall SATISFACTION



8.3
OUT OF 10

Overall score of all stakeholder groups

-
Analysed in 2017

In 2017, satisfaction surveys were conducted at an external level, such as the one targeted at the Media, and also at an internal level, such as the **working climate survey.**

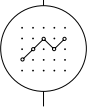


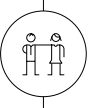
During 2017, satisfaction surveys were conducted at an external level among the Media and the satisfaction of the users of the SIMEL website. At an internal level, the working climate survey was conducted, and other surveys were also conducted to evaluate the management of IT services, IT applications, the work-life

balance and the calculation of the carbon footprint. The overall satisfaction of all the stakeholder groups analysed during 2017 was 8.3 out of 10.




Global Indicators of the stakeholder perception surveys

	2012	2013	2014	2015	2016	2017
Overall satisfaction level	8.2	8.2	8.2	8.4	8.2	8.3
Satisfaction level of the quality of services	7.9	7.9	7.7	7.9	8.0	8.0
Corporate image and reputation	8.5	8.5	8.4	8.6	8.6	8.6
Responsible and ethical member	8.1	8.1	8.1	8.3	8.4	8.3
Management of corporate responsibility	7.6	7.6	7.7	7.6	7.7	7.6
Periodic dissemination of information	7.9	7.8	7.9	8.0	8.0	8.0

OUR COMMITMENTS TO STAKEHOLDER GROUPS / 102-40

STAKEHOLDER GROUP	MAIN COMMITMENTS	MAIN COMMUNICATION CHANNELS
<p>1. Investors, shareholders and business partners</p>  <ul style="list-style-type: none"> · Institutional investors · Minority shareholders · Proxy advisors · Business partners · Financial entities 	<ul style="list-style-type: none"> · Creating value. · Good governance and risk control. · Fluid and transparent dialogue. 	<ul style="list-style-type: none"> · Shareholders' office. · E-mail from shareholders/investors. · Shareholders' Electronic Forum/Web page. · Road Shows and meetings. · Satisfaction surveys. · Corporate reports.
<p>2. Regulatory bodies and the public administration</p>  <ul style="list-style-type: none"> · Regulatory bodies and the competent Public Administration · Other Administrative authorities and public entities 	<ul style="list-style-type: none"> · Security, quality and continuity of supply. · Independence and transparency. · Effective solutions to challenges. 	<ul style="list-style-type: none"> · Periodic work meetings. · Institutional meetings. · Periodic information. · Handling of requests for information.
<p>3. Clients</p>  <ul style="list-style-type: none"> · Regulatory bodies and the Public Administration · Market agents and other · Private customer (free market) 	<ul style="list-style-type: none"> · Fulfilment of Transmission Grid planning. · Leadership and innovation. · Efficient management · Dialogue, impartiality and transparency. 	<ul style="list-style-type: none"> · Public Web and Market Agent's Web [e-sios]. · SIMEL website. · Periodic technical publications. · Client helpdesk telephone numbers. · Specific e-mail addresses. · Dígame Service. · Satisfaction surveys. · Technical committees and working groups. · Communication forums.
<p>4. People</p>  <ul style="list-style-type: none"> · Professionals of the Red Eléctrica Group · Workers/Employee representatives · Interns and Temporary Employment Agency employees 	<ul style="list-style-type: none"> · Stable employment and equal opportunity. · The work-life balance. · Professional development and recognition. · Ensuring occupational health and safety. · Freedom of association and dialogue with management. · Ethical and responsible business conduct. 	<ul style="list-style-type: none"> · Whistle-blowing channel and an enquiry channel regarding the Code of Ethics. · Corporate portal miRED 2.0. · Employee self-service site. · Employee helpdesk telephone number. · Working climate survey and services satisfaction survey. · Induction and integration programme and communication plan. · Work, social and leisure communities. · Bulletin boards and information screens · Social representation committees/panels. · Performance evaluation interview.

OUR COMMITMENTS TO STAKEHOLDER GROUPS / continued / 102-40

STAKEHOLDER GROUP	MAIN COMMITMENTS	MAIN COMMUNICATION CHANNELS
<p>5. Suppliers</p>  <ul style="list-style-type: none"> Suppliers of goods and services Technological research and development centres 	<ul style="list-style-type: none"> Compliance with contractual obligations. Ethics and transparency. Collaboration to generate mutual benefits. 	<ul style="list-style-type: none"> Channel for enquiries and grievances regarding the Supplier Code of Conduct. Specific supplier attention channel, ASA (Procurement attention and support centre). Specific area on the corporate website. Associations and working groups. Meetings and training days. Satisfaction surveys. Tenders published via DOUE and the BOE. Informative bulletin regarding construction.
<p>6. Social environment</p>  <ul style="list-style-type: none"> Local councils Social agents and associations NGOs and Foundations Environmental groups Landowners Consumer associations and the end consumer Educational entities Society as a whole 	<ul style="list-style-type: none"> Transparency regarding actions carried out and their impact. Territorial planning and community involvement. Safety and security of facilities and of the electricity supply. Ethical business practices. Protection of the natural environment. 	<ul style="list-style-type: none"> Digame Service. Satisfaction surveys. Attention channel on grid planning and development processes. Periodic meetings. Dissemination of information on the electricity system. Corporate reports. Informative brochures. Visits to facilities. Statistics of the electricity system. 'Entrelíneas' blog. Social networks.
<p>7. Opinion generators</p>  <ul style="list-style-type: none"> Financial analysts Rating agencies Sustainability analysts The Media 	<ul style="list-style-type: none"> Information transparency. Efficiency in the management of enquiries and requests. 	<ul style="list-style-type: none"> E-mail and Corporate website. Road Shows and meetings. Satisfaction surveys. Reports, press releases, training days, social networks, etc. Corporate reports. 'Entrelíneas' blog.



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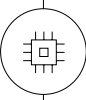


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STAKEHOLDER GROUP	MAIN COMMITMENTS	MAIN COMMUNICATION CHANNELS
<p>8. Business sectors and professional associations</p>  <ul style="list-style-type: none"> · Associations of the sector · Professional and business entities and associations · Companies of the sector · Companies of the competition 	<ul style="list-style-type: none"> · Fluid, transparent and close-knit dialogue. · Exchange of best practices. 	<ul style="list-style-type: none"> · Participation in technical committees, working groups (national and international).
<p>9. Innovation agents</p>  <ul style="list-style-type: none"> · Business partners · Professionals of the Red Eléctrica Group · Suppliers of goods and services · Technological research and development centres 	<ul style="list-style-type: none"> · Commitments indicated in other categories. 	<ul style="list-style-type: none"> · Channels indicated in other categories



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Leadership in sustainability

Red Eléctrica has been recognised as the top company in the world in sustainability in the Electric Utilities sector by the Dow Jones Sustainability Index (DJSI). Furthermore, the Company leads the Utilities super-sector, which encompasses the electricity, gas and water sectors.

The Company has reached the highest rating in 12 of the 26 criteria assessed by the DJSI, which has highlighted

the policies and performance of Red Eléctrica regarding ethical management, human capital development, stakeholder management, innovation, environmental management, climate change and biodiversity.

As a result of this excellent assessment, Red Eléctrica has received the 'Gold Class' award in 'The Sustainability Yearbook 2018' report published by RobecoSAM.

Red Eléctrica has been recognised as the **top company** in sustainability worldwide by the Dow Jones Sustainability Index.

Main recognitions received by Red Eléctrica regarding sustainability



Red Eléctrica's score in the DJSI World 2017

Overall score		Economic dimension	
RED ELÉCTRICA	93	RED ELÉCTRICA	87
SECTOR LEADER	93	SECTOR LEADER	92
Environmental dimension		Social dimension	
RED ELÉCTRICA	99	RED ELÉCTRICA	93
SECTOR LEADER	99	SECTOR LEADER	94



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COMMITMENT TO EXTERNAL INITIATIVES 102-12

Principles of the United Nations Global Compact

Red Eléctrica has a formal commitment to the Ten Principles of the UN Global Compact regarding Human Rights, Workers' Rights, the Environment and the fight against corruption.

Code of Good Tax Practices

Red Eléctrica's adoption of this entails the obligation of reflecting its effective fulfilment in the annual Corporate Governance Report.

Spanish Green Growth Group

Red Eléctrica is committed to the development of an economically, socially and environmentally sustainable model with the signing of the Barcelona Declaration.

Global Reporting Initiative

Red Eléctrica drafts its Sustainability Report in accordance to the guidelines and principles set out in the GRI Sustainability Reporting Guidelines.

2002

2003

2004

2005

2006

2007

2008

2015

2014

2013

2012

2011

2010

2009

Sustainable Development Goals (SDGs)

Red Eléctrica aligns its actions with the United Nations 2030 Agenda which sets out 17 broad goals which mark the path for sustainable development at a worldwide level.

Spanish Business and Biodiversity Initiative

Red Eléctrica is part of this initiative, promoted by the Spanish Ministry of Agriculture, Food and Environment, aimed at the inclusion of biodiversity conservation and management in the business strategies of companies.

Caring for Climate

Red Eléctrica signed up to this initiative promoted by the United Nations for business leadership on climate change.

Carbon Disclosure Project

Red Eléctrica annually provides information on its strategy, practices, performance and objectives in the fight against climate change.

Business Network for a Society Free of Gender-based Violence

Red Eléctrica signed up to this network, promoted by the Spanish Ministry of Health, Social Services and Equality, which seeks to move to the construction of a society free of gender-based violence.

- Global initiatives
- Environmental initiatives
- Social initiatives
- Ethical and Good Governance initiatives



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Sustainable development goals (SDGs)

The design of the 2030 Sustainability Commitment of the Red Eléctrica Group has taken into account the targets set by the Sustainable Development Goals, so that the sustainability priorities contribute significantly to the achievement of the SDGs.

Red Eléctrica, as the sole transmission agent and operator of the Spanish electricity system, holds a key position in the energy sector and, consequently, is a determining factor in the development of a sustainable energy future.

In this regard, the Red Eléctrica Group endeavours to help advance in each one of the 17 goals, although due to the nature of its business activities (transmission agent and operator of the electricity system) it contributes mainly to Goal 7 (Affordable and clean energy), 9 (Industry, innovation and infrastructure) and 13 (Climate action).





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Materiality analysis / 102-43 / 102-44 / 102-46 / 102-47 / 102-49

The 2030 Sustainability Commitment of the Red Eléctrica Group has been prepared based on the results of the materiality analysis carried out by the Company in 2016. The present report has been drafted using the sustainability reporting Standards established in the Global Reporting Initiative Standards and focuses on those issues identified as relevant in the Company's materiality analysis.

IDENTIFICATION OF ISSUES



PRIORITISATION OF ISSUES



ASSESSMENT AND VALIDATION OF ISSUES

OBJECTIVE

Analyse the sustainability context to identify the main impacts and risks that may affect the sustainability of the Group, integrating the active participation of stakeholders.

MANAGEMENT

The Company has identified a total of 24 relevant issues derived from the analysis of the sustainability context, which includes:

- Trend analysis
- Sectoral benchmarking
- Strategic interviews with the management team
- In-depth interviews with external stakeholders
- Analysis of internal information

OBJECTIVE

Internally and externally assess the criticality of the issues identified for the achievement of the Company's long-term goals and, therefore, for its long-term continuity and success.

MANAGEMENT

The prioritisation matrix offers a double analysis of the issues, revealing their internal importance, according to the senior management members involved in the analysis of the sustainability context, and their external importance, based on the assessment provided by external stakeholders consulted.

OBJECTIVE

Carry out an analysis of a cross-cutting nature within the organisation of the results derived from the identification and prioritisation of issues.

MANAGEMENT

30 different areas of the Red Eléctrica Group participated in the validation phase of the design of the 2030 Sustainability Commitment. Together with those involved, the results of the previous phases were assessed, and the opportunities associated with each of the material issues were identified, as well as their impact on the 2014-2019 Strategic Plan and their link with the Sustainable Development Goals.





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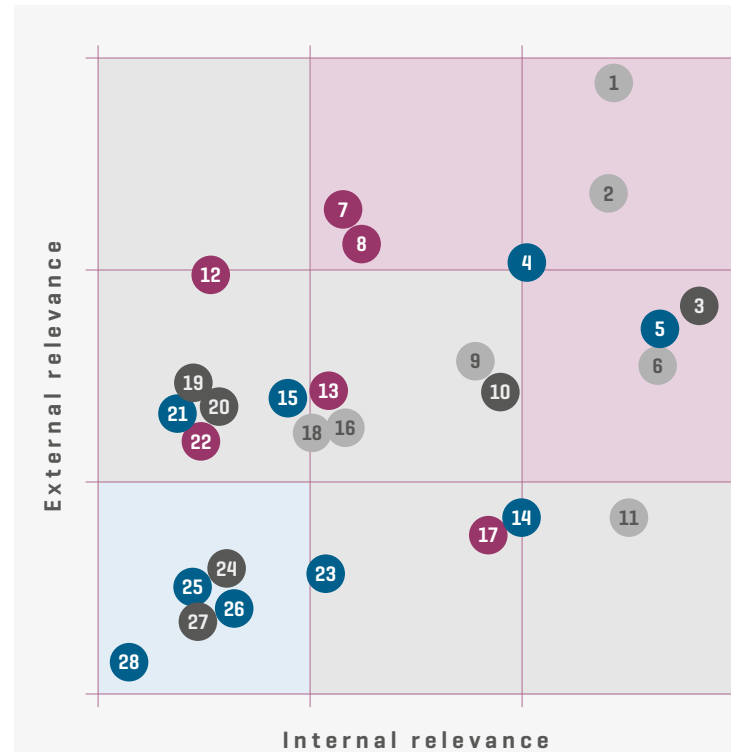
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The materiality analysis identified 24 issues of relevance for the Company and its stakeholders. Therefore, it is a key tool in order to identify the issues that constitute the sustainability priorities of the Red Eléctrica Group.

PRIORITISATION MATRIX OF MATERIAL ISSUES

The definition of each material issue is shown in the following table, as well as its connection with the topics of the Global Reporting Initiative Standards and the United Nations Sustainable Development Goals (SDGs).

MATERIALITY MATRIX



Prioritisation based on the relevance placed on the issue

CRITICAL

- 1 Innovation
- 2 Regulatory environment
- 3 Quality and security of supply and service
- 4 Partnerships with stakeholder groups
- 5 Financial soundness
- 6 Internationalisation and diversification
- 7 Energy transition: Integration of renewables
- 8 Energy transition: Interconnection capacity

HIGH

- 9 Comprehensive risk management
- 10 Social contribution to the territory
- 11 Flexibility and adaptation to change of the people
- 12 Climate change: carbon footprint and adaptation
- 13 Energy transition: Demand-side management
- 14 Occupational health & safety, and well-being
- 15 Corporate governance
- 16 Comprehensive corporate security of the facilities
- 17 Energy transition: Energy storage
- 18 Digital transformation
- 19 Biodiversity and natural capital
- 20 Transparency
- 21 Integration of facilities into the environment
- 22 Energy transition: integration of the electric vehicle
- 23 Integrity

MEDIUM

- 24 Social identity
- 25 Responsibility in the supply chain
- 26 Customer orientation
- 27 Employer brand
- 28 Human Rights



Note. The Energy Transition issue contains five sub-topics, this implies that the graphic above includes a total of 28 concepts.



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MATERIAL ISSUES / 103-1

ISSUE	MATERIALITY CONSIDERATION	GRI TOPIC	GRI INDICATORS	SDGs	IMPACT INT / EXT
Partnerships with stakeholder groups	Social empowerment will greatly influence the development of the activities of companies, requiring new models of interaction with stakeholders, which allow their expectations to be aligned with the objectives of the companies.	Stakeholder participation Management approach	102-40 102-42 to 102-44 103-2	 	• •
Biodiversity and natural capital	The efficient use of resources requires meeting current needs without compromising future needs, developing business models that preserve and protect the natural environment in which they are carried out.	Biodiversity Effluents and waste Water	304-1 to 304-4 306-1 to 306-5 303-1 to 303-3	     	•
Quality and security of supply and service	Urban population growth in the next few years, as well as changes in the markets, raise the level of demand on companies to maintain and improve the quality and security of supply and service provided to date.	Availability and reliability System efficiency Access to electricity	EU10 EU12 EU28 and EU29	 	•
Climate change: carbon footprint and adaptation	Increased knowledge of the consequences of climate change has helped companies identify and manage associated risks and opportunities, understanding how their business can proactively and progressively contribute to the development of a zero-emissions model.	Energy Emissions	302-1 to 302-5 305-1 to 305-5	 	•
Social contribution to the territory	Society demands to know how companies contribute to the improved development of the territories in which they operate. Therefore, it is important for companies to identify the value created and shared with society.	Local communities	413-1 and 413-2	    	•
Human Rights	Companies have the obligation to respect Human Rights and make the mechanisms to solve possible human rights violations available to their stakeholders.	Management approach Non-discrimination Child labour Forced or compulsory labour Rights of indigenous peoples Human Rights assessment	103-2 406-1 408-1 409-1 411-1 412-1 / 412-2 / 412-3	 	• •
Regulatory environment	Sometimes, the rapid evolution of the markets entails the internal analysis and integration of the trends on behalf of the companies before establishing robust regulations, which implies that the entities affected by these trends may encounter problems in executing actions that would allow them to be in a better position in the future.	Specific topic of the Red Eléctrica Group	-	  	•



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MATERIAL ISSUES / continued

ISSUE	MATERIALITY CONSIDERATION	GRI TOPIC	GRI INDICATORS	SDGs	IMPACT INT / EXT
Flexibility and adaptation to change of people	Society, and especially the new generations, require companies to have an innovative people management model that reinforces the adaptability of their employees to new environments and jobs, guaranteeing the adequate management of individual talent.	Employment Training and education	401-1 to 401-3 / EU15 404-1 to 404-3	 	•
Financial soundness	Nowadays, investment decision-making incorporates sustainability criteria aimed at identifying those companies and products that generate not only economic value for the shareholder, but also social value that allows the development of a sustainable business model over time.	Economic performance	201-1 / 201-3 / 201-4		• •
Comprehensive risk management	The concern for an adequate and comprehensive management of risks related to the sustainability of companies has grown significantly, forcing companies to give an adequate response, both in the identification phase and in the management and control of such risks.	Strategy Governance Organisational profile Economic performance	102-15 102-29 to 102-31 102-11 201-2	 	•
Corporate Governance	In response to stakeholder requests, public administrations have continuously increased their demands on companies in regard to aspects such as the structure of the organisation and its regulatory compliance.	Governance Diversity and equal opportunity	102-18 to 102-39 405-1	 	• •
Social identity	Reputation and the adequate management of positive attributes linked to companies allow brands to be both better positioned and understood by society regarding the efforts made and objectives set by companies to create value.	Specific topic of the Red Eléctrica Group	-	 	•
Innovation	One of the most important levers for growth in recent years has been the search for solutions and/or new products through investment in innovation allowing more efficient alternatives to current business models to be identified.	Specific topic of the Red Eléctrica Group	-	 	• •
Integration of facilities into the environment	Public administrations and society have increased their concern about the impact that the construction of new facilities can cause on the environment, forcing companies to evaluate all possible impacts during each phase of the execution of projects.	Environmental compliance Supplier environmental assessment Customer health and safety	307-1 308-2 416-1 / 416-2	 	•

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ISSUE	MATERIALITY CONSIDERATION	GRI TOPIC	GRI INDICATORS	SDGs	IMPACT INT / EXT
Integrity	The growing number of scandals about corruption and dishonest professional business practices has generated a culture of zero tolerance and has brought with it an increase in social pressure for the establishment of stricter regulations to avoid this type of business conduct.	Ethics and integrity Socioeconomic compliance Anti-corruption	102-16 / 102-17 419-1 205-1 to 205-3		• •
Internationalisation and diversification	Internationalisation and diversification is one of the main strategies for growth and the expansion of companies; identifying new markets and optimising their business models in those markets in which they are already consolidated, seeking to improve the profitability of their actions and services.	Specific topic of the Red Eléctrica Group	-	 	•
Employer brand	Attracting and retaining the best talent represents yet another key issue for companies, mainly due to the shortage of talent that is foreseen in today's working environment. Dialogue, work-life balance, good working climate and equality are revealed as aspects of interest for new talent, which has a new way of understanding the professional business world.	Diversity and equal opportunity Management approach Freedom of association and collective bargaining	405-1 / 405-2 103-2 407-1	  	• •
Customer orientation	Companies work to improve the interaction with their consumers through mechanisms that allow them to attend to, prevent and promptly resolve disputes, as well as through the implementation of education and awareness raising practices regarding sustainability that promote responsible consumption.	Customer privacy	418-1	 	•
Responsibility in the supply chain	The economic, environmental and social performance of companies may be affected by the practices of suppliers, contractors or subcontractors. Therefore, companies must establish mechanisms to extend their commitments throughout the supply chain, extending the boundaries of their responsibility.	Procurement practices Organisational profile Supplier social assessment Supplier environmental assessment	204-1 102-9 414-1 / 414-2 308-1 / 308-2	 	•
Comprehensive corporate security of facilities	The rapid evolution of working environments and the emergence of new technologies as fundamental elements that favour the optimal management of organisations has required companies to deal with new security priority issues, requiring that it be understood as comprehensive corporate security, encompassing both logical (IT) and physical aspects.	Specific topic of the Red Eléctrica Group	-	  	• •

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ISSUE	MATERIALITY CONSIDERATION	GRI TOPIC	GRI INDICATORS	SDGs	IMPACT INT / EXT
Occupational health & safety, and well-being	The main demands of stakeholders regarding labour are related to the occupational health & safety and well-being of employees. This makes it necessary for companies to incorporate this issue into the corporate culture, extending their responsibility throughout the supply chain.	Employment Occupational Health and Safety	EU17 / EU18 403-1 to 403-4		•
Digital transformation	Digital technologies mark new ways of doing business and, therefore, new environments and competitors in the business world. Digitalisation is a key point in the integration of new trends, the development of new business models and the identification of improvements in the efficiency of services.	Specific topic of the Red Eléctrica Group	-	 	•
Energy transition: - Integration of renewables - Interconnection capacity - Demand-side management - Integration of the electric vehicle - Energy storage	Society and, especially, the Public Administration show a growing concern for the establishment of adequate mechanisms to achieve an appropriate transition towards a low carbon economy, in which the energy sector will play a key role.	Specific topic of the Red Eléctrica Group	-	 	• •
Transparency	The greater access to information and the use of new technologies means that companies are exposed to greater public scrutiny by stakeholders, which demand an increasingly higher degree of transparency.	Reporting practice	102-50 to 102-56	 	• •

