

**Sustainability Report 2021**

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# Letter from the chairman

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It is my pleasure to present, for the second year in a row, the Madrileña Red de Gas Sustainability Report, in continuation of the initiative undertaken in 2020 on transparency in sustainability.

This report provides a multidisciplinary view of the company, helping our stakeholders to understand more about our global situation and the company's commitment to social responsibility, while also illustrating our performance and the extent of the company's economic, social and environmental maturity.

The impacts of the COVID-19 pandemic on health and the economy left their mark on 2021, once again testing the capacity of businesses to show their resilience and ability to adapt in order to deal with and overcome scenarios of this kind. In this context, Madrileña Red de Gas has a range of

active risk management policies in place specially designed to anticipate and adapt to situations as they arise.

Madrileña Red de Gas is fully focused on providing the best service in terms of quality, safety and providing a guaranteed supply of gas. We also strive to ensure that our customers face no digital barriers when it comes to accessing our information, and together with our chain of suppliers we are helping to improve people's quality of life.

At Madrileña Red de Gas we continue to work with a vision of a better future ahead, with a firm commitment to implementing best practice in terms of our social, environmental and governance responsibility. It is undoubtedly these efforts that have led to us becoming the second-best rated European gas distribution company according to the GRESB international infrastructure sustainability rating, setting a benchmark with the highest rating of five stars. Guided by what investors and the industry feel are important issues in terms of the sustainability of real estate assets, these assessments are adapted to international reporting standards, such as the Global Reporting Initiative (GRI) and the Principles for Responsible Investment (PRI).

This second report documents the actions, initiatives and policies relating to sustainable development that have been implemented at Madrileña Red de Gas. We have identified the relevant issues according to their economic, environmental and social repercussions on the organisation's activities, products, services and relations, and according to their influence on the assessments and decisions made by stakeholders, with in-depth analysis

of the relevant aspects involved. This report has been produced taking the aforementioned Global Reporting Initiative (GRI) criteria into account.

We describe our risk management model and the main challenges that we face, which include our commitment to cyber security and the measures we have taken in prevent accidents in the workplace.

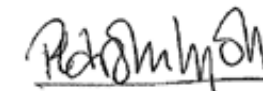
We also document our Code of Ethics, which is inspired by the company's Mission, Vision and Values. This Code is a model of the actions that need to be taken to ensure suitable behaviour in our professional activities. We discuss our people, and the involvement of the company's governing bodies on matters of anti-corruption and the prevention of criminal acts. We provide the company's financial information, which can also be viewed in more detail in our annual report, which is also publicly available.

Our commitment to environmental protection is one of the mainstays of the sustainable development goals set by the company. We are signatories of the "Ready4H2" European hydrogen challenge, working jointly with the other gas distribution companies in Spain with the aim of ensuring that the knowledge and experience that we have all gained in our own projects and in collaboration with other local actors in the hydrogen sector can be gathered together and compiled in order to be of use to those with responsibilities in the Spanish and European energy policy. The aim is to implement a regulatory framework for developing hydrogen that can harness the potential of Europe's gas infrastructure, and in so doing be of benefit to the public and help meet the target of climate neutrality.

The report also sets out how we engage with our workforce, our work-life balance policy, the various initiatives in place to promote people's wellbeing, our commitment to equality and diversity in the workplace, to safety and to managing talent as the basis for the company's success.

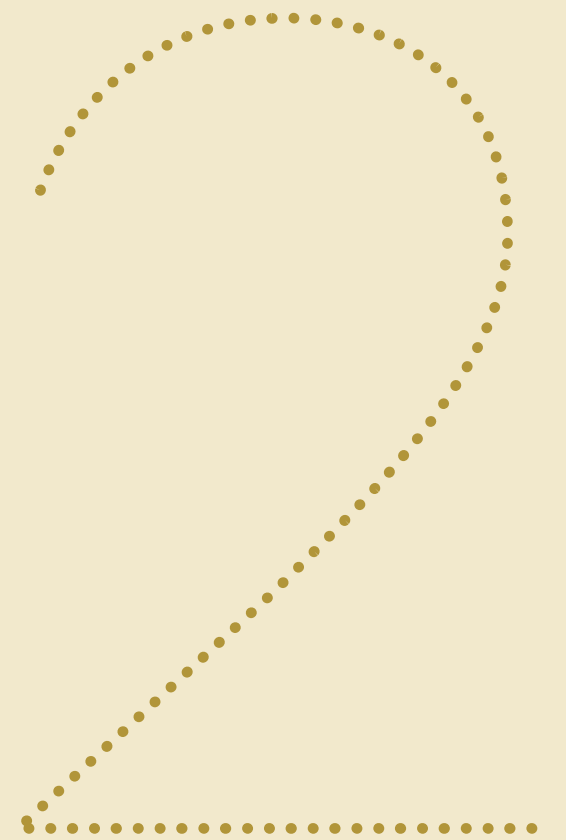
Finally, in this report we explain our responsible supply chain; we are absolutely convinced that if our suppliers share our vision and move forward with us, it will be much easier for us all to meet our sustainability targets.

We hope that all this information helps readers form a full and clear idea of the issues that concern Madrileña Red de Gas and the commitment the company has to society as a whole.



Pedro Mielgo

# Madrileña Red de Gas



## 2. Madrileña Red de Gas

### 2.1 About us

102-1 102-2 102-4 102-5 102-6 102-12 102-13

Madrileña Red de Gas S.A.U. (MRG) is a sole proprietorship company that operates in the natural gas distribution sector, as well as in the sale of piped liquefied petroleum gas. Our main activity is listed in the National Classification of Economic Activities as CNAE 3522 – pipeline distribution of gas fuel.

We are the first company in the Iberian Peninsula that operates completely independently from the other businesses in the gas value chain, making us the leading example of a complete separation of networks and sales on the Spanish and Portuguese energy market. We are also the third largest gas distribution company in Spain by number of supply points (915,209 as of December 2021).

We began operating on 1 May 2010 in 38 municipalities in the Region of Madrid. We currently distribute gas in 61 municipalities in the region, including the city of Madrid itself, where we operate in five districts.

Our offices are located on calle Virgilio, 2 in Pozuelo de Alarcón. From December 2021 we also have a new work site at calle Valdemorillo, 60 in Alcorcón.

We continue to uphold our commitment to sustainability and to promoting a culture of social responsibility (SR)

within our organisation. By way of example, Global Real Estate Sustainability Benchmark (GRESB), the world's leading environmental, social and governance (ESG) benchmark, gave us two special mentions for "Infrastructure asset most improved", in recognition of the company's progress in its sector and its region.

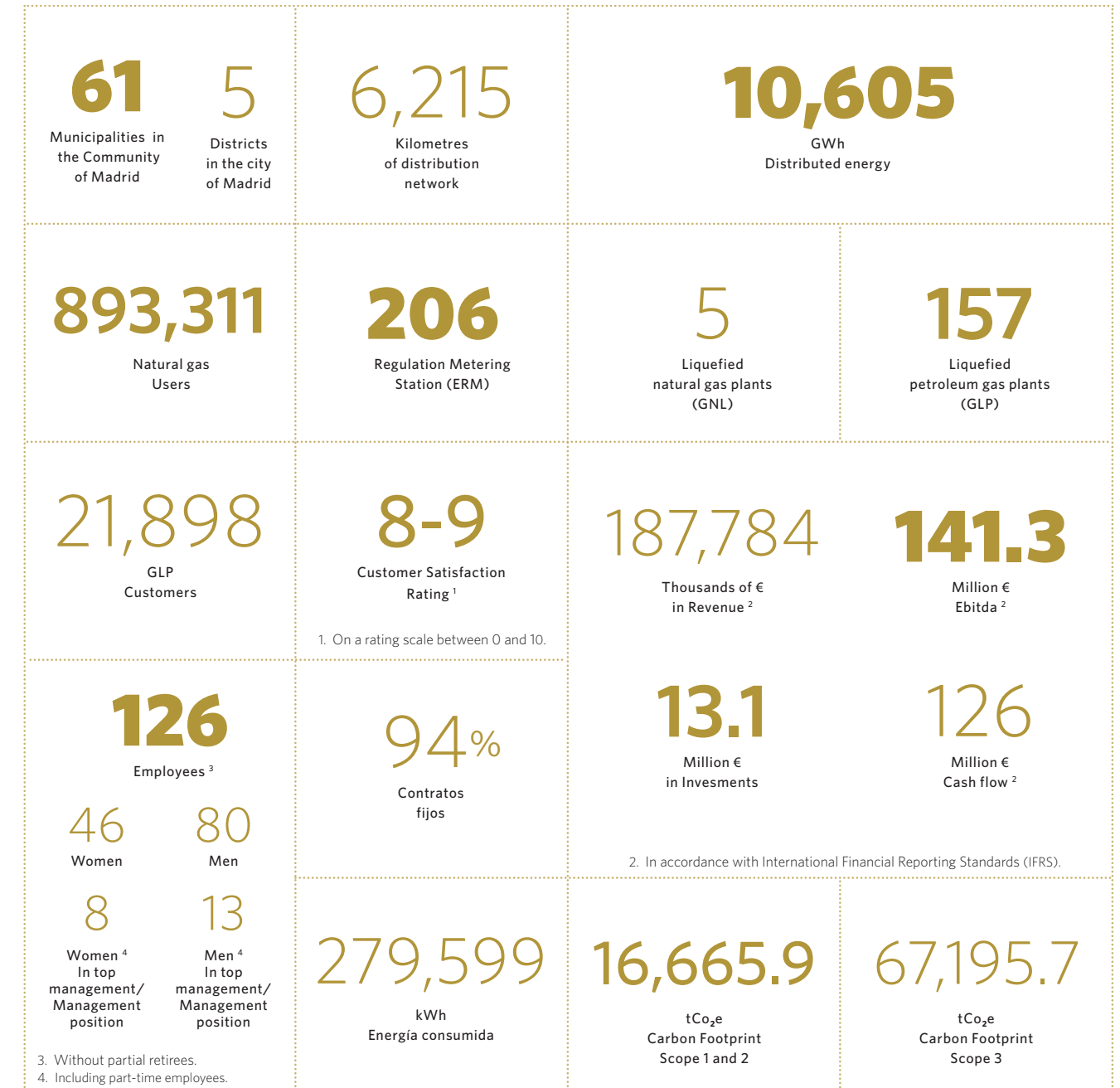
These improved results in the GRESB benchmark rating provide a view of how the company is evolving compared with previous years and its degree of ESG maturity, as well as setting a comparison with other companies in the same sector.

**Global Real Estate Sustainability Benchmark (GRESB) gave us two special mentions for "Infrastructure asset most improved", in recognition of the company's progress in its sector and its region**

### 2.2 Key figures

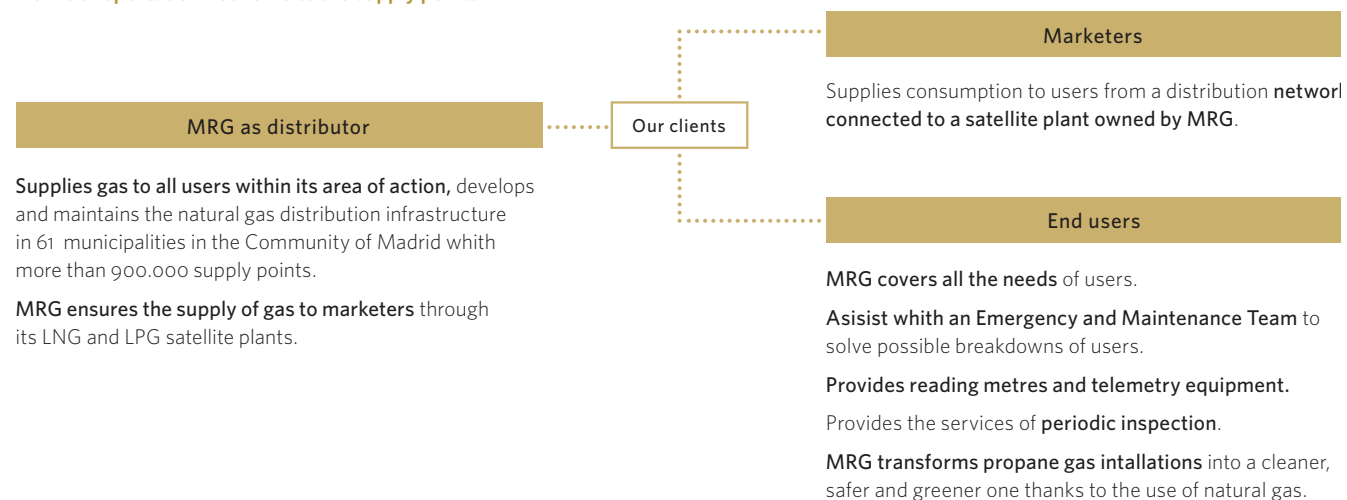
102-7 102-8

Data as of 31 December 2021.



## 2. Madrileña Red de Gas

The natural gas distribution is a regulated business. Its purpose is to bring the natural gas supply to the users from transportation networks to the supply points.



### 2.3 Our business

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Madrileña Red de Gas S.A.U (MRG) is a company operating in the natural gas distribution sector, as well as in the sale of piped liquefied petroleum gases.

In 2021 the health crisis continued to leave its mark on sales trends and on the gas market in general, and even more markedly on residential markets. We are now in a period of market recovery, which is reflected in the new supply points put into service in 2021, with contracting trends that are similar to previous years.

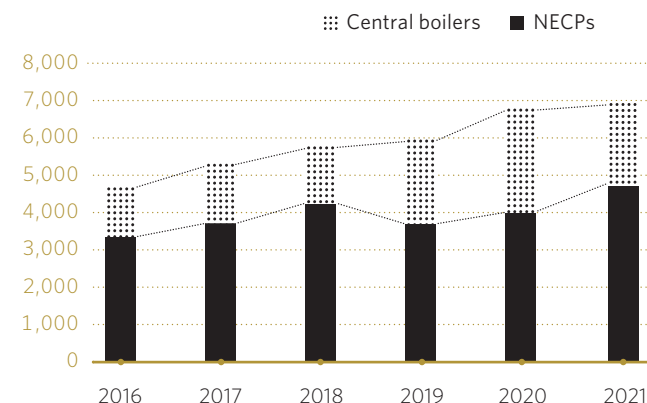
Despite this situation, the figures once again indicate the success of the company's expansion strategy in a highly volatile environment, due mainly to rising energy prices and the emergence of new technologies.

At Madrileña Red de Gas a total of 15,437 new domestic installations entered into service in 2021. When combined with commercial premises, boiler rooms in communal residential buildings, institutional buildings and industries, a total of 15,930 new supply points were provided in our distribution area (not including 726 facilities transformed from using LPG).

Expectations were exceeded in 2021 in terms of new-build homes delivered. Although the construction sector did not come to a complete halt during the crisis, building work has since regained its pace, helped in part by the projects launched prior to approval of the current Technical Building Code.

The Madrid region is Spain's autonomous community with the highest growth in the property market, with new

New edification evolution  
Total according to boiler type



The figures once again indicate the success of the company's expansion strategy in a highly volatile environment, due mainly to rising energy prices and the emergence of new technologies

housing developments in towns such as Alcalá de Henares, Colmenar Viejo and Torrejón de Ardoz, and with more than 15 thousand homes expected to be built in the coming years. Over the course of 2021 a natural gas supply was provided to 6,913 homes, exceeding the initial forecast by 20%. Of these, 4,647 are fitted with individual boilers and 2,266 have central boiler rooms.

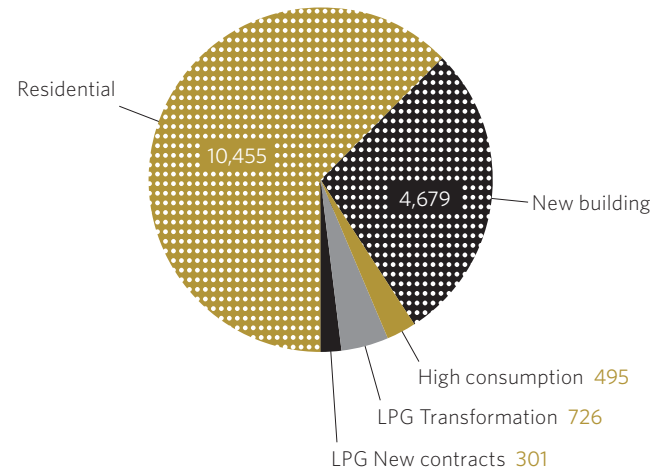
Through strategic collaboration with the IDEALISTA.com property website, the boost to the vertical saturation market (contracts from homes that already have gas on the property) meant that in 2021 we were able to make an impact on more than 1,400 advertisers of properties in the MRG distribution area, which meant new contracts at times of the year when they are less common, such as in the summer months, with the trend continuing through the year.

We also began conversations with the National Association of Refurbishment Companies (ANERR), with the aim of establishing a collaboration with them in all of their projects in our expansion area, along with other companies specialising in tailored solutions that include energy improvements, thus setting a double commitment, both to the climate and to people's quality of life.

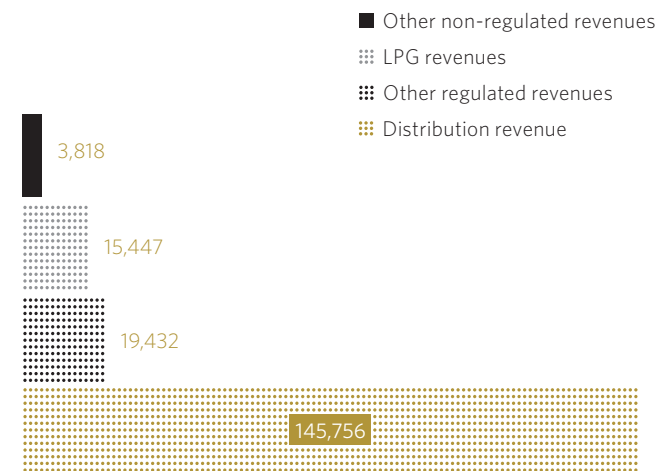
Currently, in the framework of other projects developed in towns such as San Sebastián de los Reyes and Alcorcón, we are collaborating in the implementation of district networks for heating and climate control. These are projects aimed at ensuring integrated development of essential services, with the ability to provide hot running water, heating, cooling and even lighting, and which also offer the chance to bring in renewable gases such as biomethane and even hydrogen.

## 2. Madrileña Red de Gas

### New supply points in 2021



### Net turnover (thousands of €)



In the high-consumption market we were able to close the year with very positive results, proving that natural gas is undoubtedly essential to this sector. Consumption increased by 189,097 GWh and by 495 new supply points.

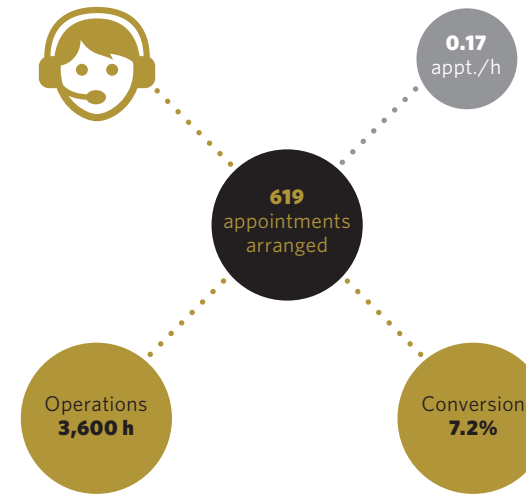
Natural gas forms a key part of the energy transition, and its economic and environmental advantages, and guarantee of supply, helped persuade the Hestia medical clinic and El Escorial funeral home to transform to a natural gas supply. Madrileña Red de Gas also collaborated on other important projects, such as designing the interior installation for the new Oasiz shopping mall in Torrejón de Ardoz, which opened in November 2021.

A range of other companies also chose to transform their facilities to a safe and affordable energy supply, including a metal foundry and various food industries. The MRG team has also collaborated closely with Leganés town council, planning works and commissions for the project to bring energy improvements to 13 municipal buildings. A transformation study was also carried out in various military barracks with the aim of lowering energy costs, improving energy efficiency and mitigating the polluting gas emissions.

We have reinvented ourselves, working to become a more modern and more accessible company, and strengthening our place in the digitalisation environment. Through use of the tool known as Enerty, which was produced as part of a collaboration between the Association of Installation Companies of Madrid (AGREMIA) and the company Logalty, we were able to process more than two thousand digital certificates through the platform.

We continue working to make our virtual office the point of entry and the place to access all information, from

### Telemarketing operations



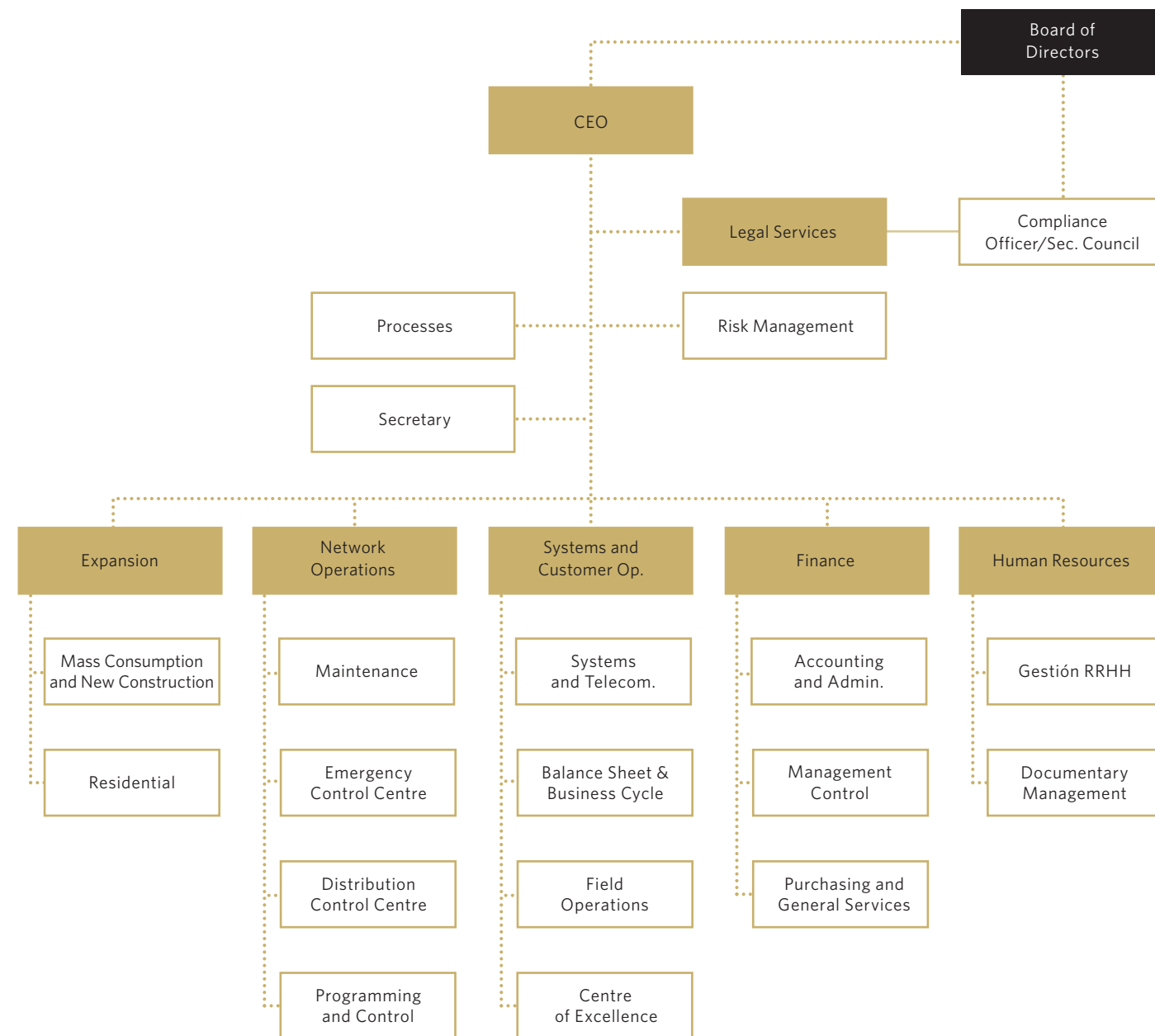
registration requests to information and documentation for customers of installation companies.

In 2021 we focused on reactivating our sales activity, building on the pilot project that began in 2020 in collaboration with Intelcia Spain, with a twofold result, namely being able to reach our potential customers more directly and safely, through a better understanding of their expectations, and securing new supply points.

With regard to sales in digital environments through the company Selectra, our sales call centre, as well as dealing with requests for new supplies, a campaign was implemented to recover lost leads, which proved to be a resounding success.

**We have reinvented ourselves, working to become a more modern and more accessible company, and strengthening our place in the digitalisation environment**

Organizational structure



2.4 Corporate Governance

102-5 102-12 102-18 102-19 102-20 102-22 102-23 102-24 102-25  
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The sole shareholder of Madrileña Red de Gas, S.A.U. is Elisandra Spain V, S.L.U. the parent company of which is Elisandra Spain IV, S.L., and through this, Realgaz, S.A.S. (EDF Invest), Stichting Depositary PGGM Infrastructure Funds (PGGM), JCSS Mike S.A.R.L. (Gingko Tree) and LPPI Infrastructure Investments LP (LPPI).

Elisandra Spain IV, S.L. has four foreign partners with different share percentages or participation with voting rights.

The company's governance structure is made up of the Board of Directors, the Risks and Audit Committee, the Remuneration Committee and the Executive Committee.

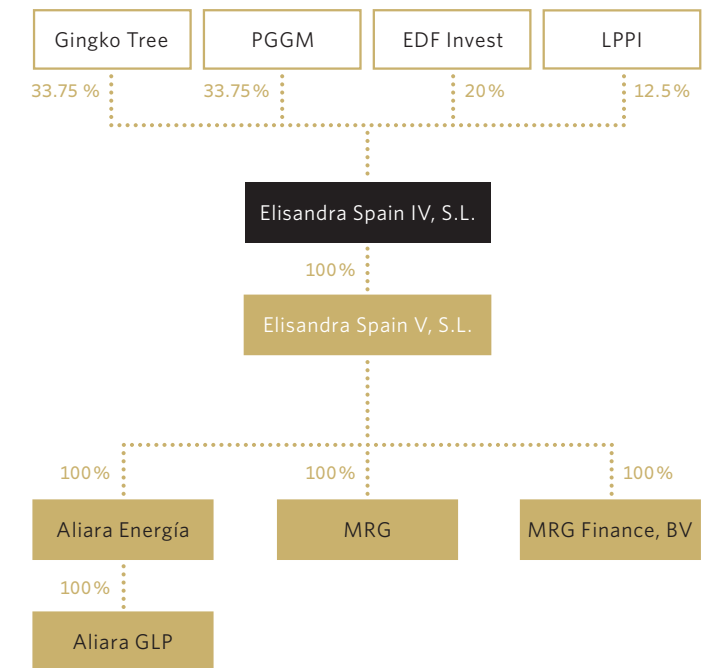
They all include representatives from the four partners of Elisandra Spain IV, S.L.

Added to this structure is a series of Committees and Commissions, which board members sit on, providing support for responsibilities in governance of a technical nature.

The Board of Directors is the governing body established in the company's duly registered articles of association and acts as a single body. Its members are all non-executive proprietary directors, in contrast with the Executive Committee, which does have members with executive powers.

The board acts as a body, so no significant positions are held beyond the existence of a Board Chair. It is governed by the

Voting shares or holdings



Governance Structure

- Board of Directors
- Audit and Risk Committee
- Remuneration Committee
- Management Committee

Internal Rules of Governance

- Articles of Association registered in the Mercantile Register
- Regulations and rules of operation of the different committees and commissions
- Code of ethics
- Compliance System
- Internal policies and regulations



## 2. Madrileña Red de Gas

### Other Bodies and Committees

- Risk Committee
- Cybersecurity Committee
- Criminal Offences Committee
- Crisis Committee
- Major Accident Prevention Committee.
- Code of Ethics Commission
- Data Protection Committee
- Prevention, Environment and Quality Committee
- Others

### Board of Directors

**Consilia Asesores, S. L.**, Chairman  
(Pedro Mielgo, individual representative)

**Dennis van Alphen**, Director

**Martijn Verwoest**, Director

**Andrew Scott Wilkie**, Director

**Qingtong Li**, Director

**Dong Dong**, Director

**Simon Davy**, Director

**Romain Bruneau**, Director

**Pierre Benoist d'Anthenay**, Director

**María Martín**, Secretary (not Director)

articles of association and by the commitments, rights and obligations established in the Capital Companies Act.

Board members are proposed by the Board of Directors itself, and their appointment is accepted by the sole shareholder, in accordance with the legal provisions in this regard. There are no independent members, and positions are held for six years.

The Board of Directors does not have its executive powers delegated to any one of its members. The agreements it reaches are executed by the company's Managing Director, who together with the Financial Director and the Finance Department is the only person with general powers in terms of management, administration and decision making.

Should any conflict of interests be detected, the members must inform the Board of Directors and the company itself. Any such report is documented and included in the company's report. Additionally, as established by the Capital Companies Act, for any cases in which a possible future conflict of interests is expected to arise, article 230 of said legal text sets out the procedure to deal with individual cases, which depending on the particular case will be by the Board itself or, in this case, by the sole shareholder.

As the highest governing body, the Board of Directors defines the company's senior strategy, validates management guidelines and monitors the results.

It approves the mission, vision and values statements defined by the company's Executive Committee. It also approves the policies, strategies and objectives relating

to economic, environmental and social issues as defined by the Executive Committee.

The Board of Directors convenes meetings on a quarterly basis as well as extraordinary meetings when deemed appropriate.

The quarterly meetings are planned at the end of each year with the aim not only of organising the content and agenda of each meeting, but also so that all necessary information that is to be discussed is made available.

During these meetings, the results from the period provided by the Executive Committee are analysed in order to monitor and define strategies, how activities are progressing, any economic, environmental and social issues that are relevant to the company and, at the request of the board's members, detailed information is provided on any topics considered pertinent.

The performance of the company's governing body is assessed through the annual accounts audit conducted at the end of the financial year, which in compliance with Law 11/2018 on Non-Financial Information and Diversity provides verifiable non-financial information from an independent third party.

As part of this performance assessment process, for the sixth year in a row Madrileña Red de Gas has been part of the GRESB initiative, submitting information on its ESG (environmental, social and governance) performance as described in section 2.5 of this report.

The Board of Directors is an unpaid body, as mandated in the company's articles of association.

**For the sixth year in a row Madrileña Red de Gas has been part of the GRESB initiative, submitting information on its ESG (environmental, social and governance)**

There are two committees on the board, the Audit and Risks Committee and the Remuneration Committee, each with specific tasks, about which they report to the board.

According to MRG's internal rules of procedure, the Audit and Risks Committee reports directly to the Board of Directors and operates in accordance with said rules, which define its objectives, functions and composition. This committee is made up of representatives from the four shareholders who sit on the Board of Directors, various members of the Executive Committee and the Risk Management Department.

The contents of its agenda are discussed in periodic committee meetings, which are held prior to each Board of Directors meeting, and are agreed on internally at the

## The Audit and Risks Committee reports directly to the Board of Directors and operates in accordance with said rules, which define its objectives, functions and composition

beginning of each new financial year. Recurring topics include monitoring the map of corporate risks, the most relevant risks and the established or proposed checks and mitigation plans, accounts audits, audits of the integrated prevention, environment and quality system, matters relating to sustainability, policy on the prevention of criminal offences and cyber security risks.

These activities mean that MRG is able to issue recommendations intended for risk management and/or for the Board of Directors. Additionally, as a result of COVID-19, monitoring of how the specific risks map is evolving remains in place. This map sets out risks of a financial nature, such as the potential impacts on operating margins, liquidity and credit risk, as well as risks relating to difficulties in carrying out interventions in the homes of users affected by the pandemic, the availability of resources for the continuity of operations and/or failures in the supply chain, and ensuring the business continuity plan and job safety analysis are appropriately monitored.

Stakeholder involvement in the remuneration of senior executives occurs through the Remuneration Committee. The Remuneration Committee will decide on and recommend to the Board of Directors the framework and general policy for remuneration and any variation of the conditions of service of the CEO, the Financial Director and any other member of senior management that it is deemed appropriate to consider, or of any other members of staff. It is responsible for all elements of remuneration of the directors of MRG's various units, which consist of base salary, allowances, benefits and expenses.

It undertakes to agree at the general level the principles and structure of the proposed remuneration of all members of Madrileña Red de Gas not covered by the Collective Bargaining Agreement (CBA), to consider how to attract retain and develop talent together with the CEO, and to establish both succession and review plans.

The Committee meets at least once or twice a year, though they can also meet more frequently when necessary. Proposals made by the Committee are sent to the Board of Directors.

The Executive Committee is a body on which the company's General Manager or CEO sits, along with the six unit directors. The unit directors report to the committee on operative and management proposals that they consider appropriate or necessary for their units. The executive decisions reached by the Executive Committee are adopted by the company's managing director or CEO.

Its main functions are as follows:

- Define and monitor policies, strategies and objectives, which are submitted to the General

Manager, so that the company's strategy plan can be implemented.

- Monitor overall performance and the performance of specific projects in the company's operative and business areas: expansion, customer operations and network operations.
- General supervision of economic performance goals being met.
- Identify risks and opportunities. Define and monitor policies and plans to mitigate risk.
- Performance targets set by the Managing Director through various processes and supervision of the company's management indicator scorecard. Propose and implement improvement actions.
- Monitor the various cross-cutting corporate issues considered relevant (legal regulation and compliance, sustainability, human resources, health and safety, personal data protection, preventing criminal offences, etc.).

The objectives and working practices of the technical committees identified in this chapter are set out throughout this report, depending on their particular area or scope.

### Audit and Risk Committee (ARC)

**Martijn Verwoest**, Chairman

**Simon Davy**

**Andrew Scott Wilkie**

**Pierre Benoist d'Anthenay**

**Alejandro Lafarga**

**Inés Zarauz**

**Alfonso Garcia**, Risk Manager, Secretary

### Remuneration Committee

- The Committee is composed of the Chairman of the Board of Directors and up to four other members of the Board.
- The General Manager of MRG and the HR Director (Secretary) participate in the meetings, except when their own remuneration is discussed.

### Management Committee

**Alejandro Lafarga** General Director

**Rafael Fuentes** Legal Director

**Inés Zarauz** Financial Director

**David Ortiz** Expansion Director

**Glen Lancaster** Customer Systems and Operations Director

**María Vázquez** Human Resources Director

**Félix Blasco** Network Operations Director

2.5 Global Real Estate Sustainability Benchmark (GRESB)

102-28

Madrileña Red de Gas is Europe’s second-highest gas distribution company on the GRESB global infrastructure sustainability benchmark, out of more than 500 participants.

GRESB is a worldwide sustainability index that assesses and rates the work carried out by more than 500 funds and assets in different sectors in order to promote sustainable development, based on a global environmental, social and governance standard. Since 2009, the organisation has sought to assess and compare the non-financial performance of businesses and financial institutions by publishing an annual benchmark. This ranking provides data that is standardised and has been validated by the financial markets, and is a world leader in measuring the sustainability performance of companies across the globe.

The benchmark, adapted to international reports such as the Global Reporting Initiative (GRI), enables us to identify areas of risk and opportunity, compare our performance with that of other companies in the sector and inform our stakeholders about our ESG performance by means of an internationally recognised global standard.

In the 2021 edition, Madrileña Red de Gas achieved the maximum rating of five stars, with a score of 93 out of 100. This is a 93.75% improvement compared with 2020. This means we became the second-best rated European gas distributor, exceeding the average score of 72 out of the more than 500 companies that took part.

GRESB gave MRG two special mentions for “Infrastructure asset most improved”, in recognition of the company’s progress in its sector and its region.

These improved results in this benchmark rating provide a view of how the company is evolving with regard to previous years and its degree of maturity in terms of best practice in its environmental, social and governance (ESG) policies.

As well as how the company is evolving, it is also important to compare this with how other businesses in the sector are performing. Madrileña Red de Gas obtained a score above the sector average due to its approach to aspects such as leadership, policies, risk management, biodiversity and habitat, health and safety, greenhouse gas emissions and air pollution.

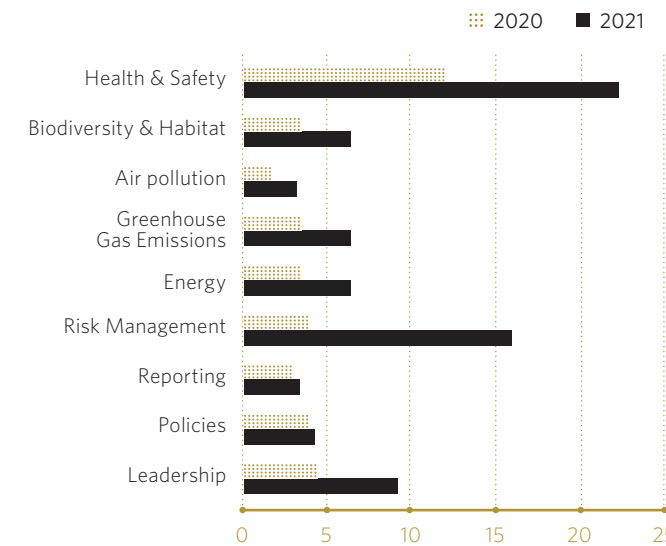
The high score justifies the five-star rating, the result of excellent performance and great involvement from all levels of the company, showing our firm commitment to implement best practice on matters of social, environmental and corporate governance responsibility.

This commitment aligns the company with the United Nations Global Compact. At MRG we continue to ensure that the 2015-2030 Sustainable Development Goals form a comprehensive part of our strategy.

In-depth analysis of the GRESB result allowed us to identify improvements to be made to our sustainability management model, based on the ISO 26001 standard, and these will be developed throughout 2022.

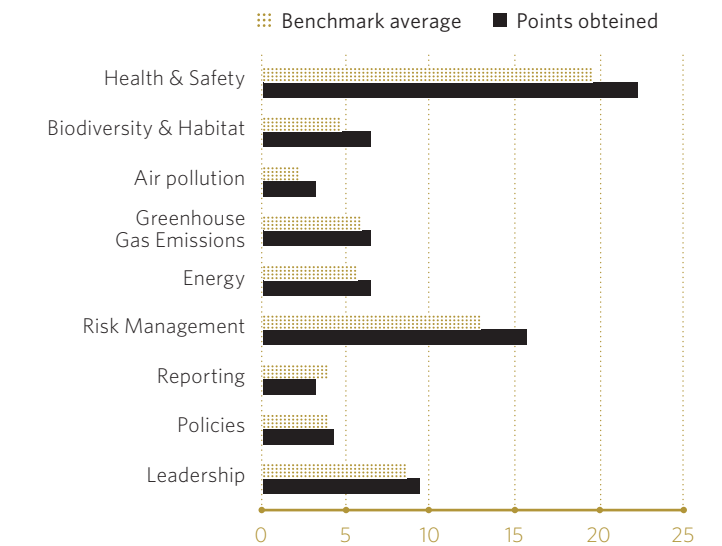
Results in benchmark rating

Points obtained by year



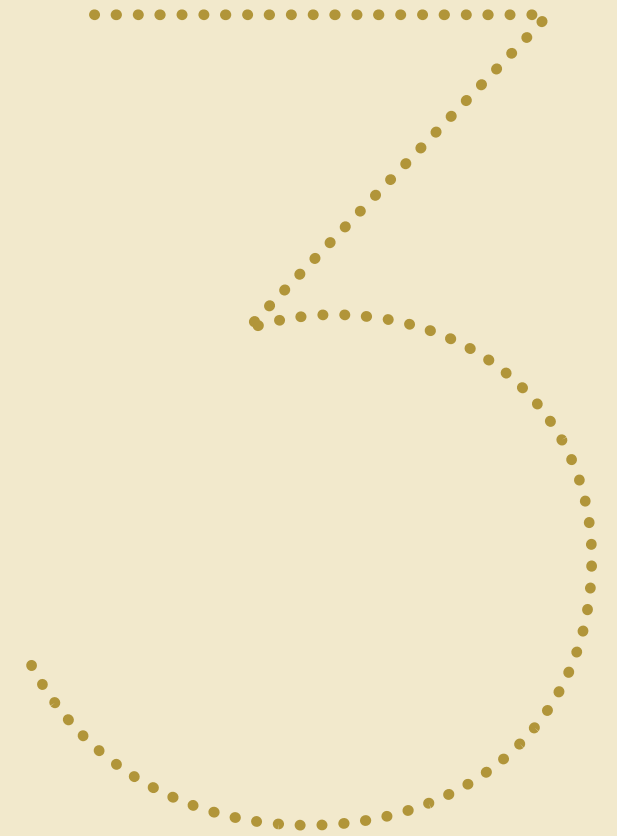
Results in benchmark rating

Comparison between MRG and other companies in the sector



**Madrileña Red de Gas is Europe’s second-highest gas distribution company on the GRESB global infrastructure sustainability benchmark, out of more than 500 participants**

**Our  
commitment to  
sustainability**



### 3. Our commitment to sustainability

#### 3.1 Mission, vision and values

102-16 | 102-17

The mission of Madrileña Red de Gas is to meet the energy needs of our customers in the best conditions in terms of quality, safety, sustainability and environmental protection, guaranteeing the necessary efficiency, efficacy and productivity in how our business activity performs to provide our shareholders with the best return, enhance the company's value, and provide our workforce with a safe, healthy and model working environment that helps build a sense of pride in belonging in the company and which promotes their professional and personal development.

The vision of Madrileña Red de Gas is to work together to provide greater comfort to as many customers as possible, and to make our own workforce and shareholders grow in way that is beneficial to society. It is also part of our vision to maintain a relevant presence in significant forums and spaces, ensure business excellence and recognition to set us apart from our competitors and be respectful in the values, principles and ideals of all society stakeholders with which we have a relationship.

The values that inspire the business performance of Madrileña Red de Gas are:

- Integrity: All our actions are governed by values such as honesty, integrity and dignity, among others.
- Safety: We advocate for and implement policies aimed at ensuring suitable levels of health and safety in the workplace.

- Customer-focused: We strive for maximum customer satisfaction, as part of our commitments.
- Self-improvement: We reward performance, dedication and engagement in our business project.

We adopt an open mentality that promotes the free expression of opinions and contributions, weighing up alternatives, and promoting personal creativity and initiatives, as ways to ensure that change is seen as an opportunity to turn our business vision into reality. We foster progressive skills improvement and professional development through specific training plans.

It is also the desire of the senior management team to make this manifesto applicable to our relations with our suppliers and contractors, with the aim of combining our efforts to ensure it is effectively applied.

#### 3.2 Corporate social responsibility policy

The company's approved corporate social responsibility policy is published on the MRG website.

As an energy company, MRG has substantial influence on economic development, quality of life, sustainability and environmental protection, as it plays a key role in the natural gas distribution chain in the Region of Madrid.

Corporate responsibility is understood and embraced by Madrileña Red de Gas as the collection of strategic

### The vision of Madrileña Red de Gas is to work together to provide greater comfort to as many customers as possible, and to make our own workforce and shareholders grow in way that is beneficial to society

courses of action that the company develops to establish trusting, stable, reliable and mutually beneficial relationships with its stakeholders, which include shareholders and investors, customers, local communities, public authorities, collaborators and suppliers, employees and society as a whole. Madrileña Red de Gas promotes the creation of local employment and cooperates with organisations focused on social commitment.

Madrileña Red de Gas has corporate responsibility integrated into its strategy and positioning, as it forms part of our corporate values. We are aware that the acceptance and economic success of the company can only be sustainable if it makes an active, credible and tangible contribution to resolving the challenges facing our society. Accordingly, MRG senior management has established specific criteria for the company's good governance, and a code of ethics that must be observed by all employees as a way to help achieve these results.

The Madrileña Red de Gas manifesto of "Mission, Vision and Values" sets out the company's general commitments with its various stakeholders, and which can be summed up as:

- Integrity
- Safety
- Customer-driven
- Results-focused
- Empowerment

Madrileña Red de Gas will be developing a series of indicators to monitor the company's corporate responsibility policy that are aligned with its business plans, based on a position of transparency, establishing targets and reporting on its degree of compliance.

Management model for stakeholders stages



**MRG identifies its stakeholders by analysing their processes and their relationship with the various administrative units**

3.3 Commitment to our stakeholders

102-21 102-40 102-42 102-43 102-44

Madrileña Red de Gas identifies its stakeholders, prioritises them, and designs and establishes mechanisms to identify their needs and expectations, and to ensure those mechanisms are monitored and continue to improve.

Madrileña Red de Gas identifies its stakeholders by analysing their processes and their relationship with the various administrative units.

Based on dialogue with our employees, collectives and organisations emerge that have a stake in the company's decisions or activities, or that the company has an impact on, identifying the reason for the relationship (the why). The inventory of stakeholders can then be identified.

Once the stakeholders have been identified, they are prioritised, in order to:

- Establish different resources and strategies depending on the level of relevance of the different groups.
- Establish the mechanisms for relations and dialogue, taking both influence and impact into account.

identification of Stakeholders

Stakeholders	Relevance
Shareholders and investors	Institutional investors. Reference shareholders. Minority shareholders. Bond holders.
Financial groups	Institutional banks. Commercial banks.
Business partners	Individuals or companies that share a specific business project with. Technological, financial and industrial partners
Analysts	Financial analysts. Rating agencies. Non-financial analysts.
Insurance agencies	Companies that specialise in insuring people, assets and all manner of products, including financial products, in exchange for a premium or fee.
Customers and users	Customers: Suppliers and individuals in the case of LPG Users: Individuals and businesses.
Employees	Active employees. Passive employees. Former employees. Workers' representatives. Representatives of participants in pension funds, health & safety delegates.
Suppliers	Strategic suppliers. Works and maintenance contractors. Collaborating businesses. Suppliers.
Public administrations and regulatory bodies	Sector regulators. Market regulators. National and/or supranational public administrations. Regional and local public administration.
Market agents and professional associations	Companies in the energy sector with which there is interaction through a common regulatory framework and involvement in joint projects as suppliers, generators/producers. Special regime generators. Carrier (ENAGAS). Distributors. Operators. Business associations and sector professionals.
Local communities	Affected municipalities and their residents. Local businesses. Vulnerable social groups. Local associations.
NGOs and environmental social foundations	Collectives active in social development, land use and environmental issues, and combating climate change.
Academic and innovation bodies	Universities, research centres, etc.
Opinion generators	Traditional media. Social media.

### 3. Our commitment to sustainability

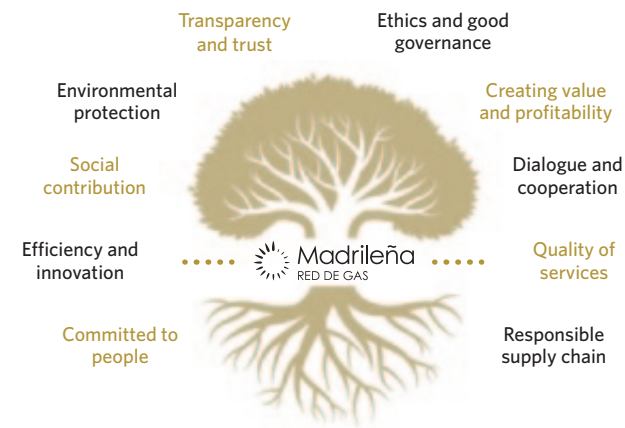
#### MRG stakeholder classification

by degree of relevance

Stakeholders (prioritised)	Weighted relevance	Degree of relevance
Customers and users	4.3	●
Shareholders and investors	4.0	●
Public administrations and regulatory bodies	4.0	●
Employees	3.8	●
Suppliers	3.6	●
Market agents and professional associations	3.1	●
Local communities	3.1	●
Insurance agencies	3.0	●
Analysts	3.0	●
Financial groups	2.9	●
Business partners	2.7	●
Opinion generators	2.6	●
NGOs and environmental social foundations	2.3	●
Academic and innovation bodies	2.3	●

- **Critically relevant (3.5 to 5):** Stakeholders with a high capacity to influence the long-term economic and financial results, MRG's reputation and helping the company achieve the goals of its strategy plan, and a substantial influence over the company's ESG performance; and which MRG has a direct and notable impact on their economic, social and/or environmental activities and interests.
- **Highly relevant (2.5 to 3.5):** Stakeholders with the capacity to have a notable influence at the short-term economic and financial level, and on MRG's image and reputation, and with a moderate influence in the company's ESG performance. MRG has an economic, social and environmental impact on the stakeholder indirectly or partially affects the stakeholder.
- **Medium-relevance degree (1 to 2.5):** Stakeholders that have no substantial influence on economic issues, or on MRG's image and reputation, and with the ability to have only occasional influence on certain objectives or the company's ESG performance. MRG's economic, social and environmental impact on these groups of stakeholders is indirect in its scope, affecting them only occasionally or in a very limited way.

#### Commitments to our stakeholders



**For MRG, the fundamental criteria for prioritising its stakeholders are the influence that the particular stakeholder group has on the decisions, development and results of MRG activity, and the positive or negative impact on the stakeholder group as a result of the company's past and present decisions and activities**

#### Sources for identifying interests, needs and expectations

**Madrileña Red de Gas identifies the interests, needs and expectations of its stakeholders based on a range of sources:**

<p><b>The organisation</b> (Internal focus: "What we know")</p>	<p>MRG periodically analyses what it knows about the people in the stakeholder's organisation through the existing dialogue mechanisms (meetings, forums, standard contacts, corporate channels, committee results, etc.).</p> <p>To that end, interview are held with the different units, identifying the reason for the relationship, reviewing the framework of the relationship and identifying the interests, needs and expectations of their stakeholders. This analysis is conducted every three years, as a minimum.</p>
<p><b>Stakeholders</b> (External focus: "What they tell us")</p> <ul style="list-style-type: none"> <li>• Perceptions studies</li> <li>• Direct information from stakeholders in committees, working groups, one-on-one meetings, etc.</li> </ul>	<p>MMRG periodically analyses the interests and perception expectations for critically relevant stakeholders so as to evaluate their interests and relevant issues, MRG's performance with regard to the same and the ESG impact generated by the organisation, and identifying needs and expectations relating to the service and the relationship maintained with MRG. This analysis is conducted every three years, as a minimum. Perception studies are carried out online, remotely or by means of a face-to-face interview, depending on the particular stakeholder.</p>

### 3. Our commitment to sustainability

#### Model of stakeholder relationship with MRG

Stakeholder	Reason for the relationship	Communication channels																	Stakeholder needs and expectations	
		Email	Telephone	Remote meetings	In-person visits or meetings	Advisory groups, committees and working groups	Investors channel	Call Centre	Voicemail	Website	Virtual Office	Complaints channel	WhatsApp	Ticketing	Administration portals	Consumer services offices	Questionnaires	Google My Business		Others
<b>Customers and users</b>	<p>Provide service and information of the activities provided by Madrileña Red de Gas:</p> <p>Registrations, measurements, billing, connection services, conversion from LPG, access, meter readings, change meter, regular inspection, home operations, emergency customer service, managing incidents, managing complaints, responding to requests for information, measuring satisfaction, data protection and information security.</p>																		<ul style="list-style-type: none"> <li>• Inkolan network</li> <li>• Marketing actions</li> <li>• Postal mail</li> <li>• Third-party network access (ATR) channel (IOGAS)</li> <li>• Satisfaction surveys</li> </ul>	<ul style="list-style-type: none"> <li>• Quick and effective resolution of demands for action and complaints, providing the best possible solution.</li> <li>• Suitable compliance with the standards in force regarding the prevention of criminal offences.</li> <li>• Professional, transparent and confidential management.</li> <li>• Personal data protection and information security.</li> <li>• Accurate and transparent response to requests for information.</li> <li>• Maintaining access to energy.</li> <li>• Providing new supply points.</li> <li>• Lowering emissions by converting from LPG to natural gas.</li> <li>• Energy efficiency.</li> <li>• Managing urgent incidents as quickly as possible.</li> <li>• Customer service channels adapted to their needs.</li> </ul>
<b>Shareholders and investors</b>	<p>Respond to requests, information and results relating to the company's financial and ESG strategy, by means of the following activities:</p> <ul style="list-style-type: none"> <li>• Legal support and compliance.</li> <li>• Periodically reporting information on how the business is evolving, financial results, sustainability performance, projects and indicators.</li> <li>• Identifying business risks and economic impact.</li> <li>• Responding to information requests.</li> <li>• Audit monitoring.</li> </ul>																		<ul style="list-style-type: none"> <li>• GRESB platform</li> </ul>	<ul style="list-style-type: none"> <li>• Compliance with the business plan and legal compliance.</li> <li>• Accurate information. Fluid, transparent and open dialogue.</li> <li>• Legal support and ensuring information is understandable.</li> <li>• Determine the company's sustainability performance.</li> <li>• Corporate reputation.</li> <li>• Socially responsible investment policies.</li> <li>• Maintaining the company's value.</li> <li>• GRESB positioning (ESG).</li> <li>• Confidentiality. Information security.</li> </ul>
<b>Public administrations and regulatory bodies</b>	<p>Responding to periodic needs for information, legal and reporting requirements:</p> <ul style="list-style-type: none"> <li>• Electronic notifications and records. Transferring complaints.</li> <li>• Collaborating on regulatory development.</li> <li>• Requesting permits and managing allowances.</li> <li>• Managing and coordinating emergencies and the Self-Protection Plan.</li> <li>• Collaborating on and resolving doubts and administrative processes with various bodies.</li> <li>• Managing the 112 emergency calls in the Region of Madrid.</li> <li>• Claiming for costs through the courts.</li> <li>• Taking part in working groups.</li> <li>• Attending ATR meetings.</li> </ul>																		<ul style="list-style-type: none"> <li>• 112 chat</li> <li>• Discussion forums</li> <li>• Transparency portal</li> <li>• SICSE</li> <li>• Official documents</li> </ul>	<ul style="list-style-type: none"> <li>• Compliance with legal requirements.</li> <li>• Full compliance with regulatory framework and obligations.</li> <li>• Transparency of information.</li> <li>• Collaborating to develop optimal regulatory models.</li> <li>• Responding to requests.</li> <li>• Coordination and suitable management of emergencies.</li> <li>• Resolving common problems.</li> <li>• Information security.</li> <li>• Research and monitoring incidents/accidents.</li> </ul>
<b>Employees</b>	<p>Receivers of the company's HR policy and management, and regarding whom all legal, employment, and health and safety obligations must be met. This to be achieved through:</p> <ul style="list-style-type: none"> <li>• Compliance: managing complaints.</li> <li>• Resolving legal doubts.</li> <li>• Managing actions relating to employee health and safety.</li> <li>• Responding to queries and requests for information.</li> <li>• Managing personal data protection.</li> <li>• Managing procurement needs.</li> <li>• Providing support for micro-computing. Technical support.</li> <li>• Application maintenance. Improving processes.</li> <li>• Managing labour relations.</li> <li>• Identifying and responding to training needs through the Training Plan.</li> <li>• Gathering and responding to contracting needs.</li> <li>• Drawing up individual development plans.</li> </ul>																		<ul style="list-style-type: none"> <li>• Internal employee channel: Onboarding manual/crime and money laundering prevention policy/ training test.</li> <li>• INCAWEB</li> <li>• Online training portals</li> <li>• JIRA application</li> <li>• Employee portal</li> </ul>	<ul style="list-style-type: none"> <li>• Working in safe conditions and having all necessary means to guarantee that safety.</li> <li>• Resolving doubts and incidents on employment and legal matters with the best solution possible.</li> <li>• Exercising data protection rights.</li> <li>• Ensuring good management and guarantees in their pension plans.</li> <li>• Complying with legal, contractual and employee wellbeing obligations.</li> <li>• Obtaining social benefits.</li> <li>• Initial and ongoing training.</li> <li>• Opportunities for development and promotion.</li> <li>• Responding to their needs.</li> <li>• Providing effective resolutions to IT problems. Facilitating work through IT tools for all tasks, making processes more agile.</li> </ul>



### 3. Our commitment to sustainability

#### Model of stakeholder relationship with MRG (cont.)

Stakeholder	Reason for the relationship	Communication channels																Stakeholder needs and expectations		
		Email	Telephone	Remote meetings	In-person visits or meetings	Advisory groups, committees and working groups	Investors channel	Call Centre	Voicemail	Website	Virtual Office	Complaints channel	WhatsApp	Ticketing	Administration portals	Consumer services offices	Questionnaires		Google My Business	Others
<b>Suppliers</b>	<p>Full contractual relationship. From analysing suppliers' offers to the final contracting process.</p> <ul style="list-style-type: none"> <li>Compliance: managing complaints.</li> <li>Managing accounts and payment of bills.</li> <li>Resolving doubts, information about processes, health &amp; safety and environment monitoring, training, communication regarding new registrations, cancelling accounts, etc..</li> <li>Waste management.</li> <li>Purchasing materials.</li> <li>Planning and carrying out periodic emergency simulations.</li> <li>Coordinating field work. Planning works. Designing campaigns.</li> <li>Ensuring confidentiality of all sensitive information.</li> </ul>																		<ul style="list-style-type: none"> <li>Procurement portal</li> <li>META-CONTRACTING</li> <li>REPRO-ACHILLES</li> <li>Discussion forums</li> <li>INCAWEB</li> <li>Suppliers' portal</li> <li>EVICERTIA</li> <li>VORTAL platform</li> <li>MOBILITY tool</li> <li>Contracts. Requests</li> <li>JIRA application</li> <li>Technological tools</li> <li>Digital contract tools (ENERTIS)</li> <li>AVANTI procurement portal</li> </ul>	<ul style="list-style-type: none"> <li>Quick and effective resolution of incidents and complaints.</li> <li>Compliance with payments and contractual commitments. Possibility to negotiate and modify contractual clauses.</li> <li>Ethical, transparent and impartial conduct. Transparent tendering conditions.</li> <li>Working in safe conditions and having all necessary means to guarantee that safety.</li> <li>Ensuring ease of coordinating business activities.</li> <li>Deal with their information needs to ensure quality of works.</li> <li>Ensure the waste they generate are suitably managed, with monitoring and traceability.</li> <li>Personal data protection and information security.</li> <li>Facilitating work through IT tools for all tasks, making processes more agile.</li> </ul>
<b>Market agents and professional associations</b>	<p>Involvement in committees and working groups with regard to:</p> <ul style="list-style-type: none"> <li>Relationship with other distributors to share information, impressions, etc.</li> <li>Collaborating in developing future legislation and gaps in the law, changes to regulations, etc.</li> <li>Ongoing work on regulatory expectations and improvements to be forwarded to the regulatory body</li> <li>Resolving conflicts of interest.</li> <li>Training communication, tenders, taking part in working groups in different associations.</li> <li>Collaborating with suppliers for training, aligning initiatives, etc.</li> </ul>																	<ul style="list-style-type: none"> <li>Digital platform AERCE</li> <li>ACHILLES platform</li> <li>Assemblies. Conferences</li> <li>Agreements</li> <li>Sponsorship</li> <li>Discussion forums</li> <li>Third-party network access (ATR) channel (IOGAS)</li> </ul>	<ul style="list-style-type: none"> <li>Lawfulness, trust, professionalism and good faith.</li> <li>Direct, fluid and transparent dialogue.</li> <li>Access to the company's knowledge, experience and best practice. Exchange of information between counterparts and comparison with other companies.</li> <li>Common response to problems and needs. Improving sector processes and needs.</li> <li>Developing joint innovation projects.</li> </ul>	
<b>Local communities</b>	<p>Provide a response to requests for information about the service and about projects, through:</p> <ul style="list-style-type: none"> <li>Managing taxes with local authorities.</li> <li>Managing licences and auto-protection plans.</li> <li>Exchanging information with resident associations and property administrators.</li> <li>Coordinating emergency plans.</li> <li>Replacing soil on land following dismantling work.</li> <li>Dealing with complaints or requests for information in order to respond to members of the public.</li> <li>Dealing with incidents.</li> <li>Support for essential or sensitive supplied in service registrations in particular situations.</li> <li>Collaborating on improving communications.</li> <li>Information on training initiatives, invitations to discussions or trade fairs.</li> </ul>																		<ul style="list-style-type: none"> <li>Compliance with tax obligations. Compliance with local regulations.</li> <li>Provide information on new works and new pipelines.</li> <li>High-quality, fast and effective servicing of complaints or requests for information. Have up-to-date information on works or repairs carried out and any possible incidents.</li> <li>Quick and effective resolution of any possible incidents and complaints.</li> <li>Guaranteeing operations and communication in cases of essential or sensitive supply needs.</li> <li>Land left in good state of repair following disassembly work.</li> <li>Collaborating on training initiatives, taking part in discussions or local trade fairs.</li> </ul>	
<b>Insurance agencies</b>	<p>Managing and taking out insurance policies (occupational health insurer, cyber security, fleet of vehicles, medical insurance, etc.).Managing cover and conditions (scope and price).Reviewing insurance policies.Reporting on information on ESG issues.Managing complaints relating to customers.Assessing the maturity model for renewing insurance policies.</p>																	<ul style="list-style-type: none"> <li>Records</li> </ul>	<ul style="list-style-type: none"> <li>Full and accurate information on the characteristics of MRG's services.</li> <li>Complying with contractual terms, conditions and clauses.</li> <li>Determine the company's situation in terms of ESG.</li> <li>Resolving customer complaints quickly and effectively.</li> <li>Determining the company's situation and performance prior to renewal.</li> </ul>	

### 3. Our commitment to sustainability

Model of stakeholder relationship with MRG (cont.)

Stakeholder	Reason for the relationship	Communication channels																	Stakeholder needs and expectations	
		Email	Telephone	Remote meetings	In-person visits or meetings	Advisory groups, committees and working groups	Investors channel	Call Centre	Voicemail	Website	Virtual Office	Complaints channel	WhatsApp	Ticketing	Administration portals	Consumer services offices	Questionnaires	Google My Business		Others
<b>Analysts</b>	Defining the group's regulatory strategy. Providing information on ESG performance. Taking part in meetings and audits with annual account auditors.																		• In-person and remotely conducted audits with files encrypted to maintain confidentiality.	<ul style="list-style-type: none"> <li>• Transparency of information.</li> <li>• Direct and fluid dialogue.</li> <li>• Determine the company's situation in terms of ESG.</li> <li>• Completing annual accounts on time.</li> <li>• Regulatory compliance.</li> </ul>
<b>Financial groups</b>	<ul style="list-style-type: none"> <li>• Reporting on and requesting financial information.</li> <li>• Financial advice.</li> <li>• Providing information on ESG performance.</li> <li>• Administrative operations.</li> <li>• Raising payroll files. Sending pension plan file.</li> <li>• Sending annual forecast plan.</li> </ul>																		• Virtual bank offices	<ul style="list-style-type: none"> <li>• Transparency of information.</li> <li>• Achieving a better credit score for the company in terms of the financial markets.</li> <li>• Being able to access loans relating to good sustainability performance.</li> <li>• Providing sustainability-oriented customers.</li> <li>• Compliance with deadlines in reporting and responding to requests.</li> </ul>
<b>Business partners</b>	<ul style="list-style-type: none"> <li>• Taking on innovation projects and network planning developments.</li> <li>• Joint technological developments.</li> <li>• Relationships with companies with which proposals, projects and improvements are managed in IT systems (partners).</li> </ul>																		<ul style="list-style-type: none"> <li>• Collaboration agreements and contracts</li> <li>• JIRA application</li> </ul>	<ul style="list-style-type: none"> <li>• Developing feasible projects for currently supported alternative fuels in recovery funds.</li> <li>• Reaching a common business to take gas to new development projects, aiming for projects that include energy efficiency and reducing emissions.</li> <li>• Contributing shared value to partners through improved processes.</li> <li>• Agreements.</li> <li>• Cyber security.</li> </ul>
<b>Opinion generators</b>	Publishing information that responds to the needs of MRG and its stakeholders in a reliable, timely and transparent way, through: <ul style="list-style-type: none"> <li>• Posts on social media.</li> <li>• Receiving and managing requests for information from the media.</li> </ul>																		<ul style="list-style-type: none"> <li>• Social media</li> <li>• Press office</li> <li>• LinkedIn</li> </ul>	<ul style="list-style-type: none"> <li>• Having information that is up to date, timely and accurate about the company and any events that occur.</li> <li>• Transparency of information.</li> <li>• Information security.</li> </ul>
<b>NGOs and environmental/social foundations</b>	Collaborating with the organisation to help develop socially minded projects through occasional collaborations, donations, or project developments.																			<ul style="list-style-type: none"> <li>• Upholding the social and environmental commitment.</li> <li>• Promoting actions relating to local development.</li> <li>• Receiving aid.</li> </ul>
<b>Academic and innovation bodies</b>	Academic and innovation-focused bodies that enable MRG to deploy its professional development strategy for its employees and as a course of recruitment, and as part of its strategy to give back to local society.																		<ul style="list-style-type: none"> <li>• Online training portals</li> <li>• Attendance-based classes</li> <li>• Employment portal of the UPM and other universities</li> </ul>	<ul style="list-style-type: none"> <li>• Help in planning and managing training activities.</li> <li>• Meeting deadlines for training activities.</li> <li>• Providing students with opportunities for development and gaining experience.</li> <li>• Fostering innovation projects in collaboration with universities and research centres.</li> </ul>

### 3. Our commitment to sustainability

#### 3.4 Materiality analysis

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Madrileña Red de Gas identifies and prioritises the material issues that are most relevant to sustainability, depending on how important they are for the company and for its stakeholders.

Based on the definition of material issues and using the same analysis criteria, this year we once again took the same 13 material issues as last year as the starting point. These issues arise from:

- Context analysis (SWOT).
- GRESB methodology.
- GRI Standards content.
- Benchmarking from companies in the sector.

Over 2021 we adjusted our methodology by explicitly incorporating the opinions of our relevant stakeholders. This process of reviewing the issues involved going through the following stages:

- **Internal relevance priority:** through interviews with the managers of the various administrative units of Madrileña Red de Gas, relevant issues are prioritised according to their internal impact (impact on the business, strategy plan and risks map) and external impact (impact on society, the environment, lawfulness, not meeting regulations or breaching human rights) perceived by the managers of the different MRG units.
- **External relevance priority:** through interviews with a representative sample of the relevant Madrileña

Red de Gas stakeholders, relevant issues are prioritised according to the impact (positive or negative) that they have as perceived by the external stakeholders with a relevance to MRG (customers and users, shareholders and investors, public administrations, regulatory bodies and suppliers) and the performance of Madrileña Red de Gas as perceived by said stakeholders regarding each particular material issue. For this prioritisation, the weighting of each stakeholder group is taken account, as shown in the previous section.

- **Internal and external relevance priority:** from the two analyses above, we obtain a table showing the priority given to relevant issues, taking the prioritisation given by both internal and external stakeholders of Madrileña Red de Gas into account.

Comparing the relevance analysis conducted this year with the results from the previous year, a trend is observed of ratings in the medium-high scale compared with the results from the previous year, particularly in external prioritisation.

In short, the ratings for issues are less disperse and the rating by stakeholders and MRG is also much closer. This would indicate for some of the material aspects analysed that the external sense of relevance outside the company and that from within are becoming increasingly aligned.

As an objective for 2022, we have set ourselves the challenge of extending the involvement of relevant external stakeholders with new perception studies.

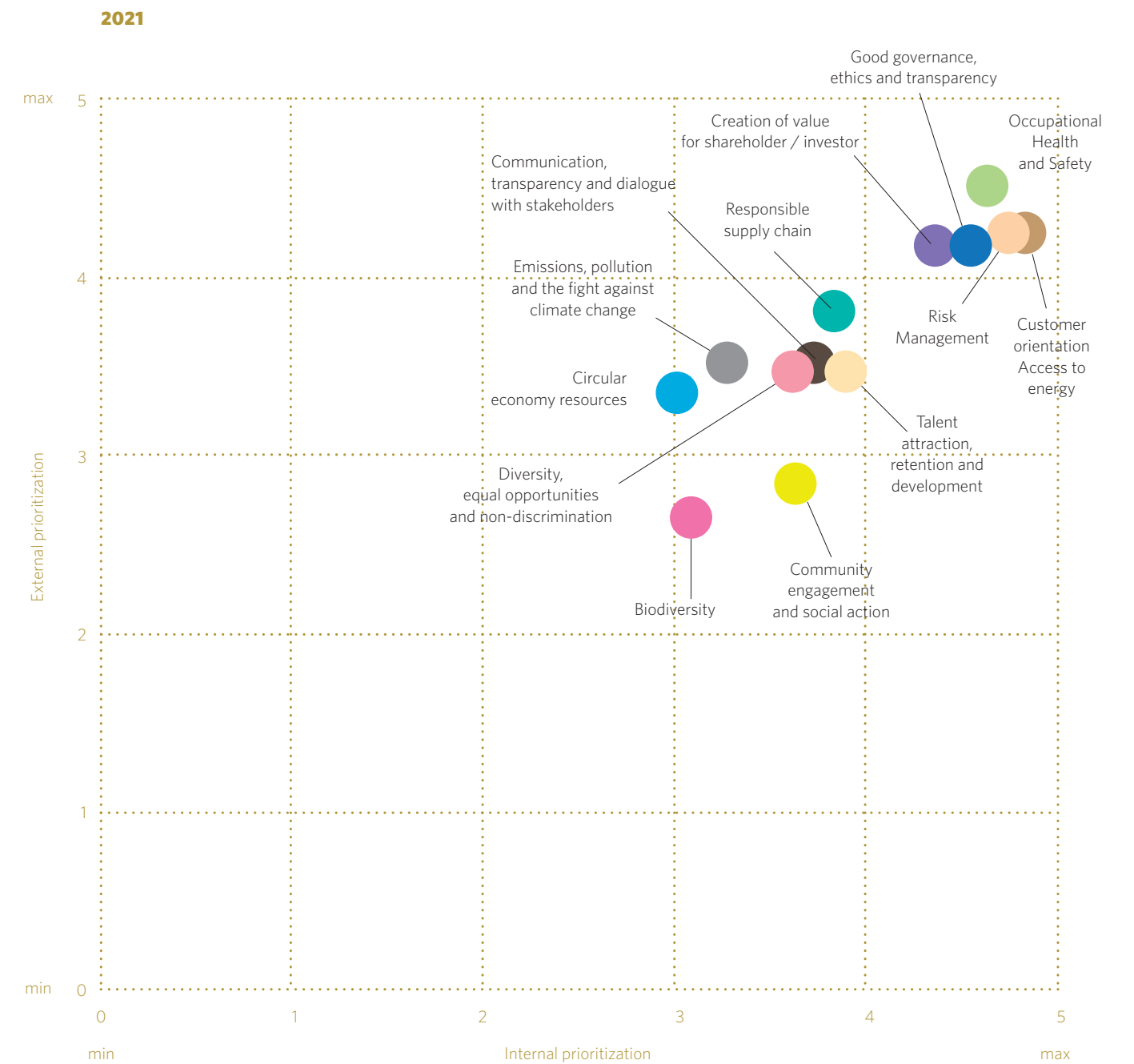
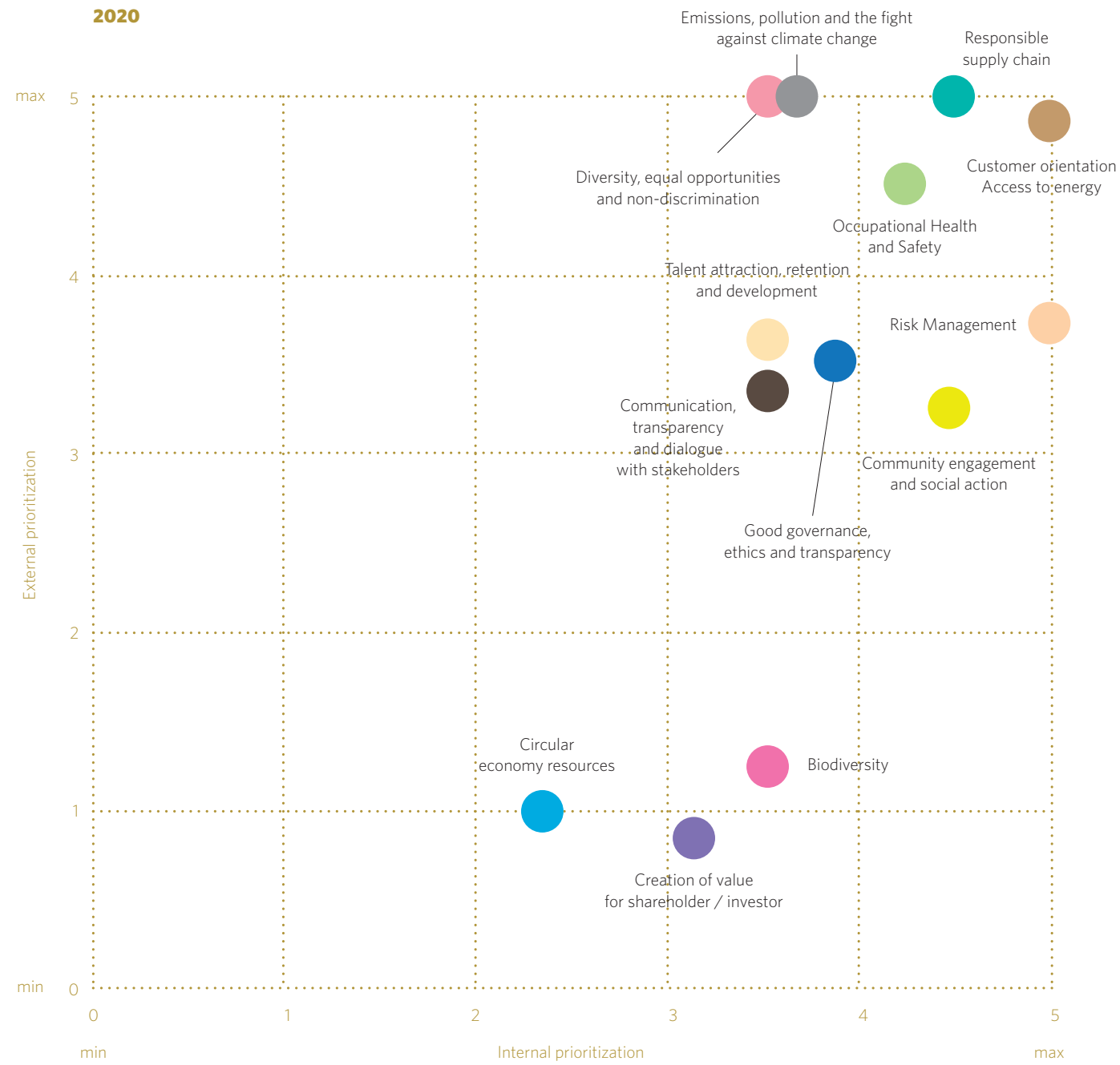
#### Prioritisation of material issues

Importance	Material aspect	Variation in prioritisation compared with the preceding year	
		Internal	External
Critical importance	Occupational health and safety	↑	↔
	Risk management	↔	↑
	Customer-driven / Access to energy	↔	↓
	Good governance, ethics and transparency	↑	↑
	Creating value for shareholders/investors	↑	↑↑
High importance	Responsible supply chain	↓	↓
	Emissions, pollution and combating climate change	↔	↓
	Diversity, equality of opportunities and no discrimination	↔	↓
	Communication, transparency and dialogue with stakeholders	↔	↔
	Attracting, retaining and developing talent	↑	↔
	Resources /circular economy	↑	↑↑

**MRG identifies and prioritises the material issues that are most relevant to sustainability, depending on how important they are for the company and for its stakeholders.**
































3. Our commitment to sustainability

Materiality matrix. Comparison 2020-2021



### 3. Our commitment to sustainability

#### Correlation between material aspects, chapters of this report and sustainable development goals (SDGs)

	Material aspect	Location	Relationship with SDGs
<b>Governance</b>			
Good governance, ethics and transparency	Fostering a culture based on ethics, compliance, transparency and sustainability commitments: in the management and actions of the Board of Directors and the entire organization, etc.	4. Good Governance	
Creation of value for shareholders / investors	Financial performance / financial sustainability, generation and distribution of economic value, shareholder return, sustainable financing, socially responsible investment.	4. Good Governance	
Risk Management	Identification, analysis and evaluation of risks and opportunities. Definition of the strategy for its management.	4. Good Governance 5. Environment	  
Responsible supply chain	Shared objectives and commitments, extension of sustainability requirements and best practices, supply chain risk management, support for supplier development and training, process improvements based on supplier feedback.	7. Cadena de suministro responsable	
<b>Environment</b>			
Emissions, pollution and combating climate change	Direct and indirect emissions, commitments, projects and innovative initiatives that favour the reduction of own and market emissions, policies and projects that favour the reduction of the carbon footprint.	5. Environment	  
Biodiversity	Significant impacts of activities, products and services on biodiversity (impact on the landscape, protection of species and habitats, restoration of degraded areas, prevention of forest fires).	5. Environment	
Resources / circular economy	Sustainable use of resources, asset life extension, waste management	5. Environment	   
<b>Society</b>			
Occupational health and safety	Promoting a culture of zero accidents, occupational risk prevention, supply chain safety, psychosocial risk prevention.	6. Our employees	
Attracting, retaining and developing talent	Systems that allow the definition, evaluation and development of competences necessary for the positions/ jobs, formulas or activities to attract new competences, promotion of careers to strengthen the retention of talent, collaboration with educational institutions.	6. Our employees	  
Diversity, equal opportunities and non-discrimination	Policies, management and control mechanisms that strengthen equal opportunities, non-discrimination, gender equality, elimination of the salary gap, integration of vulnerable groups, age management, and promotion of women in positions of responsibility.	6. Our employees	  
Communication, transparency and dialogue with stakeholders	Active listening to the needs of stakeholders, search for spaces of collaboration to achieve common goals, proactive and transparent communication of plans or activities that may affect them.	3. Commitment to sustainability	 
Customer orientation / Energy access	Quality of service (reliability of installations, efficient management of customer processes that guarantee access to energy), active listening to needs, proposals and complaints through easy and friendly channels for customers.	8. Society	 
Commitment to communities and social action	Listening and sensitivity to social demands, evaluation of impacts on the community, management of social conflict, creation of voluntary mechanisms for consultation and participation, development programmes, enhancement of projects.	8. Society	     

### 3. Our commitment to sustainability

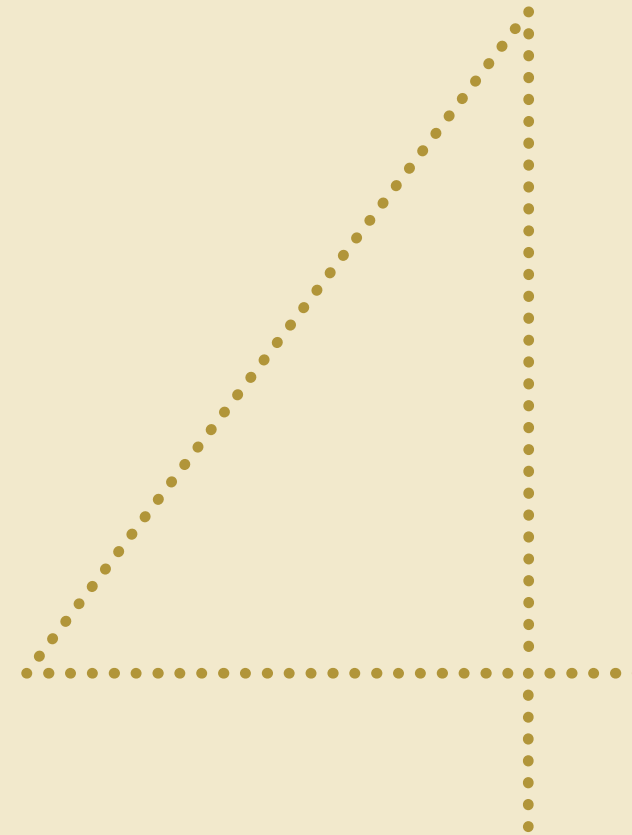
#### 3.5 Sustainability strategy

The MRG sustainability strategy consists of six main lines:



The action plans linked to our sustainability strategy have been updated and strengthened based on our new material issue prioritisation table, with regard to which our work on issues classed as critical is of particular relevance.

Critical material issues	Actions 2021	Report section
Occupational health and safety	<ul style="list-style-type: none"> <li>Renewing ISO 45001 certification.</li> <li>Questionnaires workers assessment job safety analysis remote working</li> <li>Consolidating the psychological assistance service.</li> <li>Strengthening training.</li> </ul>	Section 6.5
Risk management	Special emphasis on the risks linked to: <ul style="list-style-type: none"> <li>Decarbonising the economy</li> <li>Climate change.</li> </ul>	Section 4.2.1
Customer-driven / Access to energy	<ul style="list-style-type: none"> <li>New supply points in particular places (clinic, funeral homes, etc.).</li> <li>Centralising requests in the call centre.</li> <li>Launch of IOGAS platform to manage messaging with supplier companies.</li> <li>Making processes easier using email and text messages as the main channels of communication.</li> <li>New commitments in Customer Services and Scheduled Visits.</li> </ul>	Section 2.3 Section 8.2
Good governance, ethics and transparency	<ul style="list-style-type: none"> <li>Increasing transparency in customer services: COMMITMENT section on the website.</li> <li>Increasing systematisation of stakeholder dialogue and commitments.</li> <li>Certifying quality management, environment and health &amp; safety systems, in accordance with ISO standards.</li> <li>Updating the standardisation process for suppliers, ensuring transparency in the contracting process.</li> </ul>	Section 8.2 Section 3.3 Section 5.1 Section 7.2
Creating value for shareholders/investors	<ul style="list-style-type: none"> <li>Global Real Estate Sustainability Benchmark (GRESB)</li> <li>Stability and reliability in terms of income generation.</li> <li>Growth strategy focusing on profitable and sustainable expansion.</li> </ul>	Section 2.5 Section 4.4



**Good  
governance**

## 4. Good governance

### 4.1 Risk assessment

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Risk management is an essential task for any company. A risk is any potential event that might prevent the organisation from achieving its objectives. Recent world events have changed the risks considered ten years ago. Madrileña Red de Gas (MRG) has adapted its risk assessment criteria to the new situation.

Madrileña Red de Gas has a robust system that is specifically adapted to the company and with a comprehensive focus by which risks can be identified and measured and/or checks can be selected and implements to identify, prevent, reduce or control the risks identified. MRG's risk management is not limited solely to identifying events that pose a risk (defined as the materialisation of a threat), but also those that are an opportunity that the organisation can take advantage of.

MRG's Risk Management Service will be overseen by the Corporate Risk Manager, who will coordinate the objectives and the information received from the risk managers of the different areas to the Risks Committee and the Risks and Audit Committee. The basic responsibilities of the Risk Management Service are:

- Define the strategy of the Risk Management Service and inform the rest of the organisation accordingly.
- Approve the MRG Catalogue of Risks, identifying and defining the main risks.
- Implement, monitor and follow up on approved action plans and maps.

#### Risk management methodology



### Recent world events have changed the risks considered ten years ago. MRG has adapted its risk assessment criteria to the new situation

At all times the Corporate Risk Director should maintain a position of objectivity, responsibility and independence, so that the service managed can achieve its objectives.

Madrileña Red de Gas has adopted its own methodological approach inspired by "Enterprise Risk Management" (and also known as COSO II) and by the ISO 31000 Risk Management standard. It has been standardised and documented in MRG's internal standards, published in the digital document processing repository. This methodology allows for extra added value to be brought to all stakeholders while also making it possible to identify, create, capture and sustain the value of the company's risk management.

According to MRG's internal rules of procedure, the Audit and Risks Committee reports directly to the Board of Directors and operates in accordance with said rules, which define its objectives, functions and composition. This committee is made up of representatives from the four shareholders who sit on the Board of Directors, various members of the Executive Committee and the Risk Management Department.

Recurring topics discussed at the committee's regular meetings include monitoring the map of corporate risks, the most relevant risks and the established or proposed checks and mitigation plans, accounts audits, audits of the integrated prevention, environment and quality system, matters relating to sustainability, the policy on the prevention of criminal offences and cyber security risks.

These activities mean that MRG is able to issue recommendations intended for risk management and/or for

the Board of Directors. Additionally, as a result of COVID-19, monitoring how the specific risks map is evolving remains in place. This map sets out risks of a financial nature, such as the potential impacts on operating margins, liquidity and credit risk, as well as risks relating to difficulties in carrying out interventions in the homes of users affected by the pandemic, the availability of resources for the continuity of operations and/or failures in the supply chain, as well as monitoring the business continuity plan and job safety analysis.

Currently, the MRG Risks Map sets out the ten most common risks, which are evaluated by applying a criterion based on:

- The probability of a risk occurring, on a scale of one to ten.
- The combined effect on net present value and reputational impact, both on a scale of one to ten. The effect on net present value considers both the direct economic impact for the next 20 years and any possible sanctions.

This map sets out risks of a financial nature, such as the potential impacts on operating margins, liquidity and credit risk, as well as risks relating to difficulties in carrying out interventions in the homes of users affected by the pandemic, the availability of resources for the continuity of operations and/or failures in the supply chain, as well as monitoring the business continuity plan and job safety analysis.

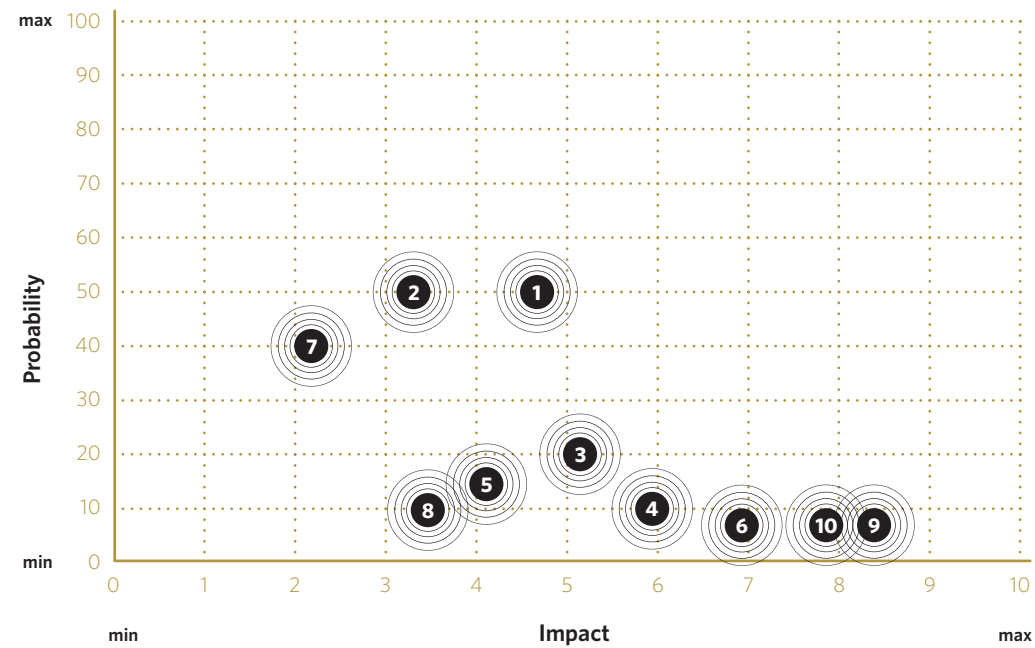
The 2021 following corporate risk map for Madrileña Red de Gas shows the ten risks identified by category.



## 4. Good governance

### MRG risk map

- Regulatory risks ① ② ③
- Financial risk ④
- Cybersecurity ⑤
- Prevention of serious accidents ⑥
- Gas Imbalance ⑦
- Labour risk prevention ⑧
- Industrial safety ⑨
- Environment ⑩



The map takes emerging risks into consideration through regular updates of its content.

It also adds new high-level checks to those already in place. The action plans implemented help to mitigate the consequences of these risks.

MRG has also conducted additional risk assessments to continue strengthening and maturing its environmental, social and governance (ESG) criteria:

- Governance risk assessment.
- Social risk assessment.
- Environmental risk assessment.
- Identify and assess risks in the climate change transition.
- Identify and assess physical risks caused by climate change.

### 4.2 Main challenges

The risk and opportunity analysis conducted by Madrileña Red de Gas is a decision-making tool we use to help us achieve our objectives. Our planet is facing a great many challenges when it comes to sustainability, and at MRG we have the necessary tools to make our contribution to sustainable development.

#### 4.2.1 Climate change strategy

MRG includes climate change in its risk analysis, from two separate perspectives. On the one hand, it analyses the impact that the energy transition could have on the company, and on the other it considers the direct impact that rising temperatures and other climate phenomena could have on the company and on its infrastructures. The result of the assessment is the average risk from both perspectives, following analysis of the probability and effect of the impact.

Faced with this situation, at MRG we seek to be a company that is clearly committed to the fight against climate change and bring solutions to society.

We also seek to turn the current risk that the energy transition may pose into an opportunity for the company, by being prepared for regulatory and market changes, and gaining a reputation among the public, collaborating with them to achieve cleaner towns and cities, and clearly investing in renewable energy alternatives, such as hydrogen.

Madrileña Red de Gas is working on various courses of action aimed at combating climate change. We are involved in developing projects on green energy, which renewable gases

**At MRG we seek to be a company that is clearly committed to the fight against climate change and bring solutions to society**

#### Risks relating to energy transition due to climate change

**Legal and regulatory:** increase in the price of emissions, in the reporting requirements, new regulations for products, etc.

**Technological:** replacing products with lower emissions, investments in failed R&D, cost of technology, etc.

**Market:** changes in consumer habits, uncertainty, higher MP cost, etc.

**Reputation:** changes in consumer preferences, stigmatisation of the sector, concern from stakeholders.

#### Riesgos físicos del cambio climático

**Possible risks relating sudden climate phenomena:** flash flooding, hailstorms or heavy snowstorms.

**Risk relating to chronic stress:** stress from drought, probability of fires, higher average temperatures, etc.

#### 4. Good governance

are, for which more and more EU funding is being made available. We also support new sustainable mobility made possible by natural gas for vehicles (NGV), which is an increasingly interesting solution for professionals, large companies and SMEs, with which we enjoy a very solid relationship and which are key to the sector evolving, as well as forming part of GASNAM, the association of sustainable transport that encompasses the gas and hydrogen value chain in order to achieve the environmental, economic and operational challenges for transport by land, sea and air in Spain and Portugal. We also continue to help in improving air quality in our environment.

##### Plan Renove in the Madrid region

We have helped to improve air quality in the Region of Madrid by once again taking part in the plan to replace boilers in private residences, with one contribution of €110,000 and a second of €200,000, as part of the campaign specially designed to transform boiler rooms.

As a result, this year a total of 38 communal boiler rooms in our distribution area have been transformed (24 of them were coal-powered and in the city of Madrid itself), thus preventing a total of 2,700 tonnes of CO<sub>2</sub>\* a year from being released.

\* Estimate calculated based on emission figures published on the website <https://www.miteco.gob.es/e>

##### Liquefied petroleum gas (GLP) transformation plan

In recent years, Madrileña Red de Gas has pursued a transformation policy based on the objective costs of

continuing to maintain each individual installation, working to transform liquefied petroleum gas (LPG) facilities with high running costs or needing almost a full replacement over to natural gas.

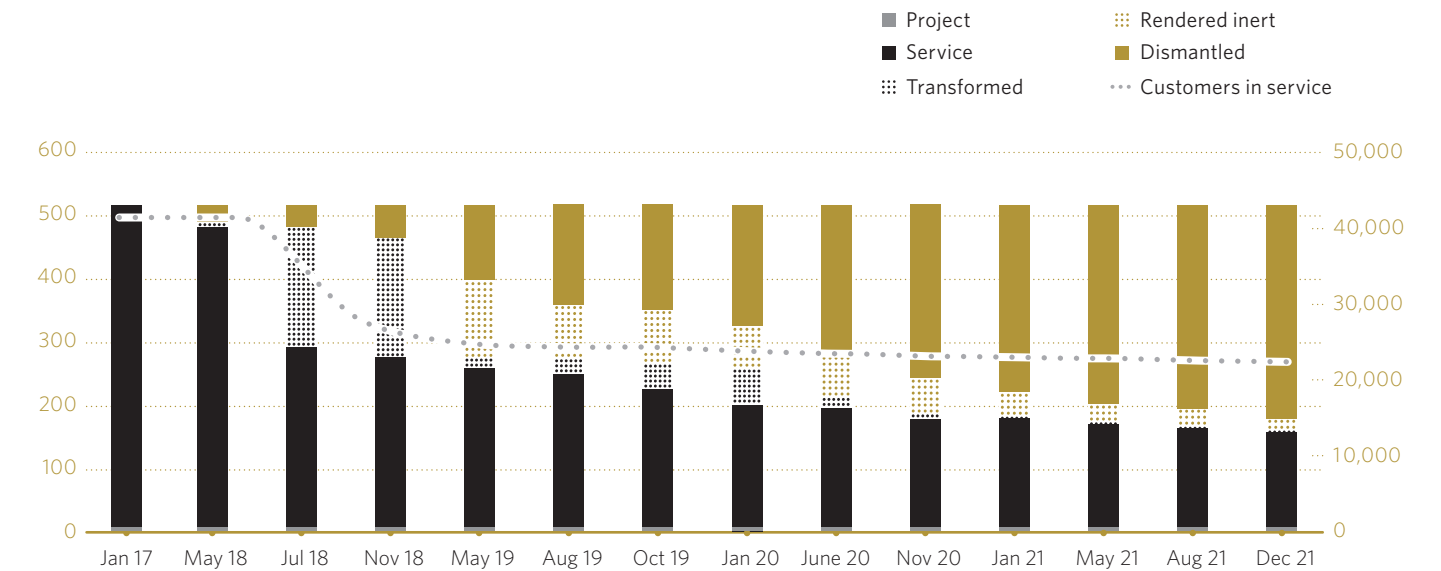
Our most immediate challenge, given the current situation of the LPG market, is to transform more than 15 thousand supply points over the next two years. We have been planning, measuring, budgeting and sizing up all the work that needs to be done to make sure we reach that target.

Transforming from liquefied petroleum gas (LPG) is a highly delicate activity, in which the different activities involved and the time scales needed must be carefully measured. It is also a highly intrusive process for the customer, as we need to modify and adapt the facilities and apparatus in their property. It is therefore extremely important to ensure there is full clarity in terms of the objectives and tasks to be carried out.

Madrileña Red de Gas has more than 386 km of propane gas pipelines, of which 74 will be completely renovated. The rest will be reused or cancelled and rendered inert, as the natural gas network is duplicated in these areas.

A new transformation contract has been awarded to eight leading companies in the sector, with a budget of more than €10 million for the works to reuse pipelines, adapt facilities, transform equipment and dismantle storage centres. In this regard, at Madrileña Red de Gas we have strengthened our expansion management team and implemented various IT developments.

LPG plants: status and number of customers



##### Hydrogen is essential in achieving net zero

At Madrileña Red de Gas we are committed to a future in which the presence of hydrogen is seen positively on leading markets in the energy efficiency sector, which is why we are taking part in the Ready4H2 initiative, in which hydrogen plays the key role.

Ready4H2 is a new alliance of operators of local gas networks in different European countries designed so that they can develop and share their experiences in order to put the hydrogen transformation into practice. We are passionate about the role that hydrogen and other green gases can play to reach net zero.

Local networks are crucial to the initiative's success, for the following reasons:

- Converting all the natural gas that Ready4H2 members distribute to their customer into hydrogen or other green gases would reduce the amount of CO<sub>2</sub> released into the atmosphere by millions of tonnes.
- Most industrial and commercial facilities connected to gas are supplied by local gas networks rather than from pipelines in the national transmission system.
- Most of the length of the Ready4H2 members' pipelines are ready to be converted.
- Even for short distances, it costs four times less to distribute hydrogen by pipeline than by road tanker. Transport by road tanker would be impossible to supply the volumes required by millions of people.

#### 4. Good governance

- Most members of the Ready4H2 initiative also supply electricity to local users. We understand the benefits and challenges of gas and electricity networks, and the opportunities of hydrogen and other green gases to combine them in the most effective way and make better use of the growing renewable resources available in Europe.

Our aim is to facilitate the production of central and local hydrogen and integrate the decarbonised energy, gas and heating markets, but we need suitable regulation to do so.

These regulatory barriers need to be overcome so that hydrogen and other green gases can quickly and effectively reduce our customers' carbon footprint.

The gas infrastructure can manage a variable renewable energy production in a position of strong growth. The specific climate conditions (lack of wind, cloud cover, and seasonal changes in terms of availability of sunshine) can lead to a sustained reduction in the generation of wind and solar power. Europe regularly experiences weeks of cloudy weather in winter, with little wind. This occurs several times a year on average, for days in a row.

To guarantee an uninterrupted power supply during these periods, a fast, large-scale quick and lasting storage capacity is needed, which is provided by large-scale underground storage facilities connected to gas pipelines. Gas storage in many European countries is sufficient to meet gas demand for three months, whereas stored electricity can only meet less than one day's demand for electricity.

Many of these gas storage facilities can be reused for hydrogen, guaranteeing consumers a continuous supply

of hydrogen gas. Facilities that work with hydrogen do not overload the electrical system, which reduces the risk of power outages. In this case, the gas infrastructure can strengthen the hydrogen supply chain and support the production and use of renewable energy.

Local gas networks are flexible centres that act as the link between supply and demand, and are ready to be converted to hydrogen.

\* Accurate figures for the project, and other information, can be viewed on the project's website <https://www.ready4h2.com/>

**Converting all the natural gas that Ready4H2 members distribute to their customer into hydrogen or other green gases would reduce the amount of CO<sub>2</sub> released into the atmosphere by millions of tonnes**

#### Cyber Security training courses in 2021

Course	Perfil de los empleados	Duration	Participants
Cyber security (Deloitte)	Heads of Department and Directors Employees Systems Dept.	1 h	12
Cyber security - users (Novotec)	All employees	1 h	12

#### 4.2.2 Cyber security

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Cyber security is the practice of protecting systems, networks and software from digital attacks. Cyber attacks are generally aimed at accessing, modifying or destroying confidential information. Digital security measures need to be implemented because there are more devices connected than people, and attackers are growing in numbers and becoming more creative.

In an organisation, the people, processes and technology should complement one another to create an effective defence against cyber attacks. Organisations also need to have a structure in place to handle tentative and suspicious cyber attacks. A good structure is needed that can be used as a guide and to explain how to identify attacks, protect systems, detect and respond to threats, and recover after a successful attack.

At MRG we keep a close watch on how cyber attacks evolve, ensuring we implement best practice in our strategies to prevent and react to any security risks that arise in our IT and OT networks.

Various courses of action have been established in this regard:

- Form a specialist cyber security team, backed by significant investment, to carry out the courses of action set out in our Cyber Security Management Plan.
- Implement a model of governance consisting of cyber security specialists and representatives from all of the various business areas.
- Prepare a comprehensive prevention and action framework to deal with threats by activating a Security Operations Centre (SOC) and a Security Information and Event Management (SIEM) solution.
- Review and improve the body of security regulations, and formalise a security incident management framework.
- People: train everyone in the company on matters of cyber security through specific courses depending on each staff member's profile and level of risk. Users should understand and observe basic data security principles, such as choosing secure passwords, being cautious with files attached to emails and backing up data.

#### 4. Good governance

##### Personal data protection

Our data protection management model is well established and complies with Regulation (EU) 2016/679 of the European Parliament and of the Council, the new General Data Protection Regulation (GDPR) and Spanish Law 3/2018. In 2021, Madrileña Red de Gas decided to take its data protection a step further and implement an information security management system, based on the ISO 27001 standard, an initiative that is fully aligned with the current integrated management system and which will provide cover for the current personal data protection model.

Managing the rights of those affected, managing incidents and resolving queries, many of which relate to how current legislation is interpreted and to individuals exercising their personal data protection rights, are the most relevant data protection management activities carried out in 2021. The MRG Data Protection Officer is the highest authority on this matter and has an active role on the Executive Committee, the Risks and Audit Committee and the Cyber Security Committee.

Our data protection model is based on the structure of the ISO management systems, so it can take suitable advantage of the existing synergies with other systems in place, which will facilitate final alignment with the ISO 27001 standard.

In accordance with the information security and data protection policy, we have a management manual that has been developed according to more than a dozen personal data protection procedures, which are subject to regular revisions.

By implementing the risk and impact assessment model for the different ways in which data protection is handled,

data protection management has been organised according to the priorities and opportunities identified, such as, for example, the policies relating to identifying the parties concerned.

The management model interacts with the parties concerned in the following ways:

1. Publish the personal data protection policy and information on how personal data is processed on the company's website to ensure stakeholders were kept up to date. Users are also informed of the availability of this information in the various ways that we communicate with them;
2. Active management of the data protection officer's mailbox, which received a significant number of queries.

The following lines of action are also fully integrated into our management model:

- Actions to coordinate business activities on matters relating to data protection with data processor managers, through meetings, unifying criteria and best practice agreements.
- Monitoring the data protection performance of our chain of suppliers, through the information provided by the external IT system on the maturity of their privacy policies, as well as through the auditing reports issued by the external IT system.

- Interaction with the Spanish Data Protection Agency with regard to various processes involved in protecting individuals' rights.
- Record of data protection incidents, which are investigated to help introduce improvements to how information is managed.

It is commonplace to review personal data protection clauses in service provision agreements to make any necessary adjustments to ensure a base level of alignment with our policy.

Recent developments compared with previous years include the following:

- A significant increase in queries about personal data protection.
- Nine personal data protection incidents were recorded; none of them led to a breach of data protection security, but the investigations carried out made it clear that improvements needed to be incorporated into how personal data was managed and processed.
- The courts rejected the only sanction proposed by the AEPD relating to data protection that has been recorded since the company began.

Furthermore, and with the aim of promoting our internal culture with regard to data protection, the MRG internal regulation library released information on revisions and updates made over the course of the year, ensuring the documentation that it contains remains up to date.

### Madrileña Red de Gas decided to take its data protection a step further and implement an information security management system, based on the ISO 27001 standard

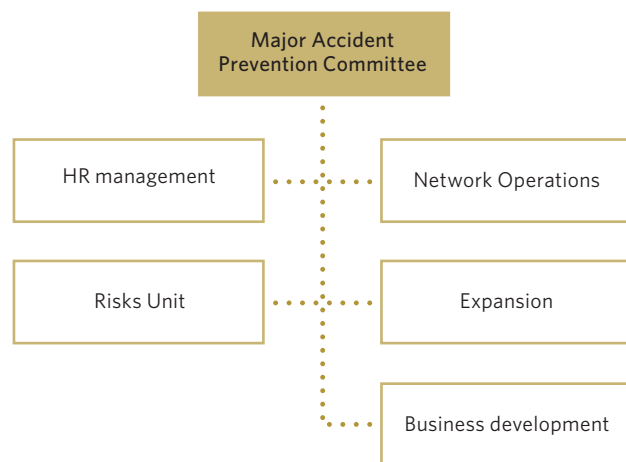
#### 4.2.3 Major accidents

At Madrileña Red de Gas our facilities include liquefied petroleum gas (LPG) plants. LPG is a mixture of liquefied gases (butane and propane) derived from oil. It is classed as a dangerous substance and governed by Royal Decree 840/2015 for plants with a storage capacity of 50 tonnes or more.

To meet the requirements set out in said legislation, for the past five years Madrileña Red de Gas has had a management system in place aimed at preventing major accidents, and which forms part of the company's Integrated Management System.

To that end, we created the Major Accident Prevention Committee, which is the company's highest authority on

**Major Accident Prevention Committee functional structure**



**On matters of self-protection and emergencies, the following significant actions were taken: completion of the self-protection plan for LPG plants, and the emergency plans for the five LNG plants were updated**

matters relating to the prevention of major accidents. Its functions are as follows::

- Disseminate the criteria adopted by the working groups on major accident prevention.
- Approve the major accident prevention objectives.
- Verify that the criteria adopted are being monitored correctly and that the objectives set are being observed.
- Oversee the circulation and observance of the major accident prevention policy.
- Ensure that there is appropriate monitoring of processes, breaches, and corrective, preventive and improvement actions.
- Ensure that the System Review Report is produced and taken into account.
- Encourage process-driven management, including how processes related to one another, and identifying and proactively prioritising opportunities for improvement in the prevention of major accidents that can increase the capacity of these processes to obtain results.
- Foster staff involvement by creating improvement teams, assigning the necessary resources for them to work effectively.

The Committee meets at least once a year, holding separate or joint sessions for each management area that has synergies with this system.

Historically, prevention management has focused on the various activities relating to maintenance, implementing interior emergency plans, internal audits, regulatory inspections and notifying the appropriate authorities.

In 2019, an initial cycle of managing the major accident prevention model was completed that included dangerous substances, and a second cycle was initiated with document reviews, among other courses of action.

In 2021 we moved forward in this second cycle with a range of different courses of action. On matters of self-protection and emergencies, the following significant actions were taken: completion of the self-protection plan for LPG plants, and the emergency plans for the five LNG plants were updated.

The second management cycle was also continued for assets affected by the regulations of Royal Decree 840/2015 Seveso III, bringing to a close the review of eight interior emergency plans for LPG plants with storage capacities of more than 50 tonnes, with five regulatory inspections carried out.

In relation to the objective established the previous year regarding maintaining the major accident prevention management model (SEVESO III), this was completed with 100% compliance and all targets reached with regard to emergency plans and regulatory revisions.

**4.3 Ethical behaviour**

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For Madrileña Red de Gas corporate responsibility is fully integrated into its strategy and positioning, forming part of our values. We are aware that the acceptance and economic success of the company can only be sustainable if it makes an active, credible and tangible contribution to the result of the challenges facing our society. Accordingly, the senior management of Madrileña Red de Gas has established good governance criteria for the company and a code of ethics that must be observed by all employees as a way to achieve these results.

**Code of Ethics**

The Code of Ethics is intended to establish the guidelines that will guide the ethical behaviour of all company employees in their daily work, with regard to the relations and interactions that they have with all stakeholders, i.e. employees, customers, suppliers and external collaborators, shareholders, public and private institutions, and society as a whole.

This Code is inspired by the definition of the Mission, Vision, Values of MRG, which it complements and stands as a model of the necessary actions to ensure suitable behaviour in the professional activities of our employees.

The Code of Ethics applies to everyone at MRG, regardless of their position or where they work.

Madrileña Red de Gas will also promote and encourage the suppliers and companies that it collaborates with in order to adopt behaviour guidelines that are consistent with this Code of Ethics.

#### 4. Good governance

The main functions of the MRG Code of Ethics Committee are as follows:

- Foster the circulation, knowledge of and observance of the Code of Ethics.
- Interpret the Code of Ethics and steer actions appropriately in the event of any doubt.
- Facilitate the resolution of any conflicts in which the Code of Ethics applies.
- Facilitate and manage a channel of communication for all employees, suppliers and collaborator companies so that they can, in good faith, ask about or report breaches of the Code of Ethics or any related information, without fear of reprisals.
- Produce reports for the governing bodies on the dissemination and observance of the Code of Ethics and the activities of the Committee itself, producing appropriate recommendations or proposals to ensure it is up to date, improve its content and facilitate the application of aspects requiring particular consideration.
- Oversee observance of the Code of Ethics, and as appropriate analyse signs and reports relating to possible breaches of the code.

##### Complaints channel

An external and independent complaints channel has been implemented as one of the tools by which situations can be identified, and action can be taken, in the event of any breaches of legislation and/or practices that contravene the

values and principles established in MRG's code of ethics and anti-corruption policy. This channel ensures that reports can be made anonymously by staff or by third parties related to the company to its Code of Ethics Committee, or to a body appointed for this purpose. This means that reports can be made with a guarantee of confidentiality and no fear of reprisals, of any irregularity or behaviours that is in breach of the law, the Code of Ethics or the Anti-Corruption Policy.

This channel is available online (<https://www.canaldedenuncias.com/es/madrileña>). In 2021 it was available and operative 100% of the time.

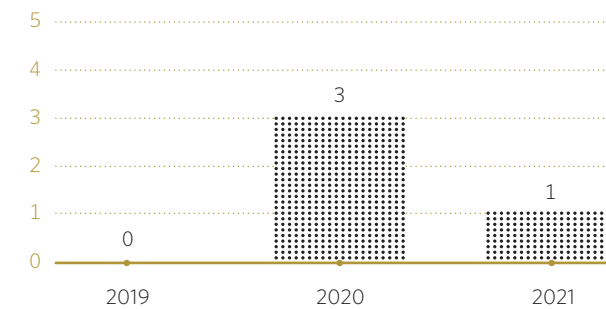
In 2021 only one report was received, in December; two fewer than in the previous year. Said report was closed in the same year with a satisfactory outcome.

Reports received through the Complaints Channel are discussed and analysed by the Code of Ethics Committee and depending on their content are distributed to the appropriate area with the agreed considerations.

##### Preventing corruption and conflicts of interest

Madrileña Red de Gas is committed to combating corruption in all forms, and to developing specific practices to prevent it. It has therefore established an Anti-Corruption Policy. In this regard, Madrileña Red de Gas opposes exerting an influence on the will of people who do not form part of the company in order to obtain a particular advantage through the use of unethical practices, and no employee or professional of our company may accept or give, directly or indirectly, any payments, gifts or considerations of any kind in an attempt to exert undue influence on any commercial, professional or administrative relations, for both public and private organisations.

Complaints received per year



With this purpose, a compliance system has been implemented, overseen by the Board of Directors through the Risks and Audit Committee, which helps to prevent or mitigates as far as is possible the risk of any unlawful activity taking place in our organisation, including the offence of corruption. To date, no cases of corruption have been detected.

Should any conflict of interests be detected, members must inform the Board of Directors and the company itself. Any such report is documented and included in the company's report. Additionally, as established by the Capital Companies Act, for any cases in which a possible future conflict of interests is expected to arise, article 230 of said legal text sets out the procedure to deal with individual cases, which depending on the particular case will be by the Board itself or, in this case, by the sole shareholder.

**Through the Complaints Channel, reports can be made with a guarantee of confidentiality and no fear of reprisals, of any irregularity or behaviours that is in breach of the law, the Code of Ethics or the Anti-Corruption Policy**

##### Protocol for preventing criminal offences

Within the framework of the compliance system, and as a result of the risk analysis conducted at Madrileña Red de Gas, we have defined and internally distributed a protocol indicating the company's areas of operating and the particular activities that are most vulnerable to criminal offences being committed that could be prevented. At Madrileña Red de Gas we undertake to submit the protocol to permanent review depending on the analysis and monitoring performed by the Risks and Audit Committee.

##### Criminal Offence Prevention Committee

Madrileña Red de Gas has a criminal offence prevention committee made up of the chairman of the Board of Directors, the managing director and the compliance officer, with the following objectives:

**All agreements with suppliers and contractors include penalty clauses on legal compliance and criminal liability. These agreements require compliance with the law at all levels, in terms of both labour laws**

- Review existing policies and ensure constant compliance with legislative developments relating to risk prevention.
- Adapt established controls so that any risks detected are reduced as much as it is possible to do so.
- Review employee training programmes, giving consideration to new developments in this area or as refreshers.

The committee meets once a year, before the Risks and Audit Committee is held, and in which the annual Compliance Report is submitted for approval.

In this annual meeting, an evaluation is given of the actions taken within the framework of the compliance system, and

action plans proposed by the compliance officer, initiatives for improvements to be implemented during the year in progress and proposals to review existing crime prevention policies and training programmes on this issue are submitted for approval. In the event of any breaches or specific needs, an impromptu meeting is convened on the matter to address it and propose a solution

**Training, raising awareness and commitment**

The 126 employees of Madrileña Red de Gas (not including partial retirees) have received information on the company's anti-corruption policies and procedures, crime prevention policy, code of ethics and disciplinary system as they were implemented.

To determine the training needs on the prevention of criminal offences, how the company's various bodies are constituted has been taken into account. MRG has a Chairman and a Non-Executive Board of Directors, who have given their approval for a criminal compliance officer to be assigned who will be entrusted with these duties, as the body tasked with approving criminal offence prevention and anti-corruption policies, the annual compliance review report and the annual action plans with the specific needs detected, among others, providing general and specific training as appropriate relating to preventing criminal offences, aimed the company's executive governing bodies (Managing Director, area directors and heads of department) and the rest of the workforce, as the aim of compliance training is to ensure that all of the company's employees and executive bodies perform their roles and their positions in a way that is consistent with the organisation's compliance culture, in line with the criteria designed and approved by the Board of Directors.

1. **Basic compliance training:** basic training on the prevention of criminal offences provided for all staff regardless of their role and their hierarchy. Currently given when staff join the company as part of their induction. The course has a duration of 1.5 hours and is given entirely online. Its effectiveness is gauged by means of a questionnaire on the knowledge acquired. Six out of seven staff members joining the company completed the training in 2021.
2. **Specific training on the prevention of money laundering and the funding of terrorism:** only financial department, CEO, directors and department heads. The course has a duration of one hour and was given entirely online. Its effectiveness is gauged using a questionnaire on the knowledge acquired.

Similarly, all agreements with suppliers and contractors include penalty clauses on legal compliance and criminal liability. These agreements require compliance with the law at all levels, in terms of both labour laws (job safety analysis, quotations, compulsory training for the particular activity, etc.) and business laws (fiscal compliance, accreditation for the activity, etc.).

\*Point 2.4 includes a detailed description of the company's governing bodies with regard to anti-corruption and the prevention of criminal offences.

**Procedure to deal with harassment and violence in the workplace**

The International Labour Organisation (ILO) defines harassment in the world of work as "repeated actions and practices directed against one or more workers that cause humiliation, offence and distress".

In order to provide a suitable framework of protection for workers against any risks in the workplace associated with situations involving assault or violence, Madrileña Red de Gas has had a specific procedure in place since March 2013.

Our company's Code of Ethics rejects behaviour of this kind and the values and principles established in it must be observed. We have designed the company's organisation in line with general recommendations for the prevention of psychosocial risks. We also carry out training and education on preventing psychosocial risks and conflict resolution, aimed particularly at team managers, so that they might recognise and prevent any possible conflicts at their source. In 2021 we had no cases of harassment or violence in the workplace.

**4.4 Financial information**

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Madrileña Red de Gas has shown great stability and financial resilience, obtaining excellent results despite the global pandemic against which 2020 and 2021 must be measured, confirming the company's solid position and reliability in its ability to generate income.

In 2021 turnover was €186.8 million, a 6% increase over the company's 2020 figures (€176.2 million). The EBITDA of €141.3 million is a 1% increase over the figure for 2020 (€139.7 million).

MRG's main source of revenue is turnover from its distribution activity, which is calculated each year using a parametric formula and varies depending on the growth in

#### 4. Good governance

supply points and the demand conveyed through the network.

A total of 99% of customers connected to the company's network are residential. This means that the company has remained stable in the face of economic cycles, as the temperatures in the colder months are what have the greatest impact on the final figure of the remuneration received. In 2021 temperatures in the Madrid region were higher than in 2020, and this is the main factor behind the increase in revenue from distribution payments.

The rise in other forms of income is due to the activity involved in carrying out regular inspections, which must be carried out every five years at every supply point in the company's network, and inspection appointments are not spread out evenly across the five years. More inspections needed to be conducted in 2021 than in 2020, which is the main reason behind the increase in other revenue.

The company's growth strategy continues to focus on profitable and sustainable expansion both in our region and in adjacent areas. The company's customer base continues to grow.

As of the close of 2021, Madrileña Red de Gas distributes gas to 915,209 supply points, of which 893,311 are for natural gas and 21,898 are for liquefied petroleum gas.

MRG's main business is the distribution of natural gas, which is a regulated activity. The regulatory periods for this activity are in six-year cycles.

The period that began in 2014, at a time of great stability, had its last year in 2020. A new period began in 2021, and

the regulatory framework has already been defined. Over the course of 2020 the methodology used to calculate remuneration was published. It the same approach as previously, but also includes a gradual offset of revenue over the period. The offset finally published for MRG means an average cut of 10% in the regulatory period now under way, a similar figure to that applied to the main companies in the sector.

The consortium of company shareholders did not change in 2021. For them, MRG represents a long-term value creation project where they share the same strategic vision and a commitment to stable, long-lasting financial strength.

Indeed, financial strength is one of the company's mainstays, and MRG strives to maintain strong levels of solvency and liquidity consistent with the degree of investment to which the company is committed, balancing the cash-flow-to-debt ratio.

The company has strong levels of solvency and liquidity consistent with an investment grade rating. The financial structure is efficient and long-term.

In 2021, gross debt amounted to €951.8 million, with an average cost of 2.7%.

The company also has a contingent line of credit amounting to €75 million, which was renewed in February 2022 until February 2025, with the aim of achieving efficiencies in the financial infrastructure by adjusting the sum of said credit to the real needs of the company for the coming years.

Flexibility in the company's dividend policy is another feature that ensures MRG is able to enjoy a better financial position.

The group's debt is issued by Madrileña Rede Gas Finance, B.V., in the regulated Luxembourg market under a euro medium-term note (EMTN) programme. This debt is classed as investment grade (BBB-) by S&P Global Ratings and the Better Business Bureau (BBB), and as (low) by the DBRS Morningstar rating agency.

Net turnover in the year ending 31 December 2021 was €186.8 million (€176.2 million in 2020), of which €171.3 million is from natural gas, and the rest (€15.5 million) from LPG.

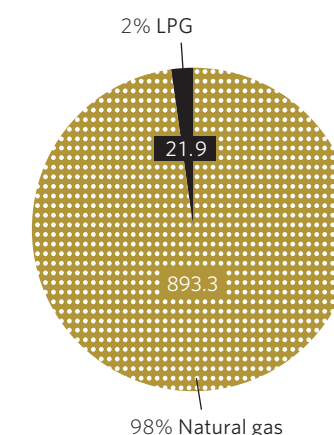
Within MRG's natural gas revenue, 85% came from regulated remuneration from distribution, consisting of the figure set by the Resolution of 11 February and 20 May 2021 by the National Commission on Financial Markets and Competition, and the best estimate for payment made by the company's senior management. The remaining 15% is from other services related to natural gas distribution, such as rental of meters, regular inspections and other consumer services.

The full amount of the company's turnover comes from activities conducted in the Region of Madrid (currently 61 municipalities).

Other regulated income is from services connected to the distribution of natural gas, the prices for which are regulated. These services include the gas meter rentals, regular inspections and connection services.

Non-regulated revenue also comes from services connected to our natural gas distribution activity, such as those resulting from operations conducted in end users' homes and other auxiliary services.

Users in 2021  
(Thousands)



Economic value distributed

	2019	2020	2021
Net business turnover	184,146	173,935	184,453
Financial revenues	1,773	8,454	16,073
Directly generated economic worth	185,919	182,389	200,526
Cost from procurement	-10,294	-8,386	-15,675
Cost from external services	-16,484	-15,815	-17,991
Cost from other results	-1,704	-2,103	-698
Operational costs	-28,482	-26,304	-34,364
Employee salaries and benefits	-11,955	-9,951	-10,263
Payments to capital providers	-27,928	-27,923	-27,682
Cost from taxes and payment of corporate tax	-11,063	-11,056	-9,469
Payments to the government	-11,063	-11,056	-9,469
Investments in the community	0	0	0
Economic value distributed	-79,428	-75,234	-81,778
<b>Total (thousands €)</b>	<b>106,491</b>	<b>107,155</b>	<b>118,748</b>



#### 4. Good governance

##### Net business turnover

	2019	2020	2021
Remuneration for distribution	149,590	142,936	145,756
Other unregulated revenue	4,165	3,447	3,614
Other unregulated revenue from compensation payments	188	191	163
Other regulated revenue	18,262	15,041	19,432
Revenue from LPG	11,898	12,305	15,447
Ingresos derivados de GLP no regulados	43	15	41
<b>Total (thousands €)</b>	<b>184,146</b>	<b>173,935</b>	<b>184,453</b>

##### Result from financial year

Ongoing operations	2019	2020	2021
Net business turnover	184,146	173,935	184,453
Procurement	-10,294	-8,386	-15,675
Work carried out by company for its assets	1,060	987	1,331
Allocation of subsidies for non-financial assets	2,184	2,244	2,331
Staffing costs	-11,955	-9,951	-10,263
Other operating costs	-20,614	-20,434	-21,581
Amortisation of fixed assets	-29,111	-29,944	-31,514
Impairment and proceeds from disposal of assets	-4	27	-2,099
Other results	-1,704	-2,103	-698
Operating result	113,708	106,375	106,285
Financial revenues	1,773	8,454	16,073
Financial costs	-29,120	-29,208	-28,977
Financial result	-27,347	-20,754	-12,904
Pre-tax result	86,361	85,621	93,381
Tax on profits	-21,400	-21,228	-23,076
<b>Year-end result (thousands €)</b>	<b>64,961</b>	<b>64,393</b>	<b>70,305</b>

The financial indicator EBITDA (earnings before interest, taxes, depreciation and amortisation) shows the company's profit before subtracting the interest it must pay for debt incurred, the taxes it must pay, depreciations relating to the company and the amortisation of any investments made. The EBITDA shows a true and fair image of what the company is earning. In 2021, this was more than in 2020, and close to the figure for 2019.

##### Consolidated Tax Group structure

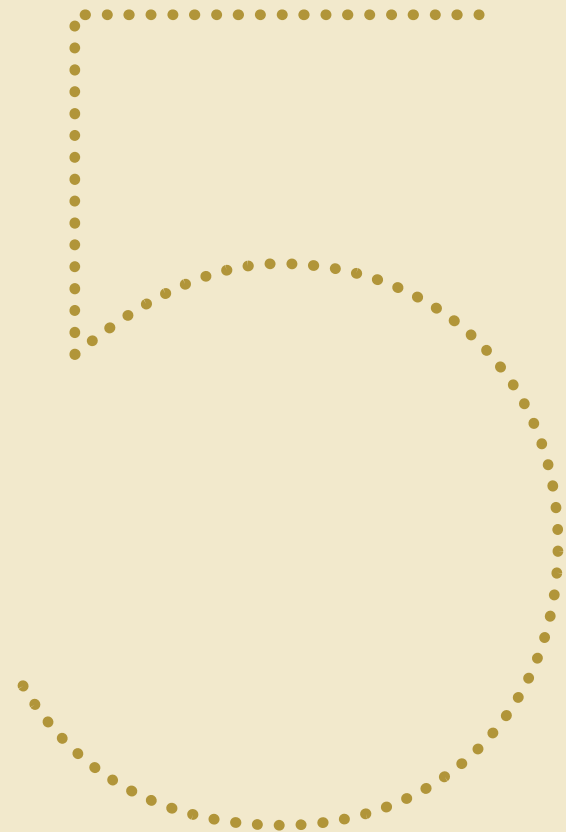
Since 1 July 2015 the company is taxed on a consolidated tax return system as a controlled entity of Tax Group no. 474/15, the parent company of which is Elisandra Spain IV, S.L.

Consolidated Tax Group no. 474/15 is made up of Elisandra Spain IV, S.L., as the parent company, and the companies Elisandra Spain V, S.L.U, Aliara Energía, S.L.U., Aliara GLP, S.L.U. (founded in November 2021) and Madrileña Red de Gas S.A.U.

##### EBITDA

	2019	2020	2021
Operating result	113,708	106,375	106,285
Amortisations	29,111	29,944	31,514
Other results	1,704	2,103	698
Excess provisions	0	0	0
Losses, impairment and change in provisions	17	659	-326
Compensation payments	1,312	280	636
Cost from bank services	223	387	412
Impairment of goods, raw materials and others	0	0	0
Impairment and proceeds from disposal of assets	4	-27	2,099
<b>Total EBITDA (thousands €)</b>	<b>146,079</b>	<b>139,721</b>	<b>141,318</b>

**Within MRG's natural gas revenue, 85% came from regulated remuneration from distribution**



**Environment**

5.1 Our environmental management

102-11 102-12 102-13 302-4 307-1 308-1 308-2 413-2

In 2021, Madrileña Red de Gas has focused its environmental efforts on Integrated Management System Certification, and on obtaining carbon footprint verifications for 2020 (scopes 1 and 2) and the 2020 Sustainability Report according to GRI (Global Reporting Initiative) standards.

As well as achieving said verifications, we renewed certifications of our Integrated Management System (IMS) in Prevention, Environment and Quality, in accordance with the ISO 45001, ISO 14001 and ISO 9001 standards, respectively. We also continue to advance in improving how our processes, documents and records are managed by digitalising them through the IMS process management tool.

With the aim of supporting application of the Environmental Policy, the MRG senior management undertakes to provide the material, technical, economic and human resources to implement and maintain an Environmental Management System according to the UNE-EN ISO 14001:2015 and publicly declares the following principles and commitments:

- Alignment with higher environmental ideals and values.
- Firm commitment to complying with current legislation and other requirements that the organisation subscribes to.
- Efficient and sustainable management in the consumption of resources, promoting energy savings and minimising the use of dangerous substances.

- Pollution prevention and minimising the “environmental footprint” by controlling and progressively reducing the impact of our activities, by ensuring effective and appropriate management aimed at minimising waste and pollution, and by promoting measures to protect biodiversity and habitats.
- Apply environmental criteria in our relations and commitments with customers, suppliers and contractors.
- Implement environmental sustainability strategies for continual improvement.
- Promote internal activities concerned with raising environmental awareness and providing information and training on environmental issues.
- Strengthen environmental risk management, threats and opportunities.

Environmental objectives 2021

- One of the environmental objectives set in 2021 was to reduce the company’s environmental footprint by 5% compared with the previous year.
- The other environmental objective set for 2021 was a 3% reduction of greenhouse gas emissions, with the following goals set.

These objectives are aligned with the Global Real Estate Sustainability Benchmark (GRESB) and the 2015-2030 Sustainable Development Goals.

Environmental objective: reduce the company's environmental footprint by 5% compared with the previous year

Goals	Results	Degree of achievement
<b>Reducción del 5% en el consumo energético (Mwh)</b>		
Petrol engines: 11.41 (2020), 10.83 (2021) and 10.29 (2022)	12.06	No met
Natural gas: 328 (2020), 365.7 (2021) and 347.5 (2022)	344	Met
Non-renewable electricity: 323 (2020), 307 (2021) and 292 (2022)	360	Met
<b>Fall of 5% in consumption and discharge of drinking water (kl)</b>		
0.94 (2020), 0.89 (2021) and 0.84 (2022)	0.71	Met
<b>Fall of 5% in waste generation (t)</b>		
Hazardous waste: 0.779 (2021) and 0.740 (2022)	0.450	Met
Non-hazardous waste: 6,287 (2021) and 5,972 (2022)	5.450	Met

Environmental objective for 2021: a 3% reduction of greenhouse gas emissions

Goals	Results	Degree of achievement
<b>Fall of 3% in emissions (tCO<sub>2</sub>e) caused by:</b>		
Fuel consumption: 88.42 (2021) and 85.77 (2022)	78.98	Met
Process emissions: 357.15 (2021) and 346.43 (2022)	446.74	No met
Fugitive emissions: 13,071.48 (2021) and 12,679.34 (2022)	1.674.13	No met
Scope 2 emissions: 61.40 (2020) and 59.55 (2021)	66.10	No met

## 5. Environment

The company's risk management policy involves progressively conducting cross-cutting analyses of the risks relating to the business and corporate units that are most closely linked to the processes involved. Within this context the environmental aspects are identified and assessed to determine which impacts may be significant.

The environmental aspects under study are those that can be controlled by Madrileña Red de Gas (direct aspects) and those over which MRG has no direct control of how they are managed, but can still have a degree of influence from a lifecycle perspective (indirect aspects).

They can be divided into the following areas of influence:

- Atmospheric emissions: from chimneys and other sources.
- Discharges: into sewers, pipelines, seepage, risk of leaks or accidental discharges, etc.
- Waste: generated in warehouses, regulation and metering stations, satellite plants, pipeline works, etc.
- Use of natural resources and energy sources: water, electric power, fuel, etc.
- Other environmental aspects: including aspects linked to nuisances such as noise, smells, etc.

Both the identification and the assessment of aspects are reviewed once a year, ensuring that the significant elements are under control and/or have the necessary actions in place for that purpose.

### Suppliers assessed with environmental impacts

In 2021 work continued with the external service of standardising suppliers by assigning a control code to 51 critical suppliers, which means that how they evolve can be monitored.

Our process of standardising, selecting and monitoring suppliers ensure that our environmental commitments are transferred to them (as set out in detail in the chapter on our responsible supply chain management). In these processes, the necessary involvement and compliance with MRG's environmental commitments are transferred through standardisation requirements and contracting. An IT system is used for contractor companies to record all management and certification requirements. This information is monitored periodically by MRG.

No environmental complaints have been recorded related to expansion works and technical services operations, or for any other activity conducted by MRG. No accidents with an environmental impact involving fines or civil liability were recorded in 2021.

Madrileña Red de Gas has an online service to identify and assess compliance with all environmental legislation that is applicable to its activities and facilities.

### Dialogue with stakeholders

We carried out a range communication actions with our stakeholders in 2021 relating to the environment, including:

- The contaminated soils closing report was submitted to the relevant authority in the Region of Madrid and to several town councils in the Madrid region on the occasion of LPG plants being dismantled.

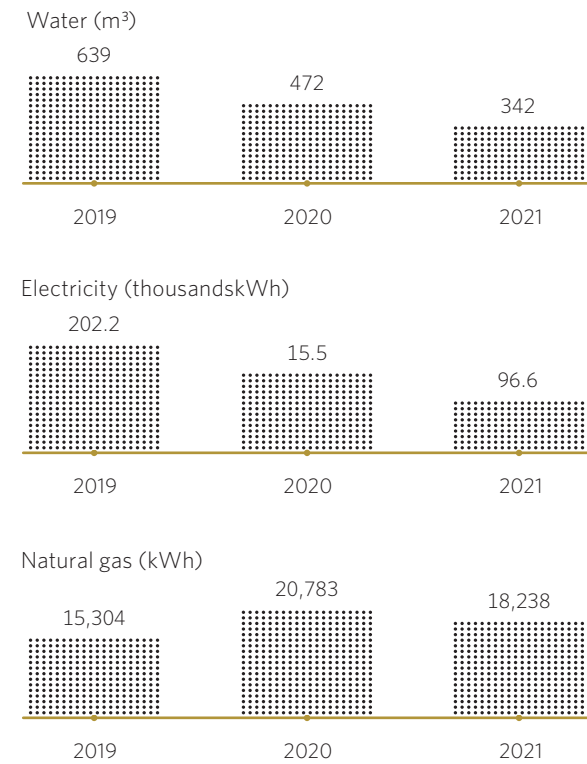
Additionally, next year plans are in place to inform land owners of the conclusions to the administrative rulings issued in relation to this process.

- A response was sent to the request from the Spanish Gas Association (SEDIGAS) for information on methane emission estimates from the natural gas distribution network.
- Information report to the Directorate General for Industry of Madrid on the situation of LPG plants affected by Royal Decree 840/2015.
- Civil Protection notified of the Auto-Protection Plans in Royal Decree 393/2007 that remain operative, and which had previously been reported to the Directorate General for Industry of Madrid.
- The regional government of Madrid was informed of the estimates of fugitive methane emission from the distribution network in 2019 and 2020.

Building projects may also be subject to environmental impact processes that require involvement from the parties involved.

**Our process of standardising, selecting and monitoring suppliers ensure that our environmental commitments are transferred to them. An IT system is used for contractor companies to record all management and certification requirements. This information is monitored periodically by Madrileña Red de Gas**

**Pozuelo headquarters' consumption of resource**



**5.2 Our commitment in figures**

The scorecard of process indicators allows us to identify the performance levels of the company's critical or core processes, so that in the event of any deviations linked to risks or opportunities, the appropriate actions can be taken.

Environmental parameters are monitored annually, with each one shown along with a reference value established for the same period in the previous year. This objective view, in real time, makes it possible to define the courses of action to be taken within the company's strategy.

**5.2.1 Consumption of resources**

302-1 302-4 302-5 303-5

In 2021, 78% of the resource consumption indicators showed a positive trend, given that they were lower than the previous year's figures

The consumption of resources in the building is on a clearly downward trend in each period, due to the measures adopted as part of the company's strategy, which include fostering remote working and opening a new centre for operators, who are the staff members most in need of these resources.

Except for the one-off increase in water consumption in one of our plants in 2019, the trend is one of lower consumption in recent periods. Water consumption in LPG plants is highly linked to the maintenance schedule and to the plants being dismantled, with regard to which it should be noted that water is used as part of the maintenance work and disassembly of LPG plants, as it is stored and reused in the same process for as long as the quality of the water allows it,

thus minimising consumption while reducing the amount of contaminated water generated.

In terms of the reduction in natural gas consumption in the building, the impact on the pandemic led to a remote working model being adopted that requires much less use of offices, and the energy supply in 2022 is expected to be electrical only, by removing the changing rooms from the Pozuelo offices (the only source of natural gas consumption in the building).

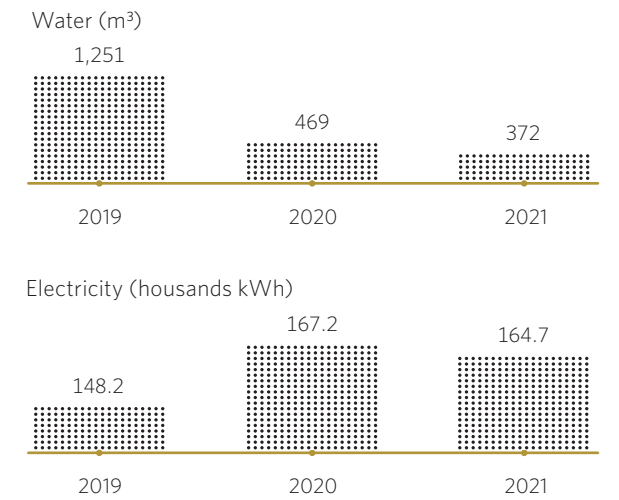
It is true that digitalisation means a substantial and sustained drop in greenhouse gas emissions. The coronavirus pandemic has accelerated the digital transformation of our societies and highlighted the importance of digital technologies for Europe's future economic growth.\*

In this regard, we continue with the process of transforming to a PAPERLESS way of working, which began in 2017, and which includes the following measures that are currently in effect:

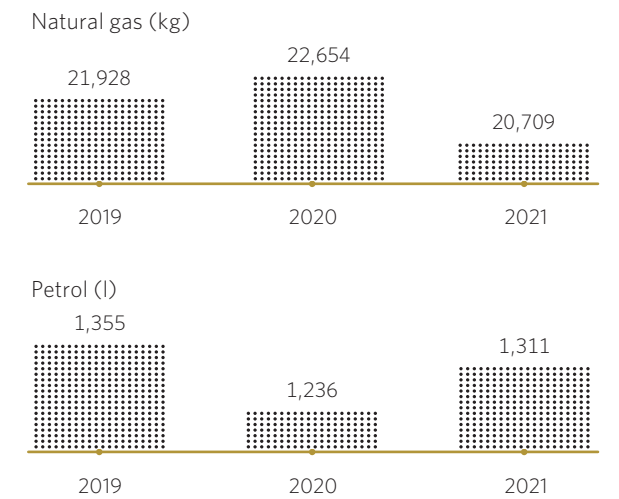
- Digitalise all field operations, designing mobility tools for operators which display necessary data for their work:
  - Operations with customers: regular inspections, home operations, checking meters, etc.
  - Network operations: maintenance (works, tracking leaks), emergencies, auxiliary facilities, etc.
  - Network expansion works.

\* European Commission press release, 2 March 2022.

**Consumption of resources relating to LNG and LPG plant**

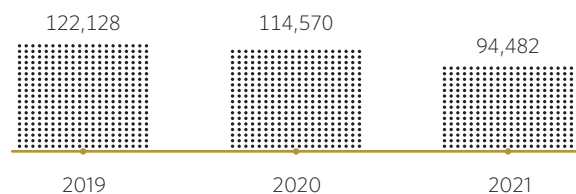


**Consumption of resources relating to the vehicle fleets**

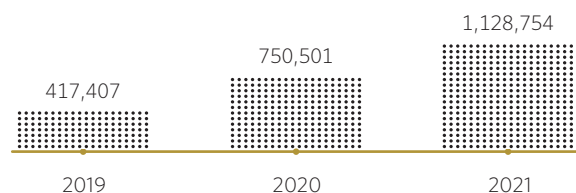


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CO<sub>2</sub> emissions from headquarters and fleet (kg)



CH<sub>4</sub> atmospheric emissions (m<sup>3</sup>)



- Digitalise the company's management processes: financial (invoices, payment documents, expense forms, etc.), network operations (works documentation, certifications, work orders, etc.), procurement (commercial contracts), human resources (payment, communications, etc.), risk management (audit documents, inspections, records, reports, etc.)

- Make work positions paperless.

- Change habits from working with paper: use of Google Drive for shared documents and work files, encourage the use of electronic resources, etc.

### 5.2.2 Atmospheric emissions

305-1 305-2 305-3 305-5 305-6

As mentioned previously, one of the goals in 2021 for Madrileña Red de Gas was to reduce greenhouse gas emissions by 3%.

These figures consider the building's direct and indirect emissions. Fleet vehicles use petrol and natural gas for vehicles as fuel.

A drop in CO<sub>2</sub> emissions was recorded with regard to previous years as a consequence of the fall in associated consumption levels.

This statistic does not include the petrol used in the vehicles use by sales staff, or employees' own vehicles, which are sometimes used for company purposes.

### Atmospheric emissions of CH<sub>4</sub>

Atmospheric emissions from the natural gas distribution network (scopes 1 and 3) are estimated using a specific procedure. Due to the complexity in the information gathered, this calculation is made once a year.

MRG has actively worked on developing and implementing a method to estimate fugitive emissions of CH<sub>4</sub> from the gas distribution network based on events, which enables emissions to be calculated more realistically in comparison with the previous method by applying emission factors depending on what material the pipeline network is built from and the range of operating pressure in it, expressed as the off-gas flow per km of pipeline and per year.

Using this method, fugitive emissions of CH<sub>4</sub> are independent from pipeline length. This takes into account the following:

- Intrinsic emissions (emissions from leaks due to holes or small cracks detected by tracking the network, due to permeation of the polyethylene and to leaks detected in regular inspections).
- Incidental emissions: due to leaks from damage, detected by company staff or by third parties, complaints or incidents, and communal or community leaks.
- Operational emissions..

The results obtained with this method are based on annual data that reflects the best practice applied to building and maintaining pipelines, and drawn from safety and environmental action plans carried out. The per-event

method means that improvement methods can be applied that are of significant help in reducing methane emissions.

### 5.2.3 Carbon footprint, measuring and commitment

102-12 102-13 305-3 305-5 305-6 305-7

At the 26th United Nations Climate Change Conference, held from 31 October to 12 November in Glasgow, Scotland, new agreements were reached for market mechanisms, which basically supported transferring emission reductions between countries, while incentivising the private sector to invest in climate-friendly solutions.

In Spain, Royal Decree 163/2014, of 14 March, creating the register of carbon footprint, offsetting and carbon dioxide capture projects, seeks to raise awareness and incentivise society as a whole in combating climate change with the aim of bringing about a low-carbon economy, providing a response to the growing commitment that public and private entities alike have been showing in recent years in terms of reducing greenhouse gas emissions. To that end, a series of measures were established aimed at facilitating and encouraging the calculation of the carbon footprint, and reducing and offsetting it through CO<sub>2</sub> capture.

In this framework, aware of how important combating climate change is to the company, we have strengthened our efforts to engage in activities aimed at reducing the carbon footprint of what we do. In 2020 Madrileña Red de Gas voluntarily calculated its carbon footprint, entering the information into the "section on carbon footprint and commitments to reduce greenhouse gas emissions" on the

## 5. Environment

record of the Ministry for the Ecological Transition and the Demographic Challenge, after verification by an independent third party (Bureau Veritas), with the results validated in May 2021. In 2021 work continued along the same lines.

MRG has a specific tool and procedure that it uses to calculate its carbon footprint. The following sets out the types of sources of greenhouse gas emissions considered on the carbon footprint calculation for 2021:

- **Scope 1.** Direct emissions from greenhouse gases that belong to or are controlled by MRG.
- **Scope 2.** Indirect emissions of greenhouse gases resulting from the generation of electricity bought by MRG and which is not auto-generated. This therefore includes emissions from the generation of electricity acquired and consumed in and by MRG activities and infrastructure.
- **Scope 3.** Indirect emissions of greenhouse gases from sources that are not owned or controlled by MRG, but which are a consequence of the activities carried out and over which the company has some influence.

The changes introduced for 2021 were as follows:

- Incorporation of the scope 3 indirect emissions strategies.
- Transfer of emissions from leaks in communal receiving facilities from scope 1 to scope 3, with emissions from this source still being recorded.

With the expansion of indirect emissions, calculating the company's carbon footprint is a help now more than ever in managing the risks and opportunities relating to greenhouse gases in a global and comprehensive way, so that the "carbon component" can be incorporated into decision-making processes.

The activities and infrastructures included in the carbon footprint scope are as follows:

- Central offices at C/ Virgilio, 2 [B] - Edif. 1. 28223 Pozuelo de Alarcón, Madrid (Spain) and warehouse unit at calle Valdemorillo, 60, 28925 Pozuelo de Alcorcón, Madrid (Spain).
- Natural gas and LPG distribution network of the Region of Madrid.
- LNG plants and LPG plants belonging to the distribution network.
- Fleet vehicles.

How the full carbon footprint has evolved with regard to previous years will be analysed once two consecutive years have passed in which the same calculation method is used, so that comparable results are obtained.

Madrialeña Red de Gas has defined certain courses of action on sustainable behaviour aimed at minimising greenhouse gases, which consist of:

- Appropriate management of fossil fuels and natural resources, energy saving and energy efficiency, and sustainable mobility.

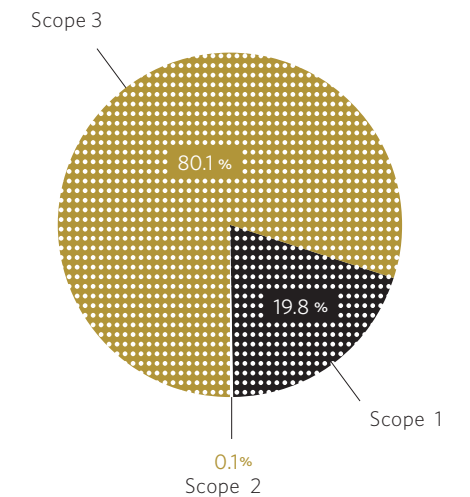
### Results of the inventory of MRG greenhouse gas emissions for 2021

Scopes	Absolute Value (tCO <sub>2</sub> e)
Scope 1	16,599.85
Scope 2	66.10
Scope 3	67,195.71
<b>Carbon footprint</b>	<b>83,861.60</b>

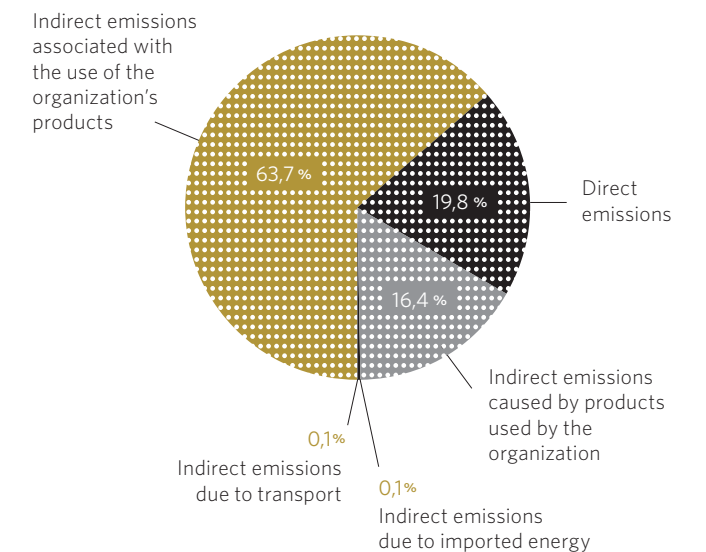
### Calculating the company's carbon footprint is a help now more than ever in managing the risks and opportunities

- Foster the use of more efficient technologies among customers. Introduce energy-saving habits among customers.
- Help to disseminate and promote energy efficiency improvements for buildings.
- Ensure that value chain activities are developed in environmentally respectful ways.

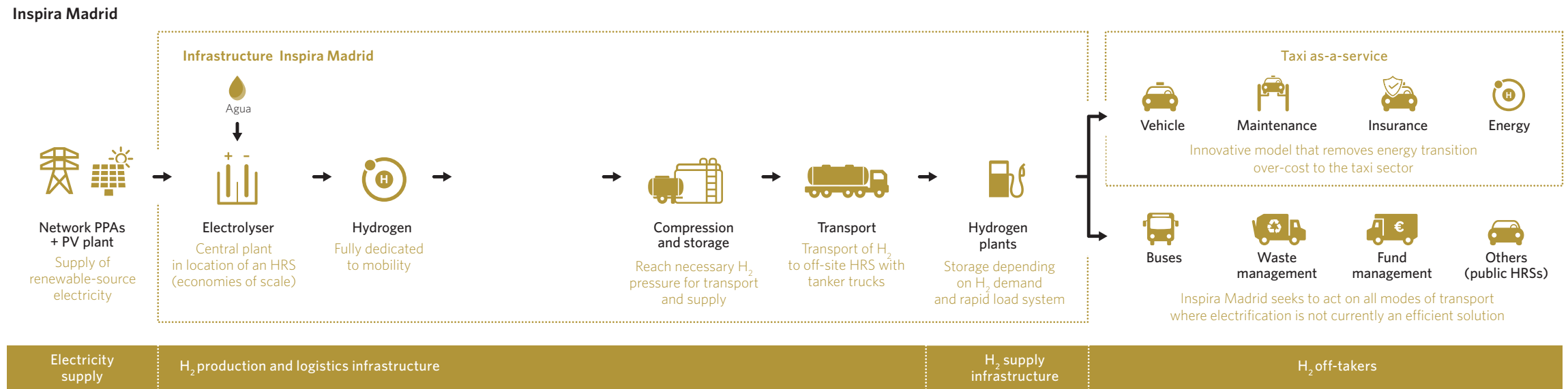
### Carbon footprint: emissions per scope (%)



### Carbon footprint: GHGs emissions by category



## CO<sub>2</sub> and NO<sub>x</sub> emissions associated with transport and mobility, one of the largest environmental problems



### 5.2.4 Projects and investments aimed at stimulating energy efficiency and reducing emissions

305-5 | 203-1

#### Mobility with green hydrogen in the Madrid region

At Madrileña Red de Gas we show our support for social and environmental welfare through ongoing collaboration on sustainable projects, and we are clear that transport is the sector that generates a greater volume of greenhouse gases. Together with the Professional Taxi Federation of the Region of Madrid (FPTM), FRV, Toyota España and the Ruiz Group, MRG is participating in “Inspira Madrid”, the most important green hydrogen mobility project currently in effect in the Region of Madrid. With the collaboration of PwC as strategic advisor, the aim is to be involved in the hydrogen value chain with the goal of decarbonising urban public transport fleets in Madrid, a unique project in this region.

Land transport in the Region of Madrid accounts for 55% of the region’s CO<sub>2</sub> emissions, and is one of the main causes of polluting emissions. The project consists of deploying the infrastructure to produce and supply renewable hydrogen by means of a network of five public-access hydrogen plants (HRSs) in an initial phase which, when combined, will fuel light and heavy vehicles at a competitive price compared with conventional fossil fuels.

In all the project’s phases, “Inspira Madrid” actively collaborates with the various green hydrogen end users to guarantee demand for the hydrogen produced. These collaborations come with the strategic backing of the Federación Profesional del Taxi de la Comunidad de Madrid (FPTM) in terms of the sector’s progressive decarbonisation.

All of the region’s main forms of transport, of both people and goods, are represented in the project. In this context, work is ongoing with Toyota España to develop an innovative business model by which to implement a new hydrogen fuel-cell vehicle in the taxi sector. The project also includes a commitment from the Ruiz Group, which specialises in urban bus transport, support from the Seur Group, a leading Spanish logistics company that has undertaken an ambitious process of decarbonising its fleet, and involvement from the municipal waste collection company Getafe LYMA and the cash-in-transit company LOOMIS.

Madrileña Red de Gas will also use this project to bring about a progressive transformation of its fleet of vehicles powered by renewable hydrogen.

#### Renewable Hydrogen Valley project in the Region of Madrid

This project is developed in conjunction with Enagás, EDF and Q-Energy, in collaboration with Aena.

The Renewable Hydrogen Valley is a project in the Region of Madrid to deploy a large-scale renewable hydrogen solution consisting of an electrolysis plant with a maximum capacity of 60 MW, which will be fed by a photovoltaic solar energy facility.

The hydrogen produced will be used mainly to decarbonise the Adolfo Suárez Madrid-Barajas airport by replacing natural gas with green hydrogen from the existing cogeneration plant, helping to meet the airport’s energy needs. It will also be used for fuel cells to power the



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machinery used in airports and loading terminals for goods and passenger handling, replacing the energy they currently consume with power from renewable hydrogen.

Part of the energy produced will also be used to support the pre-industrialisation process of aircraft prototypes powered by renewable hydrogen, through AIRBUS.

The project will be located in the Henares Corridor, an ideal location in which to develop economic activities, particularly those with links to transport and logistics. Its location along the Madrid-Zaragoza-Barcelona axis means it is on the route for goods coming in from elsewhere in Europe.

This axis is the most important logistical enclave in the region, as it includes Madrid-Barajas airport, one of the most important infrastructures and transport hubs in the region, as the largest Spanish airport in terms of passengers, air cargo and number of operations.

Several hydrogen distribution points will also be installed in the Henares Corridor area, which will be used to supply the energy needs for hydrogen-powered mobility, mainly in relation to urban transport and for medium and long distance heavy goods transport.

**We form part of the "Ready4H2" European hydrogen challenge**

Madrileña Red de Gas is working jointly with the other gas distribution companies in Spain (Nedgia, Redexis, Nortegas and Gas Extremadura) to ensure that the knowledge and experience gained individually in their own projects and in collaboration with other local actors in the hydrogen sector is gathered together and compiled so that it may be of use to those with responsibility in drafting Spanish and

European energy policy. The aim is to implement a regulatory framework for developing hydrogen that can harness the potential of the European gas infrastructure, and thus benefit citizens and help meet the target of climate neutrality. More than 90 European gas distributors from 17 countries are collaborating on the project.

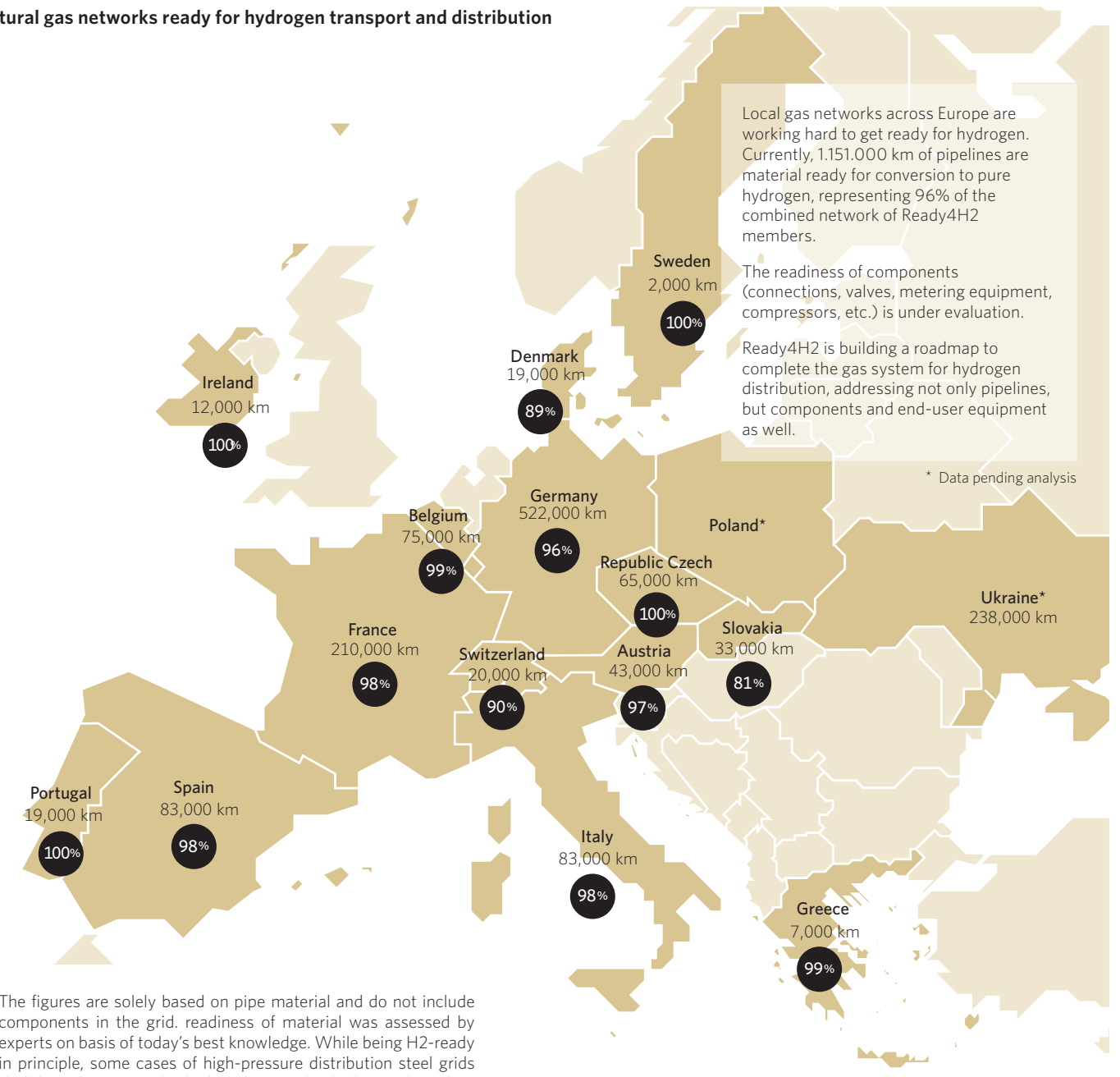
Ready4H2 is focusing its work on three studies. The first of these analyses the various distributors' involvement in developing hydrogen, the accumulated experience and the strategy adopted in different countries. This included examining how the different official bodies are involved in developing hydrogen and up to what point the hydrogen strategy has evolved in each country.

The second study, on how European gas distributors can help in developing hydrogen and in strategic planning for the region, analyses each distributor's experiences and knowledge, as well as the position of the various gas distribution companies and their contribution to strategic planning for the region.

The third analysis sets out a road map with specific initiatives so that gas distributors can form the link between hydrogen producers and consumers, both nationally and at the European level.

As the first company in the Iberian Peninsula to operate a distribution network that is completely independent from the rest of the gas companies, we are proud to announce our involvement in the project that will help hydrogen supply networks to evolve and bring about environmental improvements.

**Natural gas networks ready for hydrogen transport and distribution**



The figures are solely based on pipe material and do not include components in the grid. Readiness of material was assessed by experts on basis of today's best knowledge. While being H2-ready in principle, some cases of high-pressure distribution steel grids shall be subject to individual analysis and calculations based on their condition and intended operating parameters.

Source: www.ready4h2.com

## 5. Environment

### Waste according to composition

	2019	2020	2021
<b>Hazardous waste (t)</b>			
Contaminated plastic packaging	0.143	0.180	0.162
Contaminated metal packaging	0.000	0.023	0.221
Contaminated rags	0.024	0.017	0.014
Aerosols	0.040	0.047	0.044
Filters	0.000	0.474	0.000
Computer equipment, electronics	0.134	0.063	0.000
Alkaline batteries	0.024	0.017	0.009
<b>Total</b>	<b>0.365</b>	<b>0.821</b>	<b>0.450</b>
<b>Non-hazardous waste (t)</b>			
Decommissioning waste	1,055.000	888.000	217.000
Construction and demolition waste	7,221.000	5,730.000	5,233.000
Gas meters	30.510	23.875	33.615
<b>Total</b>	<b>8,306.510</b>	<b>6,641.875</b>	<b>5,483.615</b>
<b>TOTAL</b>	<b>8,306.875</b>	<b>6,642.696</b>	<b>5,484,065</b>

### 5.2.5 Waste

301-2 301-3 306-1 306-2 306-3 306-4 306-5

Madrileña Red de Gas has specific procedures in place for managing its waste, with criteria for waste generated in the workplace, in logistics centres and in industrial facilities such as regulating and metering stations (RMSs), liquefied natural gas (LPG) plants and liquefied petroleum gas (LPG) plants.

Whenever possible, actions taken are focused on:

- Applying techniques and alternatives to prevent waste being generated.
- Reduction at source of the amount of waste generated.
- Finding internal or external ways to add value to waste (reuse or recycle).

Temporary storage of waste in Madrileña Red de Gas facilities is done in a controlled manner, particularly waste that could be at risk of degrading the local environment. Recyclable waste such as meters are separated into aluminium and scrap metal. Metal materials with value are segregated and separated from one another, and the different scrap metals obtained are grouped together by material and characteristics, for easier transportation to foundries where they can be processed.

What happens to the waste that occurs from dismantling LPG plants logically depends on how many are taken down. MRG dismantled 130 plants in 2019, 118 plants in 2020 and 37 plants in 2021, working in coordination with the local authorities in the various municipalities involved, which consisted of emptying out, burning, rendering

inert and removing 52 tanks. This required more than 50 journeys to transfer the emptied gas to other MRG plants, ensuring none of it was released into atmosphere, and transporting the waste obtained from the dismantling process to processing plants run by the Madrid region authorities, while complying with MRG's environmental commitment, and all without disturbing the usual activities of our customers and their neighbours, with all precautions taken and with COVID-19 disinfection protocols performed during and after each job, so that the area was always completely disinfected once the work had been completed.

During the dismantling process, under the supervision of the executive works manager, the waste management plans of contractor companies are exhaustively checked and all the documentation relating to waste managed is gathered. In this regard, in terms of how waste is managed, whenever possible:

- The earth moved when dismantling LPG tanks is reused.
- The terrain is reset with material and earth of similar characteristics to those of the surrounding area.
- Materials that can be reused (which may be the case of vaporisers, extinguishers or regulators) are transported to MRG storage sites.
- Tanks are collected by a recycling company.
- Part of the trench where underground tanks were installed is covered with building and demolition waste, reused as backfill, which is then covered over with new earth.

### Hazardous waste

	2019	2020	2021
<b>Hazardous waste (t)</b>	<b>0.365</b>	<b>0.821</b>	<b>0.450</b>
<b>Waste for valuation (t)</b>	<b>0.365</b>	<b>0.821</b>	<b>0.450</b>
<b>Waste for valuation (%)</b>	<b>100</b>	<b>100</b>	<b>100</b>
<b>Waste for elimination (t)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Waste for elimination (%)</b>	<b>0</b>	<b>0</b>	<b>0</b>

### Non-hazardous waste

	2019	2020	2021
<b>Non-hazardous waste (t)</b>	<b>8,306.5</b>	<b>6,641.9</b>	<b>5,483.6</b>
<b>Waste for recycling (t)</b>	<b>1,085.5</b>	<b>911.9</b>	<b>250.6</b>
<b>Waste for recycling (%)</b>	<b>13.1</b>	<b>13.7</b>	<b>4.6</b>
<b>Waste for elimination (t)</b>	<b>7,221.0</b>	<b>5,730.0</b>	<b>5,233.0</b>
<b>Waste for elimination (%)</b>	<b>86.9</b>	<b>86.3</b>	<b>95.4</b>

- Building and demolition waste is collected by a certified waste management company to be taken to waste disposal facilities

The percentage of recycled waste dropped in 2021 as the number of dismantled LPG plants was much lower than in previous years.

GLP plants in protected spaces

Name of the plant	Location
El Miravall	Valdeolmos-Alalpardo
Cantos Altos	Collado Villalba
Roblesol	Torrelodones
El Rincón de Torrelodones	Torrelodones
Jumalropab SL	Torrelodones
Virgen de la Sierra	Torrelodones
Sevillalta	Sevilla la Nueva
Edificio Génova	Sevilla la Nueva
Valle Grande	Sevilla la Nueva
La Candela	Talamanca de Jarama
Las Cañas (IVIMA)	Camarma de Esteruelas
Las Breñas	Hoyo de Manzanares
Cuelgamuros (Patrimonio Nacional)	S. Lorenzo de El Escorial

**As part of our commitment to biodiversity once the facilities located in or next to nature reserves have been identified, we analysed and assessed the possible risks to determine the courses of action that needed to be taken**

5.3 Biodiversity

304-1 304-2 304-3 304-4

Madrialeña Red de Gas has very few facilities in nature reserves or areas of high ecological value; in general, MRG facilities are in urban locations, although it is inevitable that a small number are located in areas of this kind, or close to them, given our mission of ensuring gas and therefore energy can reach wherever it is needed.

We currently have 154 LPG satellite plants and five LNG plants that supply homes in place that the distribution network does not reach. As of the end of 2021, 13 LPG plants are located in nature reserves or areas of high environmental value, and no LNG plants at all in any such areas. Specifically, 12 are located inside the Manzanares River Upper Basin Regional Park, and one in the Guadarrama River Middle Course Regional Park and surrounding area.

In terms of our distribution network, we have 6,215 km of natural gas pipeline in the Madrid region, with 206 regulation and metering stations (RMSs), of which ten are in nature reserves, specifically eight are in the Manzanares Upper Basin park and two are in the Guadarrama Middle Course park and surrounding area.

For facilities located in these nature reserves, the inventory of habitats of regional interest was carried out using the GEOPORTAL MAPAMA tool from the Ministry of Agriculture, Fisheries and Food. The same procedure was performed for facilities located in areas adjacent to these nature reserves. The priority habitats inventoried at these facilities are:

Number of species protected or catalogued in the surroundings of LPG plants

	Amphibians			Reptiles			Birds			Mammals			Invertebrates			Fish		
	SPE	VS	ES	RPE	VS	ES	SPE	VS	ES	RPE	VS	ES	SPE	VS	ES	RPE	VS	ES
La Berzosa	6			1			79	2	1	1			3			1		
Molino de la Hoz	4			7			63	2					1			1		
Zarzaquemada complex	2			5			32	1										
Princesa complex	3			9			52	1	1	3			1					
Estoril II complex	3			9			54	1	1	3			2					
Villanueva de la Cañada	4			9			60	1		1			2			1		
Golf C. Las Rozas	4			7			76	1					1			1		
Villafranca del Castillo	2			6			72	2	1	2			1			1		

SPE= species under special protection. | VS= vulnerable species. | ES= endangered species.

- Pseudo-steppe with grasses and annuals of the Thero-Brachypodietea (habitat code 6220)
- Mediterranean temporary ponds (code 3170)
- Endemic forests with Juniperus spp. (code 9560)

Species were also identified that appear on the IUCN Red List, recording the categories of the different species identified: specially protected species (SPE), vulnerable species (VS) and endangered species (ES). In general terms, the issue is one of species in special protection, particularly birds. There are very few cases of vulnerable species and endangered species.

The aforementioned facilities are affected by Law 26/2007 of 23 October on Environmental Responsibility and all necessary administrative procedures have been followed, with specific financial guarantees required for three of these facilities, at Villafranca del Castillo, La Berzosa and Villanueva de la Cañada.

As part of our commitment to biodiversity and in compliance with current legislation once the facilities located in or next to nature reserves have been identified, we analysed and assessed the possible risks to determine the courses of action that needed to be taken.

## 5. Environment

### GLP plants in protected spaces dismantled by mrg in 2021

Name of the plant	Location	Plant storage	Operation start date	Floor area m <sup>2</sup>	Protected spaces
Ajalpinos	Ajalvir	Enterrado	03/24/1992	39,76	Grass Steppes of the Jarama and Henares rivers
Torrevilla	Torrelozones	Aéreo	06/01/1982	47,86	Manzanares River Upper Basin Regional Park
El Enebral	Torrelozones	Aéreo	02/11/1992	28,83	Manzanares River Upper Basin Regional Park
La Estrella residential complex	Ajalvir	Aéreo	07/22/1992	44,00	Grass Steppes of the Jarama and Henares rivers
Peña Nevada IV	Collado Villalba	Aéreo	12/12/1995	644,65	Manzanares River Upper Basin Regional Park

Adhering to our working methodology, at MRG we identified the aspects and impacts on the environment resulting from the presence of its facilities in various stages (construction, maintenance, possible modification and dismantling), assessing the risks and applying the necessary protection or mitigation measures as appropriate.

The maintenance work that regulation and metering stations are subject to includes applying weed killer to eliminate plant elements that could pose a risk to the safety of the facility, and thus also to its surrounding area. The use of these products is regulated by Royal Decree 1311/2012, of 14 September, establishing the framework of actions to be taken to ensure the sustainable use of phytosanitary products. MRG meets all the requirements. Prior to applying any such products, authorisation must be sought from the appropriate local authorities. In the case of facilities located within nature reserves, the advisory document that accompanies the application makes specific mention of priority in the use of low-risk phytosanitary products.

The documentation is also sent to the managers of the nature reserve, specifically the director of the Manzanares River Upper Basin Regional Park or of the Guadarrama River Middle Course Regional Park and surrounding environment.

LPG facilities are subject to periodic maintenance activities, which include clearing out the enclosures where they are located, and re-stamping every 15 years in accordance with applicable legislation (Royal Decree 919/2006, of 28 July). The purpose of the clearing out work is to remove elements of vegetation that could pose a risk to the safety of the facility. Manual methods tend to be used in the facility's ATEX zone, and mechanical methods (brush cutter) are used for the rest of the facility. In terms of re-stamping, the residual gas in the tank is removed and burned.

For satellite plants that are on forest land or in an area of 400m around any such land, authorisation must be sought from the Directorate-General of Civil Protection. As well as

### In 2021 we dismantled five LPG plants located in these important areas of nature, i.e. we reduced the number of LPG facilities in nature reserves or areas of high ecological value by 28%

all the measures in place to prevent accidents, the application also includes full details of the fire extinction equipment available during these works

As part of the preventive measures implemented, it should be stated that a safety officer will always be present with verified communication to Madrid's 112 emergency helpline to report any possible incidents. This officer will proceed to halt any work immediately if the meteorological circumstances or the vegetation conditions were such that they posed a risk of starting a forest fire.

Machinery and equipment is always fitted with devices to prevent explosions, sparks and/or electrical discharges from occurring. The machinery and equipment used has undergone appropriate cleaning and maintenance to ensure it is fully operative.

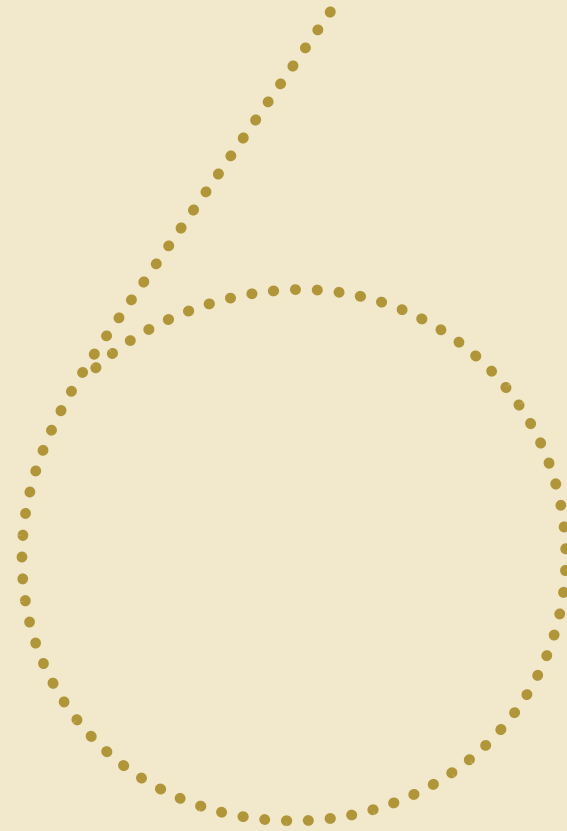
It should be pointed out that in 2021 we dismantled five LPG plants located in these important areas of nature, i.e.

we reduced the number of LPG facilities in nature reserves or areas of high ecological value by 28%, leading to 805 m<sup>2</sup> of land being recovered. Three plants are located in the Manzanares River Upper Basin Regional Park, and two are in the Special Protection Area for Birds: Grass Steppes of the Jarama and Henares rivers.

In this regard, year on year we try to dismantle LPG plants by restoring the areas occupied by satellite plants and finding alternatives so as not to occupy new land.

All building activity, in this case dismantling work, has a site manager assigned by Madrileña Red de Gas, who is responsible for approving the waste management plan before any construction and demolition work is carried out by the contractor hired for this purpose, and for signing off the works completion certificate.

MRG hires an external company to gather data, and samples where appropriate, to write up the mandatory contaminated soils closing report. These reports are submitted to the appropriate authority in the Region of Madrid, which then issues an administrative ruling on the matter.



**Our  
employees**

### 6.1 Human capital in figures

102-7 102-8

At the close of 2021, Madrileña Red de Gas had 126 employees (not including partial retirees). Men make up 63% of the workforce. Even though we have not achieved parity in the number of men and women on the workforce, there is a clear trend of the difference narrowing. In the past three years, the number of women has increased by 6%, from 39 women in 2019 (31%), to 46 women in 2021 (37%).

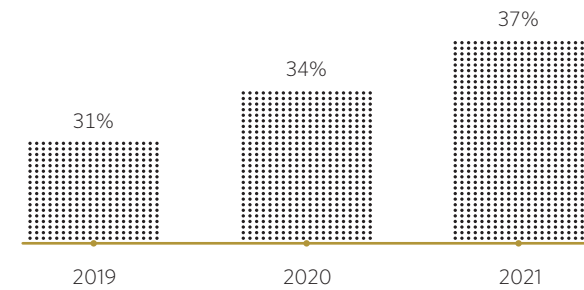
We want our professionals to have stability when they join us, which is why 94% of the MRG workforce has an open-ended contract (76 men and 42 women). The graph shows the number of men and women with open-ended contracts, and how the trend has evolved over the past three years.

Of the staff with open-ended contracts, 99.14% have a full-time contract, and only one woman (0.8%) has a contract that is for less than full-time hours.

A total of 6% of the workforce has a temporary contract (four men and four women).

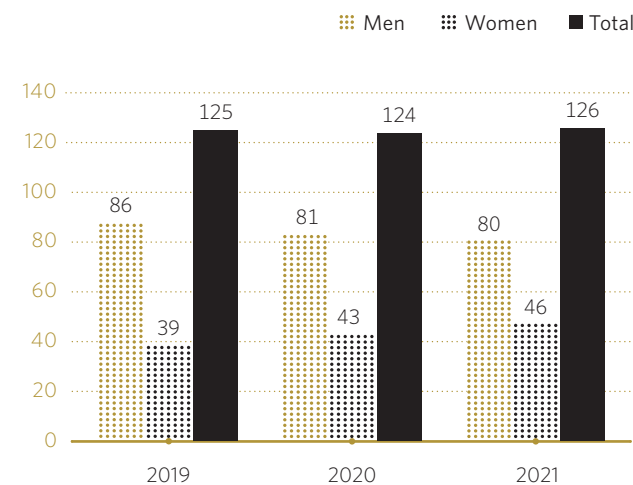
**We want our professionals to have stability when they join us, which is why 94% of the MRG workforce has an open-ended contract**

Proportion of women in the MRG's workforce

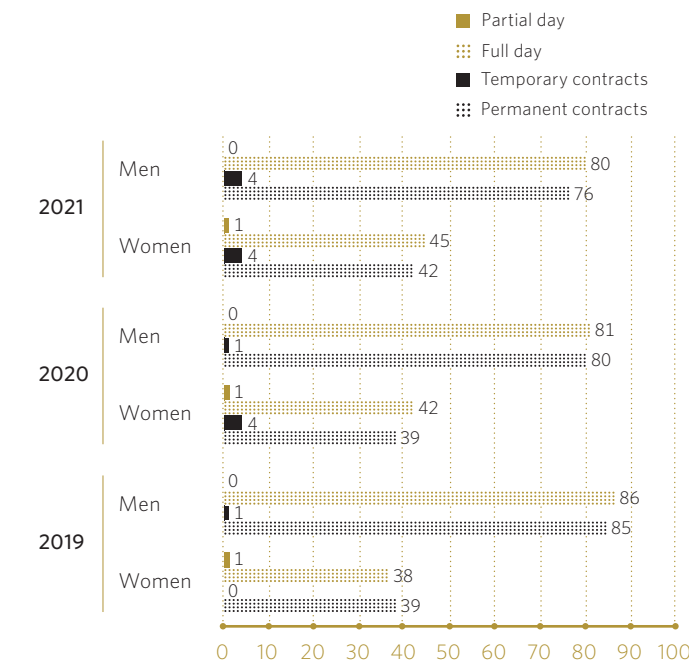


Not including partial retirees.

MRG's workforce According to gender

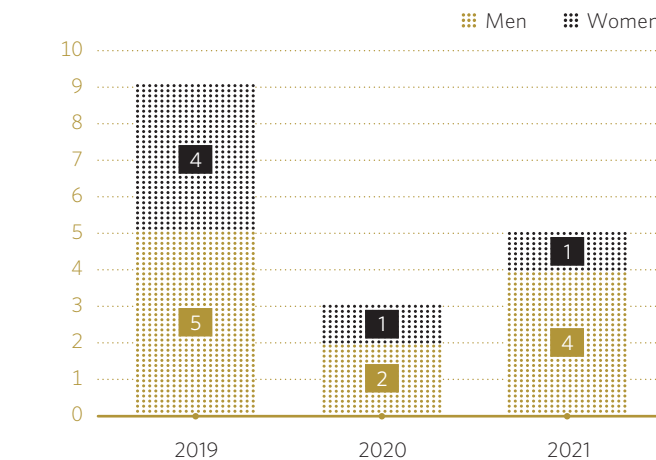


Types of contract and working day



Note: excluding partial retirees.

Permits



Return-to-work rate: 100% en 2019, 2020 and 2021.  
Retention rate: 100% en 2019, 2020 and 2021.

### 6.2 Human resources practices

#### Labour relations

102-41 402-1

At Madrileña Red de Gas we endeavour to negotiate and adapt working conditions to the needs of our staff.

The company is subject to a collective bargaining agreement that covers 30% of the workforce, excluding partial retirees. The remaining 70% fall under the Workers' Statute. In 2017 the 2017-2021 II collective bargaining agreement was approved, which can be viewed in the digital document processing repository.

Employees' right are respected at our company. And there is complete freedom of association. There is a works council that represents all workers, with the exception of the General Manager. The collective agreements reached with company representation can cover up to 99.26% of the workforce.

Any operation changes are usually notified at least two weeks in advance, and always in observance of any legally established requirement.

Any changes resulting from a collective bargaining negotiation are specified in the negotiation for the collective agreement, including any established notification timeframes.

#### Work-life balance

401-2 401-3

Madrileña Red de Gas is fully aware of the need to implement measures aimed at ensuring our staff have the most advantageous conditions to develop their career without harming their personal and professional life. To that end, our policy for a suitable balance between work, family and personal time allows for working hours to be

## 6. Our employees

altered when necessary, working from home, shortened working days, and paternity and maternity leave, within the framework of the provisions contained in the company's social structures. In this way, our workers can make requests for their working day to be altered to achieve a work-life balance that best suits them at that time.

A good work-life balance means equality of opportunities and of development both at work and in one's personal life. This means that all workers have the chance to enjoy time for their personal and family life so that it balances and is compatible with their career, without this having a negative influence on their health or wellbeing.

Measures implemented by Madrileña Red de Gas include our firm commitment to digitalisation and working from home for almost the entire workforce, while also maintaining a 24/7 emergency response service. In 2021 a full 99% of remote working agreements were reached in all areas of the company's activity that came into effect as a result of COVID-19. To achieve this, we had to identify the positions that were suitable for remote working and define an agreement model to cover any possible problems, and implement new measures such as reducing the amount of physical office space and creating the new field services unit. But these efforts have clearly paid off.

Five MRG employees, four of whom are men, took time off for parental leave in 2021.

All staff that have taken some kind of leave have returned to their roles at the end of their leave with exactly the same conditions, with a 100% return-to-work and staff retention rate.

### Benefits for Madrileña Red de Gas employees

201-3 401-2

At Madrileña Red de Gas we continue to promote the wellbeing of our workforce by offering initiatives that adapt to their needs and resources.

The main benefits offered are:

- Medical insurance.
- Insurance premiums for savings and retirement.
- Restaurant voucher or meal allowance for staff working a split shift.
- Assistance for staff to take university studies.

As well as the help received through the Plan Mus or the Plan Movalt, workers also receive economic support to buy vehicles fuelled by compressed natural gas (CNG). This is a much cheaper and environmentally cleaner fuel. It is currently considered a sustainable alternative to replace liquid fuels. In 2021, only one employee received help to buy a CBG vehicle, as occurred in the previous year. In 2019, ten employees received help (in a year in which additional public assistance was provided).

In relation to the savings products designed for private pension systems, Madrileña Red de Gas has a Pension Plan or a Guaranteed Provision Plan available to its staff, and life insurance for the whole of the workforce. How they work is defined in the regulatory specifications for each one.

As the pension and provision plans are a defined contribution, there is no requirement for a different fund into which contributions must be paid, which are limited to the set amount of the contributions made by the company.

### 6.3 Equality and diversity

102-35 102-36 102-38 102-39 401-1 405-1 405-2 412-2

At Madrileña Red de Gas we embrace equality and diversity in our place of work. We promote gender equality through internal promotions, selection and training, offering the same opportunities and implementing equality plans.

In 2021 the MRG Equality Negotiation Committee was formed and gave gender equality training to everyone on the Committee.

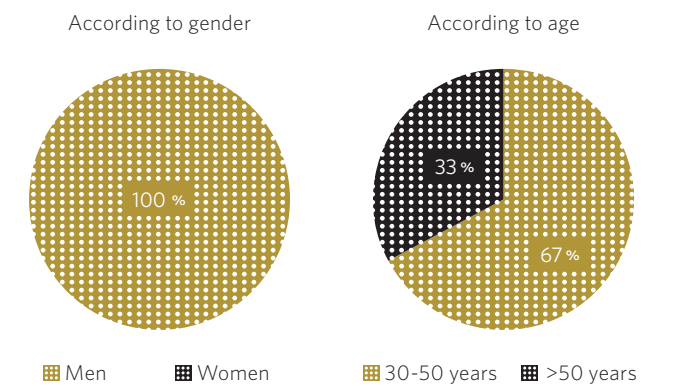
#### Governing bodies

- The Board of Directors is made up entirely of male members. In 2021, 67% of the board members were aged 30 to 50 years old, and 33% were over 50. The nine members of the board have the following nationalities: Spanish (2), French (2), Dutch (2), Chinese (1), Australian (1) and English (1).
- The Executive Committee consists of 29% women and 71% men. The only senior management role at Madrileña Red de Gas that is an employed position is that of General Manager. In 2021, 43% of senior management were aged 30 to 50 years old, and 57% were over 50. Only one of the seven members of the Committee is of foreign nationality (English).

#### Employees

The following table shows staff percentages by gender and age group in 2021 in each area of the company (Administration, Business Development, Management and Operations).

#### Composition of Board of Directors

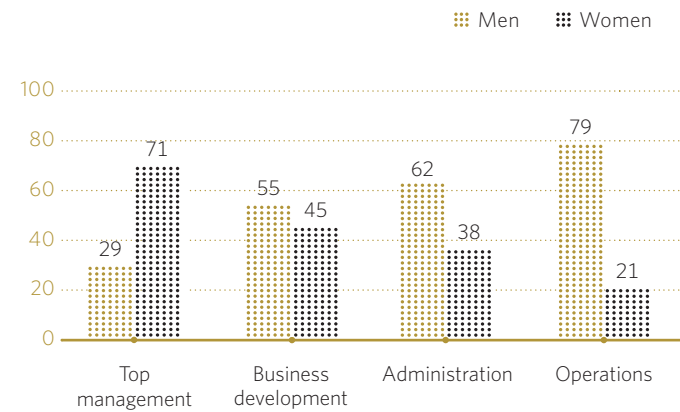


#### Composition of Management Committee



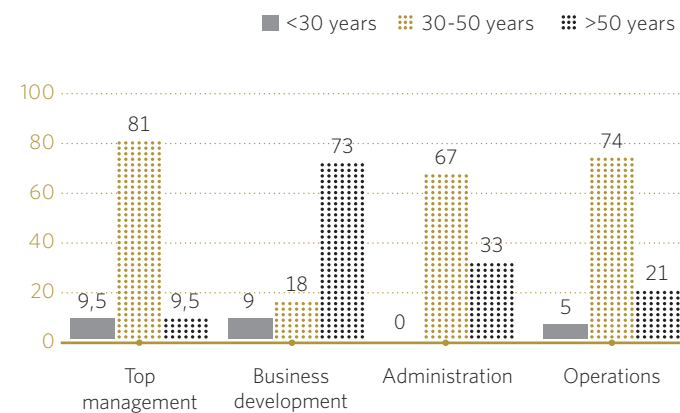
## 6. Our employees

### Employment category according to gender, 2021



Note: excluding partial retirees.

### Employment category according to age, 2021



Note: excluding partial retirees.

A total of 3.2% of the total workforce (excluding partial retirees) at Madrileña Red de Gas is of a nationality other than Spanish, specifically Italian, Colombian, English and Polish. By categories, Management has 9.5% with a non-Spanish nationality, and in the other categories combined 1.9% of the staff are of foreign nationality.

### Remuneration

The salaries policy established by Madrileña Red de Gas focuses on pay based on skills and goals, and is linked to length of service and job category.

To calculate the pay scale, consideration is given, for example, to the fixed salary and to the cost to the company (excluding bonuses), and the average for 2021 for women and men is compared for each job category.

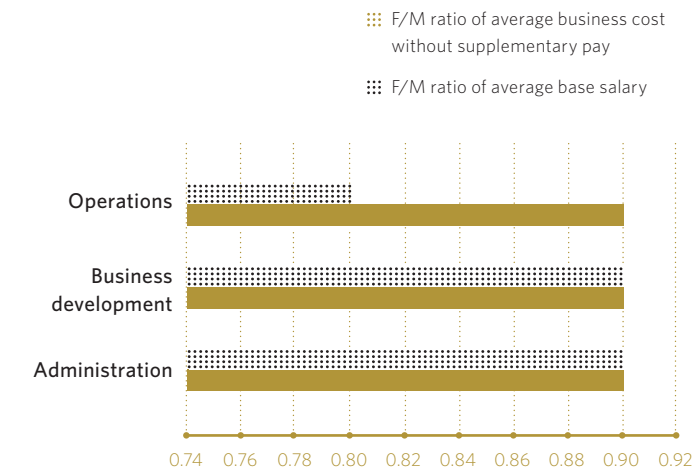
Employees are full time, and the pay of staff members working reduced hours or in partial retirement is calculated pro rata as though they worked full time. The Executive Committee is not included in this calculation.

In 2021 the total annual salary for the most highly paid employee is 1.46 times the median of all other employees.

Senior management is not included in the calculation of who is the highest paid person in the company. To make this calculation, the company cost of each employee was taken into consideration, excluding overtime and travel allowance, and calculating the full-time equivalent for employees with reduced hours.

The ratio of the percentage increase in total annual pay of the most highly paid person compared with the median of all other employees is 1.46.

### Average F/M ratio 2021



## The salaries policy established by MRG focuses on pay based on skills and goals, and is linked to length of service and job category

### Action on social inclusion

At the close of 2021, the MRG workforce has two employees with some form of disability, in compliance with the General Disability Law.

We also have foundations and companies that specialise in workplace inclusion and creating jobs for people with disabilities.

### Selection process

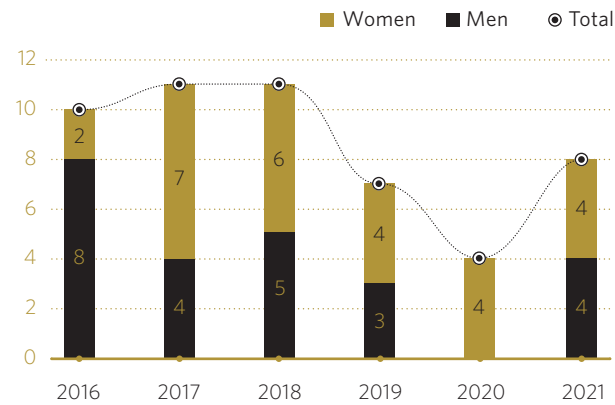
Madrileña Red de Gas has implemented a staff selection and hiring system based on a responsible strategy that is aligned with the company's sustainable development goals (SDGs). We want to contribute to the impact that these aims have on equality of opportunity, decent work, and reducing inequalities.

One cannot talk of human resource management in this day and age without it being linked to sustainability, in which the highest priority is the company's commitment and responsibility, with value creation, and attracting and retaining talent considered fundamental mainstays for a company's success.

We establish the necessary courses of action to take to remove biases and barriers that might prevent equal access to professional opportunities. The company needs to ensure that staff selection is based on criteria of merit and ability, and ensuring equal treatment of all candidates.



**Development in new hires**  
According to gender



**We try to present and guarantee a working environment and work activities that are of value, attractive and comprehensive, based on equality of opportunities, diversity and inclusion**

**6.4 Talent management**

404-1 404-2 404-3

Valuing internal talent and managing talent is an ever-present task at Madrileña Red de Gas. We try to present and guarantee a working environment and work activities that are of value, attractive and comprehensive, based on equality of opportunities, diversity and inclusion, with competitive pay, with opportunities for training and professional development, a healthy, diverse and inclusive working environment, and measures in place that help ensure an appropriate work-life balance can be struck.

Our strategy continues to focus on two main areas: a people-centred organisation, which is based on prioritising people’s wellbeing, and collective leadership, which focuses on obtaining results through the team’s motivation and commitment to tackle the challenges set.

The length of service of the Madrileña Red de Gas workforce (not including partial retirees) has dropped from 19 to 15 years over the past five years, and in 2021 the workforce had the shortest length of service in the company’s history.

In 2021 eight people were hired to work in the Madrid office, of which four are women (two under the age of 30, one aged 30-40 and one aged over 50). Of the four men hired, one was under 30 and three were aged 50-60).

Women accounted for 58% of the people joining the company over the past five years. In 2020 this figure was 100%, and in 2021 it was 50%.

These new members of staff bring experience and added value to the company. In 2021 the workforce was the highest

qualified in the company’s history. Madrileña Red de Gas is committed to rejuvenating its workforce, making it more versatile and better trained. Of the people joining the company in 2021, 75% are educated to graduate level. This is helping young people gain access to their first job. We also continue to adapt to the new circumstances, for which we have gone about building a more agile and flexible workforce.

The current average age of the workforce is 44.97 years, not including partial retirees, and 46.26 when including them.

MRG is committed to working from home as a way of gaining greater access to talent, retaining qualified staff, lower office costs, improved metrics and lower emission levels, due to fewer journeys between work and home. For employees, working from home acts as leverage in terms of motivation and flexibility.

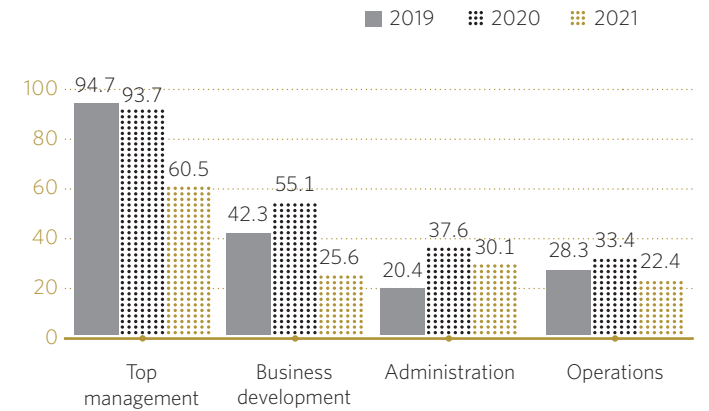
**Training plan and development programmes**

In 2021, 4,121 hours of training were given and €122,506 invested, among 506 participants, with an average of 32.71 hours per employee

**Emotionally intelligent organisations**

If there is something positive to have come from these years of pandemic, it is that organisations have recovered their focus on their people. The need to look after and protect employees from a common enemy, such as COVID-19, has reaffirmed in many cases the relationship between company and staff. Since March 2020 Madrileña Red de Gas has made every effort to protect the health of its employees. In 2021 we continued to listen to our members of staff and to engage with them so that we all understand and share the situations that they have

**Average time of training according to job category (h)**



**Training programs**

	Hours	Sessions	Participants	Staff
Corporate	183	3	99	79%
Skills	911	8	121	96%
Languages	923	6	26	21%
Business	413	5	7	6%
Sistems	202	3	16	13%
Prevention, environ-ment and quality	1,489	17	237	100%

## A hundred hours of training on equality were given, as part of MRG's clear commitment to equality between women and men

gone through, in the hope that this will help them to carry on and become even stronger. We organised as many as seven workshops on collaboration with a trusted consultancy company, devoting more than 200 hours to this goal.

### Digitalisation

At MRG we continue working to become the best natural gas distributor for our customers. This is why in 2021 we also invested in training on "Digitalising Field Operations", "Big Data" and "Cyber Security" in order to provide our customers with a service that is better, quicker, more comfortable and, above all, safer.

### Equality

A hundred hours of training on equality were given, as part of MRG's clear commitment to equality between women and men. For years the company has worked along various lines in an effort to become a leading example in this regard. In 2021, continuing with this best practice, we took a step further by incorporating training on this matter into our training plan.

### Training and development

What 2020 gave us was the opportunity to reinvent ourselves at all levels and plant the seeds of projects aimed at managing the change that a global pandemic entails, and we gained ground on the uncertainty that concepts such as lockdown, vaccination or remote working caused among us all. This was directly due to the training that was provided and that continues to be provided in terms of job safety analysis and in workshops aimed at providing our employees with tools for a new way of working: Leading Change, Initiative and Being Proactive, Cooperation and Teamwork.

As a result, in 2021 we strengthened this continuity in programmes of this kind while also moving forward in achieving important landmarks for the organisation with training in aspects such as equality, digitalisation and emotional intelligence at the business level.

### Performance assessment

All members of NRG staff receive a tailored assessment of their performance at least once a year through personal interviews held with their managers.

When a new employee joins the company, for the first year the HR Department monitors the individual and their manager to ensure that the new employee has all the necessary resources to perform their role, determine how they fit in with their colleagues and their manager, and if they have adapted well to the company and the unit they are working in. Additionally, to gather feedback the manager is asked to complete a performance assessment test on the candidate, and is interviewed to ascertain how well the new employee is adapting, their ability to learn and their level of responsibility.

## 6.5 Health and safety

403-1 403-2 403-3 403-4 403-5 403-6  
403-7 403-8 403-9 403-10

Madrileña Red de Gas has a health and safety management system implemented throughout the organisation that meets the ISO 45001:2018 standard. Work done in previous years meant that in 2021 once again the company was awarded certification for its compliance with this standard.

Madrileña Red de Gas also has an Industrial Safety and Risk Prevention Policy that addresses the organisation's principles and commitments on health and safety issues.

The company has also entered into an agreement with an external risk prevention service as a way to organise its job safety analysis, as the company conducts activities listed in Appendix I of Royal Decree 39/97 as being particularly dangerous and for having a workforce of fewer than 250 people.

In 2021, we had to ensure the continuity of our prevention policies implemented as a result of how the COVID-19 pandemic was evolving, which in practical terms involved establishing working from home as the preferred option for office-based staff whose roles were suited to this way of organising their work, as well as a raft of other measures aimed at staff whose work is only partly office-based and who carry out work in the field.

In this context, a significant percentage of the company's health and safety resources once again needed to be allocated to the various issues related to COVID-19.

### Measures adopted in the Madrileña Red de Gas building

In 2021 health and safety materials were still being purchased to provide protection against COVID-19. These include alcohol-based gel dispensers, screens and information posters to be placed in areas of transit.

With working from home the norm, staff were provided with a screen and accessories in their homes to improve the ergonomics of their work.

In the last quarter of 2021, senior management decided to reduce the company's office space by half, and work began to separate the prevention department, and the possible capacity in the two areas fitted out was studied in terms of climate control, following the air conditioning study conducted by the company Applus.

Work continued to ensure proper cleaning measures were in place with the company Biocidas Control de Plagas with a disinfection service (twice a week) in daily work areas such as the emergency control centre, changing rooms and vehicles used by Madrileña Red de Gas.

### New centre opened

In the fourth quarter of 2021 a new work centre was opened at calle Valdemorillo, 60, Alcorcón, to transfer emergency operators and auxiliary facilities.

### Monitoring prevention objectives

Regarding the three health and safety objectives set for 2021, their status is as follows:

- **Objective no. 28:** Reduce accidents. (100% assessed). A lower number of accidents was recorded than the previous year, achieving 75% of the objective.

## 6. Our employees

- **Objective no. 29:** COVID-19 pandemic management. (100% assessed). The ratios indicated in the objectives were 88% reached.
- **Objective no. 31:** Maintain the SEVESO III management model for the prevention of serious accidents. A full 100% of the goals set has been achieved. Seven simulations of the emergency plan and five reviews of the regulations set out in article 21 of Royal Decree 840/15 were conducted.

### Health and Safety Committee meetings

Four Health and Safety Committee meetings were held in 2021. The main issues addressed were as follows:

- COVID-19 monitoring, campaigns, testing, purchasing materials.
- Activities of the external prevention service. Review of the risk assessment of the centre and work positions.
- Survey to gather information to assess remote working positions.
- PPE, clothing.
- Suggestions on the works carried out at the Virgilio office.

The Health and Safety Committee visited the new place of work at calle Valdemorillo, 60 in Alcorcón, and held the last meeting of the year there, attended by all members.

### External document processing and operational control services

The external document processing service, intended to coordinate business activities relating to job safety analysis,

is monitoring the document processing of 127 contractor and subcontractor companies, as well as 831 of their workers, amount to almost 9,235 documents being checked. The degree of compliance of contractor compliance is at 76.8%.

In 2021, and due to the ongoing pandemic, the following documents have been checked:

- Assessment of the biological risk involved if exposed to the coronavirus.
- COVID-19 coronavirus action protocol.

These document checks are made through direct supervisions in the field and which were initiated in previous years, and through which the effective application of various preventive measures, and that the correct documentation is provided, is verified.

In terms of operational control, work continued on the digital transformation of the different MRG processes, automating management processes by defining the work flows associated with each process. In particular, the process of visits paid to Operational Control, the Agreement on Dangerous Goods by Road (ADR) report and various corrective measures were all developed. To that end, we have trained our staff to handle the management tool for IMS processes, as well as training officers from contracted companies related to this task.

In 2021, a total of 65 reports were produced of visits made by health and safety coordinators to the emergency services, as well as 61 reports of the visits made by the Nipsa officer, recorded in the management tool for IMS processes, with no breaches detected, and a few incidents recorded relating

to a lack of extinguishers in vehicles or the need for some extinguishers to be checked.

Of the visits recorded in the management tool for IMS processes, the highest percentage of operational control visits were for the following activities:

- Liquefied petroleum gas (LPG) plant dismantling.
- Maintenance of liquefied petroleum gas (LPG) plants.
- Maintenance of regulation and metering stations (RMSs).
- Inspecting valves.
- Meter readings.
- Tracking leaks.

A new cycle was also implemented of regular visits by Agreement on Dangerous Goods by Road (ADR) advisors to affected facilities, as well as operational prevention, environment and quality control visits to a broad range of our significant processes.

### Explosive atmosphere checks

In relation to policies to prevent risks in activities involving the presence of potentially explosive atmospheres (ATEX) in LPG plants, in 2021 57 general security checks were carried out against explosions, of which:

- Nineteen checks were correct, with protection against explosions document.
- The rest, in 38 plants, had minor defects that need to be corrected.

### Accidents in the workplace among MRG staff

No fatalities recorded by MRG in the company's history. At MRG the most common accident in the workplace is to do with overexertion. In 2021 a drop in staff accidents was recorded in comparison with previous years, and as a result of a single recorded accident resulting in sick leave, we scored 3.86 on the accident frequency index. The voluntary legal health and safety audit was also conducted in 2021.

### Incidents

Incidents that occurred in 2021 include, for example, the lack of heating due to frozen pipes, unsafe traffic conditions due to wind and appointments to customers' homes deferred due to COVID-19 quarantine requirements.

### Personal protective equipment

On matters relating to personal protective equipment (PPE), work continued in terms of the best practice of regular external checks on rescue tripods, safety harnesses and other related safety elements.

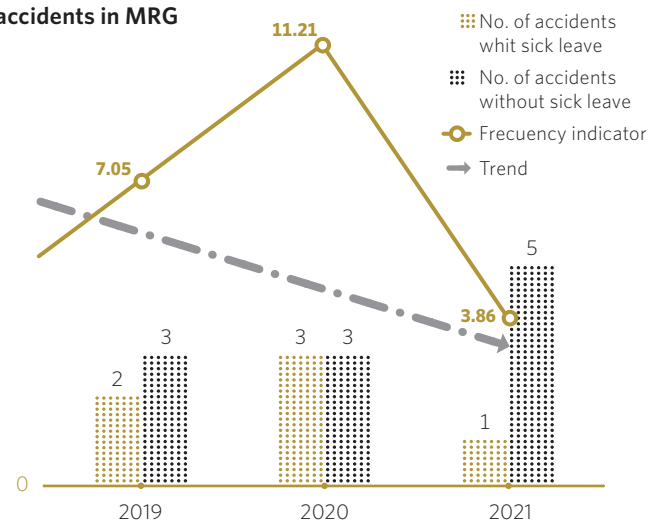
**The external document processing service, intended to coordinate business activities relating to job safety analysis, is monitoring the document processing of 127 contractor and subcontractor companies, as well as 831 of their workers**

## 6. Our employees

### Accidents in the workplace among MRG staff

	2019	2020	2021
Accident with leave not "in itinere"	2	3	1
Accident without leave not "in itinere"	3	3	5
Accident with leave "in itinere"	1	0	0
Accident without leave "in itinere"	1	0	0
Frequency index <sup>1</sup>	7.05	11.21	3.86
Severity index <sup>2</sup>	0.10	0.11	0.20

### Evolution of workplace accidents in MRG



### Accidents in the workplace among MRG's contractors

	2019	2020	2021
Accident with leave not "in itinere"	3	0	0
Accident without leave not "in itinere"	5	0	3
Accident with leave "in itinere"	0	0	1
Accident without leave "in itinere"	0	0	0
Frequency index <sup>1</sup>	5.66	0	0
Severity index <sup>2</sup>	0.16	0	0

<sup>1</sup> Number of accidents causing injuries and sick leave per million hours worked.  
<sup>2</sup> Number of days lost due to accidents per thousand hours worked.

During this period, personal protective equipment continued to be purchased, such as FFP2 face masks, gloves, surgical masks and alcohol-based gel.

The Health and Safety Committee was kept informed of how the most relevant issues relating to personal protective equipment were being monitored.

Best practice was implemented to provide weekly information on stock levels so as to plan any purchases that may be necessary.

New employees joining Network Operations and Expansion continue to be provided with PPE.

### Industrial and third-party accidents

In January 2021 two incidents were reported, one involving four people, who became intoxicated due to the poor condition of the boiler, and a second incident involving two people, who became intoxicated due to various factors: a poor combustion join with gypsum and lack of a proper seal in the combustion flue.

Another event was reported in December, when three people in the same home suffered intoxication from carbon monoxide. Although there were no serious injuries, they did have to go to hospital, where CO<sub>2</sub> intoxication was confirmed.

There have been no fatalities in any of the accidents reported over the past five years.

### Dialogue with stakeholders

Accidents were reported to the labour authorities as established in current legislation.

Statistical information on workplace accidents was also provided to the Spanish Gas Association (SEDIGAS).

### Health monitoring and risk assessment

With regard to monitoring workers' health, a widespread campaign of medical check-ups was conducted in 2021, involving both initial and periodic-type check-ups.

In total, 95 medical check-ups were performed. All workers who underwent medical check-ups were classed as 'suitable' to perform their usual roles.

The campaign to identify workers vulnerable to infection by COVID-19 remained in place.

A campaign of COVID-19 testing and detection was carried out in February and March. After the campaign, these tests were provided to staff to be used individually, depending on circumstances (people with close contacts and in quarantine).

### Workers' questionnaires, job safety analysis

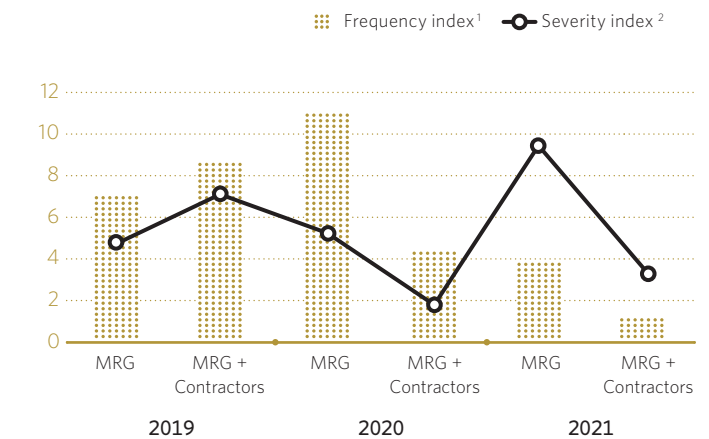
In May/June, all workers were sent a survey to gather information on job risks when working remotely, on working conditions in people's homes (monitors, furniture, lighting, and so on), etc.

At MRG, 85 employees (67.4% of the workforce, excluding partial retirees) signed the remote working agreement. The job safety analysis survey that was sent out focused on working remotely, as per the provisions in article 5 of Royal Legislative Decree 8/2020.

From the results obtained, the proposal was made to make notes or suggestions to avoid many of the deficiencies that workers found in their homes, such as how to avoid

### Index of accumulated frequency and seriousness for MRG plus contractors

		Frequency index <sup>1</sup>	Severity index <sup>2</sup>
2019	MRG	7.05	0.10
	MRG + Contractors	8.60	0.15
2020	MRG	11.21	0.11
	MRG + Contractors	4.26	0.04
2021	MRG	3.86	0.20
	MRG + Contractors	1.31	0.07



No. of accidents	2019	2020	2021
MRG staff and contractors	32	6	37

No. of incident	2019	2020	2021
Explosions	0	1	0
Intoxication	1	0	3

**At Madrileña Red de Gas, 85 employees (67,4% of the workforce, excluding partial retirees) signed the remote working agreement**

reflections, where to place the screen, order and cleanliness, etc.

**Psychological assistance service**

In February a reminder was sent with the offer of psychological support for all Madrileña Red de Gas workers. This consists of counselling sessions with a professional to resolve any doubts or concerns in this exceptional situation we are all still living in. One employee expressed interest in the initiative in 2021.

**Training**

The following courses on prevention were given in 2021:

- Risks and preventive measures in offices. Course delivered online by Previlabor. No. of workers taking the course: 96.
- Course on Emergencies at Madrileña Red de Gas, delivered in person by Unisafe. No. of workers taking the course: 14.
- Course on confined spaces. Delivered in person by Ilunion. No. of workers taking the course: 12.
- First aid course. Delivered online by Previlabor. No. of workers taking the course: 16.
- Course on returning to work. Given online by Quironprevención. No. of workers taking the course: 1.
- Course on safety when working with gas. Delivered by: Ilunion. Delivered in person and online. No. of workers taking the course: 43.

Emergency training and simulations were also carried out at LPG plants, LNG plants and distribution networks.

**Information campaigns**

In keeping with its policy of providing job safety analysis information to the parties concerned, Madrileña Red de Gas continued to improve the content available on its prevention information channel using cloud-based technologies, making access available to MRG workers and to the main contractor companies, ensuring that access to the latest versions of the job safety analysis information is guaranteed.

All staff received various COVID-19 information campaigns, each one aimed at a specific group in the company.

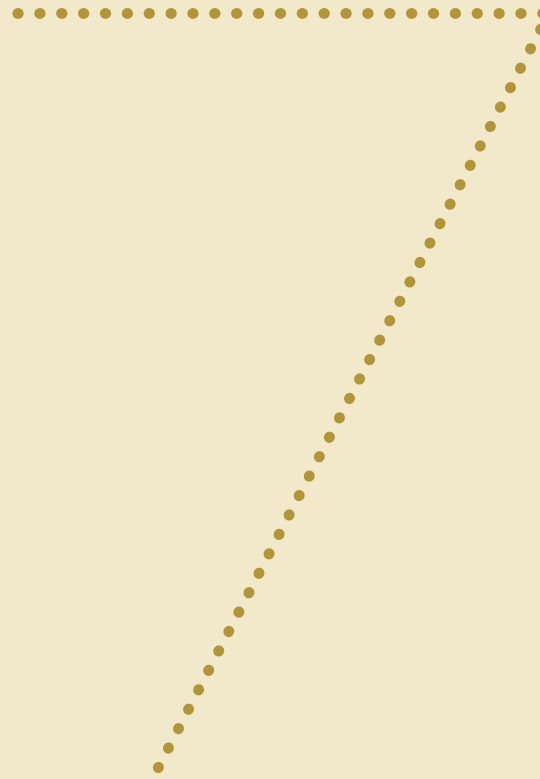
In total 62 campaigns were sent out (one or two per week). This campaign is intended to provide information on preventive measures, the use of PPE, vaccination protocols and healthy habits in the pandemic through graphics and videos provided by the Ministry of Health, the regional government of Madrid, Fremap, and other insurance companies and prevention services.

**COVID-19 criteria and measures implemented**

In observance of the contingency and business continuity plan for COVID-19, there was a need to continue defining particular criteria and putting them into place, of which the most relevant were as follows:

- Ongoing monitoring and analysis of legislative developments published by the Ministry of Health and the other relevant authorities in this matter, and adapting / reviewing our business context accordingly.

- Defining the criteria for preventive measures relating to COVID-19 for emergencies, maintenance, expansion and customer operations, and for staff who remained working in the building.
- Defining COVID-19 information for the website and the wording of call centre literature.
- Implementing scaled access to changing rooms for emergency and maintenance staff in order to limit numbers.
- Adopting criteria to manage infections and quarantines resulting from COVID-19: protocols for solitary return to work, contrast testing, etc.
- Determining criteria for scaling back after the easing of lockdown restrictions.
- Defining the plan for returning to offices, which continued to be reviewed and updated according to available information and developments with the aim of ensuring the best possible health and safety procedures are in place to prevent COVID-19 infections. Determining the criteria to apply for the occasional use of office space, such as meetings, receptions and training, and for use of the changing rooms or cafeteria.
- Determining which criteria to apply when coordinating of business activities in terms of preventing the risk of COVID-19 in the workplace when encountering the contractors who carry out maintenance work on the building's facilities.



# Supply chain

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## 7. Supply chainy

### 7.1 Description of the supply chain

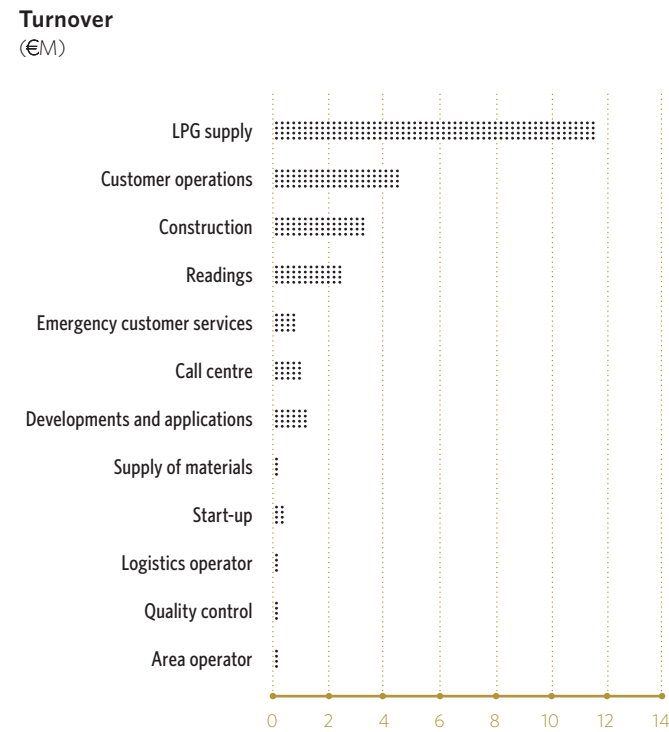
Extending the distribution network and ensuring it is maintained safely, including satellite plants and the actual running of the network, are the company's key activities. Contracting service companies forms an essential part of these processes.

Madrileña Red de Gas has social responsibility incorporated into its business strategy, and promotes socially responsible practices through its procurements, aware of its capacity to influence its supply chain.

A total of 80% of procurements are made with 19 suppliers, of which 15 are service providers, one is a service provider and product supplier, and three are product suppliers.

We strive to buy from local suppliers, and encourage the suppliers and companies that we collaborate with to adopt behaviour guidelines that are consistent with our Code of Ethics. Significant operations for Madrileña Red de Gas are classed as those that exceed €20,000 a year. A total of 67% of significant purchases in 2021 were with local suppliers, i.e. from the Madrid region, helping to promote and strengthen local commerce.

In 2021 the company did not engage in any new outsourcing processes or undergo any significant changes in our supply chain.



MRG no. of suppliers in the Autonomous Community of Madrid:	Total	ACM
Products and services	176	67%
Services	126	51%
Products	58	18%

Volume of local purchases in the Autonomous Community of Madrid	Total (€M)	ACM
Product and service purchasing	34	87%
Service purchasing	21	51%
Product purchasing	13	36%

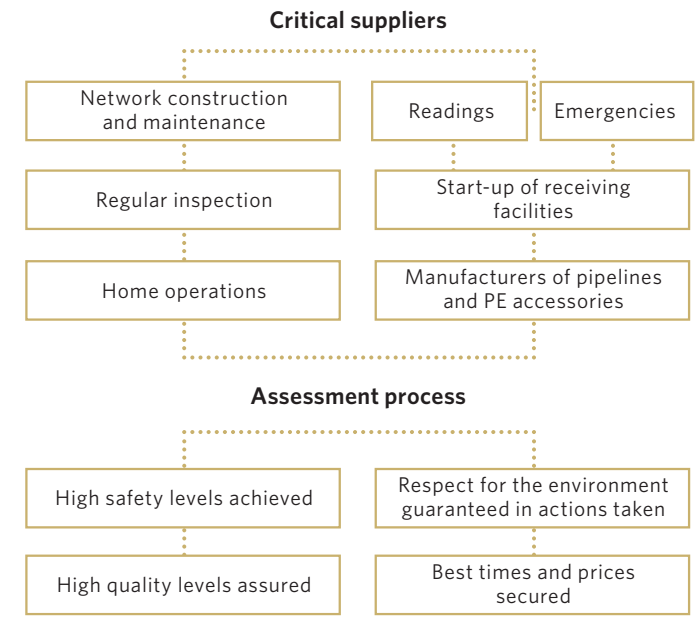
### 7.2 We minimise risk as part of a transparent process

Madrileña Red de Gas has a General Contracting and Procurement Standard through which it controls and manages all processes, products and services supplied by external means. It has also defined the specifications relating to risk prevention, quality and the environment that must be included in all contracts and procurements, with guarantees not only that the environmental, quality and prevention commitments assumed by the company also apply to its suppliers, but that compliance with current legislation and appropriate protection for all workers involved in the process are fully observed.

The standardisation process for suppliers developed by the company means that, among other aspects, suppliers have the technical capacity needed to carry out their work. This capacity is determined according to the requirements established in the current legislation and standards for the sector, and according to the company's specifications and procedures.

Working with appropriately standardised suppliers in critical business processes ensures higher levels of safety, quality, better delivery times and prices, and a respect for the environment in the service that they provide.

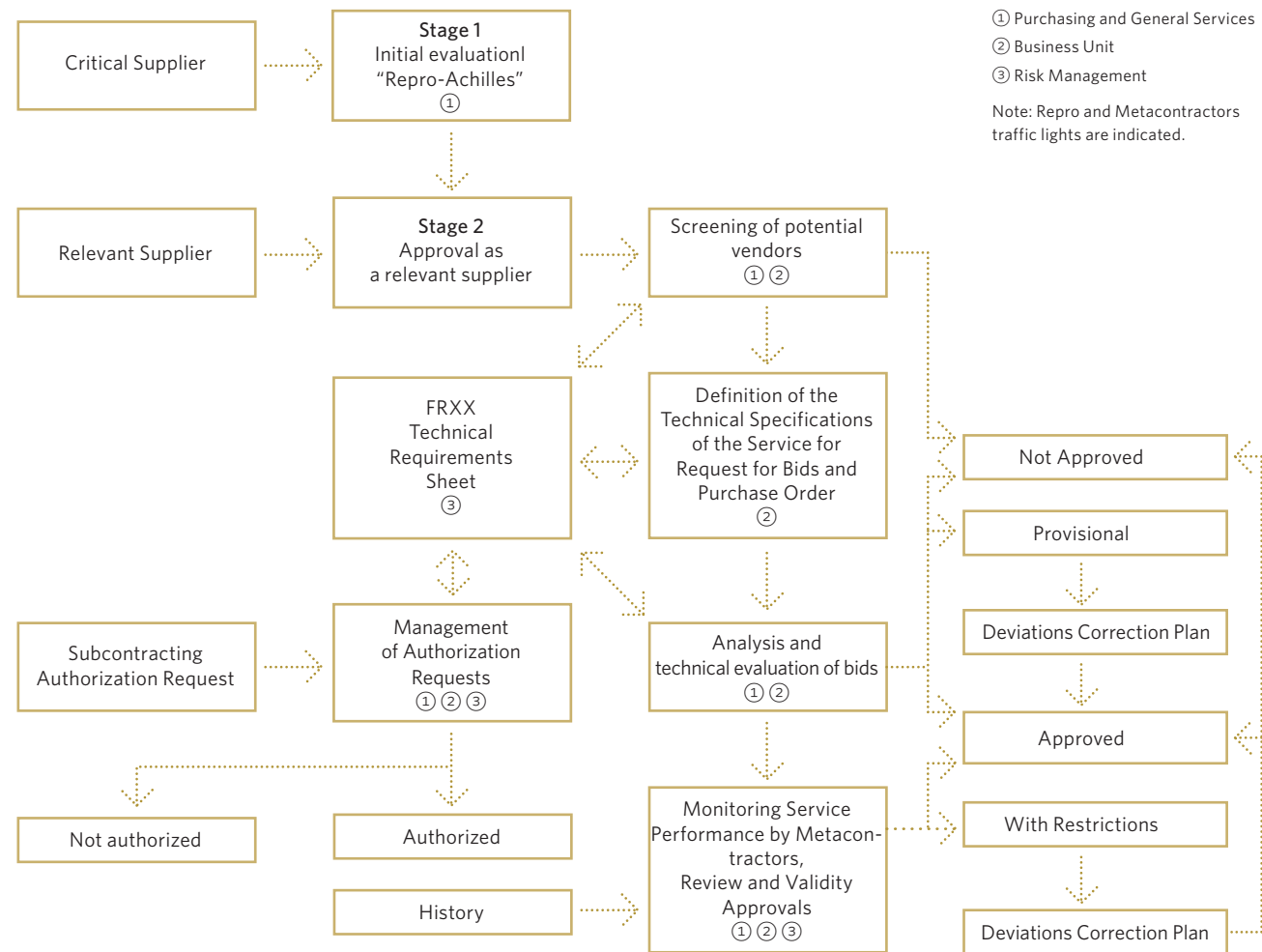
Suppliers that are critical to Madrileña Red de Gas are those that are involved in network building and maintenance works, regular inspections, home operations, readings, emergencies, installing and setting up receiving facilities, and manufacturers of polyethylene pipelines and polyethylene accessories. With the exception of manufacturers, these suppliers must conform to the standardisation established in the company's internal regulations for relevant services,



**Working with appropriately standardised suppliers in critical business processes ensures higher levels of safety, quality, better delivery times and prices, and a respect for the environment in the service that they provide**

7. Supply chainy

Procedure for standardising Madrileña Red de Gas suppliers



i.e. for services requiring compliance with specific technical and legal conditions in order for the work to be carried out, thus meeting the minimum requirements to take part in tender processes.

After an initial assessment stage conducted using the external IT tool, which checks compliance with requirements relating to economic and financial, solvency, legal, business structure requirements, experience and references provided, the relevant suppliers move on to a second stage of assessment to check compliance with technical and regulatory requirements relating to being accredited to perform the specific work in question. Suppliers not classed as relevant are only subject to the first assessment stage.

In 2021 standardisation work continued with suppliers using the external IT application, selecting 51 critical suppliers. Standardisation is reviewed periodically by running checks during the delivery of the service, through dialogue with the different company units to gather the necessary information relating to the service provided by the suppliers.

In the procurement process, long-term and trusting relationships are sought with suppliers by establishing objective and impartial selection mechanisms and ensuring that the principles set out in the Code of Conduct are always met.

All processes to award and contract suppliers are governed by the principles of need, efficacy, efficiency and flexibility, guaranteeing the company's objectives regarding quality, price, delivery and service.

The MRG Procurement Unit establishes the purchasing strategy by conducting market analysis of potential suppliers,

**In the procurement process, long-term and trusting relationships are sought with suppliers by establishing objective and impartial selection mechanisms**

using technical specifications, the tender document, technical regulations and all necessary documentation provided by the various units of the company as reference material.

The need to conduct a tender process depends on whether or not framework agreements are in place, on whether any opportunities have been detected by Procurement or by request of the Business Unit.

A tender consists of the formal process of releasing a request for proposals that meets the following characteristics:

- There must be a fully documented series of conditions and rules that apply specifically to the tender for all companies taking part.
- At least three companies must be invited to submit proposals.
- The same form of communication must be used with them all.



## 7. Supply chainy

- A single time and place for proposals to be submitted must be specified.

As a general criterion, proposals are requested from at least three companies, and this becomes mandatory when the budget exceeds €20,000. For proposals exceeding €100,000, an opening desk for proposals is set up by the unit inviting proposals, guaranteeing full transparency in the process at all times. If suggested by the particular unit or by the Legal Services Department, a lawyer may also attend the opening of proposals if deemed appropriate for that procedure.

Once the proposal process has come to an end, the contract documents are drawn up and signed after they have been reviewed and approved by the Legal Department.

In general, contracts cannot cover a period any longer than three years. Quality, environmental and operational safety requirements form part of the contract documentation, and must therefore be met by the supplier. The documentation also includes the penalty clauses imposed in the event of any unlawful breaches and criminal liability; the contracts require compliance with the law at all levels, in terms of both labour laws (H&S, quotations, compulsory training for the particular activity, etc.) and business laws (fiscal compliance, accreditation for the activity, etc.) in accordance with our Code of Ethics, policies and anti-corruption principles.

### Adherence to the public offering

The regulated character of our business includes specific public incentives to the natural gas sector, such as adherence to the public offering. Managing the services involved in connecting new supply points through public offering consists of publishing established prices and

conditions for the distributor (in this case MRG) and the market type, which the installation companies concerned must adhere to.

In 2021 at Madrileña Red de Gas we maintained our public offering and sales campaigns as a sign of loyalty and commitment to our most traditional channel, namely the installation companies and the associations that represent them in Madrid, known as AGREMIA.

### 7.3 Communication and collaboration to achieve shared objectives

Corporate responsibility is understood by Madrileña Red de Gas as the series of strategic courses of action developed to establish trusting, stable, reliable and mutually beneficial relationships with our stakeholders, which includes suppliers.

Our relationship with our suppliers is of critical relevance to Madrileña Red de Gas, and our concerns include:

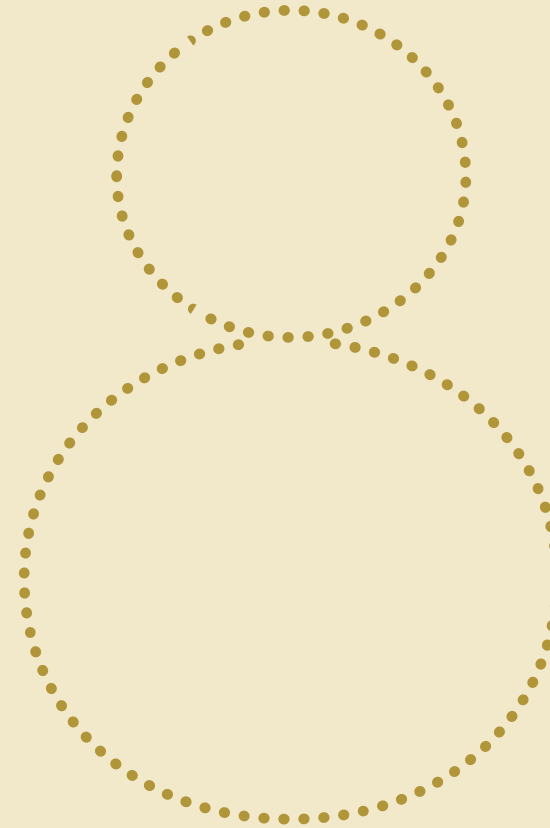
- Resolve all incident and complaints quickly and effectively.
- Meet contractual commitments and being open to negotiating and modifying clauses in order to improve the quality of our service.
- Maintain ethical, transparent and impartial conduct throughout the whole tender process.
- Guarantee that works are carried out in safe conditions and with all necessary means in place.

- Facilitate the process involved in coordinating business activities.
- Deal with all information needs to ensure the quality of the works carried out.
- Guarantee the personal data protection and information security.
- Ensure all computer tools are available designed to make the processes they are involved in easier and more agile.

Madrileña Red de Gas is a member of the Spanish Association of Purchases, Contracting and Procurement Professionals. This association is to promote and foster a sustainable purchasing management system by facilitating the exchange of knowledge and collaborative work, establishing strategic alliances with relevant entities from various production sectors.

Together with other businesses and suppliers, we take part in discussions to share the latest trends in sustainable development and sustainable plans for the supply chain. One example of this was the involvement of MRG in the Achilles Connect event titled "Climate Change and Energy Transition", in which the importance of meeting sustainable development goals was discussed.

**Corporate responsibility is understood by MRG as the series of strategic courses of action developed to establish trusting, stable, reliable and mutually beneficial relationships with our stakeholders**



# Society

203-1

### 8.1 Commitment to communities and access to energy

Our raison d'être is to provide access to energy in various municipalities in the Region of Madrid.

Access to energy of high quality, and ensuring an efficient use of that energy, is fundamental for Madrileña Red de Gas. Access to energy is essential for people, businesses and societies to develop. And the energy sector as a whole is an important source of job creation.

A good business needs good power, with a continuous supply that you pay for once you've consumed it, and with multiple uses. For businesses, natural gas is the best fuel option, as it ensures savings from day one, with a low installation cost, a quick start-up, continuous supply, a lower environmental footprint than fossil-fuel alternatives, and at a lower cost.

The use of natural gas is standard in laundry businesses, chemical industries, paint booths, bakeries, food production centres, foundries, infrared radiation systems, and cleaning and sterilisation systems, all with great efficiency.

Natural gas helps companies and businesses be more competitive and more efficient, which translates into cost savings. For thousands of households it means an improvement in quality of life, and significant savings in their energy bills, depending on the consumption levels involved and the fuel that it replaces.

Specifically, in 2021 we invested €13.1 million to expand the distribution network. Over the course of 2021 a natural gas supply was provided to 6,913 homes, exceeding the initial forecast by 20%. Of these, 4,647 are fitted with individual boilers and 2,266 have central boiler rooms.

#### New supply points in 2021

Residential	10.455
New building	4.679
High consumption	495
LPG transformation	726
LPG new contracts	301
<b>TOTAL</b>	<b>16.656</b>

**In 2021 we invested €13,1 million to expand the distribution network. Over the course of 2021 a natural gas supply was provided to 6,913 homes, exceeding the initial forecast by 20%**

#### NORBA tool

We maintain an active dialogue with developers, builders and thought leaders, informing them and engaging with them in terms of new developments that arise at a technical, administrative or legal level. In this context, the Spanish Gas Association (SEDIGAS) has shown its support for the creation of NORBA, a tool developed by the Thermal Engineering Group from the Engineering School at the Universidad de Sevilla, which can identify the best energy solution for a new building. In most cases, natural gas complies with CTE 2019, allows the building to be awarded the highest energy rating, A, and the construction and running costs are more favourable.

Natural gas is efficient, affordable and provides immediate domestic hot water and heating, helping to improve the quality of life for people in their homes, and the energy efficiency that it brings means a clear advantage in terms of costs when compared with newer technologies such as air-source and ground-source pumps. A study was conducted in conjunction with SEDIGAS, focusing on analysing natural gas in comparison with other energy sources.

At Madrileña Red de Gas we are committed to sustainable development and are constantly collaborating on innovative projects aimed at cleaner and more sustainable energy. As indicated in section 5.2.4. "Projects and investments aimed at stimulating energy efficiency and reducing emissions", we collaborate with other companies in a range of projects in the Region of Madrid, such as:

- The "Inspira Madrid" project, affecting the hydrogen value chain with the goal of decarbonising urban public transport fleets in Madrid.

- The Renewable Hydrogen Valley project in the Region of Madrid consists of deploying a large-scale renewable hydrogen solution in the Henares Corridor, which will mainly be used to decarbonise the Adolfo Suárez Madrid-Barajas airport by replacing natural gas with green hydrogen from the existing cogeneration plant, helping to meet the airport's energy needs. The project is also designed to supply the energy needs for hydrogen-powered mobility, mainly in relation to urban transport and for medium and long distance heavy goods transport.

In our role as energy provider, we understand the vital need to respond to extraordinary situations, such as when Storm Filomena hit the region in January 2021. During the storm, the MRG natural gas distribution network, which supplies more than 880,000 customers in the Region of Madrid, remained completely operational.

From the time the storm struck, and in the wake of the freezing temperatures that followed, Madrileña Red de Gas strengthened its emergency response service and its entire field work team, formed of more than 40 people. The technical team joined up and coordinated with the operations team to resolve each and every incident that occurred as a result of the storm. From 8 January, more than 1,500 urgent warnings were received by the service, a figure much higher than the average demand (around 800 warnings are received in a normal January). As we were aware of the difficulties faced by many of our customers at that time and of the seriousness of the situation, we were working in collaboration with regional and local authorities to be able to access fault points that were hard to access due to the several inches of snow and ice that had accumulated.

## 8.2 Commitment to our customers and users

We set the bar very high for ourselves and for our collaborators, to help ensure our customers have the best possible experience. In 2021, we made significant improvements in terms of how we communicate with our customers and users, and how services and meter readings are managed.

The following are some of the most relevant measures implemented:

### Artificial intelligence (AI) helps customers in our call centre

Continuing with our goal to simplify the customers' journey when they contact us by telephone, in the first quarter of 2021 we completely digitalised the customer service for first-level calls to our call centre, by implementing the Amazon Lex artificial intelligence voice recognition service for customer calls.

In this case, the customer no longer has to listen to the entire recorded script and press a number on their phone's keypad to get through to someone; instead they can use natural language to select the option that best matches the query or request they wish to make, and the artificial intelligence service helps to manage the call through automated voice recordings, if it is a query that only requires simple information, or puts the caller through to our interactive voice responses (IVRs), so that customers can provide a meter reading, confirm or reschedule the regular inspection visit or pay LPG bills via the automatic payment gateway.

### All-channel implementation in the call centre

Having completed the first stage of our project to modernise our call centre, which was carried out in 2021 by dividing the service for customer calls into three service lines, depending on the complexity of the call, in 2021 we centralised how queries received through WhatsApp, the Virtual Office and suppliers are managed and responded to for the processes we currently receive most questions about: meter readings, regular inspections, home operations and customer services. As a result, call centre productivity and the degree of customer satisfaction both increased. In 2021 a total of 26,489 queries were dealt with.

### Madrileña Red de Gas is revolutionising the sector by implementing a single platform for managing messages with supply companies

Following the liberalisation of the energy sector, with the exception of Gas Extremadura all other gas distribution companies exchanged messages with suppliers through the SCTD (Transport-Distribution Communication System).

On 1 October 2021, Madrileña Red de Gas launched its own platform, IOGAS, featuring new technologies to provide an improved user experience, greater control and improved visibility, while always respecting directives from the National Commission on Financial Markets and Competition (CNMC) in terms of formats and validations.

#### How does IOGAS help us?

- **Operative control:** The platform is designed to provide easy and intuitive control: determine queries sent, rejected, in progress, and so on, in real time

through dashboards and personalised views, with full traceability of the various processes involved and enabling alerts to be programmed depending on the particular user's needs.

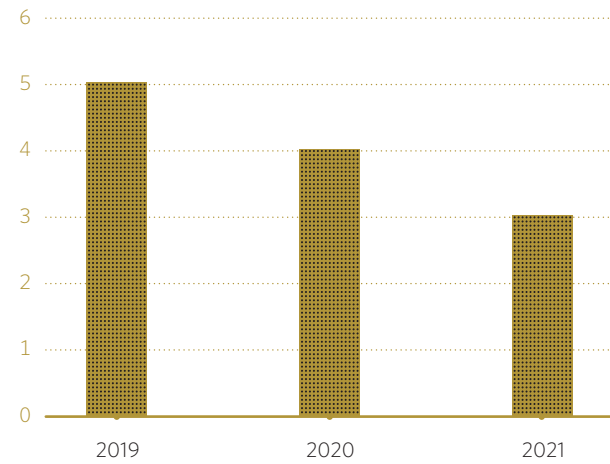
- **Validations in real time:** For any query, validations occur online, verifying in real time both the validation of formats and information about the supply point in distributor's systems, so that errors can be corrected instantly and rejections avoided.
- **Integration and access facilities:** IOGAS has an application programming interface (API) for online integration with suppliers' systems, so that any system can connect to IOGAS quickly, simply and securely. It also provides the option of exchanging files via SFTP, which works as it did up to now (without having to make any changes in the systems).

As well as the integration options, the platform features a friendly and intuitive user interface that can be accessed online and from any device, and which requires almost no training.

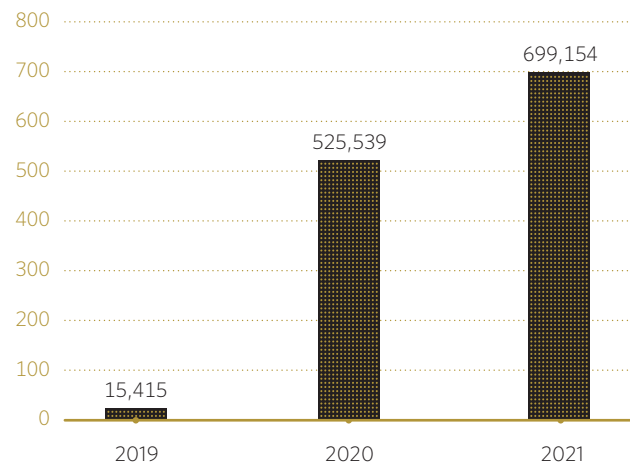
- **Improved customer service quality:** IOGAS provides more information on the traceability of a query processed, and on the situation of a supply point, and can be used by the sales channels and by Customer Services to increase first call resolution for any channel used, minimising the need to transfer calls or process complaints with the gas supplier due to a lack of information to resolve a customer's

**The call centre productivity and the degree of customer satisfaction both increased. In 2021 a total of 26,489 queries were dealt with**

**Number of customers without actual reading (%)**



**Total number of meter readings sent through the virtual office (thousands)**



complaint and, of course, to improve customer satisfaction.

- Security:** IOGAS was developed in line with the latest advances in access, application and data security. This includes two-factor authentication, email and phone verification during the registration process, a secure password policy, communication security and full traceability of queries and modifications. As part of the IOGAS validation process, specific cyber security trials were carried out to detect and correct any possible breaches.

As well as all these improvements, the project to replace the transport-distribution communication system with IOGAS will also generate annual savings for the company.

**Evolution in photo-readings: optical character recognition (OCR) for meter readings**

In its efforts to improve customer meter readings, in 2021 Madrileña Red de Gas continued to lower the number customers not providing real meter readings, with a 0.5% drop to 3.2%.

Work continued to strengthen our virtual channels, with more options for customers when it comes to providing their meter reading. A total of 87% of readings were provided through the 24/7 self-service channel.

**Spectacular success in regular inspections 2021: no failed visits and great flexibility in appointments**

It could be said that 2021 was a different year for regular inspections; it was the year we could state that we achieved our goals.

From the outset, the volume of inspections remained above budget, and the year ended with a success rate of 97%, which translates into 10,090 inspections carried out above the target number, and an inspection failure rate of less than 0.5% (0.31% of inspections were unable to be carried out and 0.05% of missed inspections were able to be recovered on the same day).

One of our challenges was to adapt our schedules to make it easier for customers to change their appointment, without this affecting the number of successfully completed inspections. In 2021 a total of 12,8% of appointments were changed, amounting to 26,875 changes, with more being made from May, when the lockdown was eased. Madrileña Red de Gas continues to improve the service we provide for our customers.

As well as adapting to customers' needs by making it easier for appointments to be changed, one of the key aspects of the results obtained was the ongoing communication with our customers through the various channels that were set up. These communications have undergone constant changes to adapt to customers' demands, which we observed in the reviews, surveys and complaints that we received. Indeed, throughout the year we were able to close complaints within the established timeframe, and from the month of March 99% were closed on the same day.

In field operations, we had a quality control index of around 99% throughout the year, with no alarming cases detected. To conclude, the most objective summary of the year may be how we are rated by our customers, which has remained at around 8 since March.

**Video tutorials: how to explain ourselves better?**

Traditional frequently asked questions, articles, blogs and news items are no longer the best options for understanding a concept, which is why we are creating short, simple video tutorials to help our customers understand how best to interact with us.

We identified the main doubts faced by our customers by analysing the times that they contacted us, and in collaboration with customer experience and each particular business area, we have to date produced 14 short films, with plans to keep making plenty more.

The initiative has been a success: the video on how to send my meter reading via our virtual office has been watched 48,000 times; the video on what your gas meter reading is for has been viewed 31,000 times; and how to solve anomalies in a regular inspection has received 4,000 views.

\*The video tutorials can be watched via the following link: <https://madrilena.es/preguntas-frecuentes/videotutoriales/>

**Added value in communications**

At Madrileña Red de Gas we continue to improve our engagement with our customers by digital channels, using email and text messages as the main ways to communicate. Last year, 2021, was the year of added value, making it easier for customers in their dealings with us and providing them with useful information to be more efficient in their energy consumption.

The main way this was achieved was by making it even easier to send meter readings, change appointments for work in the field, and report on correcting anomalies, all digitally, and by sending a usage report to the customer after each meter

## 8. Society

### Information on our customer service

Information period (Quarterly)	Complaints received (Total)	Received/100,000 Customers	Complaints resolved (Total)	Resolved/100,000 Customers	% Resolved same or next day	% Resolved in 8 weeks	% Visit compliance
Q1 2020	12,790	1,407	12,685	1,396	91%	100%	100%
Q2 2020	9,160	1,007	9,201	992	81%	100%	100%
Q3 2020	6,189	779	6,017	661	92%	100%	100%
Q4 2020	6,906	757	6,806	746	91%	100%	100%
Q1 2021	9,154	1,002	9,033	989	95%	100%	100%
Q2 2021	6,575	720	6,482	710	98%	100%	100%
Q3 2021	5,100	558	5,100	558	99%	100%	100%
Q4 2021	6,277	686	6,273	685	94%	100%	100%

reading period, with a comparison with their neighbours and within their municipality, how the weather has affected their usage levels, or the carbon footprint generated when using gas compared with other sources of energy.

#### What did we achieve?

- We enabled 1.9 million actions to be carried out with a single click, without having to log in to the Virtual Office.
- More than nine million emails and texts were sent out to our customers, asking for meter readings, confirming appointments, sending the results from regular inspections, addressing complaints, etc.

- More than three million personalised consumption reports were generated.
- Digital meter readings rose from 65,000 in 2019 and 525,000 in 2020 to 542,617 in 2021.

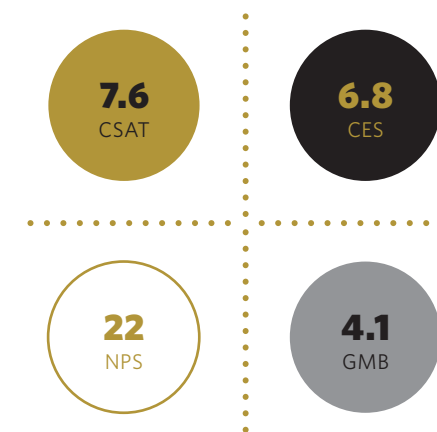
#### The next challenge?

Incorporate WhatsApp as a channel of communication in certain processes, as it is one of the most frequently used digital platforms used by people who are less familiar with digital technology.

#### Transparency in service to the customer

Our company prides itself on the transparency of its activity, its processes and its management. In this regard, and in

### Key Performance Indicators (KPIs) in 2021



Note: Customer Satisfaction Score (CSAT), Customer Effort Score (CES), Net Promote Score (NPS) y Google My bussiness (GMB)

order to make it possible for us to be compared against other companies in the sector, we created the section "Commitment"\*.

#### How are we doing?

In this section we publish quarterly key performance indicators (KPIs) on our customer satisfaction score (CSAT), customer effort score (CES), net promoter score (NPS) and Google My Business (GMB), as well as ratios on complaints received, with a more in-depth analysis of the top five types of complaints, where we explain what they are, how we manage them and what solution we provide to try to minimise them.

\* For more detailed information, please visit the website <https://madrilena.es/compromiso/>

### MRG management of requests

Process for dealing with complaints and suggestions received:

#### 1 Tell us what the problem is

If at any time we haven't done as well as we could, we'd like to have the chance to improve. In the virtual office, in the section "Need help" section, you can tell us about your incident. **We resolve 95% of incident within one working day.** If we have your contact details, we will keep you informed until the issue is resolved.

#### 2 Team of experts

We have **specialists in all areas to resolve your problem.** Whatever it is, we guarantee it will be resolved within six weeks

**Irene**  
Expert in solving issues relating to your regular inspection.

**David**  
Helps customers during operations we need to carry out in their homes.

**Ruth**  
Expert in solving issues relating to your gas meter readings.

**Paula**  
Helps customers with any problems in accessing the virtual office.

#### 3 Continual improvement

In the most complicated cases, if the solution adopted isn't to your satisfaction, we review our processes to see if it can be improved. **We believe in the continual improvement of our processes** to keep making them easier for you and all other users.

**MRG's commitments to users during visits**

Sometimes we need users to be at home when work they have requested needs to be carried out or that we need to do to comply with regulations. When users open the door to their home for us, our commitments are:

- 1 Two-hour slot**  
When we have planned the visit, so you are able to manage your time.
- 2 Day chosen by the user**  
We offer several dates to choose from if the user cannot be at home on the day scheduled.
- 3 Visit reminders**  
On the day before, if the user has provided their details.
- 4 No surprise changes**  
We do not alter the plan for schedule visits that are less than 48 hours in advance.
- 5 Seriousness**  
We conduct the schedule visit in the agreed time slot.
- 6 Qualified staff**  
We ensure that our operators have the experience, the training and the tools they need to do their work safely and securely.
- 7 Requesting the user's opinion**  
If the user has provided us with their contact details, we will ask how we did. We want to learn from our users.

**Commitment**

We publish our commitments on scheduled visits, customer services, our process when managing customer requests, and how our specialists act when providing personalised services.

This initiative means we can make our action protocols and ratios available to any official body and to our customers so they can compare us with the rest of the sector, both in Spain and internationally.

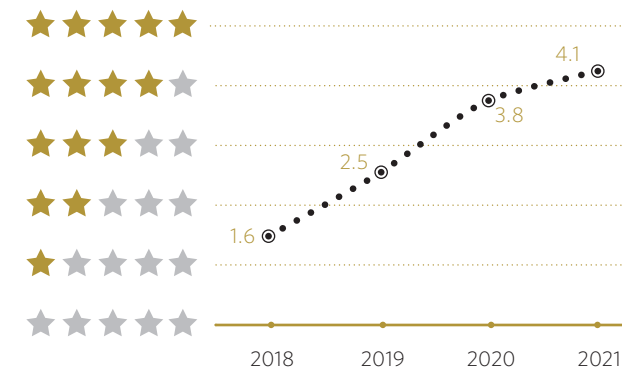
**Positioning in Google My Business**

Three years ago we set ourselves the challenge of becoming the best utility company on the market, and today we are proud to have 6,085 reviews on Google My Business, with an average score of 4.1.

We started off in 2018 with a score of 1.6 and the determination to transform the relationship with our customers. We have drawn up a digital transformation plan full of initiatives to learn what our customers really think, measure the quality of our services, establish new communications channels, provide information and make other tasks easier to manage, as well as measuring the results on an ongoing basis, so as to continue to improve based on the feedback we receive.

And as a result of the feedback and scores given by our customers, we have been able to evolve and improve all our processes by providing more information and delivering greater transparency, flexibility and safety.

**MRG rating on Google**



**And as a result of the feedback and scores given by our customers, we have been able to evolve and improve all our processes by providing more information and delivering greater transparency, flexibility and safety**

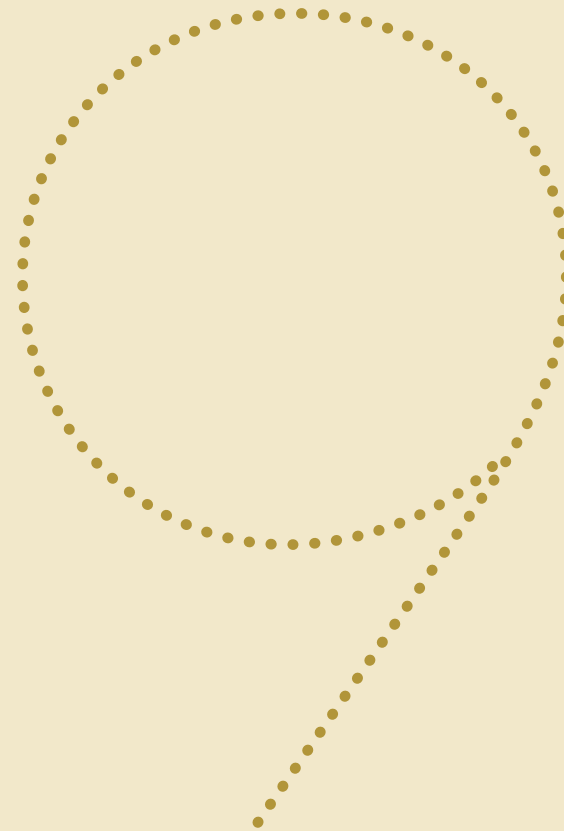
**Positioning on LinkedIn**

The Madrileña Red de Gas profile came about as part of an innovation project that a group of company staff members had developed as a social media communication channel in previous years. In 2021 the decision was made to push LinkedIn as an information channel that the company could harness to provide users with a range of company-related content. With a more professional user base, LinkedIn means we are able to get across to people the values, philosophy and innovation projects that Madrileña Red de Gas is committed to and involved in.

**8.3 Social action**

Madrileña Red de Gas continues collaborating with the Madrid region's Energy Foundation. This public-sector not-for-profit foundation helps to develop regional energy policy within the European framework. It fosters, promotes and conducts energy technology research, development and application initiatives and programmes, integrating environmental protection into them all. We have contributed with a donation of €16,000.

As in previous years, in December MRG took part in Operation Kilo through the Madrid Food Bank Foundation. The campaign raised 000€315, equating to 283.5 kg of food, through a total of 13 donations



# About the report

101



## 9. About the report

### 9.1 Principles for the preparation of this report relating to its content

This is the second report published by Madrileña Red de Gas, which corresponds to the year 2021.

This report has been prepared in accordance with the Core option of the GRI Standards.

It reflects the activities of Madrileña Red de Gas in the period between 1 January and 31 December 2021, and is expected to be published annually.

The principles for the preparation of this report, referred to in the GRI 101 standard, are described below.

#### Stakeholder inclusion

Madrileña Red de Gas has identified its stakeholders and has systematized a process for detecting their needs and expectations.

This information constitutes one of the inputs for the preparation of the materiality study, which allows us to prioritize the most relevant sustainability issues.

Throughout the development of the report, the importance of stakeholders in different areas of management is evident.

#### Context of sustainability

The report has been developed based on sustainability aspects, which are reflected in both the sustainability strategy and the CSR policy.

In addition, a clear identification of risks and opportunities describes how Madrileña Red de Gas deals with economic, environmental and social issues.

The lines that define the sustainability strategy are integrated into the company's general strategy and are perfectly aligned with the general objectives, thus demonstrating how Madrileña Red de Gas understands sustainable development.

#### Materiality

This year a materiality study has been carried out, based on which the most relevant sustainability issues have been identified internally and for all stakeholders, taking into account economic, environmental and social aspects.

As a starting point, the criteria and results of the self-assessments carried out according to the GRESB method have been taken into account.

These issues are developed throughout the chapters of the report, being aligned in chapter 3.4. Materiality.

#### Thoroughness

Once the material issues have been identified, the report has been developed and structured in such a way as to reflect the importance of each of them and to show how they are managed.

All the information provided spans the period covered by the report, as well as its evolution over the last few years.

### 9.2 Principles for the preparation of this report relating to quality

#### Accuracy

The information reflected in the report has been measured and contrasted, and is presented in sufficient detail so that stakeholders can adequately assess MRG's performance.

If any data had to be estimated, this is indicated in the report, as well as the criteria established for this calculation.

#### Balance

The report details both favourable and unfavourable aspects of the organization's performance, as well as developments and trends, so that an assessment can be made.

The priority of each topic is evidenced by the level of detail provided for each aspect.

#### Clarity

The information contained in the report is developed in an easily understandable way, structured in the form of tables and diagrams and including graphic information to simplify its reading and comprehension.

#### Comparability

The information provided makes it possible to evaluate performance over the years, analyze variations and be compared with other companies.

#### Reliability

All information, as well as the data presented, originate from documentation, scorecards, databases as well as from the company's filed accounts.

#### Timeliness

The report indicates the time period covered by the information, and future versions will include updates to this information, where appropriate.

## 9. About the report

### 9.3 GRI content index

GRI	Definition	Report
101	Foundation	9. About the report
102-1	Name of the organization	2.2. About us
102-2	Activities, brands, products and services	2.1. About us 2.3. Our Business
102-3	Location of headquarters	2.1. About us
102-4	Location of operations	2.1. About us
102-5	Ownership and legal form	2.1. About us 2.4. Corporate Governance
102-6	Markets served	2.1. About us 2.3. Our Business
102-7	Size of the organization	2.2. Key figures 2.3. Our Business 4.4. Financial Information 6.1. Human capital in figures
102-8	Information about employees and other workers	2.2. Key figures 6.1. Human capital in figures 7. Responsible supply chain
102-9	Supply Chain	7. Responsible supply chain
102-10	Significant Changes to the organization and its supply chain	No significant changes
102-11	Precautionary Principle or approach	4.1. Risk management 5.1. Our environmental management
102-12	External initiatives	2.1. About us 2.4. Corporate Governance 5.1. Our environmental management 5.2.3. Carbon footprint, measurement and commitment 7. Responsible supply chain
102-13	Membership of associations	2.2. About us 5.1. Our environmental management 5.2.3. Carbon footprint, measurement and commitment 7. Responsible supply chain
102-14	Statement from senior decision-maker	1. Chairman's letter
102-15	Key impacts, risks and opportunities	4.1. Risk Management

GRI	Definition	Report
102-16	Values, principles, standards and norms of behaviour	3.1. Mission, vision and values 4.3. Ethical behaviour
102-17	Mechanisms for advice and concerns about ethics	3.2. Mission, vision and values 4.3. Ethical behaviour
102-18	Governance structure	2.4. Corporate Governance
102-19	Delegating authority	2.4. Corporate Governance
102-20	Executive-level responsibility for economic, environmental and social topics	2.4. Corporate Governance
102-21	Consulting stakeholders on economic, environmental and social topics	3.3. Stakeholder engagement
102-22	Composition of the highest governance body and its committees	2.4. Corporate Governance
102-23	Chair of the highest governance body	2.4. Corporate Governance
102-24	Nomination and selecting the highest governance body	2.4. Corporate Governance
102-25	Conflicts of interest	2.4. Corporate Governance
102-26	Role of the highest governance body in setting purpose, values and strategy	2.4. Corporate Governance
102-27	Collective knowledge of the highest governance body	2.4. Corporate Governance
102-28	Evaluating the highest governance body's performance	2.4. Corporate Governance 2.5 Global Real Estate Sustainability Benchmark (GRESB)
102-29	Identifying and managing economic, environmental and social impacts	2.4. Corporate Governance 4.1. Risk Management
102-30	Effectiveness of risk management processes	4.1. Risk Management
102-31	Review of economic, environmental and social topics	2.4. Corporate Governance 4.1. Risk Management
102-32	Highest governance body's role in sustainability reporting	1. Chairman's letter
102-33	Communicating critical concerns	2.4. Corporate Governance 4.1. Risk Management
102-34	Nature and total number of critical concerns	4.1. Risk Management
102-35	Remuneration policies	6.3. Equality and diversity
102-36	Process for determining remuneration	6.3. Equality and diversity
102-37	Stakeholders' involvement in remuneration	2.4. Corporate Governance
102-38	Annual total compensation ratio	6.3. Equality and diversity

## 9. About the report


GRI	Definition	Report
102-39	Percentage increase in annual total compensation ratio	6.3. Equality and diversity
102-40	List of stakeholder groups	3.3. Stakeholder engagement
102-41	Collective bargaining agreements	6.2. Human Resources Practices
102-42	Identifying and selecting stakeholders	3.3. Stakeholder engagement
102-43	Approach to stakeholder engagement	3.3. Stakeholder engagement
102-44	Key topics and concerns raised	3.3. Stakeholder engagement
102-45	Entities included in the consolidated financial statements	4.4. Financial Information
102-46	Defining report content and topic Boundaries	3.4. Materiality Analysis
102-47	List of material topics	3.4. Materiality Analysis
102-48	Restatements of information	If any information in particular needs to be re-expressed, it will be explained in greater detail in the appropriate section.
102-49	Changes in reporting	In 2021 no changes occurred that can be considered significant in the production of the report, and the main dimensions of the company in 2021 can be compared with previous years.
102-50	Reporting period	Corresponds to the year 2020
102-51	Date of most recent report	06/07/2021
102-52	Reporting cycle	Annual reports are foreseen
102-53	Contact point for questions regarding the report	sostenibilidad@madrileña.es
102-54	Claims of reporting in accordance with the GRI standards.	9. About the Report
102-55	GRI content index	9. About the Report
102-56	External assurance	9. About the Report
103-1	Explanation of the material topic and its Boundary	3.4. Materiality Analysis
103-2	The management approach and its components	3.4. Materiality Analysis
103-3	Evaluation of the management approach	3.4. Materiality Analysis
201-1	Direct economic value generated and distributed	4.4. Financial information 8. Society
201-2	Financial implications and other risks and opportunities due to climate change	4.2.1. Climate change strategy

GRI	Definition	Report
201-3	Defined benefit plan obligations and other retirement plans	6.2. Human Resources Practices
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	No employee is paid based on minimum wage rules.
202-2	Proportion of senior management hired from the local community	0.7% of senior executives with a permanent address in the Community of Madrid. Senior executives means the Chief Executive Officer.
203-1	Infrastructure investments and services supported	4.4. Financial information 5.2.4 Projects and investments aimed at stimulating energy efficiency and reducing emissions 8. Society
203-2	Significant indirect economic impacts	2.1. About us
204-1	Proportion of spending on local suppliers	7. Responsible supply chain
205-1	Operations assessed for risks related to corruption	4.3. Ethical behaviour
205-2	Communication and training about anti-corruption policies and procedures	4.3. Ethical behaviour
301-1	Materials used by weight or volume	5.2. Our commitment in figures 5.2.1. Resource consumption
301-2	Recycled input materials used	5.2.5. Waste
301-3	Reclaimed products and their packaging materials	5.2.5. Waste
302-1	Energy consumption within the organization	5.2. Our commitment in figures
302-2	Energy consumption within the organization	5.2. Our commitment in figures
302-4	Reduction of energy consumption	5.1. Our environmental management 5.2.1. Resource consumption
302-5	Reductions in energy requirements of products and services	5.2.1. Resource consumption
303-5	Water consumption	5.2. Our commitment in figures
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	5.3. Biodiversity
304-2	Significant impacts of activities, products, and services on biodiversity	5.3. Biodiversity
304-3	Habitats protected or restored	5.3. Biodiversity
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	5.3. Biodiversity


## 9. About the report

GRI	Definition	Report
305-1	Direct GHG emissions	5.2.2. Atmospheric emissions
305-2	Energy indirect GHG emissions	5.2. Our commitment in figures 5.2.2. Atmospheric emissions
305-3	Other indirect GHG emissions	5.2.2. Atmospheric emissions 5.2.3. Carbon footprint, measurement and commitment
305-5	Reduction of GHG emissions	5.2.2. Atmospheric emissions 5.2.3. Carbon footprint, measurement and commitment 5.2.4. Projects and investments to promote energy efficiency and reduce emissions
305-6	Emissions of ozone-depleting substances (ODS)	5.2.2. Atmospheric emissions 5.2.3. Carbon footprint, measurement and commitment
305-7	Nitrogen oxides (NOx), sulphur oxides (SOx) and other significant air emissions	5.2.3. Carbon footprint, measurement and commitment
306-1	Waste generation and significant waste-related impacts	5.2.5. Waste
306-2	Management of significant waste-related impacts	5.2.5. Waste
306-3	Waste generated	5.2.5. Waste
306-4	Waste diverted from disposal	5.2.5. Waste
306-5	Waste directed for disposal	5.2.5. Waste
307-1	Non-compliance with environmental laws and regulations	5.1. Our environmental management No fines or sanctions have been recorded.
308-1	New suppliers that were screened using environmental criteria.	5.1. Our environmental management
308-2	Negative environmental impacts in the supply chain and actions taken	5.1. Our environmental management
401-1	New employee hires and employee turnover	6.3. Equality and diversity
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	6.2. Human Resources Practices No variance applicable
401-3	Parental leave	6.2. Human Resources Practices
402-1	Minimum notice periods regarding operational changes	6.2. Human Resources Practices
403-1	Occupational health and safety management system	6.5. Health and Safety
403-2	Hazard identification, risk assessment and incident investigation	6.5. Health and Safety
403-3	Occupational health services	6.5. Health and Safety
403-4	Worker participation, consultation and communication on occupational health and safety	6.5. Health and Safety

GRI	Definition	Report
403-5	Workers training on occupational health and safety	6.5. Health and Safety
403-6	Promotion of worker health	6.5. Health and Safety
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	6.5. Health and Safety
403-8	Workers covered by an occupational health and safety management system	6.5. Health and Safety
403-9	Work-related injuries	6.5. Health and Safety
403-10	Work-related ill health	6.5. Health and Safety
404-1	Average hours of training per year per employee	6.4. Talent Management
404-2	Programs for upgrading employee skills and transition assistance programs	6.4. Talent Management
404-3	Percentage of employees receiving regular performance and career development reviews	6.4. Talent Management
405-1	Diversity of governance bodies and employees	6.3. Equality and diversity
405-2	Ratio of basic salary and remuneration of women to men	6.3. Equality and diversity
406-1	Incidents of discrimination and corrective actions taken	No cases have been confirmed.
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	7. Responsible supply chain
408-1	Operations and suppliers with significant risk for incidents of child labour	7. Responsible supply chain
409-1	Operations and suppliers with significant risk for incidents of forced or compulsory labour	7. Responsible supply chain
410-1	Security personnel trained in human rights policies or procedures	4.3. Ethical behaviour
411-1	Incidents of violations involving rights of indigenous peoples	Not applicable, as the company is located in the Community of Madrid.
412-2	Employee training on human rights policies or procedures	6.3. Equality and diversity
413-1	Operations with local community engagement, impact assessments and development programs	4.1. Risk Management
413-2	Operations with significant actual and potential negative impacts on local communities	5.1. Our environmental management
415-1	Political contributions	It is not applicable, as it is prohibited by the code of ethics.
419-1	Non-compliance with laws and regulations in the social and economic area	No non-compliance has been recorded



**Bureau Veritas Certification**



**Bureau Veritas Certification**

declares that the verification has been performed of the

**Sustainability Report 2021 “CORE option”**

with regard to its structure, content and information sources of

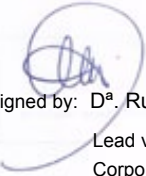
**Madrileña Red de Gas, S.A.**

As a result of this verification process, **Bureau Veritas Certification** states that:

- The content of the information is based and supported by data and records verified as reliable. Likewise, the information, its treatment, calculations and graphics have been duly checked and verified.
- The traceability and relevance between base information and the report content is adequate.
- It complies with the requirements and principles established in the Sustainability Reporting Guidelines, Standards version, developed by Global Reporting Initiative (GRI).

Based on the above information **Bureau Veritas Certification** establishes for the Sustainability Report 2021 “CORE” of **Madrileña Red de Gas, S.A.** the qualification **“In accordance – CORE”**.

Date of issue: 07 June 2022



Signed by: Dª. Rut Ballesteros Gil  
Lead verifier  
Corporate Social Responsibility  
**Bureau Veritas Certification**

Published and edited by  
**Madrileña Red de Gas**

English translation  
**Francisco Dorado**

Design  
**Francisco Dorado**

Production  
**Global Media Comunicaciones**

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