Redexis, S.A. and its subsidiaries

Consolidated Financial Statements for the year ended 31 December 2022 and Consolidated Directors' Report, together with Independent Auditor's Report

Translation of a report originally issued in Spanish based on our work performed in accordance with the audit regulations in force in Spain. In the event of a discrepancy, the Spanish-language version prevails.

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Translation of a report originally issued in Spanish based on our work performed in accordance with the audit regulations in force in Spain. In the event of a discrepancy, the Spanish-language version prevails.

INDEPENDENT AUDITOR'S REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders of Redexis, S.A.,

Opinion

We have audited the consolidated financial statements of Redexis, S.A. (the Parent) and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2022, and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and notes to the consolidated financial statements for the year then ended.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated equity and consolidated financial position of the Group as at 31 December 2022, and its consolidated results and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRSs) and the other provisions of the regulatory financial reporting framework applicable to the Group in Spain.

Basis for Opinion

We conducted our audit in accordance with the audit regulations in force in Spain. Our responsibilities under those regulations are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report.

We are independent of the Group in accordance with the ethical requirements, including those pertaining to independence, that are relevant to our audit of the consolidated financial statements in Spain pursuant to the audit regulations in force. In this regard, we have not provided any services other than those relating to the audit of financial statements and there have not been any situations or circumstances that, in accordance with the aforementioned audit regulations, might have affected the requisite independence in such a way as to compromise our independence.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Most Significant Audit Matters

The most significant audit matters are those matters that, in our professional judgement, were considered to be the most significant risks of material misstatement in our audit of the consolidated financial statements of the current period. These risks were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on those risks.

Measurement of the goodwill and intangible assets with an indefinite useful life arising from business combinations carried out in prior years

Description

As described in Note 8 to the accompanying consolidated financial statements, the Group's non-current assets include goodwill amounting to EUR 219,175 thousand and intangible assets with an indefinite useful life relating to gas distribution and transmission licences amounting to EUR 542,914 thousand arising from business combinations carried out in prior years.

The assessment of the recoverable amount of the goodwill and intangible assets with an indefinite useful life both allocated to the transmission and distribution operating segments requires the use of significant judgements and estimates by management, in estimating both the performance of the activity and the future growth of the business estimation.

We identified this matter as one of the most significant matters in our audit based on both the magnitude of the amounts affected and the high degree of judgement required of management when assessing the recoverable amount of the goodwill and intangible assets with an indefinite useful life.

Procedures applied in the audit

Our audit procedures included, among others, evaluating the feasibility of the valuation methodology and key assumptions used by management.

In this respect, we evaluated the feasibility of the cash flow projections and the discount rates applied by comparing the assumptions made with data obtained from both internal and external sources, and performed a critical evaluation of the key assumptions in the models used.

In particular, we verified the feasibility of the remuneration formulae used for the estimation of the revenue having checked that they were consistent with the current regulations, as well as the use of a terminal value in the valuation of assets by applying a perpetual growth rate, for which we have involved our internal valuation specialists.

In addition, we have conducted a retrospective review on prior years estimations with the aim of identifying bias in management cash flow projections and assessed the historical compliance of the Group's budgets in order to assess the reliability of the estimates made by the Management.

Finally, we have performed a sensitivity analysis regarding the key assumptions and assumptions identified, also evaluating whether the note 3.f), 3.g) and 8 of the attached consolidated annual accounts include all relevant disclosures required in accordance with the applicable financial reporting regulatory framework.

Recognition of revenue from the gas system

Description

As described in notes 1 and 4 to the attached consolidated annual accounts, the principal activity of the parent company is the distribution and transport of gas and petroleum products of any kind whose revenues are calculated on the basis of the remuneration formulae contained in the applicable regulations and subject to the system of liquidations of the National Commission on Markets and Competition (CNMC).

In this context, the accuracy and cut-off of the sales, due to the factors described above, were considered to be significant matters in our audit for 2022.

Procedures applied in the audit

Our audit procedures included, among others, understanding the regulated revenue process followed by the Group, reviewing current legislation and evaluating compliance therewith.

These tests were applied together with procedures to verify the applicable remuneration parameters and management information used by the Group to calculate the revenue for the year. In addition, the correct recognition of the settlements received in the year was verified, together with the collections made from and payments made to the associated gas system.

Lastly, we checked that the disclosures included in Notes 3.o) and 28 to the accompanying consolidated financial statements in connection with this matter were in conformity with those required by the applicable accounting regulations.

Other Information: Consolidated Directors' Report

The other information comprises only the consolidated directors' report for 2022, the preparation of which is the responsibility of the Parent's directors and which does not form part of the consolidated financial statements.

Our audit opinion on the consolidated annual accounts does not cover the consolidated management report. Our responsibility for the consolidated management report, as required by the regulations governing the audit activity, consists of:

a) Only verify that the consolidated non-financial information statement has been provided in the manner provided for in the applicable regulations and, if not, report on it.

b) To evaluate and report on the consistency of the rest of the information included in the consolidated directors' report with the consolidated annual accounts, based on the knowledge of the Group obtained during the audit of those accounts, and to assess and report on whether the content and presentation of this part of the consolidated directors' report comply with the applicable rules. If, based on the work we have done, we conclude that there are material improprieties, we are obliged to report it.

Based on the work done, as described above, we have verified that the information referred to in paragraph a) above is provided in the manner provided for in the applicable regulations and that the rest of the information contained in the consolidated directors' report is consistent with that of the consolidated annual accounts for the financial year 2022 and its content and presentation are in accordance with the applicable rules.

Responsibilities of the Parent's Directors for the Consolidated Financial Statements

The Parent's directors are responsible for preparing the accompanying consolidated financial statements so that they present fairly the Group's consolidated equity, consolidated financial position and consolidated results in accordance with EU-IFRSs and the other provisions of the regulatory financial reporting framework applicable to the Group in Spain, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Parent's directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the audit regulations in force in Spain will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is included in Appendix I to this auditor's report. This description, which is on the following page, forms part of our auditor's report.

DELOITTE, S.L.
Registered in ROAC under no. S0692

Javier Medrano Domínguez
Registered in ROAC under no. 22892

28 March 2023

Appendix I to our auditor's report

Further to the information contained in our auditor's report, in this Appendix we include our responsibilities in relation to the audit of the consolidated financial statements.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

As part of an audit in accordance with the audit regulations in force in Spain, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Parent's directors.

- Conclude on the appropriateness of the use by the Parent's directors of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Parent's directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

From the significant risks communicated with the Parent's directors, we determine those risks that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the most significant assessed risks.

We describe those risks in our auditor's report unless law or regulation precludes public disclosure about the matter.

REDEXIS, S.A. AND SUBSIDIARIES

Consolidated Annual Accounts and Consolidated Directors' Report

at 31 December 2022

prepared in accordance with International Financial Reporting Standards as adopted by the European Union

(With Independent Auditors' Report thereon)

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REDEXIS, S.A. AND SUBSIDIARIES

Consolidated Statement of Financial Position for 31 December 2022
(Expressed in thousands of Euros)

Assets	Notes	2022	2021
Property, plant and equipment	7	1,324,524	1,316,963
Goodwill	8	219,175	219,175
Other intangible assets	8	561,767	561,917
Right of use assets	9	8,609	11,562
Non-current financial assets	11 and 12	1,553	1,502
Trade and other receivables	12 and 15	7,899	6,802
Total non-current assets		**2,123,526**	**2,116,922**
Inventories	14	13,348	9,716
Trade and other receivables	11, 12 and 15	63,751	68,484
Other current financial assets	11 and 12	110	1,989
Other current assets	15	2,171	7,252
Cash and cash equivalents	12 and 16	81,102	40,123
Total current assets		**160,483**	**127,563**
Total assets		**2,284,009**	**2,244,485**

Equity and Liabilities	Notes	2022	2021
Capital		100,000	100,000
Share premium		105,433	105,433
Other reserves		332,979	324,871
Other comprehensive income		28,362	38,108
Equity attributable to equity holders of the Parent		566,774	568,412
Equity: Non-controlling interests		26	26
Total equity	**17**	**566,800**	**568,438**
Debt with related parties	19	993,746	991,885
Loans and borrowings	20	470,194	404,753
Other financial liabilities	18	2,033	1,791
Lease liabilities	9	6,723	9,625
Deferred tax liabilities	13	105,130	102,917
Provisions for employee benefits	24	118	710
Other provisions	25	3,073	2,290
Government grants and other liabilities	27	21,086	21,519
Total non-current liabilities		**1,602,101**	**1,535,490**
Debt with related parties	19	12,489	12,709
Interest		12,489	12,709
Loans and borrowings	20	14,183	11,848
Principal		11,808	9,410
Interest		2,375	2,437
Trade and other payables	21	81,183	106,026
Current income tax liabilities	13	1,810	2,333
Provisions for employee benefits		-	348
Other current liabilities	21	3,470	5,153
Lease liabilities	9	1,972	2,140
Total current liabilities		**115,107**	**140,557**
Total equity and liabilities		**2,284,009**	**2,244,485**

The accompanying Notes 1 to 36 form an integral part of the Consolidated Annual Accounts.

REDEXIS, S.A. AND SUBSIDIARIES

Consolidated Income Statement for 2022
(Expressed in thousands of Euros)

	Notes	2022	2021
Revenue	28	249,721	239,893
Other income	29	5,402	6,500
Self-constructed non-current assets		14,284	15,526
Consumption of raw materials and consumables		(46,250)	(26,791)
Employee benefits expense	31	(25,860)	(29,237)
Depreciation and amortisation	7, 8 and 9	(100,781)	(96,035)
Impairment losses on non-current assets		(951)	(1,309)
Other operating expenses	30	(27,771)	(29,197)
Results from operating activities		**67,793**	**79,361**
Finance income		271	239
Finance costs		(29,466)	(29,206)
Net finance profit/(loss)	32	**(29,195)**	**(28,967)**
Profit before income tax		**38,598**	**50,384**
Income tax expense	13	(10,236)	(12,276)
Profit for the year		**28,362**	**38,108**
Profit for the year attributable to equity holders of the Parent		**28,362**	**38,108**
Profit for the year attributable to non-controlling interests		-	-

The accompanying Notes 1 to 36 form an integral part of the Consolidated Annual Accounts.

REDEXIS, S.A. AND SUBSIDIARIES

Consolidated Statement of Comprehensive Income for the Year Ended 31/12/2022
(Expressed in thousands of Euros)

	Notes	2022	2021
Profit for the year		28,362	38,108
Other comprehensive income:			
Items that will not be reclassified to profit or loss			
Other comprehensive income for the year, net of taxes		-	-
Total comprehensive income for the year		**28,362**	**38,108**
Total comprehensive income attributable to:			
Equity holders of the Parent		28,362	38,108
Non-Controlling Interests		-	-
		28,362	**38,108**

The accompanying Notes 1 to 36 form an integral part of the Consolidated Annual Accounts.

REDEXIS, S.A. AND SUBSIDIARIES

Consolidated Statement of Changes in Equity for
the Year Ended 31 December 2022
(Expressed in thousands of Euros)

	Equity attributable to equity holders of the Parent							
	Capital	Share premium	Legal reserve	Other reserves	Profit/(loss) for the year	Total	Interest Non-Controlling	Total equity
Balance at 31 December 2021	**100,000**	**105,433**	**20,000**	**304,871**	**38,108**	**568,412**	**26**	**568,438**
Profit/(loss) for 2022	-	-	-	-	28,362	28,362	-	28,362
Dividends	-	-	-	(30,000)	-	(30,000)	-	(30,000)
Other movements	-	-	-	-	-	-	-	-
Distribution of profit/(loss) for 2021	-	-	-	38,108	(38,108)	-	-	-
Balance at 31 December 2022	**100,000**	**105,433**	**20,000**	**312,979**	**28,362**	**566,774**	**26**	**566,800**

The accompanying Notes 1 to 36 form an integral part of the Consolidated Annual Accounts.

REDEXIS, S.A. AND SUBSIDIARIES

Consolidated Statement of Changes in Equity for
the Year Ended 31 December 2021
(Expressed in thousands of Euros)

	Equity attributable to equity holders of the Parent							
	Capital	Share premium	Legal reserve	Other reserves	Profit/(loss) for the year	Total	Interest Non-Controlling	Total equity
Balance at 31 December 2020	**100,000**	**105,433**	**20,000**	**372,065**	**(6,815)**	**590,683**	**26**	**590,709**
Profit/(loss) for 2021	-	-	-	-	38,108	38,108	-	38,108
Dividends	-	-	-	(60,000)	-	(60,000)	-	(60,000)
Other movements	-	-	-	(379)	-	(379)	-	(379)
Distribution of profit/(loss) for 2020	-	-	-	(6,815)	6,815	-	-	-
Balance at 31 December 2021	**100,000**	**105,433**	**20,000**	**304,871**	**38,108**	**568,412**	**26**	**568,438**

The accompanying Notes 1 to 36 form an integral part of the Consolidated Annual Accounts.

REDEXIS, S.A. AND SUBSIDIARIES

Consolidated Statement of Cash Flows for
the Year Ended 31 December 2022
(Expressed in thousands of Euros)

	Notes	2022	2021
Cash flows from operating activities			
Profit for the year before tax		38,598	50,384
Adjustments for:			
Depreciations	7, 8 and 9	100,781	96,035
Impairment losses on non-current assets		951	1,309
Change in provisions		(402)	551
Government grants taken to income		(1,524)	(1,295)
Finance income	32	(271)	(239)
Finance costs	32	29,466	29,206
		167,599	**175,951**
Changes in working capital		**(12,060)**	**(30,201)**
Inventories		(3,633)	(4,005)
Trade and other receivables		2,438	(12,587)
Other current assets		6,980	(7,334)
Trade and other payables		(19,327)	(8,232)
Other current liabilities		217	136
Other non-current assets and liabilities		1,284	1,821
Cash generated from operations		**155,539**	**145,751**
Interest and commissions paid		(26,757)	(37,149)
Interest received		159	239
Income tax paid		(8,393)	(6,528)
Net cash from operating activities		**120,548**	**102,313**
Cash flows from investing activities			
Payments for purchases of distribution and LPG assets in use		(18,847)	(5,479)
Payments for acquisition of property, plant and equipment and intangible assets		(93,496)	(84,839)
Net cash used in investing activities		**(112,343)**	**(90,318)**
Cash flows from financing activities			
Payments for acquisition of financial assets		(3)	-
Payments of loans and borrowings		(9,412)	(9,939)
Proceeds from loans and borrowings		76,296	720
Proceeds from loans and borrowings with related companies		-	-
Payments from loans and borrowings with related parties		-	(494,097)
Payments of lease liabilities		(2,207)	(2,188)
Dividends paid		(31,900)	(58,100)
Net cash from financing activities		**32,774**	**(563,604)**
Net increase (decrease) in cash and cash equivalents		40,979	(551,609)
Cash and cash equivalents at 1 January		40,123	591,732
Cash and cash equivalents at 31 December		81,102	40,123

The accompanying Notes 1 to 36 form an integral part of the Consolidated Annual Accounts.

(1) Nature, activities and composition of the Group

Redexis, S.A. (hereinafter, the Company or the Parent) was incorporated with limited liability under Spanish law in Madrid on 6 April 2000. Its registered office is located at Mahonia n.º 2, 28043 Madrid and its tax residence is at Avda. Ranillas, nº 1, bloque D, planta 2º. C.P. 50018, Zaragoza (Spain). On 20 May 2021, the Parent's Shareholders General Meeting resolved to change the company name from Redexis Gas, S.A. to Redexis, S.A.

The statutory activity of Redexis, S.A. primarily entails the distribution and transmission of all types of gas and oil-based products for domestic, commercial and industrial purposes, the use of any by-products, and related activities.

Redexis, S.A. is the Parent of a group of subsidiaries (hereinafter, the Group). Information on subsidiaries, associate and/or related entities is provided in Appendix I and Appendix II.

At 31 December 2020 Redexis Gas, S.A. was 33.33% owned by Chase Gas Investments Limited, 33.34% owned by ATP Infrastructure II APS and 33.33% owned by Guotong Romeo Holdings Limited.

On 22 November 2021 ATP executed a corporate restructuring, transferring the Redexis shares from ATP Infrastructure II APS directly to Arbejdsmarkedets Tillægspension (ATP).

Therefore, at 31 December 2021 and at 31 December 2022, Redexis, S.A. is 33.33% owned by Chase Gas Investments Limited; is 33.34% owned by Arbejdsmarkedets Tillægspension (ATP); and is 33.33% owned by Guotong Romeo Holdings Limited.

(2) Basis of Presentation

The Consolidated Annual Accounts for 2022 have been prepared on the basis of the accounting records of Redexis, S.A. and of the consolidated companies and in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS-EU), and other applicable provisions in the financial reporting framework, to give a true and fair view of the consolidated equity and consolidated financial position of Redexis, S.A. and subsidiaries at 31 December 2022 and consolidated results of operations and changes in consolidated equity and cash flows of the Group for the year then ended.

The Board of Directors of the Parent considers that the Consolidated Annual Accounts for 2022, authorised for issue on 23 February 2023, will be approved with no changes by the shareholders at their annual general meeting. The Annual Accounts for the 2021 financial year were approved by the Shareholders General Meeting on 24 May 2022.

The standards or interpretations adopted by the European Union that will be obligatory in coming years are not expected to have a significant impact on the Group's financial statements, although they may entail additional disclosures in the Consolidated Annual Accounts.

a) Basis of preparation of the Annual Accounts

These Consolidated Annual Accounts have been prepared on a historical cost basis.

b) Comparative information

The accounting criteria were applied uniformly in 2022 and 2021, and there are no operations or transactions recorded following different accounting principles that might cause discrepancies in the interpretation of the comparative figures for both periods.

The Consolidated Statement of Financial Position, Consolidated Income Statement, Consolidated Statement of Comprehensive Income, Consolidated Statement of Changes in Equity, Consolidated Statement of Cash Flows and the Consolidated Annual Report, in addition to the figures of the year 2022, include comparative figures for the previous year, approved by the shareholders at the General Meeting held on 24 May 2022.

c) Functional and presentation currency

The functional currency used by the Group is the Euro. The figures contained in the attached annual accounts are expressed in thousands of Euros, unless otherwise indicated, and are therefore rounded to the closest figure, with the Euro being the functional currency.

d) Relevant accounting estimates, assumptions and judgements used when applying accounting principles

Relevant accounting estimates and judgements and other estimates and assumptions have to be made when applying the Group's accounting principles to prepare the Consolidated Annual Accounts under IFRS-EU. A summary of the items requiring a greater degree of judgement or which are more complex, or where the assumptions and estimates made are significant to the preparation of the Consolidated Annual Accounts, is as follows:

- Useful lives of property, plant and equipment and intangible assets (see Notes 3.d and 3.f)

- The assessment of the recoverability of intangible assets with an indefinite useful life and goodwill to determine any impairment losses (see Note 3.g)

- The assessment of whether deferred tax assets are likely to be recovered based on the business plan for the coming years and the recovery periods stipulated in Spanish tax legislation for the recovery of those assets, as well as the resolution of possible differences in interpretation with the Tax Administration (see Notes 3.p and 13)

The Company directors' estimates were calculated on the best information available as of 31 December 2022. Unforeseen future events could make it necessary to make changes in the coming years, which might lead to adjustments in the consolidated annual accounts that would be recorded prospectively, as the case may be.

e) Standards and interpretations adopted early or other changes in accounting policies

The following standards were published for their use in the European Union.

- ✓ Modification of IFRS 3 to align the definitions of assets and liabilities in a business combination with those contained in the conceptual framework. Certain clarifications are also made regarding the recording of contingent assets and liabilities.

- ✓ Modification of IAS 16 Income earned before intended use. The modification prohibits deducting any income obtained from the sale of items produced from the cost of property, plant and equipment while the entity is preparing the asset for its intended use. Income from the sale of such samples, together with production costs, must be recorded in the income statement.

- ✓ Modification of IAS 37 Onerous contracts – cost of fulfilling a contract. The modification explains that the direct cost of fulfilling a contract includes the incremental costs of fulfilling that contract and an allocation of other costs that are directly related to fulfilling the contract.

- ✓ Improvements to IFRS Cycle 2018-2020. Minor changes to IFRS 1, IFRS 9, IFRS 16 and IAS 41.

None of these standards has had a relevant impact on the Group's Financial Statements.

Furthermore, the following mandatory standards, modifications and interpretations as of 1 January 2023 were approved:

- ✓ Amendment to IAS 1 to decrease the difficulties of entities in applying the concept of materiality as regards the requirements to disclose 'significant accounting policies'.

- ✓ Amendment to IAS 8 on the definition of accounting estimates to facilitate the distinction between a change in accounting estimate and a change in accounting policy.

- ✓ Amendment to IAS 1 as regards the classification of current or non-current liabilities.

f) Principle of going concern

The Directors have formulated these consolidated annual accounts in accordance with the principle of the company as a going concern.

(3) Accounting Principles

(a) Subsidiaries

Subsidiaries are entities over which the Parent Company, either directly or indirectly through subsidiaries, exercises control. The Parent Company controls a subsidiary when it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. The Parent Company has power over a subsidiary when it has existing substantive rights that give it the ability to direct the relevant activities. The Parent Company is exposed, or has rights, to variable returns from its involvement with the subsidiary when its returns from its involvement have the potential to vary as a result of the subsidiary's performance.

The income, expenses and cash flows of subsidiaries are included in the Consolidated Annual Accounts from the date of acquisition, which is when the Group takes control, until the date that control ceases. The subsidiary entities are excluded from the consolidation as of the date on which the control is lost.

Transactions and balances with Group companies and unrealised gains or losses have been eliminated on consolidation. Nevertheless, unrealised losses have been considered as an indicator of impairment of the assets transferred.

The subsidiaries' accounting policies have been adapted to Group accounting policies for like transactions and events in similar circumstances.

The annual accounts or financial statements of the subsidiaries used in the consolidation process have been prepared as of the same date and for the same period as those of the Parent.

During the year there were no changes in the Group's consolidation perimeter.

(b) Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, whose operating results are regularly reviewed by the Group's steering committee to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

(c) Non-Controlling interests

Non-controlling interests in subsidiaries acquired are recognised at the acquisition date based on the ownership percentage of the fair value of the identifiable net assets.

Non-controlling interests are disclosed in consolidated equity separately from equity attributable to shareholders of the Parent. Non-controlling interests' share in consolidated profit or loss for the year and in consolidated total comprehensive income for the year is disclosed separately in the Consolidated Income Statement and the Consolidated Statement of Comprehensive Income.

The total comprehensive income for the year and changes in equity of the subsidiaries attributable to the Group and non-controlling interests, after consolidation adjustments and eliminations, are determined in accordance with the ownership percentage at year end.

(d) Property, plant and equipment

Property, plant and equipment are recognised at cost, less accumulated depreciation and any accumulated impairment losses. The cost of self-constructed assets, mainly for the transmission and distribution of natural gas and liquefied petroleum gas, is determined using the same principles as for an acquired asset, while also considering the criteria applicable to production costs of inventories and the network construction required in properties until the supply points come into service. The production cost is capitalised by allocating the costs attributable to the asset to self-constructed non-current assets in the consolidated income statement.

The cost of PPE includes the estimated costs of dismantling or removal and the restoration of the site on which it is located. At the time of the initial valuation of PPE, the Company estimates the current value of the future obligations derived from the dismantling, removal or others associated with that PPE, as well as the costs of site rehabilitation. That current value is activated as the higher cost of the corresponding asset, giving rise to the recognition of a provision (see Note 3N), subject to the financial update in the years following its creation.

Property, plant and equipment are depreciated by allocating the depreciable amount of the asset on a systematic basis over its useful life. The depreciable amount is the cost of an asset, less its residual value. The Group determines the depreciation charge separately for each asset based on its type.

Property, plant and equipment are depreciated using the following criteria:

	Amortisation method	Estimated years of useful life
Buildings	Straight-line	10-50
Technical installations and machinery:		
Liquefied natural gas plant	Straight-line	20
Regulation and metering stations	Straight-line	20-30
Community Receiving Facilities	Straight-line	20
Distribution networks	Straight-line	20
Meter-reading equipment	Straight-line	10
Gas pipelines	Straight-line	40
LPG facilities	Straight-line	20
Other items of property, plant and equipment	Straight-line	4-20
Other installations, equipment and furniture	Straight-line	4-20
Motor Vehicles	Straight-line	8

Transmission facilities are depreciated over their useful life according to the estimate made for items of property, plant and equipment. For gas pipelines this is 40 years and for regulation and metering stations it is 30 years. These estimates are in line with Royal Decree 326/2008 of 29 February 2008, which sets the remuneration for natural gas transmission activities for facilities that came into service subsequent to 1 January 2008.

The Group reviews residual values, useful lives and depreciation methods at each financial year end. Changes to initially established criteria are accounted for as a change in accounting estimates.

Subsequent to initial recognition of the asset, only costs that will probably generate future economic benefits and which may be measured reliably are capitalised, including the costs required for the assets to operate as envisaged by management and in accordance with the applicable legal and regulatory requirements. Costs of day-to-day servicing are recognised in the income statement as incurred.

Replacements of property, plant and equipment that qualify for capitalisation are recognised as a reduction in the carrying amount of the items replaced. Where the cost of the replaced items has not been depreciated independently and it is not possible to determine the respective carrying amount, the replacement cost is used as indicative of the cost of the replaced items at the time of acquisition or construction.

The Group measures and determines impairment to be recognised or reversed based on the criteria in section (g).

(e) Right of use assets

(i) Identification of a lease

At the start of a contract, the Group evaluates whether it contains a lease. A contract is or contains a lease, if it grants the right to control the use of the asset identified for a period of time in exchange for a consideration. The period of time during which the Group uses the asset, includes consecutive and non-consecutive periods of time. The Group only re-evaluates the conditions when an amendment of the contract occurs.

These include subsoil occupancy rates for the gas distribution activity well as the fees for subsoil occupancy for the gas transmission activity.

(ii) Lessee reporting

In contracts with one or more lease and various lease components, the Group assigns the consideration of the contract to each component of the lease in accordance with the individual sale price of the lease component and the aggregate individual price of the various components of the lease.

Any payments made by the Group that do not entail the transfer of goods or services to it by the lessor do not comprise a separate component of the lease, but instead form part of the total consideration of the contract.

At the start of the lease, the Group recognises one right of use asset and one lease liability. The right of use asset is comprised of the amount of the lease liability, any payment for the lease made on or prior to the starting date, less any incentives received, the initial direct costs incurred and an estimate of the costs for dismantling or restoration to be incurred, as indicated in the accounting policy provisions.

The Group measures the lease liability by the present value of the lease payments pending on the starting date. The Group discounts lease payments at the appropriate incremental interest rate, unless the implicit interest rate of the lessor may be determined reliably.

The pending lease payments are comprised of fixed payments, less any incentive to be collected, the variable payments that depend on an index or rate, initially appraised by the index or rate applicable on the starting date, the amounts expected to be paid for residual value guarantees, the price of exercising the purchase option whose exercise is reasonably certain and any compensation payments for contract termination, providing the term of the lease reflects the termination option.

The Group measures the right of use assets at cost, less depreciation and accrued impairment losses, adjusted by any re-estimate of the lease liability.

If the contract transfers the ownership of the asset to the Group at the end of the lease term or the right of use asset includes a purchase option, the criteria for depreciation indicated in the section on property, plant and equipment are applied from the starting date of the lease through the end of the useful life of the asset. Otherwise, the Group depreciates the right of use asset from the starting date until the earlier date between the useful life of the right or the end of the lease.

The Group applies the non-current asset impairment criteria indicated in section (g) to the right of use assets.

The Group measures the lease liability increasing it by the financial expense accrued, decreasing it by any payments made and re-estimating the carrying amount by amendments of the lease or to reflect any updates of in-substance fixed payments.

If the amendment does not result in a separate lease, on the amendment date, the Group assigns the consideration to the amended contract as indicated above, re-determines the term of the lease and re-estimates the value of the liability deducting any revised payments at the revised interest rate. The Group decreases the carrying amount of the right of use asset to reflect the partial or total termination of the lease, in those amendments that decrease the scope of the lease and records the profit or loss in the income statement. For all other amendments, the Group adjusts the carrying amount of the right of use asset.

(f) Intangible assets

- Goodwill

Goodwill is not amortised but is tested for impairment annually or more frequently where events or circumstances indicate that an asset may be impaired. Goodwill on business combinations is allocated to the cash-generating units (CGUs) or groups of CGUs which are expected to benefit from the synergies of the business combination and the criteria described in section (g) (impairment) are applied. After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Internally generated goodwill is not recognised as an asset.

- Licences

This item reflects the amounts measured by an independent expert on government authorisations, from the merger of the Group, for the distribution and transmission of gas in the various areas in which the Parent and the subsidiaries conduct or will conduct their activities, less any impairment, as appropriate.

In accordance with the legal framework under which they were granted, these authorisations do not have a limited duration.

- Computer software

Computer software is carried at cost, less any accumulated amortisation and impairment losses. Computer software maintenance costs are charged as expenses when incurred.

- Other intangible assets

This item reflects the amounts incurred by government authorisations, subsequently to the merger of the Group, for the distribution and transmission of gas in the various areas in which the Parent and the subsidiaries conduct or will conduct their activities, less any impairment as appropriate for accumulated amortisation and impairment losses. Costs incurred in relation to and prior to obtaining government authorisation are initially recognised under intangible assets and subsequently transferred to the income statement if the Group has reasonable doubts as to whether authorisation will be obtained.

(i) Useful life and amortisation rates

The Group assesses whether the useful life of each intangible asset acquired is finite or indefinite. An intangible asset is regarded as having an indefinite useful life when there is no foreseeable limit to the period over which the asset will generate net cash inflows.

Intangible assets with indefinite useful lives or that are not limited in duration are not amortised, but are instead tested for impairment on an annual basis or whenever there is an indication that the intangible asset may be impaired. The Group has estimated that government authorisation or licences for the distribution and transmission of gas have an indefinite useful life as, in accordance with the legal framework under which they were granted, they do not have a limited duration.

Intangible assets with finite useful lives are amortised by allocating the depreciable amount of an asset on a systematic basis over its useful life, by applying the following criteria:

	Amortisation method	Estimated years of useful life
Computer software	Straight-line	4-5
Other intangible assets	Straight-line	5-20

The depreciable amount is the cost or deemed cost of an asset, less its residual value.

The Group reviews the residual value, useful life and amortisation method for intangible assets at each financial year end. Changes to initially established criteria are accounted for as a change in accounting estimates.

(ii) Impairment

The Group measures and determines impairment to be recognised or reversed based on the criteria in section (g).

(g) Impairment of non-financial assets

The Group evaluates whether there are indications of possible impairment losses on non-financial assets subject to amortisation or depreciation to verify whether the carrying amount of these assets exceeds the recoverable amount.

The Group tests goodwill and intangible assets with indefinite useful lives for impairment at least annually, irrespective of whether there is any indication that the assets may be impaired.

The recoverable amount of the assets is the higher of their fair value less costs of disposal and their value in use.

Negative differences resulting from comparison of the carrying amounts of the assets with their recoverable amount are recognised in profit and loss.

The recoverable amount is determined for each individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. If this is the case, the recoverable amount is determined for the cash-generating unit (CGU) to which the asset belongs.

Impairment losses for cash-generating units are allocated first to reduce the carrying amount of goodwill allocated to the unit and then to the other assets of the unit pro rata with their carrying amounts. The carrying amount of each asset may not be reduced below the highest of its fair value less costs of disposal, its value in use and zero.

At the end of each reporting period the Group assesses whether there is any indication that an impairment loss recognised in prior periods may no longer exist or may have decreased. Impairment losses on goodwill are not reversible. Impairment losses on other assets are only reversed if there has been a change in the estimates used to calculate the recoverable amount of the asset.

A reversal of an impairment loss is recognised in profit or loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss may not exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised.

A reversal of an impairment loss for a CGU is allocated to the assets of that unit, except goodwill, pro rata with the carrying amounts of the assets. The carrying amount of an asset may not be increased above the lower of its recoverable amount and the carrying amount that would have been disclosed, net of amortisation or depreciation, had no impairment loss been recognised.

(h) Financial instruments

Financial instruments are classified on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the economic substance of the contractual arrangement and the definitions of a financial asset, a financial liability and an equity instrument in IAS 32 "Financial Instruments: Presentation".

The Group recognises financial instruments when it becomes party to the contract or legal transaction, in accordance with the terms set out therein.

For measurement purposes, the Group classifies financial instruments as financial assets and liabilities carried at amortised cost.

The Group classifies a financial asset at amortised cost if it remains within the scope of a business model whose purpose is to maintain financial assets to obtain cash flows and the contractual conditions of the financial asset give rise, on specific dates, to cash flows that are only payments of principal and interest on the amount of principal pending.

(i) Offset principles

A financial asset and a financial liability can only be offset when the Group has a legally enforceable right to offset the recognised amounts or intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. In order for the Group to have a legally enforceable right, it should not be contingent on a future event and should be legally enforceable in the ordinary course of operations, in cases of insolvency or of liquidation declared legally and in the event of non-payment.

(ii) Financial assets and liabilities at amortised cost

Financial assets and liabilities at amortised cost are initially recognised at fair value, plus or minus the transaction costs incurred, and are subsequently measured at amortised cost using the effective interest rate.

(iii) Reclassifications of financial instruments

The Group reclassifies financial assets when it changes the business model for its management. The Group does not reclassify financial liabilities.

(iv) Impairment

The Group recognises a valuation adjustment in the income statement for anticipated future credit losses of the financial assets measured at amortised cost.

On each closing date, the Group measures the valuation adjustment in an amount equal to the credit losses anticipated in the following twelve months, for the financial assets for which the credit risk has not increased significantly from the date of initial recognition or when it considers that the credit risk of a financial asset has no longer increased significantly.

The Group considers that the credit risk has increased significantly from initial recognition when non-payments exist for a period greater than 180 days.

(v) Financial asset disposals, modifications and cancellations

Financial assets are de-recognised when the rights to receive cash flows relating to these have expired or have been transferred and the Group has substantially transferred the risks and benefits deriving from their ownership.

(vi) Interest and dividends

The Group recognises interest by the effective interest method, which is the rate adjustment that equals the carrying amount of a financial instrument with the estimate cash flows throughout the expected lifetime of the instrument, starting from its contractual conditions and without considering the anticipated credit losses, except for financial assets acquired or originating with losses incurred.

(vii) Financial liability disposals and modifications

The Group de-recognises a financial liability or part thereof when it has complied with the obligation contained in the liability or if it is legally dispensed from the primary responsibility contained in the liability, whether by virtue of a legal process or by the creditor.

(i) Distributions to shareholders

Dividends, whether in cash or in kind, are recognised as a reduction in equity when approved by the shareholders at their annual general meeting.

(j) Inventories

Inventories are initially measured at the lower of cost of purchase and net realisable value.

The purchase price comprises the amount invoiced by the seller, after deduction of any discounts, rebates or other similar items, plus any additional costs incurred to bring the goods to a saleable condition, other costs directly attributable to the acquisition, as well as finance costs and indirect taxes not recoverable from the Spanish taxation authorities.

Subsequently, the Group values its inventories at weighted average cost.

The cost of inventories is written down in those cases in which its cost exceeds its net realisable value. For these purposes, net realisable value is understood as its replacement price.

The Group uses the same cost model for all inventories of the same nature and with a similar use.

(k) Cash and cash equivalents

Cash and cash equivalents include cash on hand and demand deposits in financial institutions. They also include other short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(l) Government grants and Other liabilities

Government grants are recognised when there is reasonable assurance that the Group will comply with the conditions attaching to them, and that the grants will be received.

Capital grants awarded to the Group are primarily to carry out works and are non-refundable. These grants are measured at the fair value of the sum received, and are recognised under government grants and other liabilities in the consolidated statement of financial position and taken to other income over the same period and in proportion to the depreciation of the subsidised assets or when the assets are disposed of or impaired.

Other liabilities also includes connection charges as monetary consideration for the installation works and operations required to serve new gas supply points or extend existing ones. These connection charges are recognised as income in proportion to the annual depreciation of the assets being financed (20 years), or over the period specified in the contract if this is shorter, or, where applicable, when the assets are disposed of or impaired.

(m) Employee benefits

The Group has contracted pension commitments with certain members of its workforce. These obligations, acquired through the defined contribution scheme, are basically arranged through pension plans or insurance policies.

Defined benefit plans

Defined benefit liabilities recognised in the consolidated statement of financial position reflect the present value of defined benefit obligations at the reporting date, minus the fair value at that date of plan assets.

The Group recognises actuarial losses and gains in other comprehensive income in the year in which they occur. These actuarial losses and gains are recognised immediately in retained earnings. They are not recorded in the income statement in a subsequent year.

Income or expense related to defined benefit plans is recognised as employee benefits expense and is the sum of the net current service cost and the net interest cost of the net defined benefit asset or liability.

The present value of defined benefit obligations and the related current service cost and past service cost are calculated annually by independent actuaries using the Projected Unit Credit Method. The discount interest rate is calculated based on the yield on high quality corporate bonds of a currency and term consistent with the currency and term of the post-employment benefit obligations.

Assets and liabilities arising from defined benefit plans are recognised as current or non-current based on the period of realisation of related assets or settlement of related liabilities.

Defined contribution plans

The Group recognises the contributions payable to a defined contribution plan in exchange for a service when an employee has rendered service to the Group. The contributions payable are recognised as an expense for employee remuneration, and as a liability after deducting any contribution already paid.

(n) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation.

The policy followed regarding the recording of provisions for risks and expenses consists of recording the estimated amount to cover probable or certain responsibilities arising from litigations in progress and for compensations or pending obligations, warrants and other similar guarantees. Its provision is made when the responsibility or obligation that determines the compensation or payment arises.

The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the end of the reporting period, taking into account all risks and uncertainties surrounding the amount to be recognised as a provision and, where the time value of money is material, the financial effect of discounting provided that the expenditure to be made each period can be reliably estimated. The discount rate is a pre-tax rate that reflects the time value of money and the specific risks for which future cash flows associated with the provision have not been adjusted at each reporting date.

The financial effect of provisions is recognised as a finance cost in profit or loss.

If it is not probable that an outflow of resources will be required to settle an obligation, the provision is reversed. The provision is reversed against the income statement item in which the related expense was recognised, and any surplus is accounted for in other income.

Provisions for dismantling, restoration and similar liabilities

These provisions are measured in accordance with the general criteria for provisions and are recognised as an increase in the cost of the associated property, plant and equipment (see Note 3.d).

Changes in provisions resulting from changes in the amount, timing of the outflow of resources or the discount rate increase or reduce the cost of fixed assets up to the carrying amount thereof, whilst any excess is recognised in profit or loss.

(o) Recognition of revenue from contracts with customers

The revenue is evaluated on the basis of the consideration to be received in a contract with a customer and excludes any amounts collected on behalf of third parties. The Group recognises the revenue when it transfers the control of a product or service to the customer.

The following is a summary of the recognition criteria applicable for each one of the activities that generates income in the Group.

Distribution activity

With the distribution activity the regulatory framework identifies the following tasks: to build, operate and maintain networks and facilities for the distribution of natural gas intended for situating the gas at the points of consumption.

This set of tasks constitutes a commitment to the customers and the tasks cannot be performed independently from each other; therefore they are considered to be a single performance obligation which is fulfilled, indefinitely, in accordance with the administrative authorisation granted by the competent Institution on the basis of which it carries out its business, generating the right to receive remuneration or revenue. In this respect, consumers of gas simultaneously receive and consume the benefits of the service at the same time as the Group provides it.

The Group recognises revenue following the percentage of completion method.

The method to be used to measure the percentage of completion is the output method, since the service rendered is similar throughout the period, and revenue is recognised on a straight-line basis.

The regulated revenues from distribution activity each year is set ex-ante for each gas year by the CNMC in keeping with the new authorities attributed to it, effective as of 1 January 2020 by Royal Decree-Law 1/2019 (formerly attributed to the Spanish Ministry for Ecological Transition).

Therefore, the Ministerial Orders and resolutions of the National Commission on Markets and Competition (CNMC) published prior to the start of each year, establish the remuneration for the coming year based on expected sales and new customers for that year (for remuneration and rate purposes, the term 'year' hereinafter refers to gas year). As a result, the amount of remuneration is subject to change for up to two years, until the definitive data on demand and new customers is available for the year analysed. With regard to references to 'gas year', it should be noted that in accordance with Additional Provision 1 of CNMC Circular 6/2020, of 22 July, regarding the calculation of local natural gas distribution network tolls and regasification, the gas year and the rate period no longer correspond to the calendar year but instead to the period between 1 October and 30 September of the following year.

As of 2019 the CNMC has developed a series of Circulars that will define the methodology for determining remuneration for the distribution and transmission of natural gas for the following regulatory period (2021-2026). These methodologies establish models that are conceptually very similar to those in force before 2021, but that entail certain adjustments to remuneration as of the year 2021.

This remuneration is comprised of a fixed component (Euro/customer) and two variable components in keeping with the increase (or decrease) in the volume of gas supplied to the customers connected to the network. For variable components, unit tariffs are set on the basis of the pressure of the gas supplied and customer type, for which certain additional incentives exist, such as the gasification of new municipalities, new industrial customers or new vehicular natural gas service stations.

The Group establishes the variable remuneration at the close of each year, using the methodology defined in the regulation, with the best information available at that time (supply as well as demand points), adjusting this figure with the verified information after closing the figures for each year. In turn, and once it has the final figures for the year, the Ministry/CNMC determines the final amount of this remuneration in the order it publishes the following year, and also establishes the provisional remuneration for the year following publication and regularisation of the remuneration for the year in which it is published, with the best figures available at that time.

Order TEC/1259/2019, published on 20 December 2019, adjusted the remuneration for 2019 and 2018 based on the most up-to-date figures on sales and consumers. In addition, on 18 December the CNMC published the resolution establishing an initial forecast for remuneration for 2020 through application of the parameters established by Law 18/2014 of 15 October 2014 approving urgent measures for growth, competitiveness and efficiency. This law reformed the remuneration for gas activities with a view to eliminating the deficit in the settlement system.

For its part, Order TED/1286/2020, of 29 December, adjusts the remuneration figures for 2019, closing said remuneration (the last set by the Ministry) since the Final Settlement for the year 2019 had already been published on the date of the Order. The above notwithstanding, on the occasion of the Supreme Court Rulings 1365/2021 and 1013/2022, the Ministry revised, by means of the Order TED/929/2022, of 27 September, establishing the charges for the gas system and the basic remuneration and fees for underground storage for gas year 2023, the remuneration from the distribution activity of the year 2019 to include a new remuneration calculation applicable to customers of municipalities of recent gasification.

During the year 2021, and due to the aforementioned change in gas year, the remuneration recognised for the 2021 distribution activity was established in CNMC Resolution of 11 February 2021, establishing the remuneration for the 2021 gas year of the companies that perform regulated liquefied natural gas, transmission and distribution facility activities, and in CNMC Resolution of 20 May 2021, establishing the remuneration for the 2022 gas year of the companies that perform regulated liquefied natural gas, transmission and distribution facility activities, insofar as the first Resolution covers the period from 1 January to 30 September 2021, and the second covers the period from 1 October 2021 to 30 September 2022. Both resolutions review the first remuneration determined by the CNMC, that corresponding to the 2020 calendar year.

Subsequently, by means of the Resolution of 19 May 2022 of the National Commission on Markets and Competition (CNMC), establishing the remuneration for the 2023 gas year of the companies that perform regulated liquefied natural gas, transmission and distribution facility activities, the CNMC approved the remuneration covering the period between 1 October 2022 and 30 September 2023. In that Resolution the appropriate adjustments were made to the remuneration for the years 2020, 2021 and 2022.

This distribution activity remuneration will be adjusted once the final amounts of this remuneration have been set by the Spanish Ministry for Ecological Transition and the Demographic Challenge (or the CNMC as of 2020), based on the actual figures for the average increase in consumers and KWh distributed. The Group does not expect significant differences to arise between the amounts recognised and the final settlements. Nevertheless, any differences will be recognised as a change in accounting estimate in the consolidated income statement when they arise.

The orders establishing tolls and user charges for access by third parties to gas facilities and the remuneration of the regulated activities include, in addition, the price review of certain regulated concepts, such as connection charges, or the fees for meter rental. To this regard, Order ETU/1283/2017 adjusted the fees for meter rental, following the study published by the National Commission on Financial Markets and Competition (CNMC) on 16 March 2017 "Agreement for the issue of a study on the price applicable to the rental of gas meters of 3.1 and 3.2 toll groups and the median age of rental meters". The prices applied since the enforcement of said Order are valid for 2022 and are those proposed by the CNMC.

During 2022 the Group received the final settlement for regulated activities in the gas sector for 2021, which had an immaterial impact on the Consolidated Income Statement.

In accordance with Ministerial Orders ITC/3126/2005, IET/2446/2013 and IET/2355/2014 and the gas system technical management standards (NGTS), the Group has recognised measurement differences (known as unaccounted for gas) as regulated distribution revenue in the consolidated income statements for 2022 and 2021 in the amount of Euros 4,717 thousand and Euros 922 thousand, respectively (see Note 28). In 2022 the measurement differences for 2021 were settled and those for 2020 were settled in 2021.

Transmission activity

The regulatory framework identifies the following tasks within the transmission activity: to build, operate and maintain its own network of gas pipelines, supplying natural gas to the major areas of consumption.

As already indicated for the case of distribution, this set of tasks constitutes a single performance obligation which is fulfilled, indefinitely, in accordance with the administrative authorisation granted by the competent Institution on the basis of which it carries out its business on a straight-line basis.

As with the distribution activity, the gas transmission activity is regulated and the remuneration is set for each gas year by the CNMC in keeping with the new authorities attributed to it, effective as of 1 January 2020 by Royal Decree-Act 1/2019 (formerly attributed to the Spanish Ministry for Ecological Transition).

This remuneration is fixed for gas year and is based on the start-up investment. If in the course of the year new facilities are put into use, the remuneration would be amended in keeping with the increase in facilities, which would be recognised prospectively as of that time.

Due to the aforementioned change in gas year indicated in the section on the distribution activity, that is likewise applicable to the transmission activity, the remuneration recognised for the 2022 transmission activity was established in CNMC Resolution of 20 May 2021, establishing the remuneration for the 2022 gas year of the companies that perform regulated liquefied natural gas, transmission and natural gas distribution facility activities, and in CNMC Resolution of 19 May 2022, establishing the remuneration for the 2023 gas year of the companies that perform regulated liquefied natural gas, transmission and distribution facility activities, insofar as the first Resolution covers the period from 1 January to 30 September 2022, and the second covers the period from 1 October 2022 to 30 September 2023.

On the other hand, Order TED/1286/2020 and the Resolutions cited in the preceding paragraph include the corresponding adjustments to remuneration for uninterrupted supply from previous years.

The Group records revenue based on its estimate of the remuneration pursuant to applicable legislation and in line with the level of investment.

As previously mentioned, during 2019 and 2020 the CNMC developed a series of Circulars that will define the methodology for determining remuneration for the distribution and transmission of natural gas for the following regulatory period (2021-2026). These methodologies establish models that are conceptually very similar to those set at the time by Act 18/2014, but entail certain adjustments to remuneration as of the year 2021.

In accordance with article 5 of Order ITC/3128/2011 of 17 November on matters relating to third-party access to gas facilities and remuneration for regulated activities, the Group has recognised measurement differences as regulated transmission revenue in the Consolidated Income Statement for 2022 and 2021 at the amount of Euros 2,285 thousand and Euros 1,717 thousand, respectively (see Note 28).

Additionally, the Group is subject, among other things, to the following regulatory framework in the field of transmission and distribution of natural gas:

- Royal Decree 949/2001 of 3 August 2001, which regulates third-party access to gas facilities and establishes an integrated economic system for the natural gas sector, in accordance with the mandate in article 8 of Royal Decree-Law 6/2000 of 23 June 2000.

- Order TED/1022/2021, of 27 September, regulating the settlement procedures for remuneration from regulated activities, and for specifically allocated gas charges and fees of the gas sector.

- Royal Decree 326/2008 of 29 February 2008, which stipulates the remuneration for natural gas transmission activities for facilities entering into service since 1 January 2008.

- Royal Decree 1434/2002 of 27 December 2002, which regulates transmission, distribution, trading and supply activities and the authorisation procedures for natural gas facilities.

The 2014 deficit in the gas sector, which included the deficits accumulated in prior years, was set at Euros 1,025 million, which regulated entities will be able to recover in fifteen consecutive annual payments. On 1 December 2017 the Group assigned the credit right it held with respect to this deficit in the amount of Euros 41,656 thousand collected in its entirety.

Deficits were also generated with respect to the years that followed, from 2015 to 2017, that would be recoverable in five annual payments.

In 2015, the deficit figure closed at Euros 27 million (Euros 1.4 million correspond to the Group). In 2016, the deficit figure closed at Euros 90 million (Euros 4.8 million correspond to the Group). With respect to 2017, the deficit figure closed at Euros 25 million (Euros 1.4 million correspond to the Group).

On 10 May 2019 the Group assigned the credit right it held with respect to the deficits of 2015, 2016 and 2017 in the amount of Euros 5,713 thousand, collected in its entirety.

With respect to 2018, 2019 and 2020, the settlement system closed with a surplus 30.8 million of Euros, 353.9 million of Euros and 186.7 million of Euros respectively, in accordance with the final settlements approved by the Spanish National Commission on Financial Markets and Competition. In accordance with the established legal procedure, the surplus was allocated toward covering deficits from 2015 to 2017, offsetting them in their entirety, and to partially covering the cumulative deficit at 2014.

With respect to the final settlement of the gas system in the year 2021, the system obtained a surplus of Euros 81.1 million in that gas year. That amount was applied to the repayment of the cumulative deficit at 31 December 2014 (the only outstanding imbalance to date, as indicated), leaving it at Euros 58.8 million.

Registration fees

The registration fees of a new supply consists of the operation to connect the gas receiving facility to the network of the distribution company, and the review and verification that these adapt to the regulatory technical and safety conditions. This operation usually takes place one sole time and the activities are inseparable, whereby this activity is considered as constituting a single performance obligation.

Registration fees are regulated by each Autonomous Region, at a set price.

The Group recognises the revenue for the registration fees at the moment at which the connection is made and verified, since it is at that moment when the customer obtains the benefits of the service rendered and there is no future obligation associated with it.

Rental of Natural Gas metering equipment

Metering equipment (meter) is installed in the facilities of the end-customer, therefore the service of renting the meter constitutes a performance obligation.

The payment for renting natural gas metering equipment is regulated by the regulatory framework of the sector, at a set price.

The Group recognises the revenue throughout the provision of the service, since the customer simultaneously receives and consumes the benefits of the service at the same time the Group provides it.

The method to be used to measure the percentage of completion is the output method, since the service rendered is similar throughout the period, and revenue is recognised on a straight-line basis over time.

Rental of Community Receiving Facilities (CRF)

The Group collects a rental payment for the community receiving facility (CRF) from the owners association without any other type of consideration, therefore the Community Receiving Facility comprises a single performance obligation.

The payment for renting the community receiving facility is the price established in the contract signed with the owners association, which sets a fixed monthly price.

The Group recognises the revenue throughout the term of the contract, since the customer simultaneously receives and consumes the benefits of the service at the same time the Group provides it.

The method to be used to measure the percentage of completion is the output method, since the service rendered is similar throughout the period, the revenue is recognised on a straight-line basis.

Inspections of individual receiving facilities (IRF)

In this case the service consists of the inspection of the individual receiving facility (IRF), involving a one-time action, considered as a single performance obligation.

The authority to set inspection prices is transferred to the Autonomous Regions and, therefore, the price may vary from one area to another.

The revenue is recognised at the moment of the inspection, since it is at that time when the customer obtains the benefits of the service rendered.

Sale of Liquefied Petroleum Gas (LPG)

The contracts for the sale of LPG identify two separate performance obligations, which are those corresponding to the supply of LPG and the rental of the meter since, as mentioned above, they comply with the definition for consideration as different from each other. For LPG, the Company supplies as well as distributes the product, and therefore there is a contractual relationship with the customer.

In the case of LPG consumption, the transaction price will be established applying the established official tariff, with a fixed portion (standard monthly rate) and a variable element associated with consumption (Euro cents per Kg.).

The Group recognises the revenue throughout the period of time in which the customer receives and consumes the benefits of the service rendered at the same time the service takes place. Therefore the revenue deriving from this service will be measured by percentage of completion.

For the purpose of measuring this completion, we consider that the output method is the one that best reflects the completion of the rendering of the service, whereby the revenue will be recognised as the service is rendered, by unit of LPG (kg) consumed by the customer, subject to estimate since invoicing does not coincide with the close of the calendar year.

Contracting party connection charges

The connection charge of the contracting party consists of the financial consideration for connecting the community receiving facility to the network and the commissioning of the facility. This operation usually takes place at one sole time, whereby it is considered as a single performance obligation.

The connection charges are regulated by the regulatory framework of the sector, at a set price.

The revenue is recognised at the moment of connection of the community receiving facility and the commissioning of gas, since this is the time at which control of the services rendered is transferred to the customer.

Applicant connection charges

The Group is authorised to receive a financial consideration for performing the set of installations and operations necessary to cover a new gas supply point or increase the capacity of one already in existence.

In this case a contract is arranged with the customer to establish the characteristics of the installation to be built and the quantity to be received for each service. Furthermore, it is established that the asset built by virtue of the contract will be the property of the Group and a remuneration for building the connection is established. This consideration is a determined fixed quantity.

The Group recognises these connection charges as income in proportion to the annual depreciation of the assets being financed (20 years), or over the period specified in the contract if this is less or, where applicable, when their disposal or impairment occurs, since the customer simultaneously receives and consumes the benefits of the service at the same time the Group provides them. The method to be used to measure the percentage of completion is the output method, since the service rendered is similar throughout the period, and revenue is recognised on a straight-line basis over time.

(p) Income tax

The income tax expense or tax income for the year comprises current tax and deferred tax.

Current tax is the amount of income taxes payable or recoverable in respect of the consolidated taxable profit or tax loss for the period. Current tax assets or liabilities are measured at the amount expected to be paid to or recovered from the taxation authorities, using the tax rates and tax laws that have been enacted or substantially enacted at the reporting date.

Deferred tax liabilities are the amounts of income taxes payable in future periods in respect of taxable temporary differences. Deferred tax assets are the amounts of income taxes recoverable in future periods in respect of deductible temporary differences, the carryforward of unused tax losses and the carryforward of unused deductions. Temporary differences are differences between the carrying amount of an asset or liability and its tax base.

Current and deferred tax are recognised as income or expense and included in profit or loss for the year, except to the extent that the tax arises from a transaction or event which is recognised, in the same or a different year, directly in equity, or from a business combination.

(i) *Recognition of deferred tax liabilities*

The Group recognises deferred tax liabilities in all cases except where they arise from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable income.

(ii) *Recognition of deferred tax assets*

The Group recognises deferred tax assets provided that it is probable that sufficient taxable profit will be available against which they can be utilised or when tax legislation envisages the possibility of converting deferred tax assets into a receivable from public entities in the future. Nonetheless, assets arising from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable income, are not recognised.

It is considered probable that the Group will generate sufficient taxable profit to recover deferred tax assets when there are sufficient taxable temporary differences relating to the same taxation authority and the same taxable entity, which are expected to reverse in the same tax period as the expected reversal of the deductible temporary differences or in periods into which a tax loss arising from a deductible temporary difference can be carried back or forward.

(iii) *Measurement of deferred tax assets and liabilities*

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted. The tax consequences that would follow from the manner in which the Group expects to recover or settle the carrying amount of its assets or liabilities are also reflected in the measurement of deferred tax assets and liabilities.

The Group reviews the carrying amount of deferred tax assets at the year end and reduces this amount to the extent that it is not probable that sufficient taxable profit will be available against which to recover them.

Deferred tax assets that do not comply with the above conditions are not recognised in the Consolidated Statement of Financial Position. At year end the Group reassesses whether conditions are met for recognising previously unrecognised deferred tax assets.

(iv) *Offset and classification*

The Group only offsets current tax assets and liabilities if it has a legally enforceable right to offset the recognised amounts and intends either to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

The Group only offsets deferred tax assets and liabilities if it has a legally enforceable right to offset the recognised amounts, and they relate to income taxes levied by the same taxation authority on the same taxable entity or on different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Deferred tax assets and liabilities are recognised in the consolidated statement of financial position under non-current assets or liabilities, irrespective of the expected date of recovery or settlement.

(v) *Consolidated taxation*

The Group, which is composed of the companies indicated in Appendix I, files consolidated tax returns.

In addition to the factors to be considered for individual taxation, set out previously, the following factors are taken into account when determining the accrued income tax expense for the companies forming the consolidated tax group:

- Temporary and permanent differences arising from the elimination of profits and losses on transactions between Group companies, derived from the process of determining consolidated taxable income.
- Deductions and credits corresponding to each company forming the consolidated tax group. For these purposes, deductions and credits are

allocated to the company that carried out the activity or obtained the profit necessary to obtain the right to the deduction or tax credit.

(q) Classification of assets and liabilities as current and non-current

Assets and liabilities are classified as current when they are expected to be realised or settled in the Group's normal operating cycle, within 12 months after the year end. Otherwise they are classified as non-current.

(r) Environment

The Group takes measures to prevent, reduce or repair the damage caused to the environment by its activities.

Expenses derived from environmental activities are recognised as other operating expenses in the period in which they are incurred. By its nature, the Group's activity does not have a significant impact on the environment and as such no provisions have been recorded for this contingency.

Property, plant and equipment acquired by the Group for long-term use to minimise the environmental impact of its activity and protect and improve the environment, including the reduction and elimination of future pollution from the Group's activities (e.g. the replacement of road surfaces or land related to the laying of pipelines), are recognised as assets, applying the measurement, presentation and disclosure criteria described in Note 3 (d).

(4) Sector Regulation

Natural gas transmission and distribution activities

Directive 98/30/EC of the European Parliament and of the Council, of 22 June 1988, defined the bases of the internal natural gas market, configuring a liberalised market for the supply of natural gas.

Thus, the regulatory framework for the natural gas sector in Spain is based on Hydrocarbon Law 34/1998, in part enacted by Royal Decrees 949/2001 and 1434/2002. The first of these Royal Decrees regulates third-party access to gas facilities and establishes an integrated economic system for the natural gas sector; the second regulates transmission, distribution, trading and supply activities and the authorisation procedures for natural gas facilities.

Over the years, as the sector was gradually liberalised, the aforementioned Hydrocarbon Law was amended on numerous occasions. The most important amendment was pursuant to Royal Decree-Law 8/2014 of 4 July 2014, which approved urgent measures for growth, competitiveness and efficiency and was subsequently passed by the Spanish parliament and published as Law 18/2014 of 15 October 2014, approving urgent measures for growth, competitiveness and efficiency. The law introduced certain measures that update the regulatory-economic framework, the most salient of which are as follows:

- A reform of the general scheme of revenues and costs of the gas system was undertaken, which is based on the principle of economic sustainability and long-term economic balance, taking into account fluctuations in demand and the level of development of existing infrastructure, while sustaining the principle of adequate remuneration for investments in regulated assets, and security of supply. It therefore establishes the principle of economic and financial sustainability of the gas system, such that any legislation leading to a rise in costs or reduction in revenues must include a reduction in costs or an increase in revenues.

- Certain mechanisms were introduced to restrict any annual temporary imbalances in the settlement system, through the automatic review of tolls when certain thresholds are exceeded. If these thresholds are not exceeded, the imbalances are financed by the parties subject to the settlement system in proportion to their remuneration, generating receivables in the following five years, with a market interest rate set by Ministerial Order.

- With regard to the remuneration of regulated activities, the reform includes the basic principle of considering the necessary costs for an efficient and well-managed company to perform the activity at the lowest cost for the system.

- In line with electricity sector regulations and the need to ensure regulatory stability, regulatory periods of six years were defined, during which the financial rate cannot be reviewed and no automatic update formulas will be applied to the remuneration of any of the activities. However, as the regulatory reform was proposed in a deficit scenario that is expected to be remedied in the coming years, it allows certain remuneration parameters to be adjusted every three years if significant variations arise in the income and expense items.

- An in-depth, standard review (as described in Note 3 (o)) was undertaken of the remuneration from all activities, encompassing all assets, including those already in service.

By means of Spanish Royal Decree-Law 1/2019, a reform of the scope of powers for the gas system was carried out, adapting the powers of the Spanish National Commission on Financial Markets and Competition (hereinafter, "CNMC") to the requirements of EU law in relation to Directives 2009/72/EC and 2009/73/EC of the European Parliament and of the Council, of 13 July 2009, concerning common rules for the internal market in electricity and natural gas. Among these reforms, worthy of mention is the attribution of powers in favour of the CNMC regarding the establishment of methodologies for determining tolls and remuneration of the regulated activities, including the setting of their values. Therefore, as of 2020, the CNMC has the power to establish these issues, while anything regarding the establishment of new methodologies for determining the remuneration of regulated activities were not applicable until 1 January 2021, upon the conclusion of the first 6-year regulatory period that was established in the aforementioned Law 18/2014. In this regard, during 2019 and 2020, the CNMC worked on a series of Circulars that defined the methodologies for remuneration of the regulated activities developed by Redexis in the gas sector (Transmission and Distribution) and that are applicable as of January 2021 through December 2026. The most relevant Circulars, insofar as they enable the determination of remuneration for the distribution and transmission activity, were as follows:

- Circular 9/2019, of 12 December, of the National Commission on Markets and Competition, regarding the establishment of the methodology for determining the remuneration of natural gas transmission facilities and of liquefied natural gas plants.

- Circular 4/2020, of 31 March, of the National Commission on Markets and Competition, regarding the establishment of the methodology for determining the remuneration of natural gas distribution.

- Circular 8/2020, of 2 December, of the National Commission on Markets and Competition, regarding the establishment of reference unit values for investment, operation and maintenance for the 2021-2026 regulatory period, and the minimum requirements for audits on investments and costs in natural gas transmission facilities and liquefied natural gas plants.

More recently, the 2021-2030 Integrated National Energy and Climate Plan (PNIEC), approved by Resolution of the Council of Ministers on 16 March 2021, despite anticipating a decrease in the final energy consumption in 2030 with respect to the 2015 values (79.2 ktep vs 84.9), projects a stable natural gas consumption within that period, remaining at 13 ktep. All of which confirms the fundamental role of gas in the energy transition process since, in keeping with the PNIEC's target scenario, this would increase from 15.4% in final energy consumption in 2015 to 17.3%.

Channelled bulk LPG retail marketing activity (LPG pipeline distribution)

The Hydrocarbons Act, in its article 44-2, among the activities related to the supply of liquefied petroleum gases recognises the retail marketing of channelled bulk LPG, understood as the distribution and supply of LPG from one or several tanks by pipeline to more than one supply point, delivered to customers in gaseous phase, and whose consumption is measured by a meter for each of the consumers. Therefore, unlike what is established for the natural gas sector, in this activity the distribution and supply are carried out by the same agent and it is specifically called "retail marketing of channelled bulk LPG" (or, more simplified, "pipeline LPG distribution").

This is an activity in which both the sale price to end users (consisting of a fixed term €/month and a variable term c€/kg) and the acquisition or purchase price of LPG from wholesale marketers (c€/kg) are regulated, which are updated each month based on the Order of 16 July 1998 of the Ministry of Industry and Energy, which updates the marketing costs of the system for automatic determination of maximum pre-tax sale prices of liquefied petroleum gases and by which certain supplies are liberalised, and based on Order ITC/3292/2008 of 14 November, which modifies the automatic pre-tax sale tariff determination system of pipeline liquefied petroleum gases.

The pipeline LPG distribution activity is subject to a specific Regulation contained in Royal Decree 1085/1992. However, since it is ultimately the supply of fuel gases by pipeline, this activity is subject to the same technical distribution and use regulations as natural gas distribution, which were approved by Royal Decree 919/2006. So much so that this activity is subject to many of the rights and obligations of the natural gas distribution activity, such as the facility construction and maintenance requirements, the receipt of registration fees in payment for the incorporation of new supply points, or the establishment of a completely identical framework of rights and obligations for the periodic inspection of the reception facilities.

(5) Segment reporting

CNMC Circular 1/2015 establishes a new regulatory reporting system for costs, aimed primarily at the regulated activities of transmission, regasification, storage and technical management of the natural gas system.

While the detailed infomation furnished makes reference to the transmission activity, global amounts that make reference to the rest of the activities are also indicated: Distribution of Natural Gas, Transmission of Natural Gas, Distribution of LPG and Other Activities.

These activities will be assigned the revenues and costs directly attributable to them. Overheads that cannot be directly attributed to a specific activity will be allocated to final activities based on the allocation criteria in Circular 1/2015. Redexis, S.A. has developed an allocation model based on profit centres, which are divided into final and allocable.

The accounting policies of the segments are as described in Note 3.

The assets, liabilities, income and expenses presented in this note by segment/activity include the synergies and economies of scale generated within the Group as a result of its integrated management.

Had the segment or activity costs been managed independently, they would have been slightly higher than the figures reflected.

However, a complete and in-depth analysis of the revenue and costs of the transmission activity will be performed when the regulatory cost reporting is submitted to the CNMC.

The most significant segment details are as follows:

	31/12/2022				
	Thousands of Euros				
	Distribution	Transmission	LPG	Other activities	Consolidated
Goodwill	54,432	164,440	303	-	219,175
Non-current assets	1,161,805	535,442	177,502	29,602	1,904,351
Current assets	77,195	42,310	24,799	16,180	160,483
Total assets	**1,293,431**	**742,192**	**202,604**	**45,782**	**2,284,009**
Non-current liabilities	934,871	509,525	143,216	14,489	1,602,101
Current liabilities	75,896	11,821	14,754	12,636	115,107
Total liabilities	**1,010,767**	**521,346**	**157,970**	**27,125**	**1,717,208**

	31/12/2021				
	Thousands of Euros				
	Distribution	Transmission	LPG	Other activities	Consolidated
Goodwill	54,432	164,440	303	-	219,175
Non-current assets	1,160,288	551,264	158,896	27,299	1,897,747
Current assets	59,577	35,382	21,772	10,832	127,563
Total assets	**1,274,297**	**751,086**	**180,971**	**38,131**	**2,244,485**
Non-current liabilities	892,812	509,135	120,558	12,985	1,535,490
Current liabilities	99,770	19,329	10,743	10,715	140,557
Total liabilities	**992,582**	**528,464**	**131,301**	**23,700**	**1,676,047**

	31/12/2022				
	Thousands of Euros				
	Distribution	Transmission	LPG	Other activities	Consolidated
Revenue	130,777	59,091	44,567	15,286	249,721
Other income	4,148	558	201	494	5,402
Self-constructed non-current assets	10,139	1,609	528	2,007	14,284
Supplies	(3,564)	(1,500)	(31,179)	(10,006)	(46,250)
Employee benefits expense	(17,769)	(5,092)	(130)	(2,870)	(25,861)
Depreciation and impairment expenses	(74,649)	(14,663)	(10,939)	(1,481)	(101,732)
Other operating expenses	(17,747)	(3,337)	(3,543)	(3,145)	(27,772)
Net finance profit/(loss)	(24,031)	(4,348)	(4,387)	131	(29,195)
Profit/(loss) before tax	**7,304**	**32,318**	**(4,882)**	**418**	**38,598**

	31/12/2021				
	Thousands of Euros				
	Distribution	Transmission	LPG	Other activities	Consolidated
Revenue	136,004	59,801	36,434	7,654	239,893
Other income	4,356	730	821	593	6,500
Self-constructed non-current assets	11,068	1,887	532	2,039	15,526
Supplies	(1,761)	-	(21,345)	(3,685)	(26,791)
Employee benefits expense	(20,332)	(5,737)	(144)	(3,024)	(29,237)
Depreciation and impairment expenses	(72,267)	(13,714)	(10,302)	(1,061)	(97,344)
Other operating expenses	(18,364)	(3,935)	(4,396)	(2,503)	(29,197)
Net finance profit/(loss)	(17,761)	(8,105)	(3,228)	127	(26,967)
Profit/(loss) before tax	**20,945**	**30,927**	**(1,629)**	**141**	**50,384**

(6) Subsidiaries

(a) Composition of the Group

Information on the subsidiaries included in the consolidated Group is presented in Appendix I.

On 30 November 2022, Eficiencia y Red Solar, S.L. was incorporated, owned 75% by Redexis Gas Servicios, S.L.U., and 25% by Energía, Innovación, y Desarrollo Fotovoltaico, S.A., whose main purpose is the carrying out of energy activities and, specifically, the production, storage and marketing of energy from renewable sources, such as photovoltaic facilities, by means of or through the corresponding facilities, of its own or of third parties.

(b) Non-Controlling interests

Non-controlling interests reflect the 0.02% equity investment in Redexis Gas Murcia, S.A.

(c) Related companies

Redexis Gas Finance, B.V. was incorporated on 10 March 2014 in the Netherlands and at 31 December 2022 is an investee of Guotong Romeo Holdings Limited, Chase Gas Investments Limited and Arbejdsmarkedets Tillægspension (ATP) (same shareholders as the Parent). Its principal activity is the issue of debt.

All debt issues made by Redexis Gas Finance, B.V. are guaranteed by the Parent, and the funds obtained from the issues were transferred to the Parent by means of loans with the same maturity dates as the debt issued.

The amount of the loans received by the Parent at 31 December 2022 and 2021 is Euros 1,000,000 thousand, and this is the same amount as the one guaranteed by the Parent for the Redexis Gas Finance, B.V. issues. The list of these loans is itemised in Note 19.

The Redexis Foundation was incorporated on 12 July 2019 and its purpose, in general, is the promotion of technological innovation and the development of social, charity, assistance, training or cultural works. Specifically, the Foundation promotes the development and well-being of the social groups that exist in the territories where the Redexis Group operates, with special consideration given to promoting infrastructures that contribute to a sustainable development and cleaner economy.

(7) Property, plant and equipment

Details of property, plant and equipment and movement during the years ended 31 December 2022 and 2021 are as follows:

	Thousands of Euros						
	Land	Buildings	Technical installations and machinery	Other installations, equipment and furniture	Other property, plant and equipment	Under construction and advances	Total
Cost at 31 December 2021	**7,026**	**6,891**	**2,204,274**	**4,000**	**2,150**	**45,281**	**2,269,621**
Additions	-	-	16,336	-	-	83,909	**100,245**
Transfers	8	79	90,094	323	206	(90,711)	-
Disposals	-	-	(922)	-	-	(841)	**(1,763)**
Cost at 31 December 2022	**7,034**	**6,970**	**2,309,782**	**4,323**	**2,356**	**37,638**	**2,368,103**
Accumulated amortisation at 31 December 2021	-	(2,052)	(945,619)	(3,343)	(1,644)	-	**(952,658)**
Depreciations	-	(519)	(90,719)	(179)	(300)	-	**(91,716)**
Disposals	-	-	795	-	-	-	**795**
Accumulated amortisation at 31 December 2022	-	(2,571)	(1,035,542)	(3,522)	(1,944)	-	**(1,043,579)**
Net carrying amount at 31 December 2022	**7,034**	**4,399**	**1,274,240**	**801**	**412**	**37,638**	**1,324,524**

	Thousands of Euros						
	Land	Buildings	Technical installations and machinery	Other installations, equipment and furniture	Other property, plant and equipment	Under construction and advances	Total
Cost at 31 December 2020	**7,514**	**6,862**	**2,133,551**	**3,992**	**2,014**	**36,146**	**2,190,080**
Additions	-	-	5,406	-	-	80,559	**85,965**
Transfers	11	29	68,113	8	136	(68,590)	**(294)**
Disposals	(498)	-	(2,796)	-	-	(2,835)	**(6,129)**
Cost at 31 December 2021	**7,026**	**6,891**	**2,204,274**	**4,000**	**2,150**	**45,281**	**2,269,621**
Accumulated amortisation at 31 December 2020	-	(1,553)	(860,773)	(3,105)	(1,365)	-	**(866,796)**
Depreciations	-	(500)	(87,358)	(256)	(279)	-	**(88,393)**
Transfers	-		294			-	**294**
Disposals	-	-	2,218	19	(0)	-	**2,236**
Accumulated amortisation at 31 December 2021	-	(2,052)	(945,619)	(3,343)	(1,644)	-	**(952,658)**
Net carrying amount at 31 December 2021	**7,026**	**4,839**	**1,258,655**	**657**	**505**	**45,281**	**1,316,963**

The majority of the additions taking place in 2022 and 2021 are from the organic growth of the Group by means of the extension of distribution networks, in new municipalities as well as in locations already served by the Group.

In addition, worthy of note are the corporate transactions for the integration of LPG networks and facilities that are described below:

- At 30 December 2021, Cepsa Comercial Petróleo, S.A.U., GASIB Sociedad Ibérica de Gas Licuado, S.L.U. and Redexis entered into a framework agreement for the purchase and conveyance of LPG networks and facilities serving around 2,295 supply points, for approximately Euros 1,565 thousand. This transaction was approved in 2022, the effective transfer of the assets has commenced, the majority of which are pending and scheduled for transfer in 2023.

- At 16 December 2021 several companies of the Nedgia Group and Redexis entered into a framework agreement for the purchase and conveyance of LPG networks and facilities serving around 14,450 supply points, for approximately Euros 19,998 thousand. This transaction was approved by the CNMC, and all of the assets were transferred during 2022, with a small part of these pending transfer in 2023.

- On 28 December 2020, Repsol Butano, S.A. and the Group entered into a framework agreement for the purchase and conveyance of LPG networks and facilities serving around 4,230 thousand supply points, for approximately Euros 4,838 thousand. The majority of these assets were conveyed during 2021and 2022.

At 31 December 2022, property, plant and equipment under construction reflect investments in gas transmission and distribution networks that the Group expects to complete in the coming months.

At 31 December 2022, the Group has recognised gas plant dismantling costs of Euros 53 thousand under Technical installations and machinery (Euros 53 thousand at 31 December 2021). These expenses were determined based on the Group's best estimate of the market costs of the various physical units involved in dismantling these plants.

The Group has taken out insurance policies to cover the risk of damage to its property, plant and equipment. The cover provided by these policies is considered sufficient.

The cost of fully depreciated property, plant and equipment in use at 31 December 2022 and 2021 is as follows:

	Thousands of Euros	
	2022	2021
Buildings	96	96
Technical installations and machinery	267,488	233,872
Other installations, equipment and furniture	2,533	2,517
Other property, plant and equipment	1,218	1,042
	271,335	**237,527**

(8) Intangible assets

Details of intangible assets and movement during the years ended 31 December 2022 and 2021 are as follows:

	Thousands of Euros				
	Licences	Goodwill	Computer software	Other intangible assets	Total
Cost at 31 December 2021	542,914	219,175	54,572	7,344	824,004
Additions	-	-	5,859	853	6,712
Disposals	-	-	-	(29)	(29)
Cost at 31 December 2022	542,914	219,175	60,430	8,168	830,687
Accumulated amortisation at 31 December 2021	-	-	(41,531)	(1,353)	(42,884)
Depreciations	-	-	(6,425)	(437)	(6,862)
Accumulated amortisation at 31 December 2022	-	-	(47,955)	(1,790)	(49,745)
Net carrying amount at 31 December 2022	**542,914**	**219,175**	**12,475**	**6,378**	**780,942**

	Thousands of Euros				
	Licences	Goodwill	Computer software	Other intangible assets	Total
Cost at 31 December 2020	542,914	219,175	46,839	6,416	815,343
Additions	-	-	7,733	928	8,661
Disposals	-	-	-	-	-
Cost at 31 December 2021	542,914	219,175	54,572	7,344	824,004
Accumulated amortisation at 31 December 2020	-	-	(36,352)	(1,085)	(37,436)
Depreciations	-	-	(5,179)	(268)	(5,447)
Accumulated amortisation at 31 December 2021	-	-	(41,531)	(1,353)	(42,884)
Accumulated impairment at 31 December 2020	-	-	-	(29)	(29)
Accumulated impairment at 31 December 2021	-	-	-	(29)	(29)
Net carrying amount at 31 December 2021	**542,914**	**219,175**	**13,041**	**5,962**	**781,091**

The volume of additions for investment in computer software in 2022 comes from projects for the implementation of computer systems and programs, as well as the evolving improvements of corporate systems, for amounts below those of 2021, if we do not consider the difference of the projects for implementation of systems under the CNMC COPEX programme (Meridian Project) for an amount of Euros 2,255 thousand, which finalised in 2021.

The goodwill arising on the business combination carried out in 2010, amounting to Euros 213,053 thousand (subsequently reduced by Euros 1,584 thousand), and that generated on the business combination carried out in 2015 amounting to Euros 7,706 thousand, are essentially based on the future profits from the ordinary activities of the Parent Company and the companies Redexis Gas Infraestructuras, S.L.U. and Redexis Gas Murcia, S.A., which fail to meet the conditions to qualify for recognition as a separate asset.

Details of the allocation of goodwill at 31 December 2022 and 2021, by cash-generating unit (CGU), are as follows:

	Thousands of Euros	
	2022	2021
Gas distribution	54,432	54,432
Gas transmission	164,440	164,440
LPG	303	303
	219,175	**219,175**

A summary of the CGUs to which intangible assets with indefinite useful lives, namely licences for gas distribution and transmission, have been allocated at 31 December 2022 and 2021 is as follows:

	Thousands of Euros	
	2022	2021
Gas distribution	333,493	333,493
Gas transmission	209,421	209,421
	542,914	**542,914**

The cost of fully amortised intangible assets in use at 31 December 2022 and 2021 is as follows:

	Thousands of Euros	
	2022	2021
Computer software	36,674	32,048
Other intangible assets	1,023	484
	37,697	**32,532**

(9) Right of use assets and lease liabilities

Details and movement in the accounts included in the Right of use assets by classes during the years ended at 31 December 2022 and 2021 are as follows:

	Thousands of Euros					
	Land	Buildings	Motor Vehicles	Information Processing Equipment	Subsoil use	Total
Cost at 31 December 2021	**1,795**	**7,870**	**3,054**	**203**	**7,539**	**20,462**
Additions	1,091	737	300	8	83	2,219
Disposals	-	(123)	-	-	(2,956)	(3,079)
Cost at 31 December 2022	2,886	8,485	3,354	211	4,667	19,602
Accumulated amortisation at 31 December 2021	(438)	(5,019)	(1,781)	(150)	(1,512)	(8,900)
Depreciations	(259)	(1,122)	(395)	(31)	(398)	(2,203)
Disposals	(0)	0	-	-	109	109
Accumulated amortisation at 31 December 2022	(697)	(6,141)	(2,176)	(180)	(1,799)	(10,994)
Net carrying amount at 31 December 2022	**2,189**	**2,344**	**1,178**	**31**	**2,868**	**8,609**

	Thousands of Euros						
	Land	Buildings	Motor Vehicles	Information Processing Equipment	Subsoil use	Computer software	Total
Cost at 31 December 2020	**1,655**	**6,722**	**2,483**	**195**	**7,236**	**312**	**18,603**
Additions	153	1,137	562	7	274		2,133
Transfer	(13)	12	10	1	29	-	39
Disposals	-	-	-	-	-	(312)	(312)
Cost at 31 December 2021	1,795	7,870	3,054	203	7,539	-	20,462
Accumulated amortisation at 31 December 2020	(300)	(3,925)	(1,350)	(122)	(981)	(293)	(6,973)
Depreciations	(151)	(1,082)	(421)	(27)	(501)	(13)	(2,194)
Disposals	-	-	-	-	-	306	306
Transfer	13	(12)	(10)	(1)	(29)	-	(39)
Accumulated amortisation at 31 December 2021	(438)	(5,019)	(1,781)	(150)	(1,512)	-	(8,900)
Net carrying amount at 31 December 2021	**1,357**	**2,851**	**1,273**	**53**	**6,027**	**-**	**11,562**

The Group performs a large part of its activities in properties and facilities leased from third parties. The leases are negotiated with several renewal and cancellation options for flexibility depending on how the business responds in each area. The contracts expose the Group to a certain variability, albeit limited, due to the fact that the majority of these is CPI-linked.

Subsoil occupancy rates for the gas distribution activity are likewise included as well as the charges for subsoil occupancy for the gas transmission activity (under Subsoil Use), and those leases of land for facilities belonging to the Group (under Lands).

In addition, the Group has short-term lease contracts, for which it has recorded an expense in the amount of Euros 513 thousand (Euros 417 thousand in the previous year) (see Note 30).

The details and relevant amounts of lease contracts by asset type at 31 December 2022 and 2021 are as follows:

	Thousands of Euros					
	Land	Buildings	IT Equipment	Motor Vehicles	Subsoil use	Total
31/12/2022						
Amounts						
Fixed lease payments	291	1,197	32	420	485	2,424
Financial expenses for lease liabilities	52	60	1	28	76	217
Long term lease liabilities	1,998	1,491	-	816	2,419	6,723
Short term lease liabilities	244	929	32	396	370	1,972
Conditions						
Lease term	10 years	3 to 4 years	4 years	4 years	1 to 35 years	

	Thousands of Euros						
	Land	Buildings	IT Equipment	Motor Vehicles	Subsoil use	Computer software	Total
31/12/2021							
Amounts							
Fixed lease payments	169	1,145	28	445	670	13	2,469
Financial expenses for lease liabilities	29	70	1	30	189	0	319
Long term lease liabilities	1,248	1,843	28	878	5,628	0	9,625
Short term lease liabilities	142	1,097	27	427	447	0	2,140
Conditions							
Lease term	10 years	3 to 4 years	4 years	4 years	1 to 35 years	2 years	

The analysis of the maturity date of the lease liabilities, including future interests to be paid, is as follows:

	Thousands of Euros	
	2022	2021
Up to six months	986	1,070
From six months to one year	986	1,070
From one to two years	1,946	2,154
From two to three years	1,556	1,729
From four to five years	568	552
Over five years	2,652	5,190
	8,695	**11,765**

The are no commitments deriving from short-term lease contracts.

(10) Impairment and Allocation of Goodwill and Intangible Assets with Indefinite Useful Lives to CGUs

For impairment testing purposes, goodwill and intangible assets with indefinite useful lives have been allocated to the Group's cash-generating units (CGUs) as detailed in Note 8.

The recoverable amount of a CGU is determined based on calculations of its fair value less costs of disposal. These calculations include estimated cash flow projections, less the post-tax average cost of the capital itself from the underlying CGU activity. The economic forecasts start from the best estimate by management of the evolution of the CGU business for a projection period of 15 years, and assume a terminal value upon its conclusion with a perpetual growth rate (g) of 1.5%.

For the natural gas distribution and transmission activity, a post-tax average cost of capital calculated in accordance with CNMV Circular 2/2019, of 12 November, was used to establish the methodology for calculation of financial remuneration rate of the transmission and distribution activities of electric power, and the regasification, transmission and distribution of natural gas.

The Group determines budgeted gross margins based on past experience and forecast market performance. The weighted average growth rates are consistent with the forecasts included in sector reports. The discount rates used are after-tax values and reflect specific risks related to each CGU.

According to the projections and estimates available to the Company (which include the considerations of the 2021-2030 Integrated National Energy and Climate Plan - PNIEC), the cash flow forecasts attributable to the CGUs to which goodwill and various intangible assets with indefinite useful lives have been allocated make it possible to recover the value of goodwill and intangible assets with indefinite useful lives recognised at 31 December 2022.

A sensitivity analysis to the assumption of the average cost of after-tax capital in a projection period of 15 years shows that, for the natural gas distribution activity, a sign of impairment of goodwill and intangible assets with indefinite lives would only exist if the perpetual growth rate (g) was -7.7% or lower; in the case of the natural gas transmission activity, for a sign of impairment to exist the rate (g) would have to fall to -2% or lower.

(11) Financial Assets by Category and Class

The classification of financial assets by category and class, is as follows:

	Thousands of Euros			
	Non-current		Current	
	2022	2021	2022	2021
Financial assets at amortised cost				
Loans	27	-	110	1,989
Security and other deposits delivered	1,461	1,440	-	-
Other financial assets	65	62	-	-
Trade and other receivables				
Trade receivables	6,133	4,512	39,627	51,949
Other receivables	1,766	1,290	25,430	18,067
Impairment	-	-	(1,306)	(1,532)
Cash and cash equivalents	-	-	81,102	40,123
Total financial assets	**9,452**	**7,304**	**144,964**	**110,595**

The amount of net profits and losses, corresponding to the category of financial assets at amortised cost in the years 2022 and 2021 is as follows:

	Thousands of Euros	
	2022	2021
Finance income at amortised cost	16	4
Reversal/(Losses) for impairment	51	(309)
	67	**(304)**

Details of these items are provided in Notes 12 and 15.

(12) Current and Non-Current Financial Assets

Details of current and non-current financial assets at 31 December 2022 and 2021 are as follows:

	Thousands of Euros			
	2022		2021	
	Non-current	Current	Non-current	Current
Security deposits paid	1,461	-	1,440	-
Loans to employees and other	27	110	-	1,989
Other financial assets	65	-	62	-
Total	**1,553**	**110**	**1,502**	**1,989**

Security deposits paid correspond essentially to the balances lodged with the Autonomous Regions, deriving from deposits received from customers when a service is arranged, by virtue of the provisions of applicable legislation in force at any given time. These security deposits are maintained for as long as the Group maintains the supply contract with the customer or if the customer maintains the agreement with its supplier, and its distribution company is a Group company.

Current credits at 31 December 2021 corresponded to the balance receivable for the sale of fixed assets received in January 2022.

(13) Income tax

At the Shareholders General Meeting held on 17 December 2010 the Parent Company shareholders agreed that, with effect as of 1 January 2011, the Company would apply the consolidated taxation regime regulated in Title VII, Chapter VII of the now repealed Royal Legislative Decree 4/2004, of 5 March, replaced by Title VII, Chapter VI of Law 27/2014, of 27 November, approving the Corporate Income Tax Law. Redexis, S.A. is the parent company of a new tax group also made up of the subsidiaries detailed in Annex I attached.

Details of deferred tax assets and liabilities by type of asset and liability are as follows:

	2022		
	Thousands of Euros		
	Assets	Liabilities	Net
Property, plant and equipment	1,614	(30,291)	(28,677)
Goodwill	-	(10,335)	(10,335)
Deferred income	-	(1,959)	(1,959)
Intangible assets	-	(66,942)	(66,942)
Provisions	232	-	232
Amortisation and depreciation	1,519	-	1,519
Personnel remuneration	1,033	-	1,033
Net assets and liabilities	**4,398**	**(109,528)**	**(105,130)**

	2021		
	Thousands of Euros		
	Assets	Liabilities	Net
Property, plant and equipment	1,645	(32,001)	(30,356)
Goodwill	-	(8,736)	(8,736)
Deferred income	-	(2,293)	(2,293)
Intangible assets	-	(65,618)	(65,618)
Provisions	205	-	205
Amortisation and depreciation	2,269	-	2,269
Personnel remuneration	1,386	-	1,386
	5,505	**(108,648)**	**(103,142)**
Tax loss carryforwards	226	-	226
Net assets and liabilities	**5,731**	**(108,648)**	**(102,917)**

There are no unrecorded deferred tax assets or liabilities.

Deferred tax liabilities relating to property, plant and equipment mostly derive from the application of the tax incentive approved in additional provision 11 of Law 4/2008 of 23 December 2008 and in Royal Decree-Law 13/2010 of 3 December 2010, on accelerated depreciation of property, plant and equipment, which the Group applied in 2009, 2010 and 2011, as well as from the fair value measurement of property, plant and equipment in the business combinations in 2010 and 2015.

Accelerated depreciation is only applied to investments brought into service in the 2009, 2010 and 2011 tax periods that correspond to new assets commissioned under works execution contracts or investment projects with an execution period, in both cases, of less than two years between the commission or investment start date and the date on which the asset becomes available or enters service. Investments in distribution assets are depreciated over a period of 20 years for accounting purposes and one year for tax purposes. Investments in transmission assets are depreciated over a period of 40 years for accounting purposes and one year for tax purposes.

All deferred tax liabilities associated with intangible assets and deferred income derive from the aforementioned business combinations.

The merger approved by the shareholders in 2014, detailed in the accounts for the mentioned year, became effective for accounting purposes on 1 January 2014. The Group therefore reversed the deferred tax liability in the amount of Euros 80,748 thousand in the consolidated income statement for 2014. The merger was carried out under the special protection tax regime contained in Chapter VII of Title VII of the Spanish Corporate Income Tax Law and, therefore, the tax value of the property, plant and equipment, intangible assets and goodwill at 1 January 2014 was Euros 23,846 thousand, Euros 245,314 thousand and Euros 6,030 thousand, respectively. The tax effects occur as of when the merger was entered in the Mercantile Registry on 27 February 2015.

On 23 December 2015, the Parent Company requested a ruling from the Directorate-General of Taxes as to whether the tax loss carryforwards of the absorbed subsidiaries (Redexis Gas Transportista and Redexis Gas Distribución), arising from temporary differences to be reversed in the future, should be calculated as a reduction in the deductible merger difference, as was the case with the accelerated depreciation applied by these companies in 2009, 2010 and 2011. On 26 December 2016, the Parent Company received a positive response to its query, stating that the tax loss carryforwards of the absorbed subsidiaries arising from temporary differences to be reversed in the future should not be calculated as a reduction in the deductible merger difference. As a result, the tax value of intangible assets and goodwill in 2016 increased by Euros 29,525 thousand and Euros 45,098 thousand, respectively. In 2016 the Group therefore reversed the Euros 7,441 thousand deferred tax liability in the consolidated income statement.

The tax value of intangible assets and goodwill in 2017 increased by Euros 43,031 thousand and Euros 75,253 thousand respectively. The Parent Company obtained a tax certificate corresponding to the former Company shareholder, which reveals the capital gain included in the Seller's tax base, the resulting double taxation of the transferring shareholder Endesa Gas, and of the purchasing company Redexis. The aforementioned capital gain could be eliminated by application of paragraph 5 of Transitory Provision 23 of Corporate Income Tax Law 27/2014.

Pursuant to Law 16/2012 of 27 December 2012, which introduced several tax measures to consolidate public finances and boost economic activity, depreciation of property, plant and equipment and amortisation of intangible assets was limited to 70% of the depreciation and amortisation charge for accounting purposes for the 2013 and 2014 tax periods. Consequently, the Group has recognised deferred tax assets of Euros 2,017 thousand at 31 December 2020 (Euros 2,682 thousand at 31 December 2019). As of 2015, any depreciation and amortisation that was not deducted for tax purposes in the tax periods commenced in 2013 and 2014, due to the aforementioned limit, may be deducted on a straight-line basis over a period of 10 years, or over the useful life of the assets. The Parent Company has opted for the 10-year reversal period.

In accordance with legislation in force, the Group may offset its tax loss carryforwards for the 2020 and 2021 tax periods up to a maximum of 25% of taxable income before the offset. In the provisional calculation of corporate income tax for 2022, the tax Group offset all negative taxable bases pending in an amount of Euros 971 thousand (Euros 10,616 thousand in the final corporate income tax return for 2021).

Based on the best estimate of future consolidated profits, recovery of the deferred tax assets is considered probable and they have therefore been recognised in the consolidated statement of financial position.

Corporate Income Tax Law 27/2014 of 27 November 2014 amended the income tax rate. The tax rate is 25% for periods commencing on or after 1 January 2016, and for 2015 it was 28%. The Group adjusted all of its deferred tax assets and liabilities based on a tax rate of 25%, except for deferred tax assets arising from non-deductible amortisation and depreciation in view of the application of Law 16/2012 of 27 December 2012. In this respect, Transitory Provision 37 of the CIT Law provides for a deduction in total income tax of 5 % of the amounts included in taxable income for the tax period, for depreciation and amortisation not deducted in tax periods starting in 2013 and 2014. This deduction was 2% for the tax periods commencing as of 2015.

There are no items charged or credited directly against other overall income and net equity in 2022 and 2021.

Details of the income tax expense are as follows:

	Thousands of Euros	
	2022	2021
Current tax		
Present year	**8,067**	**10,621**
Adjustment of prior years	**527**	**(377)**
Deferred tax		
Origination and reversal of temporary differences	**(3,271)**	**(2,947)**
Accelerated depreciation and amortisation	(1,454)	(1,462)
Depreciation and amortisation	681	733
Salaries payable	366	597
Goodwill	(2,486)	(2,486)
Provisions	(378)	(329)
Income tax expense for the year (companies)	**5,323**	**7,296**
Adjustments and eliminations on consolidation	4,911	4,980
Income tax expense for the year (Group)	10,235	12,276

A reconciliation of current tax with current income tax liabilities is as follows:

	Thousands of Euros	
	2022	2021
Current tax	8,067	10,621
Tax loss carryforwards offset and recognised in prior years	(243)	(2,671)
Consolidation adjustments	-	-
Income tax payable for the year (Group)	**7,825**	**7,950**
Payments on account during the year	(6,015)	(5,617)
Withholdings	-	-
Current income tax liability	**1,810**	**2,333**

The relationship between the income tax expense and pre-tax profit for the year is as follows:

	Thousands of Euros	
	2022	2021
Profit for the year before tax	38,598	50,384
Tax at 25%	9,649	12,596
Adjustment of prior years	527	(377)
Other net movements	59	57
Income tax expense for the year (Group)	**10,235**	**12,276**

During 2022, the tax Group offset all negative taxable bases pending. In 2021 it recognised the tax effect of unused tax loss carryforwards as deferred tax assets, whose amounts were as follows:

At 31 December 2021

Company / Year	Thousands of Euros
Redexis Group / 2011	903
Total	903

In accordance with current legislation, taxes cannot be considered definitive until they have been inspected by the taxation authorities or before the inspection period of four years has elapsed.

In 2016 the Tax Authorities commenced an audit of the following companies of the group, for the years and taxes set forth below:

Tax	Years open
Corporate Income Tax (All Group companies*)	2015-2018
Value Added Tax (Redexis, S.A.)	2017-2018
Non-Resident Income Tax (Redexis, S.A.)	2016-2019

The audit actions were finalised during 2022. As regards corporate income tax, the Tax Authorities issued a settlement to increase the payment of Euros 1,109 thousand plus default interest for the years 2015-2018 for some technological innovation, research and development deductions which the Group had applied, and that the auditors did not consider appropriate.

They proceeded with the aforementioned regularisation and corresponding record of compliance, imposing no fine whatsoever.

As regards the rest of the taxes and years under inspection, the result of the audit actions was verified and accepted for all companies of the Group.

The Group has open to inspection by the taxation authorities the main taxes applicable for the following years:

Tax	Years open
Corporate Income Tax (*)	2019-2021
Value Added Tax (**)	2019-2022
Personal Income Tax	2019-2022
All other applicable Taxes	2019-2022

(*) The period for filing corporate income tax is within 25 calendar days following six months after the end of the year, whereby the Corporate Income Tax corresponding to 2022 will not be open to inspection until 25 July 2023.

Nevertheless, the right of the taxation authorities to inspect or investigate unused or offset tax loss carryforwards, and unused or applied deductions to promote the undertaking of certain activities, have a 10-year statute of limitations as of the day after the end of the period for filing the tax return or self-assessment corresponding to the tax period in which the right to offset or application was generated. Following that period, the Group should accredit any tax loss carryforwards or deductions by disclosing the settlement or self-assessment and the accounting records, with proof that they were filed at the Mercantile Registry within the above period.

Due to different possible interpretations of prevailing tax legislation, additional tax liabilities could arise in the event of inspection. In any case, the Parent's directors do not consider that any such liabilities that could arise would have a significant effect on the Consolidated Annual Accounts

(14) Inventories

Details of Inventories are as follows:

	Thousands of Euros	
	2022	2021
LPG inventories	9,941	8,200
Solar Panels	2,699	682
Other	218	113
Supplier advances	491	721
	13,348	**9,716**

At 31 December 2022 and 2021, the Group had no commitments to purchase or sell inventories.

(15) Trade, other receivables and other current assets

A.

Details of trade and other receivables and other assets are as follows:

	Thousands of Euros			
	2022		2021	
	Non-current	Current	Non-current	Current
Trade receivables	6,133	39,627	4,512	51,949
Receivables, settlements pending	1,766	23,411	1,290	15,780
7 Sundry debtors	-	2,019	-	2,287
Less impairment due to uncollectibility	-	(1,306)	-	(1,532)
Total trade and other receivables	**7,899**	**63,751**	**5,802**	**68,484**

	Thousands of Euros	
	2022	2021
Public entities		
Taxation authorities, recoverable VAT	1,216	6,150
Taxation authorities, withholdings	28	28
Other	415	98
Prepayments	511	976
Total other assets	**2,171**	**7,252**

Trade receivables primarily comprise balances receivable from suppliers of natural gas for tolls invoiced and propane gas invoiced to end customers. In the case of non-current, they come from sales with deferred payment of energy facilities for third parties.

Current and non-current receivables recorded under debtors, settlements receivable reflect settlements and measurement differences receivable from the gas system.

Movement in impairment due to uncollectibility is as follows:

	Thousands of Euros	
	2022	2021
Balance at 1 January	(1,532)	(1,362)
Impairment charge	(330)	(339)
Reversals for impairment	381	30
Cancellations	175	139
Balance at 31 December	**(1,306)**	**(1,532)**

At 31 December 2022 there are no past-due unimpaired trade receivables with Public Entities corresponding to balances with Public Entities, for which no credit risk is foreseen (Euros 32 thousand at 31 December 2021).

(16) Cash and cash equivalents

Details of cash and cash equivalents are as follows:

	Thousands of Euros	
	2022	2021
Cash in hand and at banks	81,102	40,123
	81,102	**40,123**

(17) Equity

Details of equity and movement during the year are shown in the consolidated statement of changes in equity.

(a) Capital

At 31 December 2022 and 2021, the share capital of the Parent Company amounted to Euros 100,000 thousand, represented by 10,000,000 shares of Euros 10 par value each, subscribed and fully paid.

At 31 December 2022 and 2021, Redexis, S.A. is owned (i) 33.33% by Chase Gas Investments Limited, a subsidiary of the USS private equity fund; (ii) 33.34% by Arbejdsmarkedets Tillægspension (ATP) private equity fund; and (iii) 33.33% by Guotong Romeo Holdings Limited, a company owned by the funds Guoxin Guotong Fund LLT and CNIC Corporation Limited.

The Group actively manages its capital to maintain a structure capable of creating value for its shareholders and other stakeholders, as well as optimising the cost of this, always safeguarding the principle of going concern.

The Group has several levers that allow it to adjust its capital structure. These range from the discretionality in the payment of dividends and in making investments for its organic growth, through the amortisation of debt, issue of shares or sale of assets.

In order to monitor and achieve these objectives, the Group maintains a prudent financial policy that specifies a commitment to maintain an investment grade rating, in other words, BBB- or greater by Standard & Poor's rating agency or any other agency with which the Group maintains a rating request. This entails the fulfilment of a series of leverage ratios and cash generation in accordance with that rating.

(b) Share premium

This reserve, amounting to Euros 105,433 thousand at 31 December 2022 and 2021, is freely distributable, provided that its distribution would not reduce the Parent's equity to an amount lower than share capital.

(c) Other reserves

Details of Other reserves are as follows:

	Thousands of Euros	
	2022	2021
Legal reserve	20,000	20,000
Other shareholder contributions	67,538	97,538
Other reserves	245,441	207,333
	332,979	**324,871**

Legal reserve

The legal reserve has been appropriated in compliance with article 274 of the Revised Spanish Companies Act, which requires that companies transfer 10% of profits for the year to a legal reserve until this reserve reaches an amount equal to 20% of share capital.

The legal reserve is not distributable to shareholders and if it is used to offset losses, in the event that no other reserves are available, the reserve must be replenished with future profits.

At 31 December 2022 and 2021, the Parent had appropriated to this reserve the minimum amount required by law, i.e. Euros 20 million (20% of share capital), and will therefore not allocate any further amounts to this reserve.

Other reserves

The goodwill reserve was appropriated in compliance with article 273.4 of the Revised Spanish Companies Act, which required companies to constitute a non-distributable reserve equal to the amount of goodwill recognised in the Parent's individual statement of financial position. However, the amendment to article 39.4 of the Spanish Code of Commerce in 2016 provided for the systematic amortisation of goodwill (in annual accounts prepared under Spanish GAAP), thus eliminating the obligation to appropriate this reserve.

At 31 December 2022 and 2021, other reserves include goodwill reserves amounting to Euros 16,356 thousand, which are non-distributable until the carrying amount of goodwill is lower than the amount of this reserve in the Annual Accounts of each Group company.

Details of reserves contributed by each Group company at 31 December 2022 and 2021 are as follows:

	Thousands of Euros	
	2022	2021
Redexis, S.A.	329,871	325,707
Redexis Gas Murcia, S.A.	4,026	1,567
Redexis Gas Servicios, S.L.U.	(1,077)	(1,607)
Redexis GLP, S.L.U.	(5,523)	(5,558)
Redexis Infraestructuras, S.L.U.	5,681	4,761
	332,979	**324,871**

(d) Dividends

During 2022, the Parent proceeded to pay a dividend to shareholders at the rate of Euros 3 per share. The total amount distributed in 2022 was Euros 30,000 thousand (Euros 60,000 thousand in 2021), against the freely distributable reserves of the Parent to shareholders of the Company as detailed in section (a), of which Euros 30,000 thousand were paid.

(e) Profit/(loss) for the year

Details of profit/(loss) for the year contributed by each Group company at 31 December 2022 and 2021 are as follows:

	Thousands of Euros	
	2022	2021
Redexis, S.A.	27,375	33,948
Redexis Gas Servicios, S.L.U.	(262)	746
Redexis GLP, S.L.U.	(1,243)	35
Redexis Gas Murcia, S.A.	2,354	2,459
Redexis Infraestructuras, S.L.U.	138	920
	28,362	**38,108**

(18) Financial Liabilities by Class and Category

(a) Classification of financial liabilities by category

A classification of financial liabilities by category and class is as follows:

	Thousands of Euros 2022 Carrying amount Non-current	Thousands of Euros 2022 Carrying amount Current
Financial liabilities at amortised cost		
Debt with related parties	993,746	12,489
Loans and borrowings		
Variable rate	223,036	244
Fixed rate	247,158	11,543
Security and other deposits received	872	-
Payables transformable into subsidies	1,161	-
Other financial liabilities	-	2,396
Lease liabilities	6,723	1,972
Total financial liabilities	**1,472,695**	**28,644**

	Thousands of Euros 2021 Carrying amount Non-current	Thousands of Euros 2021 Carrying amount Current
Financial liabilities at amortised cost		
Debt with related parties	991,885	12,709
Loans and borrowings		
Variable rate	148,209	250
Fixed rate	256,544	11,598
Security and other deposits received	855	-
Payables transformable into subsidies	1,161	-
Other financial liabilities	-	2,396
Lease liabilities	9,625	2,140
Total financial liabilities	**1,408,054**	**26,697**

The fair value of loans and borrowings with related parties at 31 December 2022 is Euros 920,900 thousand (Euros 1,053,062 thousand at 31 December 2021). For the rest of the liabilities, the fair value is similar to the carrying amount

The average interest rate of these debts with related companies and bank borrowings is 1.94% (1.56% in 2021).

Security deposits received essentially correspond to the deposits received from customers when a service is arranged, by virtue of the provisions of applicable legislation in force at any given time. These security deposits are maintained for as long as the Group maintains the supply contract with the customer or if the customer maintains the agreement with its supplier, and its distribution company is a Group company.

(b) Net losses and gains by financial liability category

Net losses and gains by financial liability category for 2022 comprise finance costs at amortised cost totalling Euros 28,907 thousand (Euros 28,616 thousand in 2021).

(c) Changes in Liabilities arising from Financing Activities

The reconciliation of liabilities classified as financing activities is as follows:

	Thousands of Euros			
	Debt with related parties	Loans and borrowings	Lease liabilities	Total
Net carrying amount at 01 January 2021	**1,483,996**	**422,898**	**11,827**	**1,918,721**
Cash flows	(494,097)	(9,219)	(2,188)	**(505,504)**
Other changes	1,986	485	2,127	**4,598**
Balance at 31 December 2021	**991,885**	**414,165**	**11,765**	**1,417,815**
Cash flows	-	66,884	(2,207)	**64,677**
Other changes	1,861	(1,443)	(863)	**(446)**
Balance at 31 December 2022	**993,746**	**479,605**	**8,695**	**1,482,046**

(19) Debt with related parties

As indicated in Note 6(c), at 31 December 2022 the Parent was extended a series of loans by related party Redexis Gas Finance, B.V. in a nominal amount of Euros 1,000,000 thousand at 31 December 2022 and 2021.

The origin of these loans are the issues of debt made by Redexis Gas Finance, B.V. All issues are guaranteed by Redexis and the funds obtained from the issues were transferred to the Parent Company by means of said loans.

The list of loans at the close of 2022 and 2021 is as follows:

Years 2022 and 2021

Issue date	Term (years)	Maturity	Coupon	Nominal
27/04/2015	12	27/04/2027	1.99%	250,000
01/12/2017	9 and 5 months	27/04/2027	1.99%	250,000
28/05/2020	5	28/05/2025	1.91%	500,000
				1,000,000

No transactions were performed in 2022.

The transactions performed in 2021 were as follows:

- The loan in the amount of Euros 494,097 thousand, held by the Parent with Redexis Gas Finance, B.V. was prepaid on 7 January 2021. In turn, on 8 January 2021 Redexis Gas Finance, B.V. proceeded to partially repay all of the bonds in force of the issue to mature on 8 April 2021, in an amount of Euros 494,097 thousand.

Accrued interest not yet due at 31 December 2022 and 2021 is reflected under "Loans and Borrowings with Related Parties" under current liabilities in the Consolidated Statement of Financial Position.

(20) Loans and Borrowings

Details on loans and borrowings at 31 December 2022 and at 31 December 2021 are as follows:

Type	Maturity	Maximum available (Thousands of Euros)	Carrying amount at 31 December 2022 – Current	Carrying amount at 31 December 2022 – Non-current
Loans and borrowings:				
- ESG linked - Revolving Credit Facility	2024-2026	300,000	63[1]	(980)[2]
- EIB loan 2015	2036	131,765	10,183	122,248
- EIB loan 2017	2039	50,000	520	49,910
- EIB loan 2018	2040	75,000	841	75,000
- ESG linked - New Term Loan	2027-2029	300,000	181	224,016
		856,765	**11,787**	**470,194**

(1) Commitment fee.
(2) Outstanding depreciable expenses

Type	Maturity	Maximum available (Thousands of Euros)	Carrying amount at 31 December 2021 – Current	Carrying amount at 31 December 2021 – Non-current
Loans and borrowings:				
- ESG linked - Revolving Credit Facility	2024-2026	300,000	63 [1]	(1,267)[2]
- EIB loan 2015	2036	141,176	10,238	131,644
- EIB loan 2017	2039	50,000	520	49,900
- EIB loan 2018	2040	75,000	841	75,000
- ESG linked - Term Loan	2023	150,000	187	149,475
		716,176	**11,848**	**404,753**

(1) Commitment fee.
(2) Outstanding depreciable expenses

The maturity by year of the loans is:

At 31 December 2022:

	2023	2024	2025	2026	2027 and thereafter	Total
EIB	12,353	16,765	16,765	16,765	194,118	256,765
TERM LOAN	-	-	-	-	225,000	225,000
TOTAL	**12,353**	**16,765**	**16,765**	**16,765**	**419,118**	**481,765**

In 2022 the following financing transactions took place:

- In June 2022 the Parent formalised a Term Loan with several Spanish and international institutions in an amount of Euros 300,000 thousand for a term of 5 years, with two optional one-year extensions, and that would reach maturity in 2029. The funds have been allocated to the operational requirements of the Group's business, including the early termination of the Term Loan formalised in May 2020 with a maturity in 2023. Euros 225 million of this loan were drawn, with the ability to draw the rest until June 2023 at the Group's discretion and with no type of restriction or condition.

No new financing transactions were performed in 2021.

(21) Trade and other payables

Details of trade and other payables are as follows:

	Thousands of Euros	
	2022	2021
Suppliers	9,575	6,629
Trade payables	17,971	13,651
Payables, settlements pending	11,704	37,539
Salaries payable	2,686	3,559
Payables for acquisition of non-current assets	39,246	44,649
Total trade and other payables	**81,183**	**106,026**

	Thousands of Euros	
	2022	2021
Public entities, other		
Taxation authorities, personal income tax	373	2,249
Social Security payables	452	410
Taxation authorities, personal VAT tax	71	73
Public utility rates, taxes and local council payables	2,574	2,421
Total other liabilities	**3,470**	**5,153**

Payables, settlements pending at 31 December 2022 primarily include the balances related to provisional settlements pending final settlement by the regulatory body for 2020, 2021 and 2022 (for the years 2019, 2020 and 2021 at 31 December 2021).

Payables for acquisition of non-current assets at 31 December 2022 and 2021 mainly reflect payables for acquisitions of property, plant and equipment, primarily for the extension of distribution networks.

(22) Late Payments to Suppliers. Additional Provision 3 of Spanish Law 18/2022, of 28 September.

Details of late payments to suppliers by Spanish consolidated companies are as follows:

	2022	**2021**
	Days	
Average supplier payment period	45	41
Transactions paid ratio	47	42
Transactions payable ratio	35	35
	Amount (thousands of Euros)	
Total payments made	198,874	203,731
Total payments outstanding	33,384	26,623

To calculate the average period of payment to suppliers, the commercial operations corresponding to the delivery of goods or provision of services accrued in each year were taken into account.

Trade and other payables for debts with suppliers of goods or services, included in the item "Trade and other payables" of the current liabilities of the balance sheet are considered suppliers exclusively for the purposes of providing the information set out in this Resolution, regardless of any financing for advance collection from the supplier.

"Average payment period to suppliers" is understood as the term that elapses from the receipt of the goods or the provision of services by the supplier and the material payment of the operation.

The following is the breakdown of the monetary volume and number of invoices paid within the legal period established.

	2022
Monetary volume (thousands of Euros)	178,302
Percentage of the total payments made	89%
Number of invoices	32,462
Percentage of the total invoices	84%

The maximum legal period for payment applicable to the Company in 2022 pursuant to Spanish Law 3/2004, of 29 December, establishing measures to combat late payments in commercial transactions, is 60 days.

(23) Risk Management Policy

Financial risk factors

The Group's activities are exposed to various financial risks: market risk (including fair value interest rate risk and price risk), credit risk, liquidity risk, and cash flow interest rate risk. The Group's global risk management programme focuses on uncertainty in the financial markets and aims to minimise potential adverse effects on the Group's profits.

Risks are managed by the Group's finance management in accordance with policies approved by the Board of Directors. This department identifies, evaluates and mitigates financial risks in close collaboration with the Group's operational units.

Credit risk

The credit risk is that which arises as a result of the breach or non-payment of the counterparty in a financial transaction.

Due to its activity, geographic distribution and to the particular characteristics of its customers given the sector in which it operates, the Group does not have significant concentrations of credit risk. In spite of this, the Group has implemented a credit risk control procedure, monitored by a Committee that furthermore evaluates exposure to certain transactions.

On the other hand, the Group policy for financial asset investments is to maintain the availability of their liquidity for use. These balances are maintained in top-tier financial institutions.

The tables below show the ageing of financial assets at 31 December 2022 and 2021:

	2022					
	Thousands of Euros					
	Less than 1 month	1-3 months	3 months - 1 year	1-5 years	More than 5 years	Total
Trade and other receivables, fixed rate	8,508	31,832	23,411	6,596	1,303	71,650
Other financial assets	9	-	101	-	1,553	1,663
Total assets	**8,517**	**31,832**	**23,512**	**6,596**	**2,856**	**73,313**

	2021					
	Thousands of Euros					
	Less than 1 month	1 to 3 months	From 3 months to 1 year	1 to 5 years	More than 5 years	Total
Trade and other receivables, fixed rate	14,438	38,266	15,780	3,997	1,805	74,286
Other financial assets	1,850	-	139	-	1,502	3,491
Total assets	**16,287**	**38,266**	**15,919**	**3,997**	**3,307**	**77,777**

Liquidity risk

The Group applies a prudent policy to cover its liquidity risks, based on having sufficient cash and available financing through credit facilities committed to covering the operating and financial needs of the Group.

The goal of the Group's finance management is to maintain flexible financing through the availability of the credit facilities contracted. To cover any operating needs that may be necessary, it maintains credit facilities in the amount of Euros 375,000 thousand available at 31 December 2022 (Euros 300,000 thousand available at 31 December 2021, see Note 21) which, together with cash and cash equivalents (Euros 81,105 thousand in 2022 and Euros 40,123 thousand in 2021) and the current cash flow generation, cover the operating needs of the Group.

Details of the Group's exposure to liquidity risk at 31 December 2022 and 2021 are shown below. The tables reflect the analysis of financial liabilities by contractual maturity date.

	2022					
	Thousands of Euros					
	Less than 1 month	1 to 3 months	From 3 months to 1 year	1 to 5 years	More than 5 years	Total
Loans and borrowings	-	244	11,543	290,095	180,099	481,981
Variable rate	-	244	-	223,036	-	223,280
Principal	-	-	-	223,036	-	223,036
Interest	-	244	-	-	-	244
Fixed rate	-	-	11,543	67,059	180,099	258,700
Principal	-	-	9,412	67,059	180,099	256,569
Interest	-	-	2,131	-	-	2,131
Trade and other payables	16,987	61,510	2,686	-	-	81,183
Debt with related parties	-	-	12,489	495,178	498,568	1,006,235
Fixed rate	-	-	12,489	495,178	498,568	1,006,235
Principal	-	-	-	495,178	498,568	993,746
Interest	-	-	12,489	-	-	12,489
Total liabilities	**16,987**	**61,510**	**26,719**	**785,273**	**678,667**	**1,569,399**

	2021					
	Thousands of Euros					
	Less than 1 month	1 to 3 months	From 3 months to 1 year	1 to 5 years	More than 5 years	Total
Loans and borrowings	-	250	11,598	210,856	193,897	416,601
Variable rate	-	250	-	148,209	-	148,458
Principal	-	-	-	148,209	-	148,209
Interest	-	250	-	-	-	250
Fixed rate	-	-	11,598	62,647	193,897	268,142
Principal	-	-	9,412	62,647	193,897	265,956
Interest	-	-	2,186	-	-	2,186
Trade and other payables	4,517	97,950	3,559	-	-	106,026
Debt with related parties	-	-	12,709	495,178	496,707	1,004,594
Fixed rate	-	-	12,709	495,178	496,707	1,004,594
Principal	-	-	-	495,178	496,707	991,885
Interest	-	-	12,709	-	-	12,709
Total liabilities	**4,517**	**97,950**	**27,866**	**706,034**	**690,604**	**1,527,221**

(24) Provisions for Employee Benefits

Details of provisions for employee benefits and their classification as current and non-current are as follows:

	Thousands of Euros		
	2022	2021	
	Non-current	Non-current	Current
Benefit obligations	118	132	348
Multi-annual incentive provision	-	578	-
Total	118	710	348

At 31 December 2021 current benefit obligations recognised outstanding compensation.

(a) Post-employment and long-term employee benefits

Under the current pension scheme, certain Group employees still hold the rights acquired through the pension scheme of the group to which the Parent previously belonged. This scheme provides defined contribution plans for retirement, for which insurance policies have been arranged for cover the Plan.

On the other hand, the social benefit obligations for deferred remuneration commitments in the form of length-of-service and retirement premiums are covered by internal provisions.

At 31 December 2022 and 2021 obligations with employees provisioned with internal funds correspond to long-service bonuses for serving personnel.

Details of and movement in provisions for long-term employee benefits are as follows (thousands of Euros):

	Other long-term employee benefits	
	2022	2021
Balance at 1 January	132	126
Personnel expenses	5	5
Actuarial gains and losses	(19)	1
Balance at 31 December	**118**	**132**

The present value of the commitments was determined by qualified independent actuaries.

The contributions made by the Group to the pension plan amounted to Euros 638 thousand in the year ended 31 December 2022 and are included under personnel expenses in the consolidated income statement (Euros 593 thousand in the year ended 31 December 2021, see Note 31).

At 31 December 2022 and at 31 December 2021, no accrued contributions were pending.

(25) Other provisions

Movement in other provisions in 2022 and 2021 was as follows:

	Thousands of Euros	
	2022	2021
Balance at 1 January	2,290	943
Charges	622	2,078
Payments	(33)	(227)
Reclassifications	247	-
Applications	(53)	(504)
At 31 December	**3,073**	**2,290**

These provisions mainly include measurement differences in the distribution and transmission activity pending settlement, several lawsuits and provisions to dismantle facilities.

Guarantees

The Group has extended guarantees to various government bodies totalling Euros 51,185 thousand at 31 December 2022 (Euros 52,897 thousand at 31 December 2021) to ensure compliance with its obligations as a company officially authorised to distribute gas in a number of municipalities and to carry out works on public thoroughfares. The Group does not expect any significant liabilities to arise from these guarantees.

(26) Environmental Information

The Group is aware of its responsibility to protect the environment and has undertaken a number of initiatives with this purpose within its area of influence. The Group conducts its activities in full compliance with prevailing environmental legislation.

The Group renders an important energy advisory service to its customers, including active participation in campaigns to replace other energies with natural gas, as well as supporting and facilitating the renewal of facilities, with consequent improvements in energy efficiency and reductions in pollutant emissions.

When so required by law due to the characteristics of the project in question, the Group commissions mandatory reports by independent environmental consultants when carrying out network extension works, and recognises the related costs as an increase in the value of the investment.

(27) Government grants and other liabilities

Movement in non-refundable government grants and other liabilities is as follows:

		2022				
		Thousands of Euros				
Body/Item	Scope	Balance at 1 January	Additions	Disposals	Amounts transferred to the income statement	Balances at 31 December
Public entities	PE	13,496	90	(131)	(825)	12,630
Connection charges	Private	8,023	1,218	(87)	(699)	8,456
		21,519	**1,308**	**(217)**	**(1,524)**	**21,086**

		2021			
		Thousands of Euros			
Body/Item	Scope	Balance at 1 January	Additions	Amounts transferred to the income statement	Balances at 31 December
Public entities	PE	14,260	15	(780)	13,496
Connection charges	Private	6,648	1,890	(515)	8,023
		20,909	**1,905**	**(1,295)**	**21,519**

Capital grants awarded by public entities are earmarked for investment in gas pipelines and distribution networks.

(28) Revenue from ordinary activities

Details of revenue are as follows:

	Thousands of Euros	
	2022	2021
Remuneration for distribution activities	106,677	112,615
Remuneration for transmission activities	59,086	59,804
Remuneration for transmission and distribution activities	**165,758**	**172,418**
Regulated LPG sales	40,492	32,728
Other regulated distribution revenue (connection charges, equipment rental, other services)	27,301	26,321
Other non-regulated revenue	16,166	8,426
	249,721	**239,893**

(i) Breakdown of revenue from ordinary activities:

The following provides a breakdown by type of activity and/or service rendered and the time at which the revenue is recognised:

	Thousands of Euros	
	2022	2021
Service rendered and/or asset transferred over time		
Gas distribution	106,677	112,615
Gas transmission	59,086	59,804
Sale of LPG	40,492	32,728
Rental of metering equipment	7,218	6,974
Renting and maintaining CRF	8,695	7,865
Service rendered and/or asset transferred at a specific time		
Registration fees	1,853	2,098
IRF Inspections	6,743	6,000
Contracting party connection charges	2,064	2,455
Supply reinstatement fee	728	930
Revenue from the sale of facilities and PV solar	12,799	4,920
Lease income	1,748	2,055
Other income	1,619	1,451

(ii) Contract balances

At 31 December 2022 and 2021, the Group had no accounts receivable, customer contract assets or liabilities.

(29) Other income

Details of other income are as follows:

	Thousands of Euros	
	2022	2021
Government grants taken to income (Note 27)	825	780
Applicant connection charge (Note 27)	699	515
Income from third-party offsets	324	933
Profits associated with property, plant and equipment	99	1,449
Lease income	126	251
LNG transmission revenue	2,830	1,992
Other income	499	580
Total	**5,402**	**6,500**

(30) Other Operating expenses

Details of other expenses are as follows:

	Thousands of Euros	
	2022	2021
Operating lease expenses	513	417
Repairs and maintenance	7,663	8,353
Independent professional services	2,119	2,229
Bank and similar fees	343	374
Advertising and publicity	1,922	1,953
Utilities	386	291
Insurance premiums	813	716
Taxes	2,409	2,394
Outsourced services	7,585	6,828
Other expenses	3,357	3,742
Impairment losses / (profit) and uncollectibility of trade and other receivables (Note 9)	(51)	309
Other non-recurrent expenses	713	1,592
Total	**27,771**	**29,197**

(31) Employee benefits expense

Details of the employee benefits expense for 2022 and 2021 are as follows:

	Thousands of Euros	
	2022	2021
Salaries and wages	20,442	22,231
Social Security payable by the Company	4,743	4,658
Contributions to defined benefit plans (note 24(a))	638	593
Provisions	(621)	-
Other employee benefits	620	629
Non-recurrent expenses	38	1,126
Total	**25,860**	**29,237**

The average headcount of the Group in 2022 and 2021, distributed by category, is as follows:

	Number	
	2022	2021
Steering Committee	11	12
Executives and managers	121	117
Technical and Support Staff	192	208
Other categories	13	12
Total	**337**	**349**

At the 2022 and 2021 year ends the distribution by gender of Group personnel and the members of the Board of Directors is as follows:

	2022			2021		
	Male	Female	Total	Male	Female	Total
Board members	7	1	8	8	1	9
Steering Committee	6	3	9	7	3	10
Executives and managers	94	28	122	93	19	112
Technical and Support Staff	131	70	201	135	67	202
Other categories	16	7	23	5	6	11
Total	**254**	**109**	**363**	**248**	**96**	**344**

(32) Finance Income and Costs

Details of finance income and costs are as follows:

	Thousands of Euros	
	2022	2021
Finance income	271	239
Interest on loans and borrowings	(7,571)	(6,834)
Interest on loans and borrowings with related parties	(21,357)	(21,946)
Other finance costs	(320)	(107)
Finance costs arising from provision adjustments	(218)	(319)
Net finance profit/(loss)	**(29,195)**	**(28,967)**

(33) Related Party Balances and Transactions

The Group's transactions with related parties are as follows:

	2022		
	Thousands of Euros		
	Associate related	Key management personnel	Total
Expenses			
Interest	(21,357)	-	(21,357)
Donations	(181)	-	(181)
Benefits expenses	-	(3,479)	(3,479)
	(21,538)	**(3,479)**	**(25,017)**

	2021		
	Thousands of Euros		
	Associate related	Key management personnel	Total
Expenses			
Interest	(21,946)	-	(21,946)
Donations	(175)	-	(175)
Benefits expenses	-	(5,186)	(5,186)
	(22,121)	**(5,186)**	**(27,307)**

(34) Information on the Members of the Parent's Board of Directors and the Group's Senior Management Personnel

At 31 December 2022 the Parent's Board of Directors comprises eight members: one woman and seven men.

On 31 May 2022, Mr Fernando Bergasa Cáceres tendered his resignation as Non-Executive President of Redexis, effective as of that date.

Likewise, on 24 May 2022, the Redexis Board of Directors appointed Mr Fidel López Soria as Vice President of the Parent, effective as of that date.

On 10 November 2022, the Redexis General Shareholders Meeting and Board of Directors respectively appointed Mr Joaquín Coronado Galdós as Director and Non-Executive President of the Parent, effective as of that date.

Given their status as members of the Board of Directors, no remuneration has been generated in 2022 or 2021 or payables or receivables under that provision, with the exception of the remuneration resolved in favour of non-executive Presidents, pursuant to the resolution of the Parent's General Shareholders Meeting and Board of Directors in 2022. However, remuneration is paid to board members who perform executive duties in the Company.

The remuneration collected in 2022 by directors without executive duties amounted to Euros 152 thousand for 2 members.

In 2022, the executive board members and other directors who report directly to the board members received remuneration amounting to Euros 3,873 thousand for 13 recipients (13 recipients received Euros 7,176 thousand in 2021), which includes the settlement of the bonus accrued in 2021.

In 2022 a long term incentive plan was implemented for certain executives for the 2022-2026 period, inclusive. Likewise, in 2022 the prior long term incentive plan expired (covering the years 2018-2022) without any amount whatsoever accruing in favour of the beneficiaries.

According to the best estimate of management within the current context, no amount whatsoever has been provisioned as regards the new long-term incentive plan for 2022.

The Group also has pension and life insurance obligations with its executive board members and other directors who report directly to the Board of Directors. For this concept, the Group incurred an expense of Euros 156 thousand in 2022, Euros 102 thousand in 2021, for 13 recipients in both years.

The amount of civil liability insurance premiums for damages caused by acts or omissions of Directors and senior management personnel in the exercise of their posts came to Euros 30 thousand in 2022 (Euros 25 thousand in 2021).

No advances or loans were granted in 2022 or 2021 to board members or other directors who report directly to the Board of Directors, nor were any guarantees extended on their behalf.

In 2022 and 2021 neither the members of the Board of Directors of the Parent nor other directors who report directly to the Board of Directors carried out any transactions other than ordinary business or applying terms that differ from market conditions with the Parent or any other Group company.

The members of the Board of Directors of the Company and their related parties have had no conflicts of interest requiring disclosure in accordance with article 229 of the Revised Spanish Companies Act.

(35) Audit Fees

Deloitte, S.L., the auditor of the Group's annual accounts, accrued the following fees for professional services during the years ended 31 December 2022 and 2021:

	Thousands of Euros	
	2022	2021
Audit services	245	199
Other audit-related services	9	37
	254	**236**

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The amounts detailed in the above table include the total fees for services rendered in 2022 and 2021, irrespective of the date of invoice.

Other companies affiliated with Deloitte invoiced the Group the following fees and expenses for professional services during the years ended 31 December 2022 and 2021:

	Thousands of Euros	
	2022	2021
Other services	200	205
	200	**205**

(36) Events after the Reporting Period

No events occurred after year end.

REDEXIS, S.A. AND SUBSIDIARIES
Details of Subsidiaries
at 31 December 2022

APPENDIX I

Company name	Registered office	Activity	Auditor	Company holding investment	% ownership	% of voting rights
Redexis Infraestructuras, S.L.U.	Madrid	Regasification of liquefied natural gas. Natural gas transmission and storage. Related and ancillary activities.	Deloitte, S.L.	Redexis, S.A.	100	100
Redexis Gas Servicios, S.L.U.	Madrid	Holding of securities, mainly in energy companies Management, advisory and corporate services linked to the energy sector. Telecommunications operator. Planning, analysis, projects, execution, assembly and operation of infrastructure Purchase, transfer and financing of capital goods associated with the aforementioned activities and related repairs and maintenance.	Deloitte, S.L.	Redexis, S.A.	100	100
Redexis GLP, S.L.U.	Madrid	Retail sale and supply of liquefied petroleum gas	Deloitte, S.L.	Redexis, S.A.	100	100
Eficiencia y Red Solar, S.L.	Madrid	Carrying out of energy activities and, specifically, the production, storage and marketing of energy from renewable sources.	Pending	Redexis Gas Servicios, S.L.U.	75	75
Redexis Gas Murcia, S.A.	Murcia	Distribution and secondary transmission of natural gas. Distribution and sale of liquefied petroleum gas through pipelines.	Deloitte, S.L.	Redexis, S.A.	99.98	99.98

Appendix I

REDEXIS, S.A. AND SUBSIDIARIES
Details of Subsidiary Entities
at 31 December 2021

Company name	Registered office	Activity	Auditor	Company holding investment	% ownership	% of voting rights
Redexis Infraestructuras, S.L.U.	Madrid	Regasification of liquefied natural gas. Natural gas transmission and storage. Related and ancillary activities.	Deloitte, S.L.	Redexis, S.A.	100	100
Redexis Gas Servicios, S.L.U.	Madrid	Holding of securities, mainly in energy companies Management, advisory and corporate services linked to the energy sector. Telecommunications operator. Planning, analysis, projects, execution, assembly and operation of infrastructure Purchase, transfer and financing of capital goods associated with the aforementioned activities and related repairs and maintenance.	Deloitte, S.L.	Redexis, S.A.	100	100
Redexis GLP, S.L.U.	Madrid	Retail sale and supply of liquefied petroleum gas	Deloitte, S.L.	Redexis, S.A.	100	100
Redexis Gas Murcia, S.A.	Murcia	Distribution and secondary transmission of natural gas. Distribution and sale of liquefied petroleum gas through pipelines.	Deloitte, S.L.	Redexis, S.A.	99.98	99.98

APPENDIX II

Alternative performance measures (APM)

The Redexis Group financial information contains magnitudes and measures prepared in accordance with applicable accounting regulations, as well as others prepared in accordance with reporting standards established and developed internally, which are known as Alternative Performance Measures (APMs).

These APMs are considered magnitudes adjusted with respect to those presented in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS-EU), which is the applicable accounting framework for the consolidated financial statements of the Redexis Group, and should therefore be considered by the reader as supplementary but not replacing these, which should be read, interpreted and reviewed overall and not separately.

These additional financial measures deriving from the consolidated accounting records are not financial or liquidity performance measures of the Group according to the IFRS, and should not be considered as an alternative to consolidated net income; or as an indicator of Group performance; or as an alternative to cash flows from operating activities; or as a measure of Group liquidity. Therefore, they may differ from measures with similar titles reported by other companies and may not be comparable.

The Redexis Group reports these APMs to help users of financial information to understand its financial performance, since these constitute additional financial information and the Group considers that they represent useful alternative and additional indicators of the financial performance of the Group when read or interpreted together with the financial statements.

These APMs are consistent with the main indicators used by the community of investors and analysts in capital markets. To this regard, and in accordance with the contents of the Guidelines issued by the European Securities and Markets Authority (ESMA), in force since 3 July 2016 relative to the transparency of Alternative Performance Measures, the Redexis Group provides the following information deemed significant relative to those APMs included in the 2021 management information.

1. **EBITDA**

   Acronym for "Earnings Before Interest, Tax, Depreciation and Amortisation". This is an indicator of the results from operating activities of the Group, before deducting net interest, corporate income tax, depreciation and amortisation and prior to possible adjustments for non-recurring items relative to remuneration from gas transmission from previous years, possible non-recurring organisational restructuring and/or personnel expenses, other non-recurrent operating expenses or non-current asset impairment.

2. **EBIT**

   Acronym for "Earnings Before Interest and Taxes": indicator that measures the results from operating activities of the Group before deducting interest and corporate income tax.

3. **EBT**

   Acronym for "Earnings Before Taxes": indicator that measures the results from operating activities of the Group before deducting corporate income tax.

4. EBITDA margin

EBITDA figure of the total operating income and other revenue.

5. EBITDA margin less the dilutive effect of the LPG

The EBITDA figure of the total operating income and other revenue, after deducting the cost of the LPG from these, so as to show the net margin of the LPG in the income as remuneration, in the same way as the natural gas distribution and transmission business.

6. Total income and other operating income

Total income and other operating income plus the work carried out by the company for its fixed assets.

7. Personnel expenses

Expenses for salaries and wages and other employee benefit expenses, without including non-recurrent expenses relative to organisational changes or other non-recurrent expenses.

8. Capital / Investment Expenses

Capital used in additions of non-current tangible assets, such as PPE (property, plant and equipment) including outlays for the acquisition of subsidiaries or business units and including additions of non-current intangible assets.

CONSOLIDATED DIRECTORS' REPORT

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1. Position of the company

1.1. Organisational and corporate structure

The Redexis Group (hereinafter the 'Group' or 'Redexis') is a group devoted to the development of gas infrastructures and renewable energies such as hydrogen or biomethane. Its networks provide access to natural gas to many residential, industrial and service sector customers. The companies comprising the Group are:

- Redexis, S.A.: Head of the Group engaged in the distribution and transmission of all types of gas and oil-based products for domestic, commercial and industrial purposes, the use of any by-products, and activities related with the above.

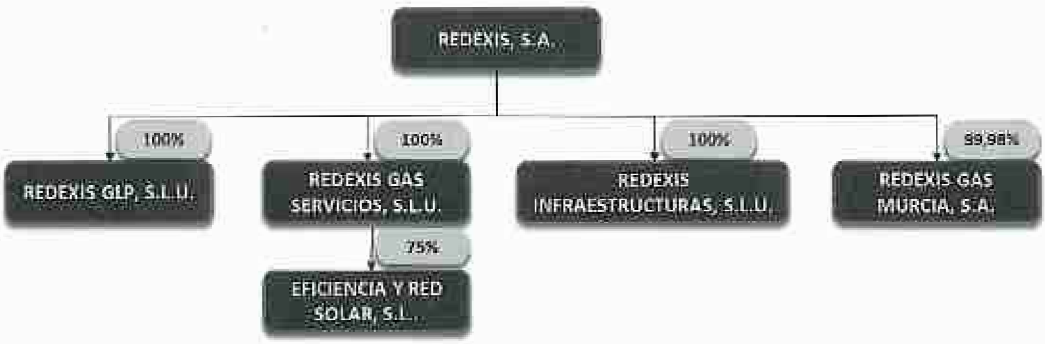
- Redexis Infraestructuras, S.L.U. devoted to the regasification of liquefied natural gas, natural gas transmission and storage and related and ancillary activities. It is 100% owned by Redexis.

- Redexis GLP, S.L.U. is devoted to the retail sale and supply of liquefied petroleum gas. It is 100% owned by Redexis.

- Redexis Gas Murcia, S.A. is devoted to the distribution and secondary transmission of natural gas, and the distribution and sale of liquefied petroleum gas through pipelines. It is 99.98% owned by Redexis.

- Redexis Gas Services, S.L.U. is devoted, among others, to the planning, analysis, project, execution, assembly and operation of infrastructures, in addition to the management, advisory and corporate services linked to the energy sector. It is 100% owned by Redexis.

- Eficiencia y Red Solar, S.L., devoted to the carrying out of energy activities and, specifically, the production, storage and marketing of energy from renewable sources, such as photovoltaic facilities, through of by means of the corresponding facilities, of its own or of third parties. It is 75% owned by Redexis.



There are also two entities connected to the Group:

- Redexis Gas Finance, B.V., a company devoted to debt issuance on capital markets. It has the same shareholders, and in the same percentage as Redexis, S.A.

- The Redexis Foundation is an entity devoted to the promotion of technological innovation aimed at energy transition, to enhance social work and promote the development of local communications through social, cultural, informative and sports projects.

1.2. Activity

Redexis is an energy infrastructure group devoted to the activities of natural gas transmission and distribution, distribution and supply of liquefied petroleum gas (LPG) and promotion and development of renewable energies, such as biomethane and hydrogen.

The Group develops and operates infrastructures to transmit natural gas from the main transmission networks in Spain to the points of consumption in homes, businesses, industries and service stations.

Redexis is fully committed to society and the environment. As a comprehensive energy infrastructure company, it seeks to maximise growth and efficiency, contributing decisively to sustainable development, being responsible with the environment and generating value for its stakeholders.

The Group is conscious of the importance of the energy transition and its role in a sustainable future. To do so, it promotes projects in order to position itself as a leader in the development of renewable infrastructures promoting clean and renewable energies such as hydrogen, biomethane or photovoltaic energy. Therefore, in addition to expanding the infrastructures to make gas accessible, the Group promotes a future in which a sustainable energy source circulates through its networks, taking advantage of the opportunities for a circular and cleaner economy.

1.2.1. Key indicators

With almost than 770 thousand supply points and a volume of distributed energy of 29TWh, the Group gives access to a sustainable and efficient source of energy, natural gas and LPG, serving 982 municipalities in 40 provinces through more than 12,000 kilometres of its own energy infrastructure. It operates in the Autonomous Regions of Aragón, Andalusia, the Balearic Islands, Castilla-La Mancha, Castilla y León, Catalonia, the Region of Madrid, Valencia, Extremadura, Navarra, La Rioja and Murcia. The Group has already developed a network of 27 refuelling stations in service nationwide that provide access to a competitive and low-emission mobility alternative. Almost 90% of Redexis activity is regulated and aimed at providing an optimal, safe, and efficient service, placing the end user at the centre of all decisions. All this while designing, building, maintaining and improving transmission and distribution infrastructures to guarantee the natural gas supply. Additionally, Redexis has prior administrative authorisations in 91 municipalities in 24 provinces, which allows it to keep a high growth potential.

In 2022, the Group continued its plan to expand its energy infrastructures, adding more than 26,000 new supply points (8 thousand new points) and new tertiary and industrial demand to existing networks and the 153 new kilometres of distribution networks deployed in the year.

Operating data	2022	2021	% Var.
Connection points	**769,955**	**761,607**	***1.1%***
Natural gas (NG) P<4bar	651,568	644,029	*1.2%*
LPG (*)	118,044	117,249	*0.7%*
Natural gas (NG) P>4 bar	343	329	*4.3%*
Provinces served	**40**	**40**	**%**
Municipalities served(*)	**982**	**980**	***0.2%***
Length of the network (km)	**12,058**	**11,905**	***1.3%***
Distribution network (km)(*)	10,413	10,260	***1.5%***
Transmission network (km)	1,645	1,645	**- %**
Power distributed (GWh)	**28,893**	**36,546**	***(20.9)%***

(*) At the close of 2022, 2,407 supply points were pending integration from purchases made in 2021 from the Nedgia Group and Cepsa Group.

From a financial standpoint, the Group closed 2022 with revenue growth of 2.9% to Euros 269.4 million. The consolidated EBITDA of the Group in 2022 amounted to Euros 170.3 million, and an EBITDA margin of 63.2% (71.4% if the net margin of LPG is included in Revenue).

Financial information	2022	2021	% Var.
Figures in millions of Euros, except where indicated			
Income	**269.4**	**261.9**	**2.9%**
Distribution – regulated	106.7	112.6	*(5.2%)*
Other distribution revenues – regulated	29.2	26.3	*11.0%*
Transmission – regulated	59.1	59.8	*(1.2%)*
Regulated LPG business	38.6	32.7	*18.0%*
Other operating income	21.6	14.9	*45.0%*
Self-constructed non-current assets	14.3	15.5	*(7.7%)*
EBITDA	**170.3**	**179.4**	***(5.1%)***
EBITDA margin	*63.2%*	*68.5%*	*(5.3 p.p.)*
EBITDA Margin(with net LPG margin in revenue)	*71.4%*	*74.6%*	*(3.1 p.p.)*

1.2.2. Activities

(a) Distribution

The Group builds, operates and maintains the distribution facilities to supply natural gas to different municipalities in Spain and gives new users access to gas. This activity is regulated.

At the close of 2022, the Group has 651,568 natural gas supply points and a distribution network spanning 8,980 km distributing natural gas to 269 municipalities in Spain, with the addition of two new municipalities in Andalusia with regard to 2021.

Taking advantage of its experience, the Group continues to extend and broaden its activity and services in a wager for growth and connecting with the real needs of society.

The Group is committed to the development of vehicular natural gas refuelling stations for the use of natural gas as a fuel for both heavy and light vehicles as an economic and sustainable alternative to traditional fuels. At the close of 2022, the Group developed and commissioned 27 natural gas refuelling stations, with an actual national scope: 12 LNG stations for long-distance heavy traffic that cover the country's main traffic corridors, 11 CNG stations that provide service for transport fleets such as the public bus service of Transporte de las Islas Baleares (TIB), or the ambulance service in Murcia; and 4 CNG stations open to the general public in the main cities. In the upcoming years, the Group maintains its plan for the deployment of gas refuelling stations throughout Spain.

The Group continues to invest in R&D for more efficient and safer activity. Thus, the Group moved forward this year in new initiatives for robotisation and virtualisation of assets such as LNG plants. Likewise, it uses artificial intelligence that, by means of algorithms and advanced analytics, is capable of revealing information for a more efficient expansion of the network, optimising contracts, improving levels of security and the quality of supply.

(b) Transmission

Redexis operates and maintains its own network of gas pipelines, supplying natural gas to the areas in which consumption is most concentrated. This activity is regulated.

At the end of 2022, Redexis had a network of 1,645 km, comprising 51 gas pipelines and transmitting gas at pressures exceeding sixteen bars to industrial hubs and connections with distribution networks.

(c) Liquefied Petroleum Gas (LPG)

Redexis distributes and sells liquefied petroleum gas (LPG), a regulated activity subject to the regime provided by Title IV of Hydrocarbon Law 34/1998.

The LPG business complements the natural gas distribution business, enabling Redexis to capitalise on growth opportunities in areas where it is not feasible to extend its distribution network, and to provide its end customers with an optimised high-quality service that is secure and efficient.

Redexis currently has more than 118 thousand LPG supply points and a network spanning more than 1,400 km in 910 municipalities at a national level, in which the integration of 2,407 supply points from the acquisitions made from the Repsol Group and Cepsa Group are pending.

Building on its experience, Redexis converts these LPG supply points into natural gas points. These conversions take place gradually, taking into account technical and regulatory criteria.

1.3. Business model and strategy

In September 2022, Redexis presented 'Energía 26', a new investment plan to promote and expedite the development of infrastructures that make it possible to accelerate energy transition in Spain, fully aligned with the 2021-2030 Integrated National Energy and Climate Plan (PNIEC) published by the Government as part of the European strategy to attain carbon neutrality in 2050.

This plan revolves around three main axes:

1. To maintain growth through the deployment of gas infrastructures adapted to renewable gases.

2. Development of renewable gases, particularly biomethane, vertically integrated in the production chain, and hydrogen through the execution of projects that enable its development.

3. Development of integral energy solutions to support our customers in meeting their energy efficiency goals to attain energy efficiency, reduced emissions and increased competitiveness.

Sustainability (ESG) is an integral part of the 'Energía 26' plan, which seeks to attain the following sustainable development goals:

- Reduce the direct carbon footprint (scope 1 and 2) and offset total emissions (scope 3).

- Increase the presence of women in executive and management positions, developing specific plans.

- Develop local and regional economies and create employment.

Redexis wagers for sustainable growth, aimed at a more sustainable and efficient business model. To do so the pillars on which the Group's activity is based are:

- Balanced and sustainable growth, focused on businesses that provide long-term security, stability and visibility.

- Operational excellence, focusing on customer satisfaction.

- Innovation, by means of the use of the most advanced technology to obtain greater efficiency.

- Proactive risk management based on prevention and anticipation.

- Creation of value for society and stakeholders.

- Respect for and conservation of the environment.

- People: key to the development and growth of the past and future Group.

- Financial stability based on a prudent financial policy in which any investment should be financially sustainable, and that is reflected in the commitment of the Group to maintain an investment grade credit level.

- Sustainability in all economic, social and environmental spheres.

2. Business evolution and results

2.2. <u>Key milestones in 2022</u>

The most significant events of the Group during the year are detailed below:

Corporate Governance and Management Committee

- Appointment of general manager Mr Fidel López Soria as Vice President of the Board of Directors.
- Appointment of Mr Joaquín Coronado Galdós as non-executive President of the Group, replacing Mr Fernando Bergasa Cáceres who resigned in May 2022.
- Redexis has adhered to the Good Tax Practices Code and is registered in the public list of companies that adhere to that code, which promotes a relationship of cooperation with the Tax Agency and its participant firms.

Credit rating and sustainability

- Standard & Poor's (S&P) credit rating agency reaffirms Redexis's investment credit quality, maintaining its BBB- rating with a stable outlook.
- GRESB, the worldwide Sustainability benchmark, awarded Redexis with the maximum of five stars for the third consecutive year for its performance in ESG (Environmental, Social and Governance) for a total of 95 points out of 100. Redexis has been qualified as "Sector Leader", a special mention that recognises the best entities by sector and region.
- The Sustainability Index and RSC Moody's ESG Solutions (formerly Vigeo Eiris), improved Redexis' rating from 'robust' to 'advanced' thanks to the company's efforts in ESG with ratings above average for the sector.

Business development

- Redexis presents the 'Energía 26' plan in which it projects an investment of up to Euros 1,000 million to continue to drive the development of gas infrastructures throughout Spain, develop renewable gases and integrate into the biomethane value chain, and offer energy efficiency solutions to its customers.
- Redexis reaches 769,955 supply points, extending its presence in Spain, serving 982 municipalities in 40 provinces.
- During this year, Redexis continued its investment rate, attaining Euros 100 million.
- Deployment of the vehicular natural gas business continued, and Redexis has already developed 27 refuelling stations throughout Spanish territory.

Energy Efficiency

- In 2022, the agreement between Redexis and Cepsa continued for the creation of the first photovoltaic energy network in its refuelling stations in Europe.
- In total, the installed capacity of photovoltaic solar self-consumption developed by Redexis for its customers has multiplied by 5.
- Agreement with EIDF for the promotion and operation of self-consumption photovoltaic facilities in the tertiary and industrial sectors.

Hydrogen and renewable gases

- As part of the 'Energía 26' plan, during 2022 Redexis processed over 140 requests for connection to its networks for the injection of biomethane. It is currently in the phase for promotion of several biogas plant projects using organic waste from farming, urban and industrial sectors.

- Redexis commences the construction of biomethane injection facilities to connect the Galivi Solar biogas plant in Lorca (Region of Murcia) for the injection of biomethane into its distribution network.

- Commencement of construction of its first biomethane injection point in Ólvega (Soria) as part of the Biolvegas project, which forecasts the start-up of a biogas plant for the recovery of municipal waste. The project forecasts the injection of 38 GWh of biomethane per year, equivalent to the annual natural gas consumption of more than 8,100 homes or 25% of all the gas consumed in the municipality.

- Redexis was awarded the construction and supply of a green hydrogen production plant with a capacity of 2.5MW in Garray (Soria). The plant can produce 300 tonnes of hydrogen and will supply the industrial and mobility sector.

- Redexis participated in the IDAE call for proposals (Institute for the Diversification and Saving of Energy) - H2 PIONEROS Programme - on incentives for pioneering and unique renewable hydrogen projects within the framework of the Recovery, Transformation and Resilience Plan, with four proposals in consortium. The IDAE Provisional Resolution proposes the concession of a grant for three of the proposals submitted by Redexis in consortium in the Autonomous Regions of Catalonia, Castilla-La Mancha and Andalusia.

- Redexis, as part of the Green Hysland project financed by the European Commission, obtains administrative authorisation for implementation from the Spanish Ministry for Ecological Transition and Demographic Challenge for the first renewable hydrogen injection facility in the Spanish gas system, and that will make it possible to inject hydrogen into the gas network of the island of Majorca (Balearic Islands) composed of 160 gas pipelines with a length of 1,150 kms.

Foundation and sponsorships

- The Foundation made a donation to the Emergency Committee and World Central Kitchen to help victims of the Ukraine conflict.

- Launch of phase II of the Assistance Line for welfare projects that help improve the quality of life of at-risk groups, with a special focus on the improvement of energy efficiency and quality of life.

- Collaboration with the Exit Foundation on the launch of the Coach Project, in which Redexis employees participate in workshops with at-risk youth to fight school drop-out rates.

- Support for sports and the renewal of sponsorships with the UCAM Murcia Redexis in the Infantile 'A' category, the Sala Zaragoza girls' team and the girls' football team of the Mérida Sporting Club of the university youth team, which will be renamed UCAM Murcia Redexis and will wear the company's logo in all regional and national competitions.

- Financial support in outreach projects via the Aragon Hydrogen Foundation for doctoral theses, final projects and dissertations to promote research in hydrogen as an energy vector.

- The collaboration agreement with the Teatro Real Foundation and several collaborations with other cultural associations such as the Flamenco Real, Cante de las Minas Foundation and La Celestina Foundation.

Environment and safety

- The ISO 14001 certifications are renewed: 2015, environmental management system; the ISO 50001: 2018, energy management system, the ISO 45001: 2018; the occupational health and safety management system, and the ISO 50001:2018 transmission, storage and distribution of natural gas and liquefied natural gas (LNG) and liquefied petroleum gas (LPG).

- Redexis recertified as a healthy company with a certification score of 90.5 out of 100.

  In November 2022 the Group recorded its carbon footprint, exceeding the greenhouse gas verification with no reservations and with the declaration of a positive opinion, in compliance with ISO 14064, by an external and independent entity.

2.3. Analysis of results

Key indicators:

Key financial indicators	2022	2021	Var.	%
Figures in millions of Euros				
Regulated revenues	**233.6**	**231.5**	**2.1**	***0.9%***
Regulated distribution revenue	106.7	112.6	(5.9)	*(5.2%)*
Other regulated distribution revenue	29.2	26.3	2.8	*11.0%*
Regulated transmission revenue	59.1	59.8	(0.7)	*(1.2%)*
Regulated LPG business	38.6	32.7	5.9	*18.0%*
Other operating income	**21.6**	**14.9**	**6.6**	***45.0%***
Self-constructed non-current assets	**14.3**	**15.5**	**(1.2)**	***(7.7%)***
Total Income	**269.4**	**261.9**	**7.5**	*2.9%*
Supplies	(46.2)	(26.8)	(19.5)	*72.4%*
Employee benefits expense	(25.8)	(28.1)	2.3	*(8.2%)*
Other recurrent operating expenses	(27.1)	(27.6)	0.5	*(1.8%)*
EBITDA	**170.3**	**179.4**	**(9.1)**	***(5.1%)***
Other non-recurrent operating expenses	(0.7)	(1.6)	0.9	*(56.3%)*
Non-recurrent workforce expenses	(0.0)	(1.1)	1.1	*(100.0%)*
Impairment losses on non-current assets	(1.0)	(1.3)	0.4	*(23.1%)*
Depreciation and amortisation	(100.8)	(96.0)	(4.7)	*5.0%*
Earnings before interest and taxes (EBIT)	**67.8**	**79.4**	**(11.6)**	***(14.6%)***
Net finance profit/(loss)	(29.2)	(29.0)	(0.2)	***0.7%***
Earnings before tax (EBT)	**38.6**	**50.4**	**(11.8)**	***(23.4%)***
Income tax (expense)/revenue	(10.2)	(12.3)	2.0	*(17.1%)*
Profit/(loss) for the year	**28.4**	**38.1**	**(9.7)**	***(25.5%)***

Note 1: Redexis Group revenues comprise the remuneration it receives from the gas system for its transmission and distribution activities, as awarded by the national regulatory authorities.

In 2022 the Group recorded a growth in revenue of 2.9% up to Euros 269.4 million under a very challenging backdrop for the energy sector, illustrating the resilience of its business model by achieving an EBITDA of Euros 170.3 million.

Despite the fact that 1H 2022 recorded an EBITDA growth of 2.7%, the evolution of second half was mainly influenced by two factors:

- Climate change, recording abnormally hot temperatures in the final quarter.
- Price context and regulations that weakened the consumption of industrial gas by our customer bases.

In 2022, contracting and activation projections in industrial and tertiary sectors were surpassed.

Likewise in the energy efficiency business, and specifically regarding the development of photovoltaic facilities, the installed capacity multiplied by five in the year 2021.

3. Liquidity and capital resources

3.2. Debt structure

The Group conducts a prudent management of the liquidity risk ensuring compliance with the payment commitments acquired, trade as well as financial, covering funding needs by means of the recurring cash generation from its businesses, as well as the contracting of long-term loans and credit facilities.

In these past few years, the Group has proven its ability to access capital markets by means of bank facilities, bond issues and loans with the EIB.

At 31 December 2022, the Group has liquidity in the amount of Euros 456.1 million, according to the following breakdown

Liquidity analysis (in €m)

Type	Total	Drawn down	Available
Sustainable revolving credit facility	300.0	-	300.0
Sustainable bank loan	300.0	225.0	75.0
Cash and cash equivalents	81.1	-	81.1
Total	**681.1**	**225.0**	**456.1**

The debt structure of the Group is as follows:

Debt structure (in €m)

Type	Total	Drawn down	Available	Maturity
Loan with the European Investment Bank	131.8	131.8	-	July 2036
Loan with the European Investment Bank	50.0	50.0	-	June 2039
Loan with the European Investment Bank	75.0	75.0	-	February 2040
Debt with related parties (*)	500.0	500.0	-	May 2025
Debt with related parties (*)	500.0	500.0	-	April 2027
Sustainable bank loan	300	225.0	75.0	June 2027-2029
Sustainable revolving credit facility	300.0	-	300.0	May 2024-26
Total gross debt	**1,856.8**	**1,481.8**		
Cash and cash equivalents	**81.1**		**81.1**	
Net debt		**1,400.7**		

(*) Loans with Redexis Gas Finance, B.V., devoted to the issue of debt, and that are related to the issue of bonds by Redexis Gas Finance, B.V. with the guarantee of Redexis, S.A.

On 29 June 2022, Redexis, S.A. formalised a sustainable loan with several Spanish and foreign bank institutions in an amount of Euros 300,000 thousand for a term of 5 years, and that additionally includes the option of two extensions of one year each, with a possible maturity in 2029. The balance drawn at the close of 2022 is Euros 225 million, with the ability to draw the rest without restriction through the end of the first year.

With this transaction the Group has no relevant short term maturity, and has sufficient liquidity and financial resources to ensure its growth, address its future investments and its financial commitments.

3.3. Credit rating

On 27 September 2022 the credit rating agency Standard & Poor's prepared the annual report for Redexis, S.A., which maintained its BBB- rating with a stable outlook and investment grade category.

At year-end, there has been no update.

Warning: the ratings may be reviewed, suspended or withdrawn by the rating entity at any time.

4. Events after the reporting period

Events after the year end are described in Note 36 to the Consolidated Annual Accounts.

5. Information on outlook

Natural gas represents about 25% of national energy consumption and is an essential source of energy for the Spanish economy. More than 8 million homes use this source of energy and in the tertiary and industrial sector, gas accounts for around 30% of energy consumption. Gas is a competitive, low-emission energy source and contributes to the sustainability and economic viability of homes, businesses and industries.

The role of gas infrastructures is essential in energy transition and for the development of a circular economy based on energy vectors that depend less on non-renewable sources and that promote the management of agricultural and urban waste, such as biomethane and hydrogen. This is established in the National Integrated Energy and Climate Plan '21-30 (PNIEC) and the Decarbonisation Strategy to 2050 prepared by the Spanish Government within the scope of the Law on Climate Change and Energy Transition and which are aligned with the European Green Deal. In addition, biomethane and hydrogen roadmaps have been prepared, along with specific regulation to guarantee the origin of biomethane to chart the path toward the development of these energy sources.

The Redexis infrastructure is adaptable to the development of renewable gases without the need for additional major investments, making it relatively easy to diversify supply sources, increasing and improving the security of supply to Spanish homes and industries.

As a benchmark energy infrastructures company, leader in efficiency and firmly committed to its users, employees and shareholders, Redexis wagers for a move toward a more sustainable and efficient business model to address the new challenges facing the energy sector.

The 'Energía 26' plan, Redexis forecasts investments of up to Euros 1,000 million to continue to drive the deployment of gas infrastructures prepared for renewable gases, to integrate vertically in the biomethane value chain and continue to develop hydrogen as an energy vector. It will furthermore invest in infrastructures that will allow customers to achieve their energy transition goals.

6. Main risks associated with Redexis activities

Just like any other company or group of operating companies, the Group is exposed to several risks inherent to the sector, to the markets in which it operates and to the activities it performs that, were they to materialise, could prevent the attainment of its objectives and the successful execution of its strategies.

The Group has opted for a control and risk management model that makes it possible to adapt to the economic context and to the business activity of the Group, in order to be able to respond to any risks that it may face.

The Group has an Audit and Risk Committee whose duty is to oversee activity and risk management, reviewing policies and practices regarding this management, as well as ensuring the ability of the Group to identify new risks and monitor the effectiveness of the Group's risk management. This Committee is composed of 3 non-executive directors of the Group, and reports directly to the Board of Directors.

7. Human resources

At the end of December 2022, Redexis had a total of 357 employees while the average headcount for the year was 337.

8. Own shares

Redexis did not hold any own shares at 31 December 2022, nor did it perform any transactions with own shares during 2022.

9. Financial instruments

The risk management policy is explained in Note 23 to the Consolidated Annual Accounts.

10. Average payment period

The average payment period of the group is 45 days as detailed in note 22 to the Consolidated Annual Accounts.

11. Innovation model

Innovation is one of Redexis' strategic pillars, that allow it to respond to the new challenges and opportunities posed by the energy transition, connecting sustainably with the real needs of society. Redexis has extensive knowledge of gas networks, that allows it to participate in the research and development of several solutions for the transition of networks toward its use with renewable gases, analysing the performance of renewable gases first hand, and identifying improvements in efficiency and digitalisation.

All of this has made it possible for Redexis to currently develop business opportunities associated with the energy transition, in segments of mobility, production and injection of renewable gases in the network and the development of infrastructures that make it possible to improve the energy efficiency of our customers.

To promote innovation, Redexis has a specific area of innovation that enables the transversal flow of knowledge throughout all Group activities, so that sufficient resources, knowledge and participation are available in each project for its development. Furthermore, this area is responsible for the promotion and disclosure of all areas relating to innovation, external as well as internal.

In addition, an Innovation Committee exists that is in charge of preparing, tracking and implementing the Innovation strategy throughout all areas of the company, monitoring new ideas and initiatives and technological surveillance and benchmarking as well as implementing the results of the innovation and projects.

Redexis invests in R+D+i to ensure that these investments flow through all operating segments of the Group, making it possible to accelerate transformation processes with the firm objective of achieving operational excellence and developing new technologies that make it possible to guarantee the security of supply and neutralise carbon emissions, from its own activities as well as those of its customers or suppliers. These investments are addressed from three lines of action:

- Short term: focused on improvements with a direct impact on the Group's business lines, in terms of growth and sustainability, aimed at improving operating efficiency, growth and sustainability.
- Medium term: focused on capturing the value of new business models, such as hydrogen, mobility and renewable gas.
- Long term: focused on monitoring the development of new technologies and paradigms.

The strategic lines of innovation focus on:

- **Digitalisation and efficiency**, so as to be able to improve our current processes/activities and apply them to the new facilities under development.
- **Integration/hybridisation of consumer technologies**, for the purpose of integrating and adapting customer facilities to decarbonisation technologies.
- **Development and integration of renewable gases,** such as biogas and hydrogen, in current and future activities.

The following is a breakdown of the most relevant innovative projects developed in several consortia during 2022:

✓ The H2020 HIGGS project, Hydrogen In Gas GridS: a systematic validation approach at various admixture levels into high pressure grids, which launched in 2020 after being chosen in the European H2020 FCH JU programme and whose main objective is to cover gaps in knowledge regarding the impact that different levels of hydrogen mixture may have on the gas infrastructure, its components and its management.

✓ The H2020 Green Hysland project, which proposes the deployment of a hydrogen ecosystem on the island of Mallorca including the design and construction of a renewable hydrogen production plant from photovoltaic solar energy for use in mobility, stationary applications (fuel cell and cogeneration with a fuel cell in a hotel) and injection into the natural gas transmission network.

✓ The MISIONES OCEANH2 project, for the generation, storage and distribution of offshore green hydrogen, financed by CDTI in the 2019 Misiones Call for Proposals, that launched in 2020. This is an industrial research project for a generation, storage and distribution plant for green hydrogen from offshore renewable power generation. In this project Redexis will study the various technologies involved in the logistic-technological chain for the transmission, storage and land and/or maritime supply that enable the evacuation and supply of hydrogen produced at sea, and will undertake the corresponding design and integration of optimal solutions.

✓ The MISIONES ZEPPELIN project, Research in innovative and efficient technologies for the production and storage of green hydrogen based on the circular economy, financed by CDTI in the 2021 Misiones Call for Proposals, that launched in 2021. In this project Redexis leads the study of various technologies to design a modular plan for production, storage and supply of ammonia from renewable hydrogen, and from the decomposition of ammonia to release that hydrogen. The PRISMA project, Proposal for the implementation of sustainable artificial intelligence to obtain a predictive model for LNG consumption, and its application for the optimisation of processes and decrease of its associated footprint, financed by the Ministry of Industry, Commerce and Tourism in the AEI (Innovative Business Groups) Call for Proposals and that proposes the development of a predictive model for consumption from LNG satellite plans that would involve improving the management of LNG plans by allowing for the detection of previously unknown variables that could affect the evolution of demand, changes in consumption curves of each facility as a result of changes in prior variables at an early stage and enabling the optimisation of the movement of LNG cryogenic tanks to fill the storage takes, with the subsequent decrease of the associated carbon footprint.

12. Environmental protection

As a company devoted to the development and operation of energy infrastructures in Spain, Redexis renders an important service to its customers: it places clean energy at their disposal with functional, financial and environmental advantages vis-à-vis other types of fuel.

Additionally, Redexis strives to minimise social costs with regard to environmental aspects and the negative effects that this may cause, undertaking projects that go beyond compliance with legal requirements and other environmental requirements that it voluntarily adopts, involving its suppliers and promoting the responsible use of energy.

The Group strategy maintains its commitment to the protection of the environment. It is one of its pillars and a factor of competitiveness. To be aware of the environmental impact of its operations and to develop a company culture that reduces environmental impact as much as possible is paramount for Redexis.

Redexis considers environmental excellence, energy management and efficiency, security and continuous improvement of working conditions and health protection as essential values of its business culture. This is duly reflected in its Integrated Policy approved by Senior Management.

Redexis reviews its Integrated Management System (IMS) annually to adapt it to new regulatory requirements, as well as for continuous improvement. It is currently adapted to the requirements of ISO 45001:2018 occupational health and safety management system, ISO 14001:2015 environmental management system and ISO 50001:2018 energy management system.

This process involves the implementation of the entire management system, involving greater alignment of the organisational strategy with environmental and energy management, manifesting clear leadership and involvement of Management in this area. This resulted in the establishment of the Leadership Committee on energy management, environment and safety and health.

During 2022, our integrated management system was recertified throughout 57 days of environmental, energy and carbon footprint verification audits, internal as well as external, for improvement of the processes.

Redexis maintains scorecards with environmental and energy indicators for monthly measurement and reporting that will allow it to identify improvements in its management.

At the close of 2022, Redexis has the ISO 14001: 2015, environmental management system, the ISO 50001: 2018, energy management system, and the ISO 45001: 2018, the occupational health and safety management system. Furthermore in December 2022 Redexis recertified as a healthy company with a certification score of 90.5 out of 100.

In addition, in November 2022 the Group recorded its carbon footprint, passing the greenhouse gas verification with no reservations and with the declaration of a positive opinion, in compliance with ISO 14064, by an external and independent entity.

The directors of the Group consider that at year end no expenses are likely to be incurred in connection with environmental risks for which provision should be made.

Information regarding the Group's environmental activities is presented in Note 26 to the Consolidated Annual Accounts.

13. Non-financial Reporting Statement

The Consolidated Management Report includes the Non-financial Reporting Statement as Appendix 1, and complies with the requirements of Directive 2014/95/EU of the European Parliament and of the Council as regards the disclosure of non-financial and diversity information, as well as its associated Spanish legislation (Law 11/2018, of 28 December).

Redexis, S.A. and Subsidiaries

Independent Limited Assurance Report on the consolidated non-financial information statement for the year ended 31 December 2022

Deloitte, S.L.
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Translation of a report originally issued in Spanish. In the event of a discrepancy, the Spanish-language version prevails.

INDEPENDENT LIMITED ASSURANCE REPORT ON THE CONSOLIDATED NON-FINANCIAL INFORMATION STATEMENT OF REDEXIS, S.A. AND SUBSIDIARIES FOR 2022

To the Shareholders of Redexis, S.A.,

In accordance with Article 49 of the Spanish Commercial Code, we have performed the verification, with a scope of limited assurance, of the Consolidated Non-Financial Information Statement (NFIS) for the year ended 31 December 2022 of Redexis, S.A. and subsidiaries ("Redexis"), which forms part of the Consolidated Directors' Report of Redexis.

The content of the NFIS includes information, additional to that required by current Spanish corporate legislation relating to non-financial reporting, that was not the subject matter of our verification. In this regard, our work was limited solely to verification of the information identified in Appendix I "Index of contents of the Non-Financial Information Statement required by Law 11/2018" in the accompanying NFIS.

Responsibilities of the Directors

The preparation and content of the NFIS are the responsibility of the Board of Directors of Redexis. The NFIS was prepared in accordance with the content specified in current Spanish corporate legislation and with the criteria of the selected Global Reporting Initiative Sustainability Reporting Standards ("GRI Standards") described as indicated for each matter in Appendix I "Index of contents of the Non-Financial Information Statement required by Law 11/2018" of the aforementioned Report.

These responsibilities also include the design, implementation and maintenance of such internal control as is considered necessary to enable the NFIS to be free from material misstatement, whether due to fraud or error.

The directors of Redexis are also responsible for defining, implementing, adapting and maintaining the management systems from which the information necessary for the preparation of the NFIS is obtained.

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), which is based on fundamental principles of integrity, objectivity, competence and due care, confidentiality and professional behaviour.

Deloitte, S.L. Inscrita en el Registro Mercantil de Madrid, tomo 13.650, sección 8ª, folio 188, hoja M-54414, inscripción 96ª.
C.I.F.: B-79104469. Domicilio social: Plaza Pablo Ruiz Picasso, 1, Torre Picasso, 28020, Madrid.

Our firm applies International Standard on Quality Control 1 (ISQC 1) and, accordingly, maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our engagement team consisted of professionals who are experts in reviews of non-financial information and, specifically, in information about economic, social and environmental performance.

Our Responsibility

Our responsibility is to express our conclusions in an independent limited assurance report based on the work performed. We conducted our work in accordance with the requirements established in International Standard on Assurance Engagements (ISAE) 3000 Revised, Assurance Engagements other than Audits or Reviews of Historical Financial Information ("ISAE 3000 Revised"), currently in force, issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC), and with the guidelines published by the Spanish Institute of Certified Public Accountants on attestation engagements regarding non-financial information statements.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement and, consequently, the level of assurance obtained is substantially lower.

Our work consisted of making inquiries of management and the various units of Redexis that participated in the preparation of the NFIS, reviewing the processes used to compile and validate the information presented in the NFIS, and carrying out the following analytical procedures and sample-based review tests:

- Meetings held with Redexis personnel to ascertain the business model, policies and management approaches applied, and the main risks relating to these matters, and to obtain the information required for the external review.
- Analysis of the scope, relevance and completeness of the contents included in the 2022 NFIS based on the materiality analysis performed by Redexis and described in the 2022 NFIS, taking into account the contents required under current Spanish corporate legislation.
- Analysis of the processes used to compile and validate the data presented in the 2022 NFIS.
- Review of the information relating to risks and the policies and management approaches applied in relation to the material matters described in the 2022 NFIS.

- Verification, by means of sample-based tests, of the non-financial information relating to the contents included in the 2022 NFIS and the appropriate compilation thereof based on the data furnished by Redexis information sources.

- Obtainment of a representation letter from the directors and management.

Conclusion

Based on the procedures performed and the evidence obtained no additional matter has come to our attention that causes us to believe that the NFIS of Redexis for the year ended 31 December 2022 was not prepared, in all material respects, in accordance with the content specified in current Spanish corporate legislation and with the criteria of the selected GRI standards, as well as other criteria described as indicated for each matter in Appendix I "Index of contents of the Non-Financial Information Statement required by Law 11/2018" of the aforementioned Statement.

Use and Distribution

This report has been prepared in response to the requirement established in corporate legislation in force in Spain and, therefore, it might not be appropriate for other purposes or jurisdictions.

DELOITTE, S.L.

Javier Medrano Domínguez

28 March 2023

APPENDIX 1

NON-FINANCIAL REPORTING STATEMENT

A.

Redexis

2022 Non-financial Information Statement

In accordance with Act 11/2018 of December 28, 2018, which amended the Spanish Commercial Code, the consolidated text of the Spanish Capital Companies Act approved by Royal Legislative Decree 1 of July 2, 2010, and Act 22 of July 20, 2015, on the Auditing of Accounts with regard to non-financial information and diversity, this non-financial information statement has been prepared for inclusion as an appendix to the Consolidated Management Report for REDEXIS, SA and Subsidiary Companies for the financial year ended 31 December 2022.

The reference used by the Company for the disclosure of this information is the Global Reporting Initiative (GRI) framework for the preparation of sustainability reports, in its GRI Standards format.

In this document, Redexis reports on matters relating to its business model, risk management and commitment to the environment, as well as providing information on its efforts in the areas of social issues, employment, human rights, combatting corruption, responsible taxation, sustainable development and relationships with users and customers, all of which constitute important issues for the company.

Contents:

1. **Our business model**
2. **Risk management**
3. **Our commitment to the environment**
   - **3.1 Pollution**
   - **3.2 Circular economy and prevention and management of waste**
   - **3.3 Sustainable use of resources**
   - **3.4 Climate change**
   - **3.5 Protection of biodiversity**
4. **Our commitment to people**
   - **4.1 Jobs**
   - **4.2 Organization of duties**
   - **4.3 Health and safety**
   - **4.4 Social relations**
   - **4.5 Training**
   - **4.6 Equality**
5. **Our commitment to respect for human rights**
6. **Our commitment to combating corruption and bribery**
7. **Our commitment to sustainable development**
8. **Our supply chain**
9. **Our commitment to end users and customers**
10. **Our commitment to transparency: Tax information**

Appendix I: List of Contents required in a Non-financial Information Statement under Spanish Act 11/2018

1. Our business model

Corporate environment, organization and structure, and markets in which the company operates.

GRI 2-1 and GRI 2-6.

Redexis, S.A. ("**Redexis**") is an integrated energy infrastructure company that is active, both directly and through its subsidiary companies, in the development and operation of networks for the transmission and distribution of natural gas, the distribution and sale of liquefied petroleum gas and the promotion of renewable applications for natural gas, for hydrogen, as well as biomethane.

Its registered office is at Calle Mahonia 2, 28043 Madrid, and it has workplaces in Alicante, Almería, Ávila, El Puerto de Santa María, Figueres, Granada, Huesca, Ibiza, Linares, Madrid, Mérida, Murcia, Palma de Mallorca, Teruel, Valladolid and Zaragoza.

Redexis develops and operates networks to carry the necessary energy to households, businesses and industry while ensuring maintenance of the highest safety and quality standards at all times. The Company has a robust expansion plan to continue offering energy solutions throughout the whole of Spain, and this has resulted in the investment of around 1,500 million euros since 2010.

Redexis is currently the second largest natural gas transmission operator in Spain, the third largest distributor and the second in LPG, with a presence in 13 autonomous communities, 40 provinces and 982 towns and cities. It has a total of 769.948 supply points across the whole of Spain.

Redexis's share capital is completely subscribed and paid up, and it is held by the shareholders in the percentages shown below:

- **Chase Gas Investments Limited:** 33.33% (subsidiary of the USS pension fund)
- **Arbejdsmarkedets Tillaegspension**: 33.33% (ATP pension fund)
- **Guotong Romeo Holdings Limited**: 33.33% (company owned by the Guoxin Guotong Fund LLT and CNIC Corporation Limited investment funds)

The companies comprising the Group are:

- Redexis, S.A: Head of the Group engaged in the distribution and transmission of all types of gas and oil-based products for domestic, commercial and industrial purposes, the use of any by-products, and activities related with the above.

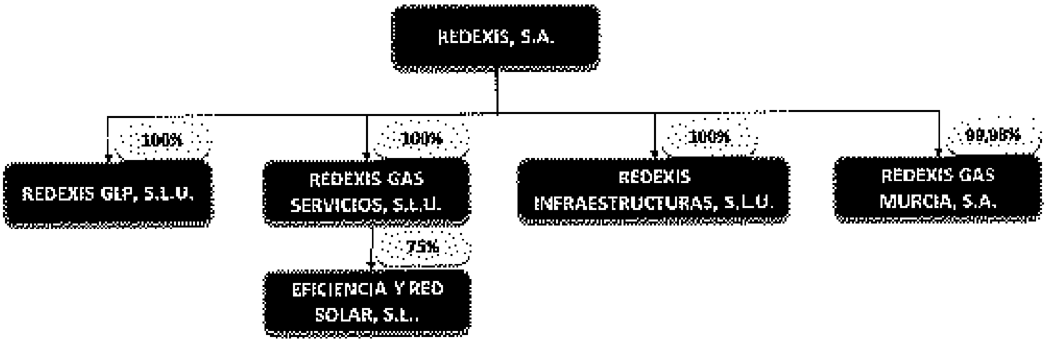
- Redexis Infraestructuras, S.L.U. devoted to the regasification of liquified natural gas, natural gas transmission and storage and related and ancillary activities. It is 100% owned by Redexis.

- Redexis GLP, S.L.U. is devoted to to the retail sale and supply of liquified petroleum gas. It is 100% owned by Redexis.

- Redexis Gas Murcia, S.A. is devoted to the distribution and secondary transmission of natural gas, and the distribution and sale of liquefied petroleum gas through pipelines. It is 99.98 % owned by Redexis.

- Redexis Gas Servicios, S.L.U. is devoted, among others, to the planning, analysis, project, execution, assembly and operation of infrastructures, in addition to the management, advisory, and corporate services linked to the energy sector. It is 100% owned by Redexis

- Eficiencia y Red Solar, S.L. is devoted to the energy activities, specially production, storage and commercialization of energy from renewable sources, such as photovoltaic installations, by means of or through the corresponding installations, either owned by the Company or by third parties. It is 75% owned by Redexis



There are also two entities connected to the Group:

- Redexis Gas Finance B.V, a company devoted to the issue of debt of debt in the capital markets. It maintains the same shareholders, and in the same percentage as Redexis S.A.
- The Redexis Foundation, devoted to the promotion of technological innovation and development of social charity, assistance, training or cultural works.

Objectives and strategies

GRI 2-22

In September 2022, Redexis presented "Energía 26", a new investment plan with the aim of boosting and accelerating the development of infrastructures to speed up the energy transition in Spain, fully aligned with the National Integrated Energy and Climate Plan 2021-2030 (PNIEC) published by the Government, which is part of the European strategy to achieve carbon neutrality by 2050. The Plan will contribute to reducing our customers' emissions, improve their economic competitiveness and ensure continuity of supply.

The plan envisages investments of 1,000 million euros that will enable growth in all business segments and will revolve around three fundamental axes:

1. Continuing the **deployment of gas infrastructures**, adapted to renewable gases, providing a continuous and safe source of energy to residential, tertiary and industrial users enabling the reduction of emissions, displacing other more polluting energy sources. This deployment includes investments in more efficient mobility by deploying gas stations focused on long distance transport fleets and service fleets.
2. **Development of renewable gases** through the direct injection of biomethane into its distribution network and vertical integration in production, thus contributing to carbon neutrality and meeting the objectives of the circular economy by making use of existing waste. Redexis will also continue to participate in the execution of green hydrogen

projects that will enable its development in the short term and make it a benchmark in the national energy mix.

3. **Energy efficiency**, helping our clients to meet their challenges in reducing emissions and improving competitiveness, offering comprehensive energy solutions adapted to each client, including the development of solar self-consumption focused on the B2B segment.

Sustainability (ESG) is the driving force behind "Energy 26", which is implemented throughout the company and is applied transversally in all areas of activity of the Group. Energy 26 aims to achieve the following sustainable development objectives:

- Reducing the direct carbon footprint (scope 1 and 2) by 50% and offsetting total emissions (scope 3) through the development of renewable projects, adopting a commitment to use at least 10% renewable gas as a vehicle.
- Increase the presence of women in management and leadership positions, developing specific plans.
- Development of local and regional economies, through the development of gas networks and local biomethane injection production projects, which will allow the creation of more than 1,000 direct and indirect jobs.

To achieve these objectives, the company has designed a program of incentives to 2026 linked to various variables, which are periodically monitored to assess their degree of achievement.

Principal market factors and trends

During 2019, Redexis carried out a **materiality analysis** in order to develop its strategy, defining and identifying its stakeholders and the issues that were most relevant to them. This analysis made it possible to establish priorities for the action to be taken and to define strategies aligned with the expectations of these stakeholders.

The analysis involved four phases, consisting of an internal analysis to identify best practices and material issues in the sector, an external analysis in which the existing communication channels with stakeholders were defined, an assessment of material issues in which meetings were held with all divisions, and finally, generation of the materiality matrix with a list of relevant issues.

Thanks to this exercise, Redexis has been able to move forwards with **the creation of economic, social and environmental value**, thus ensuring that the needs of its stakeholders are satisfied at all times.

The materiality matrix that was obtained as a result of this exercise indicates the issues that are most important for the Company and its stakeholders, and the top 15 are shown in the following table:

Reference	The 15 most important internal and external issues
1	Regulatory compliance
2	Ethics, integrity and transparency
3	Risk management
4	Fiscal responsibility
5	Good corporate governance
7	Health and safety in the workplace
14	Quality of service

15	Complaint resolution system and customer satisfaction
16	Management of crises and emergencies
17	Industrial safety
20	Adaptation to climate change (external)
21	Innovation applied to the use of sustainable technologies
22	Establishment of environmental emissions targets
23	Adaptation to climate change (internal)
25	Circular economy

With regard to questions relating to **health and safety in the workplace, the environment and energy management**, there is a series of factors that could affect the Company's activities, which include:

- Failure to comply with environmental, energy or health and safety criteria.
- Loss of the opportunity to obtain external financing due to non-compliant or insufficient environmental, energy or health and safety standards.
- An adverse regulatory context for the business.
- Loss of awareness of the fact that environmental, energy and health and safety management affect the entire Company and all of its departments in a cross-cutting way, without exception.
- Adverse environmental conditions.
- Insufficient estimate of the resources applied to monitor contractors.
- Ineffective controls that result in legal infringements that may affect Redexis's image and reputation.
- Failure to comply with the intervals at which meetings of the Health and Safety Committees and the Environmental and Energy Committees are to be held.
- Divergence from the undertakings made by heads of department and middle management.
- Inefficient operational controls that do not allow for the measurement of indicators or the evaluation of trends.

The natural gas sector is a **highly regulated sector.** As a result, changes in the applicable regulations may have a significant impact on the sector and each of the players that operate within it.

In this regard, particular mention should be made of the regulatory framework for the natural gas sector in Spain, which is based on Hydrocarbon Act 34/1998, which was in turn implemented by Royal Decrees 949/2001 and 1434/2002, among others. The first of these regulates third-party access to gas facilities and establishes an integrated financial system for the natural gas sector, while the second regulates transmission, distribution, sale and supply activities and the procedure for authorizing natural gas facilities.

With the passage of time, as liberalization of the sector has gradually evolved, the Spanish Hydrocarbon Sector Act ("HSA") has been amended on a number of occasions. One particularly important amendment was introduced by Royal Legislative Decree 8 of 4 July 2014, which approved emergency measures for growth, competitiveness and efficiency, and this was subsequently put into Law by the Government and published as Act 18 of 15 October 2014, on the approval of emergency measures for growth, competitiveness and efficiency. This introduced certain measures to update the regulatory and financial framework, of which the following should particularly be noted:

- Reforms were introduced into the general revenue and cost structure for the gas system, based on the principle of **long-term economic sustainability and balance**, which took account of fluctuations in demand and current levels of infrastructure development, but without adversely affecting the principle of appropriate remuneration for investment in regulated assets or the safety of supply. To this end, the principle of the economic and financial sustainability of the gas system was established, in the sense that any regulatory measure that involved increased costs or reduced revenues would have to incorporate a reduction in costs or an increase in revenues.
- Certain mechanisms were established to limit the appearance of temporary annual imbalances in the payments system, through the **automatic review of tolls** when certain thresholds are exceeded. If these thresholds are not exceeded, the imbalances are financed by the subjects of the payment system, in proportion to their remuneration, with the generation of a right to receive payment over the following five years plus interest at market rates, which will be fixed by Ministerial Order.
- As far as payment for regulated activities is concerned, the reforms set out the basic principle of considering the costs that are necessary to allow an efficient and well-managed company to engage in its business in accordance with the principle of **carrying out its activities at the lowest cost to the system.**
- Regulatory periods of six year are defined, during which the financial costs may not be reviewed, nor may formulas be applied for the automatic updating of remuneration for any activity However, bearing in mind that the regulatory reforms were proposed in a deficit scenario that it is believed will be reversed over the coming years, the possibility of adjusting certain **payment parameters** was introduced in the event that significant variations in revenues and costs arose.
- A **standard in-depth review of remuneration** for all the activities that affect all the assets was carried out, including assets already in service.

Under Royal Legislative Decree 1/2019, reforms were introduced to the framework for competition in the gas system, bringing the powers of the National Commission on Markets and Competition ("CNMC") into line with the requirements arising from Community law in relation to European Parliament and Council Directives 2009/72/EC and 2009/73/EC of 13 July 2009, concerning common rules for the internal market in electricity and natural gas. Notable among the reforms introduced was the allocation of powers to the CNMC with regard to the establishment of methodologies for the calculation of tolls and remuneration for regulated activities, including the fixing of values. Therefore, since the entry into force of the aforementioned Royal Legislative Decree, the CNMC has had the power to implement these measures, though as regards the establishment of new methodologies to calculate remuneration for regulated activities, these would become applicable from 1 January 2021, once completed the first six-year regulatory period that was established in the said Act 18/2014 had ended. In this regard, from 2019 onwards, the CNMC worked on the preparation of a series of Circulars that defined the methodologies for the remuneration of the regulated activities engaged in by Redexis in the gas sector (Transmission and Distribution), and after being approved and published in the Official State Journal ("BOE"), these became applicable from January 2021.

The foregoing regulations have been developed, insofar as they directly affect Redexis, in the following Circulars:

- Circular 2 of 12 November 2019, establishing the methodology for calculating financial payment rates for regulated activities related to electrical energy and natural gas
- Circular 8 of 12 December 2019, establishing the methodology and conditions for access and the allocation of capacity in the natural gas system

- Circular 9 of 12 December 2019, establishing the methodology for calculating remuneration for facilities for the transmission of natural gas and liquefied natural gas plants
- Circular 2 of 9 January 2020, establishing the rules for the balancing of natural gas.
- Circular 4 of 31 March 2020, establishing the methodology for calculating remuneration for the distribution of natural gas.
- Circular 6 of 22 July 2020, establishing the methodology for calculating tolls for transmission via local networks and the regasification of natural gas.
- National Commission on Markets and Competition Circular 8 of 2 December 2020, establishing the unit reference values for investment and operation and maintenance for the 2021-2026 regulatory period, along with the minimum requirements for the auditing of investments and costs at natural gas transmission facilities and liquefied natural gas plants.

Due diligence procedures applied in order to identify, evaluate, prevent and attenuate significant risks and impacts and to verify controls
GRI 2-12

The Company has an **internal and external complaints channel** (https://www.redexis.es/sobre-redexis/principios-de-actuacion/canal-de-denuncias/) that can be used to pass on complaints, reports and claims relating to the code of conduct. The Company also has an internal complaints channel (**canaldenuncias@redexis.es**) that can be used by workers to submit complaints and claims. After they have been examined, the Company may adopt measures as a result of these complaints.

Over the last year, only one complaint was received via this complaints channel (complaint 1/2022), and this related to an attempt at phishing, which was reported to the State Security Services and duly dealt with and responded to.

In addition, when a new internal regulation is approved, the entire Company is notified of its approval, with an emphasis on the obligation to comply with the new regulation. All the Company's internal regulations are made available to employees via the Intranet. If they have any queries or questions regarding these regulations, employees may contact the legal services department.

In addition, since 2020 Redexis has had a **Risk Management and Control Policy** for the purposes of establishing the basic principles and general framework for managing the risks faced by Redexis. This guides and directs the set of strategic, organizational and operational actions that allow the Redexis Board of Directors to strengthen compliance with the organization's objectives in a context of excellence and rigor aimed at ensuring safety and service in the performance of its activities.

Redexis also has **internal regulations for the legal review of any contracts, conventions and obligational agreements** that have material status, with the aim of checking that the agreements signed by Redexis comply with all the applicable regulations and legislation.

Redexis has included all of its principles and strategies in its Integrated Management System, adapting the relevant standards for environmental management **ISO 14001:2015**, health and safety **ISO 45001:2018** and energy efficiency **ISO 50001:2018.**

With regard to certification, during 2022 the relevant recertification audits were carried out in relation to standards **ISO 14001:2015**, **ISO 45001:2018**, and **ISO 50001:2018**, and recertification was obtained in all three cases.

This ensures that performance in the area of health and safety in the workplace and environmental management is monitored, and these issues are explained in the following general documents as part of the Integrated Management System:

- **Procedure DOC-02** "Identification, Control and Evaluation of Legal and Other Requirements": the system used by Redexis to identify and gain access to the legal and other requirements to which the organization is subject and which apply to environmental and energy issues and health and safety when carrying out its activities in the workplace, along with the subsequent monitoring and updating of these requirements.
- **Procedure DOC-03** "Competition and Awareness": this defines the methodology for identifying employee training needs, and it sets out the way in which training activities and environmental and energy awareness are to be managed.
- **Procedure DOC-05** "Monitoring and Investigating Incidents, Non-Conformity and Corrective Action": this establishes a documented procedure for identifying, registering and dealing with accidents, incidents and non-conformities and for keeping this procedure up-to-date.
- **Procedure DOC-08** "IMS Audits": this covers the way that regular audits are to be carried out, understood to mean the systematic and documented verification process for objectively obtaining and evaluating evidence showing compliance with the Integrated Management System.
- **Procedure DOC-09** "Emergency Situation at Redexis Group Facilities": this establishes the methodology and systems for acting in cases of Emergency.
- **Procedure DOC-10** "Operational Control, Preventive Planning, Measurement and Monitoring": this includes the monitoring and measurement activities required to achieve mitigation of environmental impact and the significant use and consumption of energy associated with the Company's business activities, and to maintain the health and safety of all interested parties.
- **Procedure DOC-13** "Identification and evaluation of environmental aspects": to identify and evaluate the environmental aspects of the Company's activities, products and services that can be monitored, and those on which the Company can have an effect, along with the associated environmental impacts, from a life-cycle perspective.
- **Procedure DOC-14** "Environmental Responsibility, Health and Safety in the Workplace and Energy Responsibility for Suppliers and Contractors": this includes informing suppliers and contractors about the procedures and requirements that apply in respect of environmental and energy matters and health and safety in the workplace.
- **Operational Rule NOss-01** "Coordination of Corporate Activities": ensures that the process required of contractors under DOC-14 is effective.
- **Procedure DOC-15** "Identification of hazards. Evaluation and Monitoring of Workplace Risk and Serious Accidents": defines how the requirements are to be met in respect of Health and Safety in the Workplace and Serious Accidents, especially the identification of hazards and the evaluation and monitoring of risk.
- **Procedure DOC-17** "Energy planning": describes the systems established for ensuring that any energy issues arising from the activities, products and services engaged in and produced at the Company's facilities are properly planned, and that this planning is followed up, with an analysis of any use or consumption of energy that may significantly affect its energy performance.
- **Procedure DOC-20** "Greenhouse Gas Quantification Manual and Report": document for quantifying and reporting on greenhouse gases, along with all those that are generated and used in all activities, products and services relating to the various businesses and facilities that are included within the scope of Redexis's calculation and reporting of its greenhouse gas emissions.

- **Operational Rule NOss-01** "Coordination of Corporate Activities": ensures that the process required of contractors under DOC-14 is effective.
- **Operational Rule NOss-09** "Operational Monitoring of Health and Safety in the Workplace": the purpose of this document is to define the different duties for which Redexis personnel are responsible in the area of construction, and to define the different monitoring tools that the Company has established for the operational monitoring of on-site health and safety when the Redexis Group is involved as developer.

In addition, Redexis continuously tracks the objectives, goals and annual preventive action plans of its regional centers, an operational monitoring process that is carried out at its various work centers using a range of operational standards relating to both safety and environmental issues; it monitors contractor companies through its "vigilance" procedures; it holds meetings to coordinate business activities, and the results are recorded in the minutes of the meetings held in the different regions; on-site internal safety and environmental inspection visits are carried out in the different regions by the Company's health and safety and environmental monitoring coordinators; facilities and maintenance activities are monitored in relation to both distribution and transmission; the Company arranges external audits of the integrated management system, in accordance with **ISO 14001:2015, ISO 50001:2018 and ISO 45001:2018**; it verifies Greenhouse Gas Emissions by analyzing its Carbon Footprint Report, in order to verify compliance with **ISO 14064-1: 2012**; audits are carried out to verify compliance with legal requirements regarding health and safety, the environment, energy management and industrial safety; frequent meetings of the energy management team are held at corporate level, with six-monthly meetings of the Regional Environment and Energy Committees and quarterly meetings of the Health and Safety Committees, among other actions.

2. Risk Management

GRI 2-12, GRI 3-3

Redexis prepares a **risk management model** which seeks to identify and evaluate risk sufficiently in advance in order to allow it to be anticipated, forecasting any effects and taking advantage of any opportunities that might be attached to the risk in question. Redexis manages this through its risk management system known as **Enterprise Risk Management** (ERM), which coordinates activities on the basis of international standards COSO and ISO 31000. The Internal Auditing and Risk Department manages, evaluates and coordinates this risk, acting as a liaison between the individual departments, General Management and the Chair's office, thus facilitating and overseeing the implementation of practices and measures for the management of this risk with the aim of minimizing or mitigating it. This department provides a logical and systematic model that allows decisions to be made and responses to be given efficiently in the face of any potential threats and opportunities that may arise.

By means of its **Risk Control and Management Policy**, approved by the Board of Directors in 2020, Redexis undertakes to deploy all of its skills to ensure that any important risk is properly identified, assessed, managed and monitored.

All actions taken to monitor, manage and mitigate risk adhere to the following **basic principles:**

- Integrate Redexis's decision-making and target-setting processes with its risk management.
- Optimize the management and monitoring of risk from the perspective of a global view of the organization.

- Continually evaluate the risk mitigation mechanisms, in order to guarantee their suitability, the adoption of best market practices and the correct use of these practices.
- Separate duties in a suitable way in order to identify those responsible for the analysis, control and supervision of risk.
- Align all the specific policies that need to be developed in respect of risk within the organization with the Risk Management Policy.
- Act within the Law and in accordance with the values set out in the Code of Conduct that applies to the organization.
- Provide complete and transparent information on the principal risks at Redexis and the mechanisms for the management of that risk to any body or regulator that may require it, maintaining suitable channels to assist communication.
- Preserve the health and safety of the people who work at and for Redexis and guarantee respect for the environment.

The Risk Management System includes the appropriate definition of duties and responsibilities and the way in which they are to be allocated during the various **process stages and activities**, and these mainly include:

- Identifying the relevant risk in strategy and planning, financing, ethics and compliance, reporting and operations and infrastructure, among others, taking account of its potential effects on key management objectives and the development of the company's business.
- Carrying out an analysis of these risks as a key element in their management.
- Establishing a structure of controls and limits that assist in ensuring that any risk is managed in an efficient way.
- Implementing and monitoring compliance with policies and guidelines using suitable procedures and systems, including the contingency plans necessary to mitigate any impact caused by the materialization of risk.
- Evaluating and monitoring risk using common and uniform procedures and standards.
- Reporting the results of monitoring and managing risk, regularly and in a transparent way.
- Continuously assessing the suitability of the system and best practices and recommendations relating to risk issues with a view to their potential incorporation in the model.

In this regard, the **risk management system** comprises three stages:

- Firstly, an **assessment** stage, in which risk is identified and evaluated. This includes the definition, classification and measurement of its impact and probability, based on criteria approved by the company.
- Secondly, a **management** stage, in which strategies are defined for responding to the risk in question, and the agreed control instruments are monitored.
- Thirdly, a **follow-up** stage, in which regular reports are made on the events occurred. During this stage, the control instruments are modified according to the results obtained, and action plans are adjusted.

The company has a **risk management manual**, along with a **risk committee**, the aim of which is to facilitate better monitoring and, in the event that a risk materializes, provide a priority response. There are also regular reporting sessions between the different business and corporate departments and the risk department which guarantee the monitoring of risk. The ultimate aim is to achieve continuous improvement in order to prevent, anticipate or mitigate any potential risk and take advantage of any opportunities that may arise.

As regards the sector to which Redexis belongs, the Company has to face a range of risks that are inherent in the sector and the marketplace in which it operates. The main **risks relating to sustainability that are associated with the sector and marketplace in which Redexis operates**, for which plans and models are created on an annual basis, are the following:

- **Risks relating to people (management):** Risks arising from the management of individual talent, including measures to reinforce employee commitment to the Company and its values.
- **Cybersecurity risk:** Associated with external or internal factors that may affect systems as the result of attacks.
- **Risk of loss of biodiversity and water resources. Environmental or personal risk:** This involves a set of risks arising from the performance of the organization's day-to-day operations, and given their nature they are managed in order to guarantee the safety or persons, safeguard assets and protect water resources and the environment.
- **Reputational Risk:** This includes risk associated with external and internal factors that may have a negative impact on brand image. Redexis is aware of the growing demands from society for greater active and voluntary contribution to the achievement of social, economic and environmental improvements by companies. In this regard, Redexis is committed to including these considerations in its decision-making processes in a transparent way, with the aim of establishing best practices that will contribute to the improvement of society.
- **Risk relating to ethics and integrity:** This includes both external and internal factors that could result in a lack of ethics or integrity. Redexis believes that it is essential to ensure compliance with its code of conduct and the Company's own values, and it engages in annual actions to mitigate any lack of ethics or integrity.
- **Risk relating to climate change** Risk arising both from energy transition and from the potential warming of the globe that could lead to rises in average temperatures. Based on this study, Redexis carries out analyses of innovations and projects directed towards alternative energies.
- **Risk due to environmental catastrophe and external climate phenomena:** Risk arising from possible external factors that may affect the Company's continuity. In this case, Redexis draws up a continuity plan and has established protocols for action in the event that such factors materialize.

All of these risks, together with the action plans and activities engaged in to contain them, are submitted **regularly** to the **Audit and Risk Committee**, whose main duties are:

- Evaluating and reviewing Risk Management policies and practices.
- Overseeing the efficacy of risk control and management systems.
- Reviewing the Company's ability to identify any new risks that may appear.
- Ensuring that the Board receives regular information and reports on risk control.
- Monitoring the effectiveness of the Redexis Risk Management System.
- Ensuring that both internal and external regulatory and legal requirements are met.

During 2022, the **main projects** carried out by the risk department have been as follows:

- A review to reformulate the parameters used to measure the impact and probability of risk and align them with our new strategy. The Company's appetite for risk was completely re-evaluated in different areas.

- A project for an overall continuity plan for the Company, in which a diagnosis was made of the different potential scenarios and the strategies to be adopted in each of these cases.

These projects advanced the positioning of risk management as one of Redexis's fundamental activities. At the beginning of 2023, exhaustive information about risk will be forwarded to all departments in order to promote the continuous identification of risk and the alignment of their appetite for risk with that of Redexis in all areas and positions.

A more detailed description of risk management can be found in the following published documents, which are available on the Company's website:

- The Annual Corporate Governance Report for the 2022 financial year.
- The Consolidated Management Report for the 2022 financial year.
- The Risk Control and Management Policy.

3. Our commitment to the environment

GRI 3-3

One of Redexis's main commitments is caring for the environment, mitigating the effects of climate change and making advances towards energy transition. In this regard, the Company is firmly committed to respect for the environment and the pursuit of a sustainable economy, and it works daily to achieve a society in which sustainability takes precedence, in accordance with the 2030 Agenda Sustainable Development Goals (SDGs).

Mitigating the effects of climate change and the importance of ecological transition are fundamentally important for Redexis, whose goal is to achieve **a sustainable society and economy**. With this aim in mind, it has integrated the Agenda 2030 **Sustainable Development Goals** (SDGs) as part of its strategy.

This commitment to the environment is formally set out in its **Integrated Policy**, which highlights the importance of environmental excellence, management and energy efficiency. For this reason, Redexis has decided to engage in all of its corporate activities in a way that respects the environment, and it is committed to energy efficiency, given the scarcity of natural and non-renewable resources. In order to face up to the challenge of security in the areas of jobs, energy and the environment, Redexis has intensified the necessary support and established the procedures required to guarantee and minimize risk, protect workers, make rational use of resources and reduce waste, thus contributing to the sustainable development demanded by society and to the achievement of its guidelines and goals.

The general guidelines and goals that inform Redexis's actions are explained in its **Integrated Security, Environmental and Energy Policy**. This Policy is regularly monitored and reviewed in order to ensure its continuing adequacy. All of the organization's employees and other interested parties (suppliers, collaborating companies, temporary personnel, etc.) are made aware of the Integrated Policy through the communications channels provided for in the Integrated Management System.

Environmental Excellence is a fundamental value in Redexis's Policy, and its management is based on the following keystones:

- Environmental monitoring in the areas in which Redexis is active, with particular focus on construction sites and the maintenance of facilities and infrastructure.

- Planning and executing activities in an organized, rational and error-free way, reducing any impact on the environment.
- Improving the management of any waste generated, applying suitable measures for the reduction, recovery and recycling of waste and ensuring that any that is not recoverable is properly disposed of.
- Supplying the information and resources necessary in order to establish and review the targets and goals that will guarantee environmental and energy management.
- Reducing consumption of natural resources through the use of recycled and/or recyclable products, promoting the saving of energy.
- Informing employees and making them aware of the importance of the correct management of energy and the impact of their activities on the organization's energy performance.
- Complying with the environmental requirements set out in the Company's environmental licenses, declarations and authorizations.
- The Company has Environmental Emergency Plans in place, and it carries out an annual emergency drill in each Autonomous Community.

The procedures approved by Redexis that allow it to carry out the **continuous monitoring of its environmental evaluation and certification** include the following:

- **Procedure DOC-10** "Operational Control, Preventive Planning, Measurement and Monitoring": this includes the monitoring and measurement activities required to achieve mitigation of environmental impact and the meaningful use and consumption of energy associated with the Company's business activities, and to maintain the health and safety of all interested parties.
- **Procedure DOC-13** "Identification and evaluation of environmental aspects": to identify and evaluate the environmental aspects of the Company's activities, products and services that can be monitored, and those on which the Company can have an effect, along with the associated environmental impacts, from a life-cycle perspective.
- **Procedure DOC-08** "IMS Audits": this covers the way that regular audits are to be carried out, understood to mean the systematic and documented verification process for objectively obtaining and evaluating evidence showing compliance with the Integrated Management System.

Throughout the course of 2022, the Company set the following goals **in relation to the environment and energy saving**:

a. Reducing our Carbon Footprint by 1.7% (Kg C=2 emitted / Km pipeline) as compared with 2020.
b. Reducing diffuse emissions during distribution due to the entry into operation of new networks by 20% (Kg CO2 emitted during entry into service / Km entering service) as compared with 2020.
c. Reducing electricity consumption at the SANSON-01 Position by 2% during the fourth quarter of 2022 compared with baseline energy consumption in 2021.
d. Reducing electricity consumption at the Navas del Marqués LNG Plant by 15% during the fourth quarter of 2022 compared with baseline energy consumption in 2021.
e. Reducing the natural gas self-consumption ratio (kWh/MWh emitted) at the Navas del Marqués LNG Plant by 15% during the fourth quarter of 2022 compared with the reference figure for 2021.
f. Developing a Tool for the Management of Workplace Health and Safety, the Environment and Energy Management in two stages.
g. Increasing the number of hours training provided in Environmental courses by 6% compared with 2021.
h. Reducing the generation of hazardous waste resulting from spillages of fuel, machine diesel, used oils, etc. by 10%.

In order to achieve its proposed objectives, Redexis has introduced a series of strategies through its Energy Management, Environment and Workplace Health and Safety ("GEMASST") department and has made environmental management, energy management and the idea of sustainable development an integral part of the Company's strategy. One of its main concerns is to offer transparency and to inform and raise awareness among all stakeholders through the use of documented environmental and energy criteria during the Company's planning and decision-making processes.

Redexis identifies and evaluates the environmental aspects that could be important in relation to the activities that it engages in, attempting to minimize their impact. In this regard, it takes care to make reasonable use of resources and raw materials, taking action to try and minimize the generation of residue, emissions and waste and controlling and preventing the generation of pollution as a result of its activities through the application of programs for continuous improvement and the establishment of environmental and energy targets and goals, ensuring that the Group's facilities and activities are increasingly respectful to the environment and thus helping to preserve the natural environment in which its facilities are located, with the adoption of measures to protect species of flora and fauna and their habitats.

Energy saving and the rational and balanced use of the various energy sources are key aspects of Redexis's strategy, and the Company is committed to encouraging the development of cleaner and more efficient energy technologies among its employees and society in general with the aim of minimizing the carbon footprint that it generates.

Redexis strives continuously to improve processes, systems and skills that will guarantee greater quality and security in the performance of its activities and in the products and services that it offers, and it regularly and objectively reports on its performance in relation to environmental and social issues.

It also devotes itself mainly to the construction and maintenance of networks for the transmission and distribution of natural gas, regarded as the cleanest, most sustainable and most efficient conventional energy source and the one that is most respectful to the environment.

Natural gas plays an essential role in the Spanish energy matrix and the drive to reduce emissions, covering consumer needs while at the same time caring for the environment. **Natural gas is an efficient energy source that is low in emissions,** and it is highly competitive both for ordinary households and for business and industry. Natural gas improves the quality of the air while at the same time supporting market penetration by renewable energies. It helps industry remain competitive by offering the most economic prices and guaranteeing security of supply.

Natural gas is an economic, reliable, convenient and ecological energy source. The following are some of the notable advantages offered by natural gas:

- It improves both local and global air quality, as it does not emit particles and has a very low NO_x and SO_x content.
- It provides support for market penetration by renewable energies in the electricity sector.
- It favors industrial competitiveness.
- It guarantees the security of supply at both a domestic and a commercial or industrial level.

Electricity generating plants that run on natural gas and cogeneration plants for the production of electricity and thermal energy can be connected directly to networks for the distribution of natural gas, in order to provide consumers with cleaner and more versatile energy.

In the current and future renewable energy scenarios, existing natural gas infrastructure and technology like Redexis's transmission and distribution networks will become an important strategic element in the process for an ordered energy transition, complying with targets for the reduction of CO_2 emissions without compromising the safety of supply.

Redexis has kept its **Emergency Environmental Plan** up-to-date at all of its facilities at all times, and at the same time has reviewed and updated its Internal Emergency Plans and Self-Protection Plans, with continuous analysis and monitoring of its previously defined health and safety, environmental and energy management indicators.

Since 2017, Redexis has recorded its Scope 1 and 2 Carbon Footprint annually in the **National Carbon Footprint Register kept by the Ministry for Ecological Transition** (MITECO), for which it has obtained a *"Calculation"* stamp for its natural gas transmission and distribution activities. In 2021 it was not possible for the Ministry to assess whether there had been a downward trend in our emissions ratio, because the organization's scope had changed over the four years analyzed (2018, 2019, 2020 and 2021), and in 2020 there was a change in the methodology used to estimate diffuse emissions from the distribution network (methodology changed by SEDIGAS). In view of this, in order to opt for the *"Calculation + Reduction"* stamp we need to demonstrate a reduction in four comparable years from 2020, so this reduction may take effect in 2024, once the audit verifying the footprint for 2023 has been carried out, since the scope, methodology and characteristics of the 5 companies from which the Group is formed became comparable from 2020 onwards. In addition, the data on the tons of construction and demolition waste managed are compiled in a unified way using Scorecards.

For the prevention of environmental risk, Redexis has both internal and external human resources and **an IT tool for energy efficiency**, and it allocates amounts in its budget for the prevention of environmental risk.

In June 2022, it successfully completed (0 minor non-conformities) an audit of its **energy efficiency management system**, which led to the award of **ISO 50001:2018** certification for its activities relating to the transmission, storage and distribution of natural gas, LNG and LPG.

The ISO 50001:2018 audit report also highlighted some strong points, such as an exhaustive examination of the organization's background and the needs and expectations of its stakeholders, excellent energy reviews by area, the improvement of base lines with the inclusion of new energy variables that have in turn improved the coefficient of determination, targets for the improvement in energy efficiency supported by Improvement Plans, good monitoring of indicators, the excellent skills and know-how of both the personnel and the organization as a whole with regard to the efficient operation of processes, operational criteria applied to the efficient operation of the Company's facilities from an energy perspective, consideration of the priorities and risks relating to ensuring the supply of LNG and LPG, and effective monitoring of energy consumption. The Company seeks at all times to maintain the quality of its Senior Management's leadership through meetings of the **GEMASST Leadership Committee**, with the aim of reinforcing its leadership undertaking on the issues defined in its Integrated Management System in relation to Health and Safety, the Environment and Energy Management.

The excellence of its management of environmental and health and safety issues is demonstrated by Redexis's commitment to make continuous improvements each year in its system for the integrated management of Energy, the Environment and Health and Safety, supported by reports and certificates recording external audits carried out on the basis of the following standards: **ISO 50001 on Energy Management, ISO 14001 on Environmental Management and ISO 45001 on Workplace Health and Safety**. The system covers the monitoring of energy consumption (electricity, gas, fuels) and the application of measures to reduce consumption.

With regard to certification, during 2022 the relevant recertification audits were carried out in relation to standards **ISO 14001:2015, ISO 45001:2018**, and **ISO 50001:2018**, and recertification was obtained in all three cases. Implementation of the measures arising from Royal Decree 840/2015 continued at SEVESO Plants, and audits at these plants were successfully completed without any major non-conformities.

Redexis is aware that the protection of nature and the natural environment must be taken into account in any business activity, since future generations will depend on it, and it therefore contributes in this way to sustainable development. In this regard, every member of the workforce is offered **courses on Energy Efficiency in the Office and Waste Management in the Office**, and a new course was introduced in 2021 entitled **Regulation 05 Management of Atmospheric Emissions**, which underlines the importance that the Company attributes to matters involving training and awareness on both energy-related and environmental issues, with regular meetings of the energy management team at corporate level, six-monthly meetings of the Regional Environment and Energy Committees, quarterly meetings of the Health and Safety Committees and six-monthly meetings of the Interterritorial Safety Committees. All of this has led to increased communication at the Integrated Management System level, with the principal focus on issues relating to the environment and energy.

3.1. Pollution

GRI 305-1, 305-2, 305-4, 305-5 and 305-7.

With the aim of reducing current emissions, an **Emissions Reduction Plan** has been prepared which includes a number of measures implemented during the course of 2022:

- Replacement of the reheaters at LNG plants.
- Replacement of the boiler at transmission positions.
- Increase in the level of implementation of vacuum pumps in the work to bring new networks into operation.

The introduction of these measures in line with the Emissions Reduction Plan allowed the Company to control and reduce its emissions during 2022, thus reducing its Carbon Footprint and allowing its registration with the Ministry for Ecological Transition (MITECO). This has meant that, as will be set out in more detail below, the Company's estimated Carbon Footprint for 2022 (pending confirmation of the final figures) will be 36,596 tCO_2, with Scope 1 emissions at 36,596 tCO_2 and Scope 2 at 0 tCO_2.

3.2. Circular economy and waste prevention and management

GRI 306-2

The concept of the circular economy is extremely important for Redexis, which seeks to create efficient production models that protect resources and reduce impact on the environment.

Through its Integrated Management System, and specifically through its **"Waste Management" Operational Regulation**, Redexis establishes a system that ensures that the Company correctly controls and manages the waste produced as the result of its activities, products, services and facilities. In this way it optimizes its management of hazardous and non-hazardous waste, establishing targets for the reduction of environmental indicators and thus contributing to the development of the transition towards a circular economy.

In order to achieve this and comply with the contents of its Waste Management Operational Regulation, a series of measures was taken during the course of 2022:

- **Prevention of pollution due to waste:** waste must be sent for recycling or evaluation when there is a possibility of it being managed in this way, and its destruction is avoided whenever possible.
- **Separation of waste:** the unit generating the waste is responsible for separating it out by type, based on its ELW code, and correctly depositing it in the appropriately marked containers so that it can subsequently be deposited at the collection points designated to this end. All personnel, both internal and external, are responsible for depositing the different types of waste in their respective container.
    - Hazardous waste is deposited in hygienic and secure conditions in the areas designated to this end.
    - In the case of hazardous waste that is not generated by office activities but is owned by Redexis, this is moved to the closest "Hazardous Waste Store", and the necessary measures are taken to prevent any damage to the receptacles and packaging used. At these stores, it will be classified and catalogued as waste, separated out according to type and temporarily deposited in secure conditions until it is collected by an authorized waste manager.
    - Each contractor is responsible for the waste generated by its own activities.

- **Storage of waste**: each waste-producing center (offices and warehouse, where applicable) has specific areas for the storage of waste and suitable regulatory containers for each of the types of waste that they generate.
- **Labelling of waste**: all containers are properly labelled in a clear, legible and identifiable way (in at least the national language). The label is attached to one or more sides of the package, in such a way that it can be read horizontally when the package is positioned in the established way.
- **Waste management**: non-hazardous and hazardous waste is handled by authorized waste managers and carriers.
- **Following up and measuring waste**: the management of waste is followed up and measured each week to ensure its correct separation and ultimate handover to the authorized waste manager. Authorized waste managers prepare a monthly report on the amount of waste managed.

Management of Non-Hazardous Office Waste (Kg)*	Total 2022 (Kg)	Total 2021 (Kg)	Indicator (/employee) 2022	Indicator (/employee) 2021	Change
Cardboard	2,032	344	6.00	0.99	506.82%
Confidential papers	5,076	1,803	14.99	5.18	189.47%
Plastic	1,299	158	3.83	0.45	745.01%
Total	**8,407**	**2,305**	**8.27**	**2.20**	**483.43%**

The management of food waste in offices only applies to the offices in which food waste may be generated. There are waste containers in all Redexis offices and these are managed via an authorized waste manager.

3.3 Sustainable use of resources

GRI 302-1, 302-2, 302-3, 302-4, 302-5

As far as water consumption is concerned, there is responsible **water consumption** at all our facilities. Proof of this is the saving in water consumption achieved each year, mainly thanks to the environmental awareness campaigns that are launched regularly by the Company.

Consumption of Non-Energy Resources (m^3)	Total 2022 (m^3)	Total 2021 (m^3)	Consumption (/facility*) 2022	Consumption (/facility*) 2021	Change
Water consumption at facilities	980	537	0.25	0.17	53.43%

*Facility: LPG, LNG Plants; Overhead and underground LPG and LNG Tanks; Overhead and underground regulation and/or measurement positions and stations.

Redexis continuously monitors **energy consumption**, and in this way it is able to implement energy efficiency measures.

NG, LPG, Diesel, Petrol, Electricity		2021	2022*	2022 * vs 2021
Total, energy consumed	**kWh**	**17.852.593**	**18.191.975**	**1,90%**
	m network Trans., Dist. and LPG	**11.738.196**	**11.902.986**	**1,40%**
	Ratio	**1,521**	**1,528**	**0,49%**
Trans. positions	kWh Consumed	12.408.348	12.682.782	**2,21%**
LPG Plants	kWh Consumed	1.819.365	1.767.534	**-2,85%**
LNG Plants	kWh Consumed	2.431.505	2.421.535	**-0,41%**
Vehicles	kWh Consumed	816.361	976.317	**19,59%**
Offices	kWh Consumed	377.014	343.807	**-8,81%**

*NB: Energy consumption is analyzed by type of facility, compared year on year. Data for 2022 are estimated. Calculation of this estimate is based on actual data recorded from January to September 2022, plus an amount for the last quarter of 2022 which is calculated by replicating data from months expected to have similar climate conditions to months for which data are available from 2022.

The following are some of the notable measures implemented in order to achieve energy savings:

	Measures adopted in 2022
Offices	Maintenance of the solar photovoltaic self-consumption equipment installed in 2021. Presence detectors fitted to the lighting systems at the Murcia and Zaragoza offices.
Transmission Positions	Replacement of boiler with another that consumes less electricity at the SANSON-01 Position.
LNG Plant	Replacement of open reheaters at the Navas de Marqués LNG Plant

3.4 Climate change

GRI 305-1, 305-2, 305-3, 305-5

Climate change is one of the greatest challenges that we face as a society and the mitigation of its effects forms a key part of Redexis's strategy.

Following the UN's approval of the Paris Agreement in 2015, sustainability has become a fundamental principle for alleviating its effects. This agreement finally brought 197 nations together for the first time under a common cause: to combine their efforts in order to combat climate change and support developing countries so that they can adapt to the changes required. The agreement seeks to achieve a global accord that will provide a coordinated and organized response to the challenges of climate change, with the aim of limiting the increase in global temperatures to below 2 degrees as compared with pre-industrial levels.

On 13 November 2021, the Glasgow Climate Pact was adopted at COP26, reaffirming global commitment to speeding up action to benefit the climate during the course of this decade.

The European Union, which is a key player in this area, signed the Green Deal with the aim of making Europe the first continent to become climate neutral by 2050, with emphasis on the reduction of emissions and the development of technology and innovation.

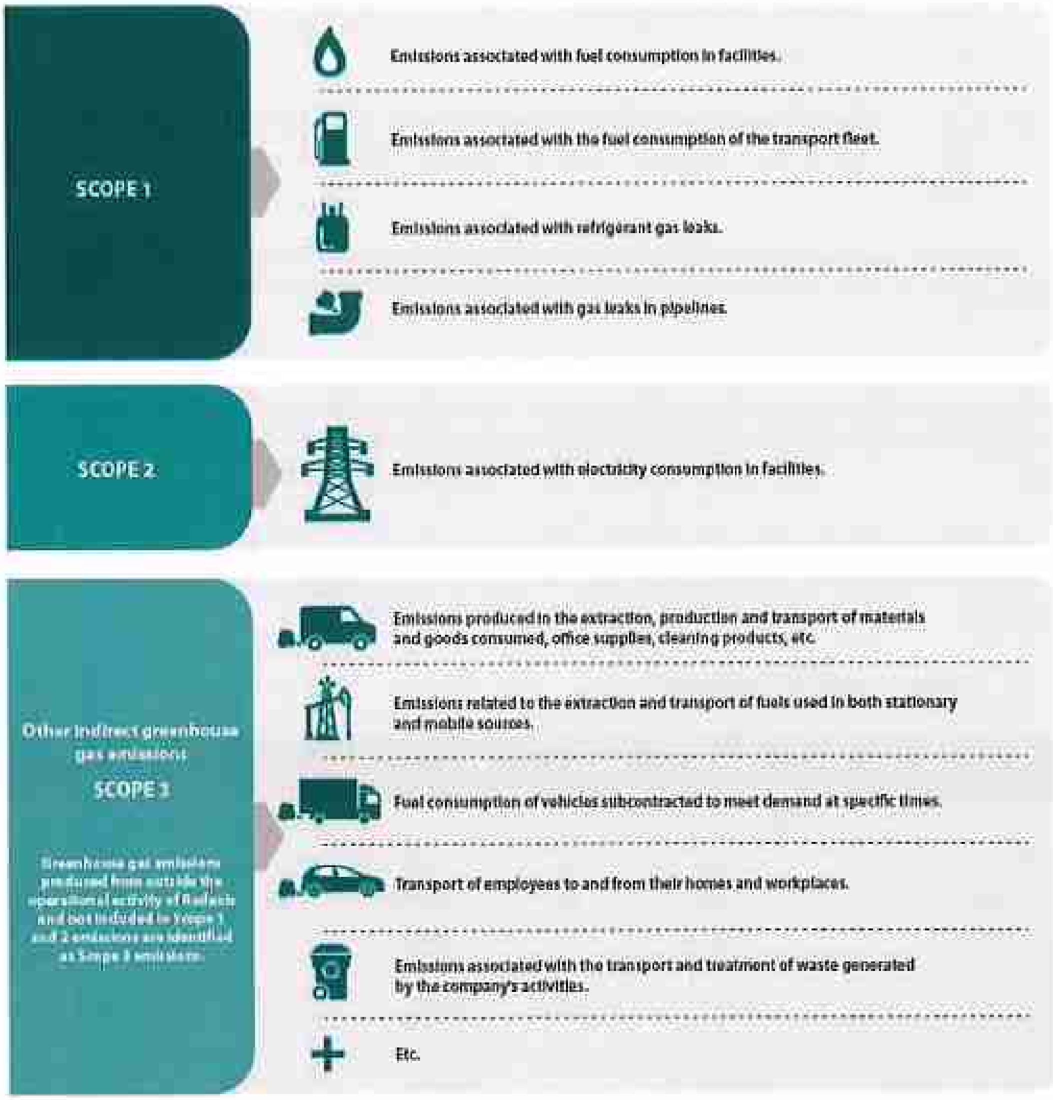
The physical limits of the study for the quantification of greenhouse gas emissions at Redexis are contained within the following types of facilities:

- Redexis Offices
- Transmission facilities, also known as positions
- LNG Plants
- LPG Plants
- Vehicle fleets
- Networks (associated with diffuse emissions)

Redexis believes that climate change is a global environmental challenge that requires everyone to make some contribution to mitigating its effects. CO^2 emissions, for example, are one of the factors that most affect global warming. For this reason, the Company works constantly to reduce its own emissions by making significant investment to update its infrastructure and optimize its business activities, thus improving its energy efficiency.

Redexis is developing **greenhouse gas emission measurement and control tools** in order to reduce these emissions. One of its most notable initiatives relates to the calculation of its Scope 1 and 2 carbon footprint, an exercise in both information and transparency that was given a "Calculation" stamp by the Spanish Ministry for Ecological Transition for the Company's natural gas transmission and distribution business carried out from its headquarters in Madrid.

In addition, during 2022 Redexis took a further step forward in the measurement and calculation of its Carbon Footprint and incorporated this calculation in Scope 3.



Aware of the impact that its activities have on the environment, and with the aim of establishing effective and efficient emission reduction policies, Redexis calculates the greenhouse gas emissions resulting from its transmission, distribution and storage of natural gas in Spain. The Company makes its report for the purposes of calculating the carbon footprint from its activity and informing all of its stakeholders about the organization's emissions in a transparent way. The main objectives pursued in carrying out this initiative are as follows:

- Ascertaining and evaluating the organization's Greenhouse Gas emissions (GGEs) in order to identify opportunities for reducing its carbon footprint.
- Improving our position in relation to society in general and maintaining a responsible commitment to continuous improvement.
- Recording the Company's carbon footprint in the National Carbon Footprint Register kept by the Ministry for Ecological Transition (MITECO).

With the aim of reducing current emissions, an **Emissions Reduction Plan** has been prepared which includes a number of measures carried out during the course of 2022:

- Replacement of the reheaters at LNG plants.
- Replacement of the boiler at transmission positions.

- Increase in the level of implementation of vacuum pumps in the work to bring new networks into operation.

The implementation of these measures has led to reductions in a number of indicators:

- Fall of 5.1%* in the Company's Carbon Footprint (tCO_2 / m network Trans., Dist. and LPG).

NB*: Data for 2021 have been audited in accordance with Standard UNE-EN ISO 14064-1: 2012 Greenhouse gases, and the Carbon Footprint has been recorded at the Ministry for Ecological Transition. Data for 2022 are estimated as we will not have the real data until April 2023.

The implementation of these measures in 2021 finally led to a reduction in Scope 1 and 2 CO_2e emissions calculated on the basis of kilometers of distribution network, with the figure falling from 8.44% to the estimated 4.33% including in the Non-Financial Information Statement for 2021.

The measures to reduce the carbon footprint are the planned energy consumption reduction actions contained in the action plan for the ISO 50001 energy management system introduced at Redexis.

- **Carbon Footprint Indicators ***

Carbon Footprint Indicators (tCO_2)	2021			Estimate 2022		
	Scope 1	Scope 2	Total	Scope 1	Scope 2	Total
Offices	13	3	16	1.5		1.5
LNG Plants	418	16	434	445		445
LPG Plants	390	7	397	467		467
Transmission positions	2,304	7	2,311	2,854		2,854
Vehicle fleets	190	---	190	185		185
Diffuse emissions	32,572	---	32,572	32,644		32,644
Total	35,887	33	**35,920**	36,596	0.00	**36,596**

Ratio (t/km Trans., Dist. and LPG)	2021	Estimate 2022	Change from 2021 to 2022
Total A1+A2	3.34	3.20	-4.30%
Scope 1	3.33	3.20	-4.30%
Scope 2	0.02	0.00	0.00%

NB*: Data for 2021 have been audited in accordance with Standard UNE-EN ISO 14064-1: 2012 Greenhouse gases, and the Carbon Footprint has been recorded at the Ministry for Ecological Transition. Data for 2022 are estimated, as we will not have the real data until April 2023.

The methodology used to calculate this figure is explained in the 2021 Carbon Footprint calculation report and verified by audit, in accordance with Standard EN ISO 14064-1:2012 Greenhouse gases. Estimates for 2022 are prepared on the basis of this methodology, taking account of real data for the months from January to September 2022, and then making a calculation by replicating data from months expected to have similar climate conditions to

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months for which data are available from 2022. The final figures will become available in April 2023.

During 2021, Redexis generated a total of 108,846.27 tons of CO_2 associated with Scope 3*, of which 899.96 tCO_2e resulted from emission sources associated with category 3, 2,456.44 tCO2e were category 4 and 105,489.87 tCo2e corresponded to category 5.

tCO_2e TOTAL	Results
Category 3. Transport	899.96
Upstream transportation	856.57
Commuting	29.13
Business travel	14.26
Category 4. Products used	2,456.44
Materials	1.51
Water	0.17
Waste	0.05
Maintenance	2,454.71
Category 5. Use of products	105,489.87
LPG Sold	105,256.18
Diffuse customer networks	233.69
TOTAL	**108,846.27**

(*) About Scope 3, actual data are provided for the year 2021. The actual data for year 2022 will be provided in consecutive reports, due to the difficulty of showing estimated data reflecting the real context, on scope 3.

During 2021, Redexis: generated a total of 144,765.11 tCO_2e

tCO_2e TOTAL	Results	%
Category 1	35,883.05	24.79%
Category 2	35.79	0.02%
Category 3	899.96	0.62%
Category 4	2,456.44	1.70%
Category 5	105,489.87	72.87%
TOTAL	**144,765.11**	

The criteria established in DOC.20, "Manual for Quantifying and Reporting GGEs", in our integrated management system were applied, and the calculation tool used was developed by an external consultant on the basis of experience gained in the field of Carbon Footprint Calculation.

The methodology used to obtain activity data for each emission source is as follows:

- Electricity consumption: Data for electricity consumption is obtained from the invoices received from the companies that sell electricity. Invoices are compiled by an external service that uploads them to an online platform, from which the person responsible for making this calculation transfers consumption data to the carbon footprint calculation tool.

- Natural Gas consumption: Data for Natural Gas consumption is obtained by reading the NG meters owned by REDEXIS.
- LPG consumption: Data for LPG consumption is obtained by reading the LPG meters owned by REDEXIS.
- Consumption of fuel by the fleet: Data for activities associated with the use of vehicles is compiled from the information provided by the Solred cards.
- Diffuse methane emissions: the activity data used to quantify the emissions caused by operational activities and permeability of the gas pipeline network is compiled using two different methodologies:
  In the case of diffuse emissions from both distribution networks with an MOP greater than 16 bar and transmission networks, calculation and data collection is based on the guidelines for the linear method established by Sedigas in its report entitled "Methodology for the Calculation of Methane Emissions in Gas Distribution Systems", published in September 2019, while in the case of diffuse emissions from distribution networks with a MOP of 16 or less, the event method from the same methodology is used, under which the level of emissions produced is estimated based on the events occurring with the inclusion of field data, in order to determine methane emissions according to different types of event.
- Fluoride leaks from climate control and cooling equipment: The activity data for refrigerant gas leaks will be obtained from the maintenance reports for the air conditioning and cooling equipment, which record the amounts of gas required to recharge this equipment.

The estimated uncertainties in emissions are based on combining the uncertainties in emission factors with the uncertainties in the corresponding activity data. The emission factors used to prepare the organization's GHG Inventory are extracted from official sources and are specific for each source category. The selection of these emission factors is intended to reduce uncertainty as far as possible. As part of this methodology, the values collected in the GWPs from the fourth IPCC report are used as a reference, based on the notification made to the Inventory Unit at the General Sub-department for Air Quality and the Industrial Environment.

The activity data used to create the organization's GHG Inventory are drawn from supplier invoices or contracts for each emission source.

The level of uncertainty in the consumption and activity values recorded by Redexis is considered to be low. The uncertainty levels in the emission factors provided by the CNMC and the Ministry for Ecological Transition are also low, but uncertainty in the factors used to calculate diffuse emissions is considered high, given that they are based on average empirical values developed using a reduced sample. The total level of uncertainty in the Carbon Footprint calculation is therefore considered to be intermediate.

3.5 Protection of biodiversity

GRI 304-1, 304-2, 304-3, 304-4.

Redexis is firmly committed to **the conservation of natural capital and biodiversity**. The management of its activities takes careful account of the integrated treatment of the impacts caused, and the Company maintains a preventive approach towards the generation of such impacts, correcting any that may arise.

Based on the principle of caution, Redexis carries out **environmental studies** while designing its infrastructure and facilities, with the aim of minimizing any potential negative impacts during their useful life. If the facility in question is close to protected zones or areas classified as being of high value in terms of their biodiversity, Redexis carries out specific studies for the purposes of adapting the project and thus avoiding, reducing or offsetting any impact on these areas. In addition, it creates an **oversight program** for both the building works phase and the operational phase, with the aim of applying any preventive and corrective measures that may be necessary in relation to issues such as waste management, the monitoring of machinery and vehicles on site, communications with environmental organizations and compliance with established environmental specifications, among others.

The construction of a gas pipeline passes through the following phases:

- Monitoring of the environmental obligations set out in the Environmental Impact Statement
- Environmental Oversight Program
- Waste management
- Archaeological monitoring
- Restoration and improvement of the natural landscape

After construction is complete, a series of standard measures is followed to reforest the affected area. The **environmental oversight engaged in by Redexis** in the areas identified, with a view to preventing any potential deterioration in the environment, includes action to monitor any impact and follow up the efficacy of the preventive and corrective measures established in the Environmental Impact Assessment procedure, together with certain important factors such as the proper management of hazardous and non-hazardous waste, the comprehensive monitoring of machinery, etc. This oversight will continue for the amount of time set out in the Environmental Impact Assessment, until confirmation is obtained from the relevant bodies that it may end because the necessary results regarding the environment's restoration and replanting have been obtained.

As an example of the Company's archaeological monitoring, in 2021 a group of Roman mosaics dating from the end of the 3rd and beginning of the 4th centuries CE was uncovered as the result of work to lay a gas pipeline in the historic center of Mérida. This discovery was examined by the Council's Works Monitoring Team, to which Redexis expressed its firm commitment to the city's archaeological heritage.

The ancient findings were catalogued, documented and covered over once again for their own protection. As regards the pipe-laying work, once the Council had completed its examination, the course of the pipeline was changed as necessary in order to protect the mosaics. This meant displacing the original route by a few metres in order to continue digging the required channel.

4. Our commitment to people

4.1 Employment

GRI 3-3, GRI 2-7, GRI 401-1, 405-1, 405-2

For Redexis, success is achieved through the efforts of its workforce, and it is fundamentally important to attract and retain people who share the Company's values and are committed to its sustainable development.

Redexis has a **Code of Ethics and Conduct** which reflects its commitment to all the principles of corporate ethics and transparency, thereby establishing a series of behavioral procedures and guidelines that are ultimately aimed at ensuring the responsible and ethical behavior of all the individuals who form part of the Company. This Code also summarizes and defines the values and good practices that must govern corporate conduct and the actions of all the professionals who are both directly and indirectly connected with Redexis, during the performance of the Company's activities.

The Company has also signed a **Collective Agreement** with the UGT union which governs labor relations between the Company and all of the workers who belong to the Redexis workforce.

In addition, as a sign of Redexis's commitment to equal treatment and the fight to combat inequality, the Company has created an **Equality Plan**, the main purpose of which is to ensure a real and objective equality of opportunity between men and women at all levels of the Company, promoting a development model that is committed to equality and encouraging a business culture that is based on equal treatment.

Redexis strives for **equal opportunities and the promotion of diversity**, which has led to the development of objective and impartial selection and hiring processes that focus exclusively on criteria based on merit and personal ability, and the promotion of **stable permanent contracts** whenever possible. Redexis also provides all of its employees with an internal **Job Posting** tool through which they can consult and apply for any available vacancies, thus ensuring internal mobility and professional development for all of the people who make up the company.

It also promotes the engagement of people from under-represented groups and supports an internship program to allow young people to gain access to the jobs market.

The creation of employment and the attraction of talent is an important objective for Redexis, which seeks to achieve excellence in its activities by creating long-term value. At the close of 2022, Redexis had 337 direct employees working throughout the territory of Spain.

- **Workforce at the end of 2022, broken down by age, gender and professional grade**

2022			
Professional Grade/Age	Men	Women	Total
Management Committee	8	3	11
2. 30-40 years	0	0	0
3. 41-50 years	3	2	5
4. >=51 years	5	1	6
Managers and Heads of Department	94	28	122
2. 30-40 years	10	11	21
3. 41-50 years	63	12	75
4. >=51 years	21	5	26
Technical and Ancillary Personnel	131	70	201
1. <30 years	4	5	9
2. 30-40 years	27	21	48
3. 41-50 years	50	26	76
4. >=51 years	50	18	68
Other categories	16	7	23
1. <30 years	2		2
2. 30-40 years	3	1	4
3. 41-50 years	7	3	10
4. >=51 years	4	3	7
Overall total	249	108	357

(*) Other categories includes the professional grades of sales and telephone assistance personnel.

- **Total number and distribution by type of contract:**

2022			
Type of contract	Men	Women	Total
Permanent	246	107	353
Temporary	3	1	4
Total	249	108	357

- **Average total and distribution by type of contract, gender, category and age:**

2021	Permanent			Temporal			
	M	W	T	M	W	T	T
Management Committee	8	4	12				12
2. 30-40 years	1	0	1	0	0	0	1
3. 41-50 years	3	3	6	0	0	0	6
4. > 51 years	4	1	5	0	0	0	5
Managers and Heads of Department	98	19	117				117
1. <30 years	1	0	1	0	0	0	1
2. 30-40 years	14	7	21	0	0	0	21
3. 41-50 years	61	11	72	0	0	0	72
4. > 51 years	23	1	24	0	0	0	24
Technical and Support Personnel	138	68	206	0,5	1	2	208
1. <30 years	3	3	6	0	0	0	6
2. 30-40 years	39	20	59	0	1	1	60
3. 41-50 years	53	32	85	0,2	0	0,2	85
4. > 51 years	43	13	56	0,3	0	0,3	57
Other categories	4	4	8	3	1	4	12
1. <30 years	0,2	0	0,2	0	0,2	0	0
2. 30-40 years	1	1	2	1	0	1	3
3. 41-50 years	2	2	4	2	0,5	2	6
4. > 51 years	1	1	2	1	1	1	3
TOTAL	248	95	343	3	3	6	349

2022	Permanent			Temporal			
	M	W	T	M	W	T	T
Management Committee	6	5	11	-	-	-	11
2. 30-40 years	0	0	0	0	0	0	0
3. 41-50 years	3	2	5	0	0	0	5
4. > 51 years	5	1	6	0	0	0	6
Managers and Heads of Department	96	25	121	0	0	0	121
1. <30 years	0	0	0	0	0	0	0
2. 30-40 years	10	11	21	0	0	0	21
3. 41-50 years	64	10	74	0	0	0	74
4. > 51 years	22	4	26	0	0	0	26
Technical and Support Personnel	123	66	189	3	0	3	192
1. <30 years	2	4	6	0	0	0	6
2. 30-40 years	28	18	46	0	0	0	46
3. 41-50 years	46	26	72	2	0	2	74
4. > 51 years	47	18	65	1	0	1	66
Other categories	8	5	13	0	0	0	13
1. <30 years	0	0	0	0	0	0	0
2. 30-40 years	2	1	3	0	0	0	3
3. 41-50 years	4	2	6	0	0	0	6
4. > 51 years	2	2	4	0	0	0	4
TOTAL	235	99	334	3	0	3	337

(*) Other categories includes the professional grades of sales and telephone assistance personnel.

- **Number of terminations of employment contracts at the Company's initiative at the end of 2022, broken down by age, gender and professional grade**

2022			
Professional Grade/Age	**Men**	**Women**	**Total**
Management Committee	**1**	**0**	**1**
4. >=51 years	**1**	**0**	**1**
Managers and Heads of Department	**0**	**1**	**1**
3. 41-50 years	**0**	**1**	**1**
Technical and Support Personnel	**1**	**0**	**1**
3. 41-50 years	**1**	**0**	**1**
Other categories	**0**	**1**	**1**
1. <30 years	**0**	**1**	**1**
Overall total	**2**	**2**	**4**

(*) Other categories includes the professional grades of sales and telephone helpline personnel.

- **Average remuneration, broken down by age, gender and professional grade (*, **, ***):**

2021 (*)

Professional grade/Age*	M	W	T
1. Managers and Heads of Department	70.813	67.450	70.743
1. <30 years	51.147	0	51.147
2. 30-40 years	71.740	71.233	71.543
3. 41-50 years	69.494	63.840	68.605
4. >=51 years	74.784	80.667	75.039
2. Technical and Support Pe	43.995	35.688	41.240
1. <30 years	37.772	26.783	31.178
2. 30-40 years	36.995	33.594	35.842
3. 41-50 years	41.130	37.972	39.950
4. >=51 years	54.339	35.522	49.891
3. Other categories	16.252	16.092	16.165
1. <30 years	0	15.292	15.292
2. 30-40 years	17.692	17.692	17.692
3. 41-50 years	16.092	16.092	16.092
4. >=51 years	15.292	15.292	15.292
Overall total	54.104	40.970	50.386

2022 (*)

Professional Grade/Age*	M	W	T
1. Managers and Heads of Department	73.430	66.791	71.906
1. <30 years	0	0	0
2. 30-40 years	61.956	66.879	64.535
3. 41-50 years	74.474	63.396	72.701
4. >=51 years	75.764	74.743	75.568
2. Technical and Support P	44.888	36.150	41.845
1. <30 years	29.886	25.540	27.471
2. 30-40 years	37.310	33.217	35.519
3. 41-50 years	41.511	39.168	40.709
4. >=51 years	53.557	38.158	49.481
3. Other categories	16.698	16.784	16.724
1. <30 years	16.098		16.098
2. 30-40 years	17.698	16.098	17.298
3. 41-50 years	16.784	17.698	17.058
4. >=51 years	16.098	16.098	16.098
Overall total	54.149	43.030	50.775

(*) Other categories includes the professional grades of sales and telephone assistance personnel.
(**) Does not include data relating to the managers on the management committee.
(***) Variable forecast at 100%; does not reflect the actual amount received

- **Gender pay gap and minimum salary set out in the collective agreement (*)**

In 2022, a job evaluation exercise has been carried out which has allowed a comparative analysis of positions of equal value, concluding that the main differences are mainly explained by factors such as seniority, the origin of the Company itself with the presence of different groups under the framework of different collective agreements and the lower presence of women in certain positions of technical business content.

To understand the results and the lower presence of women in the Company, factors such as the industrial nature of the Company's activity, low turnover rates, the origin of some groups with a historical predominance of the male gender, as well as the conditions of the agreements of origin, among others, must be taken into account.

Level	Salary gap 2022 (1)
Senior management (2)	
Management	-6.6%
Supervisors	-4.6%
Professionals	11.5%
Specialists	-16.4%

(1) The annual gross fixed salary and the theoretical annual variable bonus of employees as of December 31, 2022 have been considered.
(2) The Senior Management level consists of the paid members of the Board of Directors. The data for this level is blank because it was occupied only by men during the 2022 fiscal year.

Concepto y cálculo de diferencia salarial

Las diferencias salariales se calculan de la siguiente manera:

$$\textit{Diferencia Salarial} = \frac{\textit{Retribución hombres} - \textit{Retribución mujeres}}{\textit{Retribución hombres}}$$

El resultado se expresa como porcentaje, y tiene la siguiente interpretación:

- >0%. Significa que las mujeres cobran menos que los hombres. Se expresaría como "las mujeres cobran un x% menos que los hombres", donde la retribución de los hombres es tomada como referencia. Veamos un ejemplo: $\textit{Retribución hombres} = 100$; $\textit{Retribución mujeres} = 85$
  $\textit{Diferencia salarial} = \frac{100-85}{100} = 15\%$, "las mujeres cobran un 15% menos que los hombres"
- =0%. Significa que las mujeres cobran igual que los hombres.
- <0%. Significa que las mujeres cobran más que los hombres.

On the other hand, the minimum wage established in the collective bargaining agreements in place at Redexis is around 15% higher than the minimum inter-professional wage in Spain in 2022.

- **Remuneration received by managers and directors (*)**

2022	
Men	320,706.35
Women	183,836.39
Overall total	289,120.98

(*) Information relating to paid members of the Board of Directors and the managers who form part of the management committee.

- **Total number of new appointments and personnel turnover rate for the period covered by the report, broken down by age, gender and region.**

New appointments			
	Men	Women	Total
1. <30 years	6.0	3.0	9.0
2. 30-40 years	7.0	7.0	14.0
3. 41-50 years	11.0	4.0	15.0
4. >=51 years	7.0	3.0	10.0
Overall total	31.0	17.0	48.0

Turnover			
	Men	Women	Total
1. <30 years	0.0 %	20.0%	9.1%
2. 30-40 years	30.0%	9.1%	20.5%
3. 41-50 years	4.9 %	2.3 %	4.2%
4. >=51 years	7.5%	3.7%	6.5%
Overall total	9.6%	5.6%	8.4%

Voluntary departures by gender	
Men	19
Women	2
Total	21

4.2 Organization of duties

GRI 3-3, 403-2.

Redexis's commitment to its employees is reflected in its payment policy, through which everyone who works for the Company enjoys a variable payment system that is linked to the achievement of company, departmental and individual targets. Other benefits and advantages are also included:

- **Flexible remuneration.** Redexis offers everyone on the workforce the possibility of gaining access to a series of products in accordance with each person's individual needs, in such a way that they can optimize their remuneration and increase their disposable income. During 2022 more than 80% of the workforce enjoyed some benefit from this program, which offers the possibility of taking up five products: Health insurance, Restaurant, Transport, Training and Childcare.
- **Life and accident insurance.** From the moment that they join the Company, each person is covered by a life and accident insurance policy.

- **Pension plans.** Any Company employee who wishes to do so may sign up to a pension plan that is regarded as a socially responsible investment.
- **Health insurance.** The Company subsidizes a percentage of the worker's premium as a company benefit.
- **Assistance with childcare and childbirth.** The Company offers a payment of 60 euros a month for 12 months following childbirth, and a childcare payment in the same amount.
- **Redexis discount club**. All workers have access to a series of discounts on different articles and products, such as cinema and theatre tickets, trips, hotels, sport, fashion, etc.
- **Urban Sports Club**. Any worker who wishes to can subscribe to a wide range of sports and wellness activities. Available options range from completely free of charge to discounts of 50%.
- **BH Wellness Program.** Anyone may gain access to this service, which is aimed at promoting physical and emotional wellbeing and is completely free of charge.

Redexis, which is committed to flexibility and reconciliation of the work-life balance of everyone who works for the Company, signed the **3rd Company Collective Agreement** with the UGT union, which improves working conditions in a number of ways:

- **A reduction in the annual number of working hours** as compared with the previous Collective Agreement.
- **Flexible working hours,** with workers arriving between 8 and 9.30 am and leaving from 5.15 pm onwards. The minimum time that can be taken for lunch was also reduced to 45 minutes from 2022.
- **Uninterrupted working on Friday,** with a flexible start time and the possibility of leaving from 3 pm onwards.
- **Uninterrupted working days during the summer period, which was increased to three months, from 15 June to 15 September, upon completion of the term of the 2nd Collective Agreement.**
- **24 and 31 December,** non-working days.
- **Working days before public holidays** (5 January, 23 and 30 December and Easter week) are worked in a single, uninterrupted 7 hour session.
- **Increased holiday allowance,** which has been extended to 26 business days.
- **Remote working**

Following the publication of Royal Legislative Decree 8 of 8 March 2019, **Redexis guarantees the daily recording of the hours worked** by all its employees, thus combatting job insecurity and providing measures for social protection.

- **Hours lost to absenteeism:**

	2022
Hours lost to absenteeism:	5,542

4.3 Health and safety

GRI 3-3, 403-2, 403-3, 403-4, 403-9, 403-10.

Redexis goes beyond mere compliance with the applicable legislation in force and promotes the **continuous improvement of working conditions and the management of safety, health and**

wellbeing. Redexis seeks to involve its suppliers, service providers, end users and other stakeholders with an interest in its activities, with the aim of acting with maximum safety.

With regard to matters relating to **health and safety in the workplace**, the Company set a series of targets for 2022:

- To meet the following joint accident rate figures for employees and contractors:
  - Combined Frequency Rate (FR) <1.67
    FR = No. Accidents / No. hours worked *1000000
  - Combined Severity Rate (SR) <0.03
    SR = No. days lost *1000 / No. hours worked
  - No. of accidents with or without sick leave lower than 5.
- SST, MA and GE Management Tool in two stages.
- Completion of a one-day seminar on awareness of Workplace Risk Prevention for Managers, middle-ranking staff and technical personnel in the operations and maintenance division.
- Specific SEVESO training for 70% of the prevention teams that have SEVESO plants in their territories.
- Digitalization of work permits in two phases.
- Completion of a healthy lifestyle campaign promoting postural ergonomics among employees.
- Increasing the number of employees trained in providing first aid by 25% as compared with 2020.

In order to achieve its proposed objectives, Redexis has implemented a series of strategies that have been implemented by the GEMASST department, in which special emphasis is placed on stimulating leadership and promoting sensitivity and awareness in respect of occupational health and safety issues. **Throughout 2022, Redexis encouraged wellbeing and a healthy lifestyle, monitoring and caring for the health of its workforce at all times.**

At all of its workplaces and facilities, the Company permanently monitors compliance with all applicable legal obligations and other requirements that the organization observes in matters relating to health and safety, the environment and energy.

It ensures at all times that its workers receive training in workplace health and safety to a level deemed sufficient and appropriate for the proper performance of their working duties, identifying and monitoring risk and removing any hazards that may be detected, with adoption of the appropriate measures. Redexis continuously ensures that workers receive general information in this regard via their representatives, along with direct information on the specific risks that may affect their individual workstations or duties, and it also provides details of any applicable preventive measures that may be required in order to mitigate the risks in question. Workers are consulted at all times, and their involvement is sought, through their company representatives, in matters that may affect their health and safety.

In June 2022, the Company approved the **Remote Working Regulations**, which can be found in Appendix 5 of the collective agreement. This applies to all of the people who work for Redexis and who, under supervision from the Human Resources Department, meet the conditions and requirements set out in the Remote Working Regulations and are subject to the Redexis collective bargaining agreement. From that date onwards it became possible to **sign a remote working agreement** that has been agreed between the worker and their direct line manager. This remote working agreement is then subsequently validated by the Human Resources Department.

Two options are available for employees who regularly engage in remote working: remote working two days a week, and remote working every afternoon and one morning a week during the non-continuous working days of the winter, which becomes two days a week during the uninterrupted working days of the summer.

An appraisal of the risks of remote working has been carried out by means of a **remote working self-assessment questionnaire** issued by the External Prevention Service.

There was a particular focus on digital disconnection during 2022, and a series of measures was introduced, such as the need to respect rest periods and holidays, not calling meetings or sending emails outside working hours, the rational use of digital tools, etc. The Company prepared the **Redexis Group Digital Disconnection Regulations** (included in Appendix 6 of the collective agreement), which regulates the way in which digital disconnection rights can be exercised, along with the personnel training and awareness activities on the reasonable use of technological tools, in order to prevent any IT overload.

The Company acts at all times, both at a corporate level and vis-à-vis its employees, in accordance with the prevention criteria set out in the legal and regulatory framework and in Redexis's own Integrated Management System, monitoring compliance with all applicable legal requirements. This System is regularly reviewed, and measures are continually adopted to improve its efficacy. These criteria form an integral part of the management of prevention at all levels within the Organization, without exception.

The **Integrated Management System Course** is still offered for new employees at the Redexis Campus, thus ensuring that they are provided with information on how issues such as health and safety in the workplace, the environment and energy are managed at the Company.

A **Report on the ergonomic study of job positions** is prepared for all office workers and sales and control center personnel at all Company workplaces. A Training Course on Ergonomics is offered for the job positions analyzed in the report. Training is offered to all workers on the **Prevention of Musculoskeletal Injuries and Disorders** in Office Jobs. Information is provided on the results and the preventive measures to be introduced as a result of the report on the ergonomic study of job positions at Redexis. Training workshops are offered on warming up, stretching and cervical exercise routines. Preventive measures are introduced at an ergonomic level, as reflected in the ergonomics report.

A new **appraisal of psychosocial risk** (*INSHT F-PSICO. Factores Psicosociales Versión 3.1*) was carried out in February 2022, which provided workers with information on preventive measures. The efficacy of the actions taken as the result of the studies and appraisals carried out in previous years was examined.

The **Working Group on Psychosocial Issues and Wellness** continued its work. The Group includes 2 Prevention Officers, 2 members of the HR Department, the head of the Prevention Service and the Director of GEMASST. This Working Group has prepared a Plan of Action for the Psychosocial and Wellness measures to be developed, in which it sets out all the actions that the Group believes should be undertaken in order to tackle the risks identified in the most recent

Psychosocial Risk Assessment. The monitoring of the preventive plan is led by the Head of the Prevention Service, with individual action from each of the areas involved.

The Company still offers its **"Time Management and Efficient Organization of Working Duties"** training course at the Redexis Campus.

In the week beginning 18 April 2022, the Company celebrated Safety Week, in honor of the World Day for Safety and Health at Work. Over the course of the week it promoted initiatives relating to the health and wellbeing of its workers. These initiatives included an "**Anti-smoking Course**" given by a Doctor from the Spanish Heart Foundation.

A training course was held in June 2022 entitled **"Awareness of Workplace Health and Safety for Managers and Heads of Department. Practical Workshop (Role Playing). Simulated Trial"**, aimed at the Operations and Maintenance Department. This training activity created awareness regarding the potential legal (and particularly criminal) liabilities that could arise for members of the Company who have administrative, management and oversight duties in the areas of engineering, bids and the execution of building work. The activity involved an engaging learning process that consisted of reproducing all the different stages and actions involved in court proceedings, with a particular focus on the procedural and argumentative strategies that must be adopted in order to defend the interests of the technical, administrative and managerial personnel involved in actions for liability as the consequence of industrial accidents or infringements of workplace risk prevention regulations.

The **Redexis Healthy** initiative, which began back in April 2020, continued during 2022 with the launch of the **Redexis Healthy Wellbeing** program. The Company also maintained its Employee Support Program, with the aim of caring for the emotional and personal wellbeing of the Company's employees through the offer of the following forms of intervention:

- **Psychological help for employees**: confidential psychological help for all of the organization's employees, offered free of charge.
- **Coaching sessions** for employees who request them. These sessions allow people to develop their skills in a personalized way that is suited to their own personal or professional challenges, with help from an individual coach. They can work on areas such as public speaking, enhancing social skills or improving time management. Sessions are held either by video conferencing or telephone.
- **Wellbeing Programs:** All employees can take advantage of individual training free of charge which they can make use of in order to tackle their own personal challenges or goals. Sessions proposed during 2022 were: reconciliation of work and family life, time management, resolving problems, combatting stress, emotional management of uncertainty and healthy relationships in the workplace.
- **Wellbeing portal:** This is a portal that is exclusively available to Redexis employees and that contains information and resources to assist in caring for their individual wellbeing. This portal is updated each week with articles, videos, advice, books, recommendations from specialists and news items that have been checked and prepared by professionals.

Redexis works continually in the pursuit of objectives designed to reduce the risks and hazards that may arise in the working environment, offering recommendations and alternatives aimed at ensuring the safety of its employees. The GEMASST Department monitors the number of days without accidents, compiling this information via the different Health and Safety Committees, with the **aim of reducing accidents to zero**. It also has a technological tool for the registration, monitoring and analysis of healthcare, which is provided via the "*Mi salud*" (My health) app made available by the Quirón external prevention service.

Each of the Company's workplaces keeps a register showing the names and responsibilities of the members of the **Emergency Teams** and their training in administering first aid. First aid training for the emergency teams at the Madrid, Zaragoza and Palma de Mallorca offices was updated in 2022. Annual drills that included both environmental and workplace health and safety scenarios were carried out at the SEVESO Plants, with a view to ensuring worker safety at all times. Courses on the **Management of Emergencies** continued to be updated for newly appointed members of the Emergency Teams, and during 2022 the prevention teams contracted by Redexis were given training on **the implications of the SEVESO regulations and emergency plans** put in place at our facilities.

As a Company that cares about workplace health and safety, Redexis is also concerned about the wellbeing of its employees when they are away from their place of work, and for this reason it published its **Updated Mobility Plan** in December 2022. In January 2022, the Company launched its road safety campaign, 12 pieces of advice, 12 months, and it created a new Mobility Space on the Company Intranet with useful advice relating to workers' mobility, advice on road safety and information relating to the location of its offices (public transport services, bicycle lanes, etc.).

Training Courses to improve driving skills were offered, with practical sessions round the circuit at the ILUNION facility, while our Industrial Accident Mutual Insurance Company, La Fraternidad, gave road safety workshops using immersive virtual reality. The **Mobility and Road Safety Committee** continued to hold meetings.

The Company successfully passed an Audit of its **Healthy Workplace Certification** in December 2022. We obtained a score of 90.5%, 0.7% up on our 2020 result (89.8%).

Meetings of the **Leadership Committee** were held with the aim of reinforcing the leadership shown by Senior Management and its commitment to issues relating to workplace health and safety and the environment.

2,026 health and safety inspection visits were made to on-site works, with a further 538 visits to the Company's facilities. This represented an increase of 38% in safety inspections at facilities (visit / facility) compared with 2021. As regards on-site safety inspections, a fall of 66% was recorded, and one of workplace health and safety targets in the IMS for 2023 is therefore to increase on-site health and safety visits by 5% compared with 2022. 56 emergency drills were carried out at Redexis facilities during 2022, an increase of 2.43% (drill / facility) compared with 2021.

In 2022, Redexis continue to make progress with its commitment to workplace health and safety, obtaining recertification for its **Workplace Health and Safety Management System** under ISO 45001:2018. In this regard, the certification awarded to Redexis by **British Standards Institution**, a leading institution in audits and certification, further consolidates the company's commitment and its leading position in the area of Workplace Health and Safety, the Environment and Energy, with an Integrated Management System for all of its business activities.

ISO 45001 is currently the international standard that is most highly respected in matters relating to health and safety in the workplace. Its great advantage is that the system for managing health and safety must be adjusted in line with the High Level Structure currently included in all the new versions of the ISO standards. This means that an organization's strategy must be more closely aligned to the health and safety of its workers, with greater leadership shown by the Management in this area. In addition to this, ISO 45001 establishes a significant change in respect of obligations relating to consulting workers and obtaining their participation, in such a way that they must now be empowered and involved in areas such as the definition of policies, targets, needs and expectations. Continuing along this same line, Redexis strives to continue offering its employees a plan for their health and wellbeing, promoting healthy lifestyle habits that conform to its **Healthy Workplace** certification.

- **Health and Safety Indicators in the Workplace**

Health and Safety in the workplace forms a key part of Redexis's strategy, and the company has taken the actions described above in order to achieve its proposed objectives. Based on these actions, the following shows the resulting indicators with which it monitors Health and Safety in the workplace:

		2022
Employees	Hours Worked	200,323 (women) 515,117 (men)
	Accidents	3 (2 women and 1 man)
	No sick leave	1 (1 man)
	With sick leave	2 (2 women)
	Severe	0
	Fatal	0
	Days Lost	23
	Days Lost due to sick leave	23
	Frequency rate *	2.80
	Severity rate (without sick leave)	0.0
	Severity rate **	0.03
Contractors	Hours Worked	926,205 (men and women)
	Accidents	4 (men) 0 (women)
	No sick leave	3
	With sick leave	1 (men) 0 (women)
	Severe	0
	Fatal	0
	Days Lost	0
	Days Lost due to sick leave	5 (men) 0 (women)
	Frequency rate *	1.08
	Severity rate (without sick leave) **	0
	Severity rate **	0.01
Employees + Contractors	Hours Worked	200,323 (women) 1,441,322 (men)
	Accidents	5 (men) 2 (women)
	No sick leave	4 (men)
	With sick leave	1 (men) 2 (women)
	Severe	0
	Fatal	0
	Days Lost	28

	Days Lost due to sick leave	5 (men) / 23 (women)
	Frequency rate *	1.83
	Severity rate (without sick leave) **	0.00
	Severity rate **	0.02

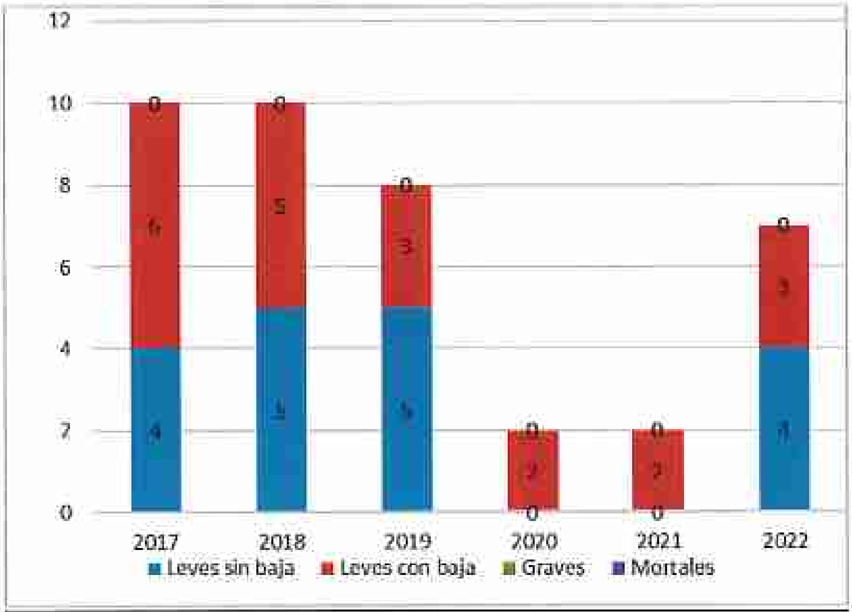
(*) Frequency rate = (Accidents with sick leave * 1,000,000) / Hours worked Accidents with sick leave (AWL) = AWL involving (workplace accident reports notified by the company by Delt@ official electronic declaration) + AWL involving contractor's personnel (workplace accident reports notified by the contractor by Delt@ official electronic declaration and communicated to Redexis)

Hours Worked (HW) = HW by company's own personnel (Working hours registered by HR for company personnel) + HW contractor's personnel (Hours worked by contractor's personnel and notified to us in a SAD (Statistical Accident Data) form under the Integrated management system)

(**) Severity Rate = (No. of days lost * 1,000) / Hours worked No. of days lost (DL) = Nº days off due to workplace accident

- Hours Worked (HW) = HW by company's own personnel (Working hours registered by HR for company personnel) + HW contractor's personnel (Hours worked by contractor's personnel and notified to us in a SAD (Statistical Accident Data) form under the Integrated management system)

Breakdown of fatal, serious and minor accidents (<u>company personnel and contractors</u>)



Accident frequency rate (company personnel and contractors)

AFR 2022 1.83 (accidents with sick leave x10⁶ / hours worked).

AFR average last 4 years = 1.30

Accident severity rate (company personnel and contractors)

ASR 2021=0.02 (no. of days lost x 1,000 / hours worked)

ASR average last 4 years = 0.01

No. of H&S Inspection visits (site)					
No. of visits (unit)	Total 2022 (units)	Total 2021 (units)	Indicator (/ml constructed) 2022	Indicator (/ml constructed) 2021	Change
Total	2026	2,157	0.01	0.04	-66%
No. of H&S Inspection visits (Maintenance and Operation)					
No. of visits (unit)	Total 2022 (units)	Total 2020 (units)	Indicator (/no. facility) 2022	Indicator (/no. facility) 2021	Change
Total	538	634	0.14	0.10	38%

A series of corporate meetings is held to coordinate works, maintenance and operations at the various facilities. Studies are also completed at the offices in order to provide details of health, safety and working conditions at each of the workplaces.

No. of Corporate Coordination Activity (CCA) meetings on site					
No. of meetings (unit)	Total 2022 (units)	Total 2021 (units)	Indicator (/ml constructed) 2022	Indicator (/ml constructed) 2021	Change
Total	253	233	0.0045	0.0017	-63%

No. of CCA Maintenance and Operation meetings					
No. of meetings (unit)	Total 2022 (units)	Total 2021 (units)	Indicator (/no. facility) 2022	Indicator (/no. facility) 2021	Change
Total	89	82	0.0173	0.0231	34%

No. of Safety Plans created or updated (on site)					
No. of Safety Plans (unit)	Total 2022 (units)	Total 2021 (units)	Indicator (/ml constructed) 2022	Indicator (/ml constructed) 2021	Change
Total	375	415	0.0033	0.0025	-25%

No. of Risk Assessments carried out in the offices					
No. of RAs (unit)	Total 2022 (units)	Total 2021 (units)	Indicator (/no. facility) 2022	Indicator (/No. of offices) 2021	Change
Total	2	6	0.3529	0.1176	-67%

No. of Hygiene Appraisals (office)					
No. of Hygiene App.	Total 2022 (units)	Total 2021 (units)	Indicator (/no. facility) 2022	Indicator (/No. of offices) 2021	Change
Total	0	5	0.0000	0.2941	-100%

In order to ensure the health and safety of its workers at all times, Redexis has detailed emergency and self-protection plans for its offices and other facilities, and these involve the regular holding of emergency drills in order to ensure that the plans are working correctly, as well as to identify any potential need for them to be updated, and ensure that everyone knows how to act at any given moment.

No. of Internal Emergency Plans (IEPs) prepared					
No. of IEPs (unit)	Total 2022 (units)	Total 2021 (units)	Indicator (/no. facility) 2022	Indicator (/no. facility) 2021	Change
Total	13	7	0.0034	0.0022	56%

No. of Self-Protection and Emergency Plans (SEPs) prepared					
No. of SEPs (unit)	Total 2022 (units)	Total 2021 (units)	Indicator (/no. facility) 2022	Indicator (/no. facility) 2021	Change
Total	61	54	0.0158	0.0166	-5%

No. of Documents for Protection against Explosions (DPEs) prepared					
No. of DPEs (unit)	Total 2022 (units)	Total 2021 (units)	Indicator (/no. facility) 2022	Indicator (/no. facility) 2021	Change
Total	48	39	0.0124	0.0120	4%

No. of drills carried out at facilities					
No. of Drills at Facilities (unit)	Total 2022 (units)	Total 2021 (units)	Indicator (/no. facility) 2022	Indicator (/no. facility) 2021	Change
Total	56	46	0.0145	0.0142	2.43%

No. of Office Emergency Plans					

No. of OEPs (unit)	Total 2022 (units)	Total 2021 (units)	Indicator (/no. offices) 2022	Indicator (/No. of offices) 2021	Change
Total	1	5	0.0588	0.2941	-80%

Key: O&M: Operations and Maintenance; CCA: Coordination of Corporate Activities; RAs: Risk assessments; IAPs: Internal Emergency Plans; SEPs: Self-Protection plans: EPs: Emergency Plans.

Training in health and safety issues is of key importance to Redexis, and the GEMASST Department therefore carries out training activities that seek to teach the workforce about these issues and create awareness of the potential risks involved when they are performing their duties, so that they will be able to detect them.

No. of training actions carried out

No. of training actions carried out	Total 2022 (Units)	Total 2021 (Units)	Indicator (/employee) 2021	Indicator (/employee) 2022	Change
Total	250	265	0,3879	0,7380	90%

No. of training hours

No. of training hours	Total 2022 (H)	Total 2021 (H)	Indicator (/employee) 2021	Indicator (/employee) 2022	Change
Total	1994	2402	3,9766	5,8852	48%

No. of workers trained

No. of workers trained	Total 2022 (Units)	Total 2021 (Units)	Indicator (/employee) 2021	Indicator (/employee) 2022	Change
Total	1005	816	1,4397	2,9668	106%

Key: O&M: Operations and Maintenance; CCA: Coordination of Corporate Activities; RAs: Risk assessments; IAPs: Internal Emergency Plans; SEPs: Self-Protection plans: EPs: Emergency Plans.

4.4. Social relations

GRI 3-3, 403-1, 403-4, 402-1, GRI 2-30

In 2022, Redexis approved its **3rd Company Collective Agreement, the main aims of which** are to establish a single regulatory framework in order to encourage stable employment and to achieve a substantial improvement in working conditions. The Agreement covers 95% of the people who work for Redexis, and it will remain in force until 31 December 2025. It offers improvements that include the following:

- One of the main elements in the Agreement is the modernization and improvement of flexible working conditions in order to favor work-family balance and the wellbeing of Redexis's employees, the most notable aspect being the implementation of a remote working model for up to 42% of working hours for jobs that do not require the employee to be physically present, though this is always a voluntary option.

  The options that workers may choose from are as follows:

  a) remote working one day a week
  b) remote working two days a week
  c) remote working every afternoon and one morning a week during the non-continuous working days of the winter, which becomes two days a week during the uninterrupted working days of the summer.

d) In addition to this, every worker will have an allocation of 10 remote working days per year, which can be accumulated over the uninterrupted working day period in such a way that they can work remotely for two complete works during that period.

- Increased flexibility, with a reduction in the minimum time taken for lunch and an increase in the length of the uninterrupted working day period over the summer.
- Reduction in the total number of hours worked during the year, with an increase in rest days.
- Extension and improvement of some of the paid leave permitted under the Agreement.
- Definition of new digital disconnection rules under which the right to disconnect is regulated, which will benefit work-family-personal life balance and guarantee rest periods and holidays.

  The Agreement maintains a model for annual pay increases linked to the Company's operating profit (EBITDA), and it also guarantees gradual improvements in base salaries under the Agreement, with a 3% annual pay increase for the period that the Agreement remains in force.

The **3rd Collective Agreement shapes labor relations with the Company** and recognizes the existence of an Inter-Centre Committee comprising a maximum of 5 members, who will be appointed from among the members of the company's various Workplace Committees and/or Staff Delegates.

This Committee has the following powers:

a) To act as interlocutor with the Company in respect of any individual or collective issues which have been expressly delegated to the Inter-Centre Committee by the Workplace Committee, Staff Delegate and/or any workers requesting its intervention, and in this case the decisions adopted by the Inter-Centre Committee will be binding upon the party that has delegated the power in question.

b) Each year, the Company informs the Inter-Centre Committee about the Company's global plans with regard to contracting.

b) The Company informs the Inter-Centre Committee annually about the Company's global plans with regard to training.

d) The Inter-Centre Committee will act as the workers' legal representative for all purposes in relation to any of the collective matters described in Articles 40, 41, 44.9, 47 and 51 of the Spanish Workers' Statute, whenever the measures taken by the Company in this regard affect more than one of the Company's workplaces, and when the matter in question relates to Article 82.3 of the Spanish Workers' Statute.

In addition, as part of the social dialogues, the following should be noted:

A. Both the CCOO and UGT unions have a presence at Redexis, each with their own respective union section.

B. As of 31 December 2022 there were 19 Workers' Legal Representatives with the power to call elections at all the Company's workplaces.

C. The Group's 2nd Equality Plan remains in force, and this provides for the establishment of a Monitoring Committee that is responsible for overseeing and assessing the Plan with one ordinary meeting each year and the possibility of holding extraordinary meetings.

D. The working timetable is agreed every year with the legal representative at all the Company's workplaces.

Consultation with and participation by workers in relation to matters of Health and Safety in the Workplace, established by collective negotiation, is arranged through the 6 Territorial Health and Safety Committees (THSC) and 1 Workplace Health and Safety Commission:

- THSC Central Region
- THSC Levante
- THSC East Andalusia
- THSC Cadiz
- THSC Northern Region
- Merida THS Commission
- THSC Balearics

The Safety Committees are joint collegiate and participatory bodies whose purpose is to engage in regular consultations on the Company's activities in the area of the prevention of workplace risk. They are made up of the prevention officers on one side and representatives from Redexis on the other (Territorial Managers, Delegates, etc.), each in equal numbers. Each Committee has a Chair and a Secretary. A representative from the Prevention Service may attend meetings of the Committee with the right to speak but not to vote. Given its status as a joint collegiate and participatory body, all of its actions must be taken jointly, following agreement by a simple majority of its members, set out in writing, with representation from both sides. These Committee meetings will be held on a quarterly basis, though extraordinary sessions may also be convened.

Each Committee, as a participatory body whose purpose is to engage in regular consultations on the activities of the REDEXIS companies in the area of risk prevention, will have the following powers and duties in relation to the activities carried out in the different regions:

a) Taking part in the preparation, implementation and evaluation of risk prevention plans and programs.
b) Discussing, before its implementation, the choice of organizational method to be used by the company and, where applicable, the management activities of the specialist institutions that the company has engaged to carry out preventive actions, along with projects in the areas of planning, the organization of duties and the introduction of new technologies, the organization and performance of protection and prevention activities, project preparation and the organization of training in the area of prevention.
c) Promoting initiatives relating to methods and procedures for effective risk prevention, making proposals for improved conditions or the correction of existing deficiencies.
d) Gaining a direct awareness of the situation relating to risk prevention at the various workplaces, making the visits deemed necessary in this regard.
e) Ascertaining which documents and reports on working conditions are necessary in order for the Committee to fulfil its duties, along with the documents and reports arising from the activities of the prevention service, where applicable.
f) Being aware of and analyzing any damage caused to the health or physical wellbeing of the workers, in order to assess the causes and propose the relevant preventive measures.
g) Being informed about and issuing the annual report, and scheduling prevention services.

Aside from these 6 Territorial Safety Committees and 1 Commission, the Company's **Interterritorial Health and Safety Committee (IHSC)** also met once again in 2022. This Committee meets every six months and comprises 5 members of the company's management

(Manager of Operations, Manager of Network Operation, Balearics Regional Manager, Northern Regional Manager and Talent Manager (HR)) and 5 workers' representatives from the different regions and union groups. The position of Secretary falls to the head of GEMASST, who has the right to speak but not to vote, and the Committee is advised by the head of the Prevention Service, who also has the right to speak but not to vote.

The IHSC has the powers and duties listed below, when the necessary duties exceed the regional scope of each of the regional Safety Committees:

a) Encouraging observance of the legal provisions in force in order to prevent workplace risk through the entire Redexis Group.
    a. Taking part in the preparation, implementation and evaluation of risk prevention plans and programs.
    b. Discussing, before its implementation, the choice of organizational method to be used by the company and, where applicable, the management activities of the specialist institutions that the company has engaged to carry out preventive actions, along with projects in the areas of planning, the organization of duties and the introduction of new technologies, the organization and performance of protection and prevention activities, project preparation and the organization of training in the area of prevention.
    c. Promoting initiatives relating to methods and procedures for effective risk prevention, making proposals for improved conditions or the correction of existing deficiencies.
    d. Gaining a direct awareness of the situation relating to risk prevention at the various workplaces, making the visits deemed necessary in this regard.
    e. Ascertaining which documents and reports on working conditions are necessary in order for the Committee to fulfil its duties, along with the documents and reports arising from the activities of the prevention service, where applicable.
    f. Being aware of and analyzing any damage caused to the health or physical wellbeing of the workers, in order to assess the causes and propose the relevant preventive measures.
    g. Being informed about and issuing the annual report, and scheduling prevention services.
    h. Issuing the reports and expert opinions requested by the RHSC in relation to matters that exceed their regional scope.
    i. Reporting the conclusions adopted by the IHSC to the RHSC when it is in the latter's interests to know these conclusions.
    j. Dealing with the issues passed on to it by the RHSC.
    k. Being aware of and issuing an annual report on the evolution of the training program established in relation to health and safety.
    l. Being aware of the results of any external audits arranged, either voluntarily or compulsorily, by the company in relation to health and safety issues.
    m. Being aware of prevention plans and obtaining information on the safety procedures prepared for the various business lines.

The Company has also established Regional Sustainability Committees and Regional Environment and Energy Committees which meet every six months.

For Redexis, transparency and constant dialogue with everyone who forms part of the Company is essential, since these are key aspects for the essential management of communications.

Redexis has an internal portal (**comunicacion@redexis.es**) which allows shared communications between all areas and departments. This portal is also used to report all the achievements and milestones reached. It is also used as a channel for reporting all internal events and activities with employees, which represent an important part of the Company's internal activities.

A new format for internal communications known as **Meeting Point** was introduced during 2022, with the aim of informing, involving and listening to employees and answering any questions, queries, concerns or ideas that they might have. This tool establishes a new way of communicating internally that is more direct, participative, transparent and reciprocal, and it places employees at the center of the decision-making process. The first "Meeting Point" happened on 8 March, with people attending both in person and via remote link. The second was held on 30 June, and employees from delegations from all over Spain attended in person, meeting for the first time since the enforced break caused by the pandemic. The third "Meeting Point" was held online in October. At all three events, employees were able to submit questions anonymously, and these were responded to by the CEO and the rest of the Management Committee during the course of the event.

Another innovation in 2022 was the introduction of "**Reflections from the CEO**", a monthly letter written by the Company's CEO and sent to all employees, with an account of the events that have happened over the previous month and news of forthcoming actions and activities.

A monthly **Newsletter** is also sent out detailing the most important events and milestones achieved during the previous month. It also includes an interview with members of one of the Company's departments, offering employees the chance to get to know their colleagues better.

Another essential tool for communications is the **Intranet**, which all employees can access and which allows them to check all the latest news about the Company, regulations and documentation, as well as giving them access to the campus and other Human Resources channels, etc. The Intranet is vital for establishing links between the Company and its employees and is a reliable source of information on corporate matters.

The **Compromiso Redexis** channel was created within the area of Corporate Social Responsibility (CSR) and is used to inform employees actively about all the initiatives carried out by the department, with a view to increasing a sense of belonging and well-being with the company. November 2022 saw the launch of the **3rd children's drawing contest entitled "Redexis lights up your Christmas"**, which continues to focus on the emotional development and well-being of children. This contest, which can be entered by all employees' children under the age of 13, is divided into different age categories, and winners can choose between a number of prizes and the opportunity for their drawing to become the Redexis Christmas card for 2022. This channel is also used to report all the volunteering and corporate social responsibility activities that employees can take part in or collaborate with, many of which are arranged by the Redexis Foundation (*Fundación Redexis*).

4.5 Training

GRI 3-3, 205-2, 404-1, 404-2, 404-3

As part of our commitment to all the people who form part of Redexis, the Talent division designs and promotes training programs and activities that will help them to develop the skills they require in order to tackle the challenges faced by the Company and the know-how that will assist them in their personal and professional development.

The aim pursued by the Talent division is for **100%** of employees to have access to training that is suited to their needs in terms of both learning and development. In this regard, the Company has strengthened the range of training it offers, focusing its efforts and resources on providing tools and know-how in all the strategic and growth areas that are particularly important for new businesses and new renewable energies.

During 2022, the most important training areas have been as follows:

- **Technical training:** for the second consecutive year we have provided the entire workforce with a catalogue of more than 800 courses on the energy sector, infrastructure, project management, etc., all of which are led by some of the country's leading experts and universities.
- **New Businesses Training:** The courses that have seen the most enrolments are those that relate to renewable energies, such as Biogas and Biomethane, Hydrogen, solar and photovoltaic energy. In total, more than 1,400 hours of training have been given by this School.
- **Corporate Training:** training on issues of general interest and on matters of mandatory compliance for the entire workforce, such as the Welcome Program for new employees known as "Somos Redexis", the internal regulations and code of conduct that form part of the Company's Corporate Governance policy, our Equality Plan, the Sales Program, etc.
- **Training in Skills, Communication and Leadership:** open to anyone who wishes to improve their social, personal or team management skills, e.g. Communicating and Listening, Languages, Social Intelligence, Achieve Your Goals, etc.
- **Training in Technology and Cybersecurity:** Training for the entire workforce on the tools that will allow them to be more efficient and aware in relation to information security. The workshops offered have dealt with subjects such as Phishing, Agile Methodologies, Excel, Office 365 and Teams.
- **Training in Safety, Health and the Environment:** Working with the GEMASST department, we promote risk prevention, health and safety for all, and training on issues such as the environment, mobility, etc.

During 2022, we further improved formats that allow us to reach more employees in order to tackle issues of strategic interest, such as Hydrogen, Biogas and Biomethane, offering **webinars, forums and masterclasses** with known experts from Spain and around the world.

Following the return to the office after two years of the pandemic, the Company is once again offering **face-to-face training** on a wide range of subjects. Notable among these are the following:

- **Project Management:** training for technical personnel that focuses on the management of projects and prepares candidates for an exam to obtain certification.
- **Power BI:** training for people from various departments who are required to analyze and present data from a range of sources in a dynamic and visual way.
- **Photovoltaic Self-consumption:** training aimed at both technical and sales personnel focusing on the market, the sector, infrastructure, etc.

The Company is also keen to attend to any training needs that may fall outside these areas and subjects, and it promotes a **Flexible Remuneration** scheme with the introduction of a grants system for **Masters' Degrees** through its partner, Structuralia. This offers the opportunity to attend one of the 100 Masters' and other postgraduate degree courses with official Spanish university certification, during which students have access to all the course content free of charge and only have to pay the Dissertation fee if they decide that they would like to obtain the degree.

Finally, with the aim of informing the entire organization of our new **Mission, Vision and Values**, we organized workshops entitled **"The Values that Unite Us"**, at which we offered a dynamic and participative presentation of our six Values and the behavior by which they are defined. These workshops were offered face to face, with a total of 11 workshops organized across all Regions and Redexis workplaces, with participation from 100% of the workforce.

As a result of all of this, the Company succeeded in almost doubling the number of hours' training per employee from 21 hours in 2021 to 41 hours in 2022:

TRAINING ACTIVITIES	Participants		Hours	
	2021	2022	2021	2022
Corporate Training	121	1203	133	3,104
Training in Skills, Communication and Leadership	106	13	1507	60
Training in Technology and Information Security	129	132	387	901
New Businesses Training	302	407	551	1,419
Technical and Financial Training	446	205	4,644	6,169
Training in Health and Safety, the Environment	201	1,473	417	2,648
Total	**1,305**	**3,433**	**7,639**	**14,301**

4.6 Equality

GRI 3-3, 405

Redexis is firmly committed to equal opportunities for all its employees, suppliers, and contractors, together with the promotion of diversity and the rejection of any form of aggression, harassment or different treatment due to gender, race, age, etc.

That is why, on 19 March 2013, it introduced its **Code of Ethics and Conduct** based on these principles, which includes a commitment to business ethics and transparency, thus guaranteeing the ethical behavior of all the people who form part of the Redexis community. This Code sets out the values and good practices that should inform the organization's actions and that affect all professionals in the performance of their duties. It establishes a series of applicable corporate regulations for all employees which are available on the Intranet and which ensure the principles of equality and diversity:

- **Regulation GOB 02**: Reporting allegedly irregular incidents.
- **SIS 01**: Use of email and IT systems in situations of harassment.
- **Regulation GOB 13:** Prevention and action protocol in situations of harassment. The purpose of this regulation is to prevent harassment in the workplace and, in the event that such a situation arises, to define the criteria for action.

Redexis also has a **Diversity and Equality Policy**, through which the Company makes a commitment to promote equality and diversity and support a corporate culture in which talent is valued. It recognizes that the professionals who make up the organization may have different origins and experiences that could contribute valuable knowledge and seeks to prevent any form of discrimination. This Policy applies to all areas of the Company and is mandatory for all professional personnel, taking on particular importance during the personnel selection and hiring processes. Redexis is thus committed to treating all people with respect and dignity, guaranteeing inclusive, understanding, and supportive working environments where everyone can carry out the tasks with which they are entrusted. Likewise, the Company undertakes not to exercise or tolerate any act of discrimination, including harassment based on gender, sexual orientation, marital status, employment status, race, disability, nationality, religion, belief, age or any other circumstance. In this way it is determined that the selection of personnel for their engagement, promotion, training, or any other benefit will be decided on the basis of their individual skills and abilities and based on their merits.

The following are just some of the measures adopted by Redexis during 2022 to ensure **universal integration and access for people with disabilities**:

- The direct engagement of people with registered disabilities.
- The signing of an agreement with the company Ilunion Retail y Comercialización S.A.U., which is certified as a Special Employment Centre and which is active in the business of supplying office and stationery supplies and consumables, printing and graphic artwork, and corporate, institutional, advertising, and promotional gifts.
- The signing of an agreement with the company INTEGRA, which is certified as a Special Employment Centre and which provides reception services at the Company's offices in Palma de Mallorca, Murcia and Ávila.

As a result of these two agreements, Redexis has been awarded a certificate of exceptionality, and the Company complies with the alternative measures set out in Royal Legislative Decree 1 of November 29, 2013, which approved the Consolidated Text of the General Act on the rights of people with disabilities and their social inclusion.

The Company also has an **Equality Plan** which **encourages the inclusion of women** during the selection and hiring of personnel, especially in areas where they are less represented. It also encourages the professional development of women and their promotion to positions of greater responsibility within the Company. One of its principles is to **ensure equal opportunities** and eliminate any gender bias from the Company's remuneration policies, promoting a culture based on equal treatment both internally and externally.

This year, Redexis made a commitment to a series of actions through to 2026 that would allow it to reach its goal of appointing women to at least 30% of the positions of responsibility within the Company. These actions are based on three key principles: Attracting, Developing and Retaining the best female talent by focusing on internal development aimed at encouraging women to join the Company, which will in turn allow us to build a basis for the future and commit to and retain that talent.

The Company is responsible for introducing a **gender perspective** in its treatment of occupational health, promoting equal opportunities in the prevention of occupational risk and establishing protection measures, assistance, support and information for victims of gender violence.

With the aim of achieving equality, Redexis takes care to ensure the work and family conciliation of all its employees by establishing a series of measures:

- Broad flexibility in the times that workers begin their working day.

- The possibility of selecting the distance working structure that they wish, either working remotely two days a week or during every afternoon and one day a week.
- An allocation of 10 days' remote working is available for everyone.
- The possibility of working flexible hours on the basis of a weekly calculation.
- Establishment of non-working days on December 24 and 31.
- Establishment of uninterrupted working days from the last week in June to 15 September, including the working day prior to the Epiphany public holiday, the beginning of Holy Week and the days prior to December 24 and 31.
- Allocation of 16 hours per year for personal matters and family needs, in addition to annual holidays, for all employees who require them.
- Reduction of travel and work trips through the development of technology that allows them to be replaced by communications and videoconferencing systems.
- Improvement in employees' rights to change their timetables when caring for dependents or when they have become victims of gender violence or terrorism.
- The award of grants for childbirth and to pay for day-care for the children of people working at Redexis.

To ensure compliance with these plans and policies, and to guarantee action against illegal acts, discrimination, or harassment, Redexis has made **both internal and external reporting channels** available to all the parties involved. Any employee or person connected with the Company can use these to express their concerns, even anonymously.

5. Our commitment to respect for human rights

GRI 3-3, GRI 2-23, GRI 2-26, 412-1, 412-2, 412-3

The **Redexis Group Code of Conduct,** which sets out the Company's commitment to the principles of business ethics and transparency in all the areas in which it is active, establishes a set of principles and guidelines for behavior aimed at guaranteeing ethical and responsible conduct among all the professionals working at Redexis Group while they are performing their duties. This code of conduct has been approved by the Board of Directors. It aims to establish the values and good practices that should govern corporate behavior as a whole, in addition to the behavior of all those people directly and indirectly linked to Redexis, in the performance of their duties and in their professional relationships.

One of the keystones of Redexis's corporate culture is transparency and integrity in the performance of its business activities. To this end, a number of internal regulations have been approved (and others have been amended) in order to implement the Code of Conduct and impress the importance of these values on the Company's employees:

- **Regulation GOB 02:** Procedure for the notification of allegedly irregular incidents within the Redexis Group.
- **Regulation GOB 06**: Institutional hospitality.
- **Regulation GOB 07:** Relations with members of Public Administrations.
- **Regulation GOB 08:** Prevention of money laundering, terrorist financing, bribery, and corruption.
- **Regulation GOB 09:** Collaborative agreements with public sector organizations, amended in March 2022 for the purposes of reviewing the procedure for signing Collaborative Agreements.
- **Regulation GOB 12:** Meetings with public sector organizations and Public Administrations, amended in March 2022 for the purposes of reviewing the meetings to be authorized.
- **Regulation GOB 13:** Prevention and action protocol in situations of harassment.

- **Regulation GOB 17:** on issues involving the Defense of Competition, approved in May 2022; the purpose of this regulation is to develop the behavioral parameters for compliance with the rules governing the defense of competition.
- **Regulation GOB 18:** on Conflicts of Interest, approved in May 2022; the purpose of this regulation is to develop the guidelines to be borne in mind by all Redexis Group professionals in order to prevent and manage, as applicable, any conflicts of interest that could arise during the performance of their duties.
- **Regulation GOB 19:** Plan for the prevention of criminal risk, approved in December 2022. This is aimed at developing a model for the organization, prevention, management and monitoring of criminal risk at the Redexis Group, ensuring the effectiveness of certain bases for action and control procedures that will minimize that risk.
- **Regulation GOB 20:** on the duties of the ESG Committee, approved in December 2022. The purpose of this Regulation is to establish the principles for action and the rules governing the internal operation of the Environmental Social and Governance Committee.
- **Regulation GOB 01:** Verification of compliance with tax and social security obligations in the context of public tendering processes.
- **IS Policy. SEG. 02:** on the acceptable use of assets, modified in March 2022, in order to bring the Policy into line with the updated regulations on access to emails.

Redexis has a **Human Rights Policy** through which it commits to respect human rights in every phase of its activity and to make them a fundamental element in acting responsibly. Through this Policy, the Company seeks to ensure the protection of Human Rights, both among its employees and among other Stakeholders. It is based on the UN Declaration of Human Rights and is committed to the different regulations that govern human rights, which form an integral part of this Policy:

- The United Nations Universal Declaration of Human Rights.
- The United Nations Global Compact.
- The United Nations International Covenant on Economic, Social and Cultural Rights.
- The International Covenant on Civil and Political Rights of the United Nations.
- The Guidelines of the Organization for Economic Cooperation and Development for Multinational Enterprises.
- The fundamental conventions of the International Labor Organization.
- The United Nations Convention on the Rights of the Child.
- The United Nations Convention on the Rights of Persons with Disabilities.
- The United Nations Convention on the Elimination of Discrimination Against Women.
- The principles of freedom of expression and privacy of the Global Network Initiative.
- The 2030 Agenda for Sustainable Development.

Redexis's commitment to Human Rights is reflected in all of its commercial operations, with the aim of generating a positive impact and sustainable growth in all the areas and territories in which the Company operates. Details of this effort are passed on to all interested parties every year in the Annual Report and the Sustainability Report.

In addition to all of the above, the Redexis Group also has a procedure for authorizing, monitoring and appraising its suppliers, with a view to ensuring that any third party that supplies goods or services to Redexis is qualified in accordance with the Company's standards of business transparency and ethics, health and safety, quality and the environment.

In 2018, as part of its commitment to transparency and due care, Redexis created an **Appointments and Remuneration Committee** and an **Audit and Risk Committee** within the Board of Directors, even though it was not under any legal obligation to do so. In addition, Redexis complies with all the laws and regulations in force in Spain regarding human rights.

Redexis has been a member of the **United Nations Global Compact** since 2014, thus committing itself to supporting this international project through its activities, and the Company actively participates in the events, webinars and initiatives promoted by this association.

In addition, and as a preventive measure, each time an internal regulation is approved, the entire Company is informed via an internal communication which emphasizes the obligation to comply with the regulation in question. All internal regulations are made available to employees on the Intranet. If they have any queries or questions regarding these regulations, employees may contact the legal services department.

In addition, a range of different courses relating to the applicable regulations have been made available to employees via the Redexis Campus.

During 2022, the Regulatory Compliance Department monitored the different internal regulations in order to check that they were being correctly complied with by all Redexis Group employees.

6. Our commitment to combating corruption and bribery

GRI 3-3, GRI 2-23, GRI 2-26, 205-1, 205-2, 205-3.

From a Corporate Governance perspective, the company aims to continue making advances and taking all the necessary actions in the area of good governance. To this end, all of the internal regulations and procedures required to implement these actions at the Group have been approved.

In this regard, Redexis has a **Code of Conduct** which provides a physical example of one of the aims of its strategy, namely the consolidation of a culture of Corporate Social Responsibility (CSR) in Redexis's corporate practices. This Code of Conduct sets out the Company's commitment to the principles of business ethics and transparency in all the areas in which it operates, establishing a set of principles and guidelines aimed at ensuring ethical and responsible behavior by all Redexis Group employees in the performance of their duties. The Code determines the values and good practices that must govern business conduct and the behavior of all the people directly or indirectly linked to Redexis. The Redexis Code of Conduct also promotes **the company's commitment to the principles of business ethics and transparency** in all the areas in which it operates, establishing a set of principles and guidelines aimed at ensuring ethical and responsible behavior by all Redexis employees in the performance of their duties.

To this end, one of the fundamental keystones of Redexis's corporate culture is transparency and integrity in the operation of its business activities. For this reason, a number of internal regulations have been approved to convey the importance of these values to the Company's employees, notable among which are the following:

- **Regulation GOB 08**, on the prevention of money laundering, terrorist financing, bribery, and corruption.
- **Regulation GOB 02**, procedure for the notification of allegedly irregular incidents.

- **Regulation GOB 06**, on institutional hospitality.
- **Regulation GOB 07**, on relations with members of Public Administrations.
- **Regulation GOB 10**, on the Prevention of Situations of Market Abuse.
- **Regulation GOB 17**, on the Defense of Competition.
- **Regulation GOB 18**, on Conflicts of Interest.
- **Regulation GOB 19**, Criminal risk prevention plan.

Among the above regulations, it is worth highlighting the **"Regulation for the prevention of Money Laundering, terrorist financing, bribery and corruption"**, the general aim of which is to develop a framework for the action to be taken by the Redexis companies within the general sphere of crime prevention and, in particular, to prevent any potential risk of bribery and corruption in deals carried out through third parties. No cases of corruption were reported during 2022.

In addition, and as a consequence of the legislative changes made in respect of criminal offences following the entry into force of Criminal Code Reform Act 5 of June 22, 2010 and Criminal Code Reform Act 1 of March 30, 2015, Redexis has approved **its Regulation GOB-19, "Criminal risk prevention plan"**, the aim of which is to establish a model for the organization, prevention, management and monitoring of criminal risk at the Redexis Group and to guarantee the effectiveness of certain criteria for action and control procedures that will minimize such risks, thus ensuring compliance with the requirements set out in the Spanish Criminal Code.

In addition, Redexis has approved **a risk management and monitoring policy**, in order to establish the basic principles and general framework for action to manage the risks faced by Redexis, guiding and directing the combination of strategic, organizational and operational actions that allow the Board of Directors to strengthen compliance with the organization's objectives, within a framework of rigor and excellence directed towards ensuring safety and service in the performance of its activities.

The "Redexis Campus" offers employees a range of courses relating to the Company's internal regulations, and content has been developed to allow them to continue to advance in their professional development. Particularly notable among the courses that employees have had access to are the course on the Code of Conduct and the course on the procedure for reporting allegedly irregular incidents.

Communication and transparency form an important part of the company's strategy to achieve its objectives in the area of corporate governance. All employees are informed about the approval of the different internal regulations as well as being able to consult them at any time on the Redexis Intranet.

7. Our commitment to sustainable development

GRI 3-3, 203-1, 204-1

The Company's commitment to sustainable development is also reflected in its **Sustainability Policy**. This Policy demonstrates the Group's commitment to social, environmental, ethical and sustainable development, maximizing positive impact through its inclusive and transparent dealings with all of the Group's stakeholders:

- End users and customers
- Employees
- The financial community
- Service providers and suppliers

- Public authorities and regulatory bodies
- The community

The Sustainability Policy sets out the main undertakings that are present in all areas of Redexis's activities. This global commitment is based on the following economic, environmental, social and health and safety responsibilities, efficient energy management, and quality and excellence of service:

- Legal compliance with all current requirements, as well as with the internal regulations, codes and policies that the Group adheres to.
- Responsible management of economic and financial resources.
- Promoting the use of financial instruments that incorporate elements linked to sustainability criteria, wherever feasible and financially reasonable.
- Promoting innovation, sustainable business activities and the circular economy.
- Guaranteeing energy supplies in a safe, efficient and accessible manner, offering the highest possible level of quality, based on the best techniques available.
- Efficiently managing risk and opportunity in all its business activities, with the aim of preventing harm to people, property and the environment.
- Comprehensive and transparent action with all stakeholders, through the publication of regular reports and the promotion of active two-way communication.
- Providing all Redexis employees with professional support and development.
- Promoting work-life balance and equal opportunities for all workers.
- Disseminating Redexis's sustainability culture among all stakeholders.
- Developing actions aimed at sustainable growth in the communities in which it operates.
- Complying with the commitments reflected in its Integrated Health and Safety, Environment and Energy Management Policy, and the development and implementation of those commitments using international reference standards and the Group's own Integrated Management System.

As an operator of energy infrastructure, Redexis plays a fundamental role in the **sustainable development of the local economies** in which it operates. As a key player in the Spanish gas and energy sector, it works hard to support economic activity, corporate productivity, employment, the environment, the management of energy efficiency, and the improvement of quality of life for people, business and industry.

Redexis's strategy is linked to sustainable development throughout all the areas in which it operates, which has led to its recognition by a number of **ratings agencies** that monitor environmental, social and governance (ESG) practices, such as GRESB and Moody's ESG Solutions (formerly Vigeo Eiris).

- **GRESB**: In 2022 Redexis was once again awarded a five-star ESG rating, the highest awarded, in the GRESB sustainability index, thus maintaining its rating from the previous year and demonstrating its long-standing commitment to sustainability. The Company was awarded 4 more points than in the previous years, reaching a score of 95 out of 100 which placed it above all the other businesses in the sector.
- **Moody's ESG Solutions**: this international company (formerly **Vigeo Eiris**), the leader in CSR and sustainability ratings, classified Redexis as "advanced" in 2022, based on its performance in the area of ESG during 2021. This is the highest rating awarded. The Company has obtained ratings that are above the industry average in a range of indicators, which bears witness to Redexis's commitment to sustainable development.

Within a framework of environmental and social responsibility, Redexis has promoted the area of Sustainability, integrating the Sustainable Development Goals (SDGs) as a fundamental part of its corporate governance, strategy and operations model. As a key player in the areas of energy transition and sustainable development within the energy sector, Redexis strives to drive through new solutions and alternatives, carrying out projects on sustainable mobility and the use of renewable energy sources, such as photovoltaic solar energy, green hydrogen, biogas and biomethane.

The **Paris Agreement** was signed in 2015 under the auspices of the United Nations, establishing measures to reduce greenhouse gas emissions and building the necessary way forward to combat climate change globally in accordance with a common model. 197 nations were united for the first time in a common cause to combat climate change, reduce emissions, adapt to the effects of climate change, cooperate and focus their efforts on developing countries, thus establishing a new global scenario in the fight against climate change. With the signing of the Paris Agreement, the aim is to obtain a global response to the threat of climate change, establishing clear, achievable and defined objectives, such as keeping the increase in global temperatures throughout this century below 2°C with respect to pre-industrial levels, and trying to limit this increase to no more than 1.5°C. As part of this same scenario, the **2030 Agenda** for Sustainable Development was signed by the members of the United Nations with the aim of tackling the social, economic and environmental challenges that the world is currently facing and placing people, the planet, prosperity and peace center-stage, under the motto "leaving no one behind". The 2030 Agenda includes 17 **Sustainable Development Goals** (SDGs) that are universal and apply equally to both developed and developing countries.

As a comprehensive energy infrastructure company, Redexis plays a central role in the communities in which it operates, and their sustainable development is a fundamental objective of its strategy. Since 2014, it has been a member of the United Nations **Global Compact Spanish Network**, and it is therefore committed to achieving the Compact's sustainable objectives. It thus contributes to the consolidation of this global project through its activities and contributes to the SDGs that constitute the 2030 Agenda.

To mark the 7th anniversary of approval of the 2030 Agenda with its 17 Sustainable Development Goals (SDGs), Redexis took part in the #apoyamoslosODS campaign, sharing pictures on its social networks to generate wider awareness of the United Nations Goals, in collaboration with the Global Compact Spanish Network. The aim of this campaign is to help increase knowledge and awareness of the SDGs in strategic areas as part of the Company's commitment to take action to support these goals.

Throughout 2022, Redexis has contributed to **SDGs 1, 3 and 4** in respect of social inclusion, **SDG 9** in respect of economic growth and **SDGs 7, 11 and 13** in the area of environmental protection, along with **SDG 17** in respect of the creation of alliances.

DIMENSION	SDG	2022
Social inclusion		• Donation of 25,000 euros by the Redexis Foundation to the Emergency Committee and the World Central Kitchen to assist the social emergency caused by the war in Ukraine.

		• Invitation to not-for-profit organizations to apply for the Redexis Foundation's 2nd Aid Line, for the development of projects to improve energy efficiency and quality of life for people with disabilities, particularly during childhood and adolescence. • Continuation of the Company's psychosocial and wellbeing activity for Redexis employees.
		• Financial assistance from the Redexis Foundation for the Aragon Hydrogen Foundation Awards for Doctoral Theses and Master's and Bachelor's Degree Course Dissertations. The Redexis Foundation has participated jointly with the Exit Foundation on **Project Coach**, to combat early school leaving. • Donation to the Cante de las Minas Foundation and La Celestina Festival for the staging of events.
Economic Growth		• Development of innovative Artificial Intelligence tools with new algorithms to improve business efficiency and optimize network deployment.
Environmental Protection		• Development and approval of the Energia26 Strategic Plan, which will involve an investment of more than 1 billion euros over 5 years and which will focus on intensifying the Company's growth in the deployment of sustainable infrastructure and the area of energy transition. • Agreement with Air Liquide to develop hydrogen filling stations throughout Spain.
		• Commitment to transparency in the Company's communications and with its stakeholder groups through the publication of annual reports, sustainability reports and NFIS.
		• Registration of the calculation of the Company's Scope 1 and Scope 2 Carbon Footprint, with a commitment to reduce emissions. • Participation in initiatives such as Green Hysland, HIGGS, Ocean H2, Hydrogenizing BCN and the pioneering injection of biomethane in Spain in collaboration with Galivi Solar. • First green hydrogen production plant in Garray, Soria (2.5MW), which can be powered directly from the electricity generated by a 5.2MW photovoltaic plant and which will have a 150 m^3 storage system.

Alliances		• Agreements and alliances with the leading players on the national and international energy map: GASNAM, Spanish Hydrogen Foundation, Appa Renewables and the Aragón and Extremadura Energy Cluster, among others. • Collaboration with sporting and cultural organizations: Teatro Real, Cuevas FC Almería, UCAM Murcia CB, Asociación Deportiva Mérida SAD. • Alliance with EIDF in order to promote solar photovoltaic self-consumption.

The European Union includes the fight to combat climate change among its main strategies, with goals that are closely aligned with those of the Paris Agreement, and it has established ambitious policies with the aim of making Europe the first carbon neutral continent by 2050. It has developed the **European Green Deal** a package of ambitious measures that seek to reduce emissions, focus on innovation projects, and conserve the environment and biodiversity. The Green Deal is the European Union's road map to the development of a sustainable economy on the continent: with no emissions, a sustainable use of resources and without leaving anyone behind.

The changing times in which the sector is currently immersed, together with the EU's decarbonization goal under the 2030 Agenda, are leading to the proliferation of renewable energies and the promotion of more sustainable alternatives. In this regard, Redexis is working resolutely on the **development of new, cleaner and cheaper forms of energy**, with the aim of reducing emissions and achieving a more sustainable planet, contributing to the reduction of emissions, creating jobs, and reducing emissions of both gases and particles.

Energy transition is one of the greatest challenges we currently face, both as a society and a company, and natural gas plays an essential role in this process, due to its low emissions. For certain industries that need high levels of power and heat, gas is essential in order for them to continue to operate.

Redexis is actively developing projects for renewable gases, biomethane and hydrogen, at different points around Spain, working on both their production and their injection into the network.

- **Green Hysland:** Redexis is involved in the construction of the first hydroduct pipeline in Spain, specifically in Mallorca, as part of the European Green Hysland project, which will enable the residential, commercial and industrial sectors to use an energy source that is 100% renewable, in a project that is aimed at creating a more efficient and sustainable society.

- **Ocean H2:** the aim of which is the development of marine plants for the production, storage, transmission, distribution and supply of renewable hydrogen produced using wind and photovoltaic energy obtained at sea. Redexis is the company that is responsible for studying the various technologies that form the logistical and technological chain for hydrogen produced at sea, and it is thus designing solutions that will allow the hydrogen to be transmitted from the plants in which it is produced and stored.

- **DESIRE H2:** Redexis and Air Liquide have formed an alliance in order to deploy up to 100 hydrogen filling stations around Spain by 2030. The stations will be strategically placed at the main logistical centers, such as Madrid and Barcelona, as well as along the principle transport routes that link Spain with the rest of Europe, the Mediterranean and Atlantic corridors.

- **Hydrogenizing BCN:** Redexis is the company charged with developing the necessary infrastructure and with building and managing the hydrogen filling stations that are planned for various locations within the Barcelona metropolitan area, including at the property owned by Butransa, one of the largest logistical operators handling containers in the Port of Barcelona.

- **Zeppelin:** the Company is working on the development of technologies for the production and storage of green hydrogen based on the use of waste and secondary products in order to improve cost and efficiency.

- **Higgs:** a European cooperation initiative that will study the possibility of injecting hydrogen into existing natural gas infrastructure as a way of reducing CO_2 emissions.

- **Green Hydrogen Production Plant in Garray:** Redexis, an integrated energy infrastructure company, has been awarded the construction and supply contract for a green hydrogen production plant with a capacity of 2.5 MW that is to be located at the Environmental Business Park (Parque Empresarial del Medio Ambiente, PEMA) in Garray, Soria. The plant will be completed by December 31, 2023.

- **Galivi Solar**: a pioneering initiative in Spain which will allow for the injection of up to 40 gigawatt hours (GWh) of biomethane per year into the distribution network. This will result in savings in emissions equivalent to around 7,820 tons of CO_2 (tn-eq CO2).

Natural Gas

Natural gas is an efficient alternative that makes it possible to reduce emissions in sectors as important as heavy mobility and industry, in addition to achieving financial savings in customer bills. In its commitment to achieving a carbon neutral economy, and as an infrastructure operator, Redexis introduced the following initiatives over the course of 2022:

Where the maintenance of its facilities is concerned, the Company has developed a digital document manager that is linked to all maintenance activities, along with an application for the management of permits for working on especially hazardous activities, all of which has led to significant improvements in the management of its maintenance operations.

As regards training and collaboration with third parties, the following section gives details of some of the activities carried out in the different regions in which Redexis operates:

- Training on LNG plants and actions to be taken in the event of emergency (IEP) for the team at the fire station in Yecla.
- CETURSA (Cetursa Sierra Nevada S.A.), the public company that manages the Sierra Nevada ski station: meeting to discuss methodology and the coordination of action to be taken in the event of incidents and in relation to the operational needs of the facility.

- Presentation of our facilities at the OTUES-03 position to the Chairman of the Escuzar industrial estate.
- Training session on gas pipeline safety for the city councils of El Espinar (Segovia) and Sotillo de la Adrada (Ávila).
- Training in Yepes on "Hazardous Merchandise. Distribution of natural gas - LPG", given to 20 members of the fire prevention, rescue and extinguishing service at the Albacete, Guadalajara, Talavera de la Reina and Toledo municipal parks, along with the provincial councils of Albacete and Toledo.

Vehicular Natural Gas (VNG)

Vehicular Natural Gas, i.e. the gas used as a fuel for vehicles, is a clean, economical and sustainable alternative for mobility that is enjoying serious growth thanks to the boost given by companies like Redexis, which considers its development essential and invests great efforts in this area, as a way of opening up a place in the mobility sector for carbon neutral fuels such as biomethane, which could replace VNG without the need for changes either to infrastructure or to the vehicles that currently run on VNG.

VNG is a revolutionary energy both for society and for companies that are increasingly concerned about the environment. Redexis is promoting its development through the creation of gas filling stations distributed throughout Spain and the signing of agreements with large companies in the sector such as Cepsa, Seat and Volkswagen, along with the companies that retrofit vehicles to run on VNG, such as Dimsport and Evarm, with a view to covering the entire VNG value chain. Today, Redexis operates 25 gas filling stations in the regions of Murcia, Madrid, the Balearic Islands, Aragón, Castilla-León, Extremadura, Castilla La Mancha, the Basque Country, Galicia and Andalusia. In 2023, the Company plans to continue rolling out gas filling stations across the country, covering the main transport corridors both in Spain and outwards into the rest of Europe, as well as servicing public transport fleets (mainly buses and refuse vehicles), with a view to reducing CO2 emission and subsequently decarbonizing these fleets with biomethane. The Company is already doing this for the Zaragoza council transport fleet from the Taxi Cooperative gas filling station, which supplies CNG to some ALSA buses, redeeming CO_2 emissions with the purchase of biomethane source certificates (1.5 GWh/year).

More specifically, in 2022 Redexis opened the El Cisne gas filling station in Zaragoza, which further added to the gas filling stations included under the strategic agreement between Redexis and Cepsa in Araia (Alava), El Hidalgo (Ciudad Real), Ponteareas (Pontevedra), Ocorgo (Coruña) Campo Naciones and Cerro Cabaña (Madrid). In addition, over the course of this last year, the gas filling station for the city bus fleet in Chiclana (Cadiz) began operating, and agreements were signed with Valoriza and Urbaser, leading companies in the urban refuse collection sector, to build gas filling stations for their refuse collection fleets in Barcelona and Denia (Alicante).

Also in relation to the issue of mobility, the company is a member of GASNAM, the platform of companies that support Sustainable Mobility (with which it has signed up to the Sustainability Pact), and the Spanish Hauliers Association, which brings together the country's most important goods hauliers, with the aim of strengthening our value proposal for sustainable mobility and the decarbonization of transport. One example of the Company's support for sustainable mobility is its participation in the 1st Madrid360 Awards organized by Madrid City Council, in which we were among the finalists with our project for Cepsa's gas filling stations in Madrid and the reduction of CO_2 emissions and local contaminants that it entailed.

We have also taken part in a number of different events, such as the Green Gas Summit organized by Gasnam, the Global Mobility Call (attended by HM King Felipe VI, along with the President of the Spanish Government and several of his Ministers), and the SIL (the International Logistics Fair which brings together the principal operators in the urban distribution of merchandise). The Company will continue to participate in these activities in 2023, in order to position itself as a benchmark in sustainable mobility through VNG and renewable gases such as Biomethane and Hydrogen.

Solar photovoltaic energy

As a promoter of renewable and sustainable forms of energy, Redexis is developing solutions based on photovoltaic solar energy, an efficient and environmentally friendly product both for private households and for industry that offers control over energy production and results in cheaper costs for consumers.

During 2022, the Company experienced accelerated growth in the solar photovoltaic self-consumption market. Around 15 MWp has been contracted, with more than 10 MWp connected over the course of the year, and the Company has become involved in the business of applying for and building solar electricity generation facilities.

Over the last year, photovoltaic self-consumption projects have been carried out with important companies such as PREZERO, VIAMED and H10 Hotels, and these have contributed to their energy sustainability and the reduction of their carbon footprint.

The Company has also entered into an alliance with **EIDF** to promote solar photovoltaic self-consumption, under which both companies have formed a company called EFICIENCIA Y RED SOLAR, S.L. (ERS) for the promotion and operation of photovoltaic self-consumption facilities aimed at the industrial and service sectors. The agreement, which covers the whole of the country, further reinforces Redexis's support for the industrial and service sectors, supplementing its offer of access to gas and renewable electricity.

Under the Agreement signed by Redexis and CEPSA in 2021 for the operation of the **first global photovoltaic energy network** at filling stations, which involves the installation of photovoltaic panels across Cepsa's network of filling stations in Spain and Portugal by 2023, Redexis completed the installation of 285 photovoltaic facilities for self-consumption at service stations during 2022. The panels will supply electricity to the service stations during the day and feed any surplus energy into the distribution network.

During 2022, the Company experienced accelerated growth in the solar photovoltaic self-consumption market. Redexis has connected 15.2 MWp of new capacity in solar photovoltaic energy.

Biomethane

Biomethane is a clean gas that is produced from renewable sources and is completely equivalent to natural gas. It is obtained from biogas using an "upgrading" purification process which improves the percentage of methane in the mixture. Among the benefits offered by Biomethane is the fact that it strengthens the circular economy by taking advantage of waste and transforming it into energy, combined with the support provided by the implementation of rural development projects in crop and livestock farming environments. Redexis is promoting innovative initiatives for the production of biomethane and its injection into its own natural gas networks, in collaboration with governmental authorities, technologists and organic waste management companies.

During 2022, the company will continue to promote a pioneering renewables project for the injection of biomethane into the natural gas networks following the signing of an agreement with **Galivi Solar**. This project will consist of injecting biomethane from the production plan to the natural gas infrastructure in the city of Lorca, in the Province of Murcia.

For its part, the Redexis Foundation is heavily engaged in work to explain biomethane to administrative authorities and legislative bodies, and it has presented its second publication on energy-related issues: "**Biomethane, the key to a sustainable energy model**". This details the current situation as regards this energy vector, in line with the Road Map published by the Government, and it outlines the huge capacity offered by both Spain, and by Redexis as a company, to become leading actors in the production, transmission and storage of biomethane.

Hydrogen

Renewable gases are going to play a key role in energy transition. The Company is firmly committed to the **development of hydrogen**, an energy vector capable of uniting the electricity and gas sectors and allowing great penetration by renewable energies in the Spanish energy matrix, since it is capable of storing the surplus resulting from wind and photovoltaic production.

Redexis plays an active role in a number of hydrogen projects, such as **Power to Green Hydrogen Mallorca**, which is handling the deployment of a fully integrated and functioning renewable hydrogen ecosystem on the island of Mallorca and for which the Company will build Spain's first hydroduct; **Higgs**, which is studying the injection of different amounts of hydrogen into the natural gas infrastructure; **the integration of a fuel cell** in the MRS for one of its gas pipelines in Zaragoza, which is the first integration of this type to be carried out in Spain; **OceanH2**, for the analysis and design of technologies for the transmission and supply of green hydrogen produced offshore; and an agreement with **ABEI Energy** to collaborate on the development of infrastructure for the production, transmission, distribution and end supply of renewable hydrogen; **ComputaMeh**, "Dynamic computer modelling of methane-hydrogen mixtures in natural gas transmission networks", to study the way in which mixtures of natural gas and hydrogen behave in existing infrastructure; **Hydrogenizing BCN**, the aim of which is to implement a truly green hydrogen economy in Barcelona; **Ready4H2**, to support the development of the hydrogen market in the European Union; and **DesireH2**, an alliance with Air Liquide to study the deployment of up to 100 hydrogen filling stations in Spain by 2030. In addition, during 2021 the Company signed the protocol for the deployment of the so-called **Green Hydrogen Strategy** in the Murcia Region, which will provide a road map for speeding up implementation in the Region.

Renewable energy

In September 2022, Redexis signed an agreement with the energy supplier Plenitude, which allowed it to continue using energy from 100% renewable sources at it more than 360 facilities, including offices, natural gas transmission positions, LNG and LPG plants and metering and regulation stations, which will use electricity from 100% renewable sources, with an estimated consumption of 1.85GWh.

This agreement will remain in force for one year and includes a Guarantee of 100% Renewable Origin for all electricity supplied, thus guaranteeing that the company consumes only green energy. This will help to prevent an estimated 100 tons of CO_2 emissions over the coming year, equivalent to the CO_2 absorbed by a forest of more than 200 trees. These figures have been audited in accordance with the UNE-EN ISO Standard 14064-1:2012 on Greenhouse Gases, and the Carbon Footprint has been registered with the Ministry for Ecological Transition.

Our social commitment
Redexis is strongly **committed to local development and job creation** in the regions in which it operates, developing digital solutions.

The convenience and reduction in emissions that the use of natural gas entails when compared with other conventional energies represents an important contribution by Redexis towards the service and industrial sectors, as well as towards public administrations. Thanks to its gas supply, the Company helps numerous companies and institutions to be more competitive, bringing them savings on their bills of between 20% and 50%. This can also be seen in the service sector, since many hotels, educational centers, residences, hospitals, hospitality establishments, sports centers and authorities, among others, enjoy much lower bills thanks to their use of natural gas, while also contributing to the reduction of emissions and enjoying greater competitiveness. As regards the industrial sector, Redexis helps a large number of industries to improve their production processes through access to gas, an important element in support of economic growth, competitiveness, and job creation.

Redexis is also strongly committed to the **economic development of the regions in which it operates** and seeks to create employment by hiring local service providers and their supporting enterprises. The business activities engaged in by Redexis involve the creation of more than 3,000 direct and indirect jobs, with the resulting social contribution that this represents for all the territories in which it operates.

Through the Company's different regional departments, constant dialogue is maintained with the autonomous, local or island administrations, as well as with the relevant actors in these territories.

The Company works to boost the economy of the territories in which it operates, making great efforts to guarantee security of supply, employment and the improvement of the quality of life of the inhabitants of those areas, devoting a portion of its profits to social investments. To do this, it generates employment in these areas and makes its purchases and investments locally, while at the same time maintaining a firm commitment to safeguarding the environment.

Redexis remains in continuous contact and collaboration with the institutions, companies and other agents that work in the sector, maintaining a fluid and constant dialogue. The Company seeks transparent **collaboration and cooperation agreements**, participating in the disclosure of information and in projects and initiatives that favor the welfare and progress of the different communities. It actively collaborates with different associations such as:

International organizations

- **European Clean Hydrogen Alliance**, whose principal aim is to achieve the successful uptake of hydrogen technologies by 2030. The EU wants to consolidate its global leadership in this area, in addition to reinforcing its commitment to achieve carbon neutrality by 2050.

Spanish organizations

- **CAEB**, the Confederation of Balearic Business Associations, which represents the corporate fabric of the Balearic Islands.
- **Enertic**, which contributes to development of the potential for transformation offered by Information and Communications Technologies in the area of energy efficiency in Spain.

- **Gasnam**, a sustainable transport association that looks to the gas and hydrogen value chain to achieve its environmental, economic and operational goals for transport by land, sea and air.
- **Sedigas**, the Spanish gas association.
- **CEOE**, which represents and defends the interests of Spanish businesses.
- **AEICE**, which promotes social and economic development in Spain through collaboration, innovation, internationalization, recruitment and communication.
- **Spanish Hydrogen Association**, which promotes the development of hydrogen technologies as an energy vector, encouraging their use in industrial and commercial applications.
- **UNEF**, the leading association in the solar photovoltaic sector in Spain.
- **APPA**, which brings together companies and institutions whose aim is to take advantage of renewable energy sources in all their forms.
- **Spanish Energy Club**, which helps to bring a better understanding of the various issues relating to energy among the social interlocutors who are interested at both a domestic and international level.
- **Fide**, a legal and economic think tank with a clearly inclusive, collective and independent mission.
- **Acogen**, which encourages and supports cogeneration throughout the whole of Spain, promoting a favorable framework for existing plants and the construction of new ones.
- **Conaif**, a business organization for installers with members throughout Spain.
- **AEBIG**, the Spanish biogas association.
- **Global Compact Spanish Network**, which supports corporate sustainability.

Regional organizations

- **Aragon Energy Cluster**, a corporate grouping that was created to help improve levels of competitiveness among companies in the sector and to assist in the implementation of innovative joint initiatives.
- **Extremadura Energy Cluster**, whose purpose is to promote the integration, creation and strengthening of companies and institutions that find themselves to be part of the value chain in the energy sector, through corporate cooperation and innovation, with the aim of ensuring high levels of competitiveness both within Spain and internationally
- **Agremia**, the Association of Companies in the Installation and Energy Sector.
- **The Balearic Islands Government Board to Combat Energy Poverty**, which acts as a consulting, debating and advisory body in this area.
- **The Balearic Islands Advisory Board on Energy**, whose aim is to advise, support, propose and monitor, within the framework of the regulations governing energy issues, the various actions that are taken in the area of energy efficiency, the promotion of renewable energies and energy planning and innovation.

In addition, Redexis has agreements with important companies in the sector to develop more sustainable forms of energy, such as its alliance with **Cepsa** to develop gas filling stations throughout the country, the agreements with **Seat** and **Fiat** to promote the sale of vehicles powered by natural gas, the agreement with **FECE** to help attract new natural gas customers, or the agreement with **Air Liquide** to develop hydrogen filling stations.

As a key player in the gas sector and as a promoter of other forms of energy, the Company participated throughout 2022 in media **events and forums** such as the Energy Conference, the Hydrogen Conference and the Mobility Conference, all organized by *El Economista*, "Wake Up Spain" organized by *El Español*, the Hydrogen Event organized by *La Verdad* in Murcia, the

Energy Conference organized by *Expansión*, and working breakfasts with Servimedia, which discussed issues relating to the Company, the development of renewable gases and the current geopolitical context and its implications. Forums have also been organized, such as the Annual Sedigas Meeting, Europa Next 2050, Gasnam and eMallorca Experience Week.

Thanks to its sponsorships and official collaborations, the Company maintains its commitment to supporting social, sporting and economic development in the towns and cities in which it operates. During 2022, Redexis announced sponsorship agreements with Cuevas de Almanzora (Almeria), Gastroencuentro Blanca (Murcia), Parque Metropolitano (Granada) and Liga Inter Empresas de Pádel (Zaragoza), and it has sponsored events such as the Spanish Hydrogen Association's EHEC Congress, Global Mobility Call and Clenar.

The Redexis Foundation

The Redexis Foundation (*Fundación Redexis*) was founded in 2019 and entered in the Register of Foundations on 20 January 2020. The Foundation's aim is to serve as an agent for energy transition and to promote the social projects engaged in by Redexis. **Through its promotion of social action and support in both the cultural and sporting arenas, the Redexis Foundation shows its firm commitment to the United Nations Sustainable Development Goals, and it was within this framework of economic, social and environmental responsibility that the Redexis Foundation was born.**

One of its main objectives is to ensure the development and well-being of the people who live in the territories in which Redexis operates, always bearing in mind the Company's contribution to sustainable development and a clean economy. The Redexis Foundation is firmly committed to the United Nations Sustainable Development Goals.

The Redexis Foundation is founded on the following key values:

- **Assist:** by providing help to vulnerable groups
- **Divulge:** knowledge of renewable energies
- **Collaborate:** in the promotion of culture and sport

During 2022, **The Redexis Foundation engaged in sporting, environmental, cultural, collaborative and educational projects.**

Social projects

One of the main areas in which the Redexis Foundation is active is the development of social works and projects aimed at assisting vulnerable groups that are at risk of exclusion. As a result of the conflict in Ukraine, a large number of people were forced to leave their homes and move to other towns and cities or to neighboring countries, with the resulting upheaval and loss of financial independence that this entailed, along with the loss of human lives. The Redexis Foundation made a **financial donation to the Emergency Committee and World Central Kitchen** (WCK) in order to assist the victims of this conflict with food and emergency aid. This donation amounted to a total of 25,000 euros, which would ensure more than 3,000 meals for Ukrainian citizens and refugees. The Emergency Committee is a group that is made up of six international organizations that have quickly and effectively come together in order to be able to help more people and save more lives. It comprises the NGOs Aldeas Infantiles SOS, Educo, Médecins du Monde, Oxfam Intermón, Plan International and World Vision. WCK is the organization founded by the chef José Andrés to provide assistance for those most in need, and it has been providing food for the country during this crisis.

The Foundation also launched its **2nd Aid Line to support projects that contribute to improving quality of life for vulnerable groups, especially in terms of energy efficiency**. This is principally aimed at providing support and protection for people in situations of vulnerability, offering help with improving energy efficiency at facilities used by not-for profit organizations and assisting people with disabilities, with a particular emphasis on children and adolescents. The Redexis Foundation provided aid for organizations that offer support to these groups.

This second allocation of its Aid Line demonstrates the Redexis Foundation's commitment to society and the mitigation of social inequalities in different territories, and it forms part of its commitment to the wellbeing of society, improving people's quality of life and achieving greater social, educational, environmental and cultural development. The organizations that have benefitted from the Aid Line in its second year are:

- **Aspace Cáceres** (Cáceres, Extremadura), which will install electrical equipment in order to improve climate control at their facilities as a first step towards achieving sustainable energy efficiency.
- **Autismo Cadiz** (Puerto Real, Cadiz, Andalusia), which will replace its climate control equipment with a more efficient system at its facilities for attending to people with ASD.
- **Mallorca Integra Foundation** (Palma, Mallorca, Balearic Islands), which will create a resource to allow people with functional diversity to practice sports.

For the first time, the Redexis Foundation has participated jointly with the Exit Foundation on **Project Coach**, at two of its offices: Madrid and Zaragoza. This initiative is aimed at combating early school leaving.

A total of 20 volunteers (a group of 10 employees in Madrid and another 10 in Zaragoza) gave their time with the aim of reducing early school leaving and improving the employability of 20 vulnerable young people using coaching and mentoring techniques. These young people received basic training on the Company and got to know all of its individual departments and their duties, the aim being to teach them about the way in which a company functions internally and help them discover what it is that could really motivate them in the future. They also visited Redexis's facilities and got to know other professionals as they performed their day-to-day duties.

Sporting Projects

The Redexis Foundation is committed to creating value for towns and cities and their communities by promoting sporting activities and taking an active part in the social life of those communities.

In 2022 it signed a sponsorship agreement with **Asociación Deportiva Mérida**, under which it provides support for the promotion of the women's football team in this town in Extremadura. This collaborative agreement focuses on the sporting activities of the Asociación Deportiva Mérida SAD's women's team, which plays in Extremadura's First Division. Players in both the first and second teams will wear the Foundation's logo during the 2022/2023 season.

The Foundation is also sponsoring the **Sala Zaragoza** women's team during the 2022/2023 season. This team provides an example of sporting integrity in the city that is consistent with the

Foundation's undertaking to support values such as improvement and teamworking, reinforced by its backing for sporting activities. Through its sponsorship, the Redexis Foundation demonstrates its commitment to sporting activities and the importance of making such activities available to all of society. In this case it has given its backing to a club that has already become a beacon for the city of Zaragoza and that is passing on its sporting values to all of its inhabitants with its support for women's football.

An agreement was recently announced with **UCAM Murcia CB,** under which the Foundation became a sponsor for the 2022/2023 season. Under this agreement, the Youth "A" team is now called UCAM Murcia Redexis, and it will display the Foundation's logo in all regional and national competitions.

These sponsorship deals also mean that Redexis employees in these areas can gain access to matches free of charge and enjoy them with all the family, which is a way of introducing employees' children to sports that they can enjoy while learning about values such as competitiveness and teamworking.

Environmental Projects

During 2022, the Redexis Foundation took the steps necessary in order to arrange the **planting and reforestation of land in the province of Zaragoza**, in collaboration with "El Bosque de los Zaragozanos". This activity will be carried out with involvement from employees and their families over the course of 2023, and may possibly be extended to other territories.

Cultural Projects

The Redexis Foundation has signed a collaborative agreement with the **Teatro Real Foundation**. Through this collaboration, over the course of 2022 the Redexis Foundation provided support for the founding principles of the Teatro Real Foundation, including the programming and management of musical, literary and choreographic activities. The Teatro Real is considered the leading dramatic and musical arts institution in Spain, a national figurehead for the performing arts and one of Spain's most important cultural institutions.

The Foundation has also worked with **Flamenco Real,** one of the Teatro Real's dependent organizations that is devoted to showcasing Flamenco and other kinds of dance and underlining its important place in Spanish culture.

In its commitment to culture, the Redexis Foundation also provided support throughout 2022 for the **Cante de las Minas Foundation** and the **La Celestina Festival**. Its collaboration with these institutions is an indication of its commitment to culture. These actions are just some of the initiatives that the Redexis Foundation supports, with the aim of promoting the development of cultural works in accordance with the needs of the community.

Collaborative and Educational Projects

The Foundation has provided financial assistance for the **Aragon Hydrogen Foundation Awards for Doctoral Theses and Master's and Bachelor's Degree Course Dissertations**, with the aim of encouraging research into the subject of hydrogen as an energy vector. Specifically, the Redexis Foundation sponsored the "2022 Redexis Foundation"- Aragon Hydrogen Foundation Award" for the best Doctoral Thesis.

The Redexis Foundation remains in continuous contact and collaboration with other foundations and institutions in the sector, maintaining a fluid and constant dialogue. It actively collaborates with different associations such as:

Spanish organizations

- **Aemener**, the Spanish Association of Women for Energy, which aims to ensure the presence of women with balanced and diversified teams in all areas of business.

Regional organizations

- **Aragon Foundation for the Development of New Hydrogen Technologies**, a private, not-for-profit research center created in order to promote the use of hydrogen as an energy vector.

As part of its commitment to transparency, the Redexis Foundation published its **2021 Annual Activity Report**, in which it gave an account of all the social, cultural, educational, environmental and collaborative work carried out by the Foundation over the course of that year.

8. Our supply chain

GRI 3-3, GRI 2-6, 308-1, 414-1, 414-2

Redexis regards its suppliers as key stakeholders within the organization, and one of the Company's principal objectives is therefore to ensure sustainable management within the supply chain.

Redexis works with a large volume of procurements and a large number of suppliers, which means that its selection processes must guarantee equal opportunities and free competition while always seeking the highest quality in its contracted materials and services.

As an essential part of its value chain Redexis must ensure that its Suppliers match the commitment and respect the Principles and Values established by the Group.

Since 2020, Redexis has followed a **Supplier approval, monitoring and evaluation policy**, the aim of which is to ensure that any third party that supplies goods or services is qualified in accordance with Redexis's own standards of transparency and business ethics, health and safety, quality and the environment, thus promoting competition and a search for added value.

This Policy includes a **Code of Conduct for Suppliers** which deals with issues relating to:

- Labor rights
- Combatting bribery and corruption
- Confidentiality
- Health and Safety
- The Environment
- Compliance with the RG Code of Conduct.

Redexis continues to seek out new challenges and develop new sustainable technologies (H2, Biomethane, Photovoltaics), and for this it requires new suppliers that will be able to respond to its needs on a global scale. Working with suppliers that have the same **commitment to social**

and environmental matters as the Company is essential in allowing it to achieve its sustainable development goals. That is why Redexis carries out an appraisal and monitoring process in which it studies and monitors the suppliers with whom it works.

In order to ensure the responsible management of its supply chain, **Redexis includes workplace health and safety, social and environmental objectives in its agreements with suppliers**. The Company's general contracting conditions include a section on environmental protection and, when an invitation to tender is issued, the internal regulation entitled "Supplier Environmental Responsibility and Health and Safety" is always included.

The Company has a Registry database (RePro, external supplier classification system) for Spain, in accordance with Act 9 of 9 November 2017, on contracting procedures in the water, energy, transmission, and postal services sectors. Redexis relies on this Registry both for the approval of suppliers and for monitoring their documentation, certifications and audits. This reduces risk, costs and potential compliance problems with regard to procurement. With the aim of detecting actions that can be corrected, audits are carried out on suppliers with a higher procurement volume, and any non-conformities detected result in changes that the supplier must resolve within the established period. 8% of Redexis's suppliers with a turnover of more than one hundred thousand euros have been audited by Achilles Repro, and all of these suppliers passed the audit.

Redexis continues to improve its procurement management model in order to guarantee the maximum possible objectivity when purchasing, ensure the highest quality services and adapt to any new requirements. Selection processes (from the identification of a particular need through to receipt of the service or materials) ensure equal opportunities and free competition. The Company minimizes corporate, technical, environmental, and health and safety risk throughout its supply chain.

Wherever possible, Redexis includes responsible parameters in its competitive tendering processes, such as the acquisition of energy that is guaranteed to come from renewable sources and the hiring of suppliers that can show special employment center certification.

9. Our commitment to end users and customers

GRI 3-3, GRI 416-1, GRI 418-1

Redexis is committed to transparency in communicating with and informing the market, and it strives to ensure open and constructive communication with all the parties involved, studying and creating mechanisms for dialogue and mutual understanding.

Stakeholders	Communication channels
End users and customers	• Corporate website (www.redexisgas.es) • Call Centre • Control Centre • Falcon LPG invoice portal • Meter reading website • "Yo leo gas" app and IVR readings
Employees	• Employee Portal (Intranet) • Training platform (Redexis Campus) • Internal complaints channel • Redexis Commitment Mailbox • Prevention of Occupational and Environmental Risk

	• Internal platform for the Management of Energy, the Environment and Workplace Health and Safety (GEMASST), containing all the information and documentation relating to the internal management system. • Healthy Mailbox • Wellbeing Platform • COVID-19 information Mailbox • Mailbox for equality issues
Financial Community	• Corporate website Investors • Investor mailbox: investor.relations@redexis.es Personal contact with contact with shareholders, investors, analysts, rating agencies and financial institutions • Reports and notes on the Company's activities
Service providers and suppliers	• Supplier Portal • Annual conventions • RePro (Achilles)
Public authorities and regulatory bodies	• Personal contact with bodies belong to the different regulatory areas (CNMC, the Ministry, regional and local organizations, etc.) • Reports and notes on the Company's activities • Notifications, requirements, and responses with different regulatory bodies • Consultations/procedures with different national, regional, and local regulatory bodies • Technical Manager of the Gas System
Community	• Corporate website (www.redexis.es) • Corporate communications mailbox • Press releases • Information meetings (interviews) • Institutional meetings • Corporate and institutional events • Membership of corporate, sector, educational, cultural organizations • Participation in conferences, forums, and seminars • Sponsorships in the towns and cities in which the Company operates

With the aim of continuing to improve bilateral communications with users and customers, during the last quarter of 2022 Redexis carried out another **annual satisfaction survey**.

The purpose of this survey is to gauge the opinions of customers and users, show customers that their opinion is important to the company, and gather information that will allow the Company to identify and implement plans for improvement

Field work on the survey was carried out during the second half of November 2022, and it was aimed at the following customer and end user groups:

- Customers who had contracted natural gas services more than 12 months previously.
- Customers who had contracted the Piped LPG service.
- Customers who had recently contracted natural gas services.
- Customers who had contracted the Redexis Household service.
- Customers who had received a regular inspection during 2021.

The results obtained from the 2022 survey showed that in all the segments analyzed, satisfaction levels among those surveyed (measured using the Net Promoter Score (NPS) indicator) remained positive.

The **customer and user helpline model** is basically structured via 3 channels:

- Customer helpline
- Emergency helpline, available 24/7
- Website

With a view to guaranteeing the safety of all the people involved in the supply chain, Redexis has several communication centers. All personnel, both internal and those from collaborating companies, must have the necessary appropriate training and knowledge to guarantee their safety at the Company's facilities.

Guaranteeing the safety of consumers and society in general is essential for Redexis, which possesses **modern infrastructure** that allows it to offer excellent safety ratios. The transmission gas pipelines are constructed from steel pipes, all of which are equipped with a highly resistant polyethylene outer coating that protects them against corrosion and extends their working life. Redexis subjects its infrastructure to a series of preventive, predictive and continuous improvement measures, as indicated in its asset integrity management plans. In addition, the Company has a remote cathodic protection management system to monitor and control this protection.

The **Redexis control center**, located in Zaragoza, has up-to-date information on the training of all the people who access the facilities, which allows it to maintain permanent surveillance over their access. The Company makes an Emergency Call Centre available to all users connected to its distribution networks, with a 24/7 service that is in permanent contact with the Control Centre, which receives information and makes a preliminary classification of consumer emergencies at its reception facilities. This Call Centre also receives messages from other emergency services (police, firefighters, 112, etc.) and immediately passes them on to the Control Centre, which manages the resolution of any incident and the safety of the facility in question.

Among other measures, **Redexis has an internal operational standard for dealing with distribution warnings.** The Warning Service is a permanent service created to respond to telephone calls relating to incidents in the gas supply or gas equipment (whether owned by the distributor company or the user) and to manage, coordinate and resolve these incidents to the extent that this is within the power of a gas distribution company. Each month, the internal and external warnings received by our call center are compiled, and classified on the basis of whether or not our contractor has detected a leak during their visit.

The Control Centre's SCADA system uses a variety of sensors, control units and communication equipment installed in the field to collect the measurements and status of the different parameters that define how the Company's main installed equipment is operating in real time, thus safeguarding the health and safety of consumers. Contact information for both the Telephone Call Centre and the Control Centre is available to all personnel, both Redexis's own staff and those working outside the Company, who may detect some kind of anomaly in the equipment.

The response that is to be given to any incident is set out in internal action procedures and protocols. Regular drills are carried out involving all the Company resources assigned to these kinds of actions in order to ensure the best possible response in the event of a real emergency.

One of Redexis's business activities is the sale and distribution of LPG. The Redexis Control Centre handles all the logistical management of the facilities involved in this activity, and the Company is making significant efforts to fit remote measuring equipment that will provide it with information on tank levels on a daily basis.

As regards **complaints from users and customers**, these are managed from 3 areas:

- Natural gas distribution
- Sale and distribution of LPG
- Added value services

Redexis sends details of all pending claims to the different divisions each week for management, classified by area and management level. In addition, a quarterly report is sent to the CNMC, using a format designed by the CNMC itself, confirming the volume of claims, their type and the time required for their resolution. For example, in Third Party Network Access (TPA), which accounts for approximately 88% of all customers, the complaints system is created in a standardized way for all sellers and distributors. In other words, the categories and sub-categories have been created by the CNMC, and Redexis adheres to them. The main entry channel (more than 95%) is the SCTD industry tool, the Transmission-Distribution Communication System, and all messages and the response circuit are designed at industry level. These quarterly reports are used by the regulator to monitor the evolution of claims in the natural gas sector, and it generates its own reports and tables which are broken down by distributor, seller, majority rate, etc.

It is the continuous aim of the Business Cycle department to monitor and maintain the level of claims, in order to keep them at a very low percentage. During 2022, a total of 70,566 complaints or claims were received, of which 99.48% were resolved during the year.

Redexis has a Telephone Call Centre offering a 24/7 service, which receives calls and makes a preliminary classification of consumer emergencies at its reception facilities. The Call Centre also receives reports from other emergency services, such as the police, firefighters, etc., and it immediately informs the Control Centre.

Redexis also deals with potential claims received via the external complaints channel, though this is not the channel that should be used for submitting claims. In the event that it receives claims via this channel, these are forwarded to the Business Cycle department, which analyses the complaint, report or claim and, in turn, forwards it:

- To the Call Centre, when the communication refers to questions relating to queries or claims about billing and meter readings.
- To the Utilization Department, when communications refer to the inspection of facilities.
- To the Systems Department, when communications refer to incidents relating to the website.

Once the complaint, report or claim has been resolved, these units report this to the Business Cycle department, as well as to the legal services department, the department that receives these communications via the complaints channel.

10. Our commitment to transparency: Tax information

GRI 201-1, 201-4

The taxes paid by organizations represent one of their contributions to economic and social development and the maintenance of public responsibility in the country in which they operate. Against this background, compliance with current tax legislation always forms part of the principles that inspire the Company's corporate responsibility.

The tax burden is one of the main costs that the Group must face, as well as being an area in which the diversity of possible interpretations of the applicable regulations is likely to generate uncertainties.

Therefore, considering both its public and corporate interests, Redexis has developed a **Fiscal Policy** that has been approved by its Board of Directors and that consists of complying with the following principles in the fulfilment of its tax obligations and in its relations with the tax authorities:

- Compliance with current tax legislation: pay the taxes required under the legislation in force, adopting a reasonable interpretation of this legislation at all times while trying to avoid inefficiencies and undue tax costs for Redexis as a result of this interpretation.
- Renouncing the following actions: performing operations or creating structures that only pursue a tax advantage, structuring operations that are artificial in nature or that do not relate to the Company's own activity, or making use of non-transparent structures in order to reduce its tax or burden, or making investments in or through territories classified as tax havens.
- Transparency from the bodies involved in Redexis's tax management vis-à-vis third parties (shareholders, clients, suppliers, employees, regulatory bodies, etc.) regarding the tax principles described in this report.
- Full cooperation with the Tax Authorities in their verification activities relating both to Redexis and third parties, maintaining relationships based on good faith, cooperation, professionalism and reciprocity, notwithstanding any legitimate disagreements that may arise when defending the interests of the Company and its Group.

To ensure compliance with the Company's Fiscal Policy, the Board of Directors and its Audit and Risk Committee are assisted by the Chief Financial Officer, who implements this Policy through the appropriate operational tax procedures and processes.

The Chief Financial Officer is assisted by the Assistant Tax Manager, who advises and instructs the different departments regularly on fiscal matters, including tax returns and reports, ensuring full compliance with the Fiscal Policy and the applicable operational tax procedures and processes.

In this connection, in July 2020 the Company approved the **Group procedure for the management and monitoring of tax risk**, which further developed its **Fiscal Policy** and supplemented the Group's risk management and monitoring system.

In addition, during 2022 Redexis submitted an application to the Spanish Tax Authority's Forum for Large Companies, asking to sign up to the **Code of Good Tax Practices**. Its request was confirmed on 25 November 2022, and the Company is now included in the public list of organizations that have signed up to the Code.

The aim of the Code is to promote a relationship of reciprocal cooperation between the Spanish Tax Authority and the companies that have signed up (186 to date). This relationship is based on the principles of transparency and mutual trust, which should therefore mean that it conforms to the principles of good faith and trustworthiness between the parties, thus increasing the efficacy of the Authority's monitoring activities and reducing the legal uncertainty to which companies may be exposed, as well as reducing incidents of litigation between the two sides.

Together with its Annual Report and Annual Accounts, Redexis regularly prepares and publishes its **Management Report**, which presents a detailed list of the operations the Company has performed during the financial year and sets out the Company's future plans, in addition to describing the work it has carried out in the area of research and development. This report can be accessed by all interested parties via the Company's website, along with the rest of Redexis's corporate documents.

In addition, both the Company and the Group to which it belongs will adopt the necessary mechanisms to guarantee the monitoring of and compliance with tax regulations and the principles set out above, ensuring that they have sufficient and suitably qualified external or internal material and human resources. In this connection, the Company always relies on external advice from recognized firms in the field, whenever it deems this appropriate.

Redexis's total tax contribution amounted to 10.2M€ in 2022. The following table shows a breakdown of the Company's operating earnings and revenues for the fiscal year, in addition to its total income, accounting results before and after taxes and the amount of subsidies received, limited to Spain, since this is the only country in which Redexis operates:

	2022	2021
Operating result	67,793.07 euros	79,351.05 euros
Spain	67,793.07 euros	79,351.05 euros
Result for the year	28,362.31 euros	38,108.18 euros
Spain	28,362.31 euros	38,108.18 euros
Total income	269,406.70 euros	261,919.51 euros
Spain	269,406.70 euros	261,919.51 euros
Book income before taxes	38,597.73 euros	50,384.13 euros
Spain	38,597.73 euros	50,384.13 euros
Accrued corporation tax	-10,235.42 euros	-12,275.95 euros
Spain	-10,235.42 euros	-12,275.95 euros
Corporation tax paid (*)	-8,392.51 euros	-6,527.98 euros
Spain	-8,392.51 euros	-6,527.98 euros

(*) The corporate income tax paid of each fiscal year includes the final settlement of the prior year and the prepayments of the current year.

Movements 2.022

Text	Payments collected	Returned
Higgs Project (aj4)	28,150.00	
Oceanh2 Project (aj9)	124,310.70	
Zeppelin Project (aj10)	77,440.20	
Cancellation debt CDTI IDI-20200195		-163,733.56
Vortex Project (aj5)	158,845.99	
Total	**388,746.89**	**-163,733.56**

Movements 2.021

Text	Payments collected	Returned
65% Autoerm Project: CDTI	85,101.21	
Cancellation debt CDTI IDI-20190418		-104,739.95
Oceanh2 Project (aj9)	12,227.88	
Green Hysland Project (aj8)	720,000.00	
Total	**817,329.09**	**-104,739.95**

Appendix I: List of Contents required in a Non-financial Information Statement under Spanish Act 11/2018

List of contents under Act 11/2018	Contents of Redexis's Non-Financial Information Statement	Reference reporting framework	Page
Description of the business model			
Corporate environment	**1. Our Business Model** Corporate environment, organization and structure and markets in which the Company operates	GRI 2-1	Pages 2
Organization and structure		GRI 2-1	
Markets in which the Company operates		GRI 2-6	
Targets and strategies	**1. Our Business Model** Targets and Strategies	GRI 2-22	Pages 3
Main factors and trends that may affect its future valuation	**1. Our Business Model** Main factors and market trends		Pages 4-7
Main risks associated with the issues relating to the Group's activities			

The business relationships, products or services that may have negative effects in these areas, and how the Group manages these risks, with an explanation of the procedures used to detect and evaluate them in accordance with the national, European or international reference frameworks used for each subject	**2. Risk Management**	GRI 2-12 GRI 3-3	Pages 7-12
Information on the impacts that have been detected, with a breakdown of these impacts, particularly as regards the main risks in the short, medium, and long term			
Key indicators for non-financial results that are relevant in terms of the Company's specific business activities, where they meet the criteria for comparability, importance, relevance and reliability. The key indicators for non-financial results must be applied to each of the sections contained in the non-financial information statement	Use as a reference for the different GRI standards for each relevant issue, in order to be able to compare results.		
Information on environmental issues			
Policies			
The policies that the Group applies, which include the due diligence procedures applied for the identification, evaluation, prevention and mitigation of risks and significant impacts, verification and control, along with the measures that have been adopted.		GRI 3-3	Pages 12-16
General			
Detailed information on the current and foreseeable effects of the company's activities on the environment and, where applicable, health and safety, environmental evaluation or certification procedures, the resources devoted to environmental risk prevention, application of the principle of caution, the amount of provision and guarantees relating to environmental risk	**3. Our commitment to the environment**	GRI 3-3	Pages 17
Pollution			
Measures to prevent, reduce or repair carbon emissions that seriously affect the environment, taking account of any form of air pollution that is specific to a particular activity. Including noise and light pollution	**3. Our commitment to the environment** 3.1 Pollution	GRI 305-1 GRI 305-2 GRI 305-4 GRI 305-5 GRI 305-7	Pages 17
Circular economy and waste prevention and management			
Measures for prevention, recycling and re-use, other forms of waste recovery and disposal. Actions to combat food waste	**3. Our commitment to the environment** 3.2 Circular economy, and waste prevention and management	GRI 306-2	Pages 17-18
Sustainable use of resources			
Water consumption and water supply in accordance in accordance with local limits	**3. Our commitment to the environment**	GRI 302-1 GRI 302-2	Pages 18-19

Consumption of raw materials and the measures taken to use them more efficiently Direct and indirect energy consumption, measures taken to improve energy efficiency and the use of renewable energies	3.3 Sustainable use of resources	GRI 302-3 GRI 302-4 GRI 302-5	
Climate change			
Important factors in the greenhouse gas emissions generated as a result of the company's activities, including the use of the goods and services it produces Measures taken to adapt to the consequences of climate change The reduction targets established voluntarily in the medium and long term to reduce greenhouse gas emissions, and the means implemented for this purpose	**3. Our commitment to the environment** 3.4 Climate change	GRI 305-1 GRI 305-2 GRI 305-3 GRI 305-5	Pages 19-24
Protection of biodiversity			
Measures taken to preserve or restore biodiversity Impacts caused by activities or operations in protected areas	**3. Our commitment to the environment** 3.5 Protection of biodiversity	GRI 304-1 GRI 304-2 GRI 304-3 GRI 304-4	Pages 24-25
Information on social and personnel-related matters			
Policies			
The policies that the Group applies, which include the due diligence procedures applied for the identification, evaluation, prevention and mitigation of risks and significant impacts, verification and control, along with the measures that have been adopted.		GRI 3-3	Pages 25
Employment			
Total number and distribution of employees by gender, age, country, and professional grade Total number and distribution of types of employment contracts, average annual number of permanent contracts, temporary contracts and part-time contracts by gender, age and professional grade, number of dismissals by gender, age and professional grade. Average salaries and their evolution, broken down by gender, age and professional grade or equal value Pay gap, remuneration for jobs that involve performing the same or average tasks for the company, average remuneration for directors and managers, including variable payments, allowances, compensation, payment into long-term savings pension systems and any other amount received, broken down by gender, implementation of disconnection from work policies, employees with disabilities	**4. Our commitment to employees** 4.1 Employment	GRI 2-7 GRI 3-3 GRI 405-1 GRI 405-2	Pages 25-30

Organization of duties			
Organization of working time	**4. Our commitment to employees** 4.2 Organization of duties	GRI 3-3 GRI 403-2	Pages 30-31
Absenteeism rate (hours)			
Measures designed to facilitate the enjoyment of work/family life balance and to encourage the responsible use of these measures by both parents			
Health and safety			
Health and safety conditions in the workplace	**4. Our commitment to employees** 4.3 Health and safety	GRI 3-3 GRI 403-2 GRI 403-3 GRI 403-4 GRI 403-9 GRI 403-10	Pages 31-40
Occupational accidents, in particular their frequency and severity, as well as occupational illnesses, broken down by gender			
Social relations			
Organization of social dialogue, including procedures for informing, consulting and negotiating with staff	**4. Our commitment to employees** 4.4 Social relations	GRI 2-30 GRI 3-3 GRI 402-1 GRI 403-1 GRI 403-4	Pages 40-44
Percentage of employees covered by collective bargaining agreement by country			
The overall balance of the collective agreements signed, particularly in the field of health and safety in the workplace			
Training			
Policies implemented in the area of training	**4. Our commitment to employees** 4.5 Training	GRI 3-3 GRI 205-2 GRI 404-1 GRI 404-2 GRI 404-3	Pages 44-46
The total number of hours' training by professional grade			
Universal access for people with disabilities			
Equality			
Measures adopted to promote equality of treatment and opportunity between men and women	**4. Our commitment to employees** 4.6 Equality	GRI 3-3 GRI 405	Pages 47-48
Equality Plans (Chapter III of Spanish Act 3 of 22 March 2007, on the Effective Equality of Women and Men)			
Measures adopted to promote employment, protocols against sexual harassment and harassment on grounds of sex, integration, and universal accessibility for people with disabilities			
Policy against all types of discrimination and, where applicable, policy on the management of diversity			
Information on respect for human rights			
Policies			
The policies that the Group applies, which include the due diligence procedures applied for the identification, evaluation, prevention and mitigation of risks and significant impacts, verification and control, along with the measures that have been adopted.		GRI 3-3	Pages 48-50

General			
Application of due diligence procedures in matters of human rights Prevention of the risk of violating human rights and, where applicable, measures for the mitigation, management and repair of any potential abuses committed Complaints about cases involving human rights violations Promotion of and compliance with the provisions set out in the principle agreements of the International Labor Organization with regard to respect for the freedom of association and the right to collective negotiation The elimination of discrimination in employment and the workplace The elimination of forced or compulsory labor The effective abolition of child labor	**5. Our commitment to ensuring respect for human rights**	GRI2-23 GRI 2-26 GRI 3-3 GRI 412-1 GRI 412-2 GRI 412-3	Pages 48-50
Information relating to the fight against corruption and bribery			
Policies			
The policies that the Group applies, which include the diligence procedures applied for the identification, evaluation, prevention and mitigation of risks and significant impacts, verification and control, along with the measures that have been adopted.		GRI 3-3	Pages 50-51
General			
Measures adopted to prevent corruption and bribery Measures to combat money laundering Contributions to foundations and not-for-profit entities	**6. The Company's commitment to the fight against corruption and bribery**	GRI2-23 GRI 2-26 GRI 3-3 GRI 205-1 GRI 205-2 GRI 205-3	Pages 50-51
Information about the company			
Policies			
The policies that the Group applies, which include the diligence procedures applied for the identification, evaluation, prevention and mitigation of risks and significant impacts, verification and control, along with the measures that have been adopted.		GRI 3- 3	Pages 51
General			
The company's commitment to sustainable development			
The impact of the company's activity on local jobs and development	**7. Our commitment to sustainable development**	GRI 3-3 GRI 203-1 GRI 204-1	Pages 51-65

The impact of the company's activity on local towns and cities and the territory in general		GRI 413-1 GRI 413-2	
The relationships maintained with agents from the local communities and the types of dialogue engaged in with these agents			
Association or sponsorship actions			
Subcontracting and suppliers			
Inclusion of social, gender equality and environmental issues in purchasing policy	**8. Our supply chain**	GRI 2-6 GRI 3-3 GRI 308-1 GRI 414-1 GRI 414-2	Pages 65-66
Consideration of the Company's social and environmental responsibility with regard to suppliers and subcontractors			
Supervision and audit systems and their results			
Consumers			
Measures to ensure consumer health and safety	**9. Our commitment to end users and customers**	GRI 3-3 GRI 416-1 GRI 418-1	Pages 66-70
Systems to deal with any complaints and claims received and their resolution			
Tax information			
The profits obtained country by country	**10. Our commitment to transparency**	GRI 201-1 GRI 201-4	Pages 70-73
Taxes on profits paid and public subsidies received			

REDEXIS, S.A.
AND SUBSIDIARIES

Authorisation of the Consolidated Annual Accounts and Consolidated Directors' Report for 2022

Signed:

Mr Joaquín Coronado Galdós – Non-Executive President	Mr Fidel López Soria - Vice President and Chief Executive Officer
Mr Li Bo– Director	Mr Liu Yuan - Director
Mr Soren Alverde Holm - Director	Mr Niels Konstantin Jensen - Director
Ms Georgina Dellacha – Director	Mr Gavin Bruce Merchant - Director

CERTIFICATION issued in accordance with article 253 of the Revised Spanish Companies Act attesting that the Consolidated Annual Accounts and Consolidated Directors' Report of Redexis, S.A. and Subsidiaries comprise a single document and have been endorsed by the non-executive secretary on all pages and signed on the last page by the Chairman and Directors of the Company. Ms. Georgina Dellacha acts in her own behalf and on behalf of Mr. Gavin Bruce Merchant in accordance with the Power of Attorney granted on the date.

Madrid, 23 February 2023

SECRETARY TO THE BOARD OF DIRECTORS

Mr Ignacio Pereña Pinedo