



# Redexis

You will like the future



## Sustainability Report

# 2018

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# WELCOME

to the  
Sustainability  
Report **2018**

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For the first time, Redexis prepares its Sustainability Report, with the aim of publishing the most relevant non-financial information for the 2018 year, and as a supplement to the information presented in the company's Annual Report.

The contents of this document are based on the results obtained in the Materiality Analysis carried out by Redexis, which puts together the most relevant matters for the Group in 2018, and takes into account advanced transparency and corporate communication criteria.

This Sustainability Report reviews Redexis' activity and results and brings forth a vision of its business model, environmental and social management and strategic approach.

The objective of the presented information is to communicate, in an understandable manner that is accessible to all audiences, how Redexis creates value through its activities in a way that is coherent with the environment.

In addition, it demonstrates the Group's commitment to the Ten Principles of the Global Compact and the United Nations Sustainable Development Goals, and represents the company's Progress Report in the implementation of these principles.

Readers can access to this Sustainability Report, the Annual Report and additional information, through the Redexis website at [www.redexisgas.es](http://www.redexisgas.es)

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## Letter from the Executive Chairman

Based on the commitment of Redexis to a more sustainable society and economy, we have put together this first Sustainability Report, in which we provide the most relevant non-financial company information.

Redexis' strategy demonstrates its ambition for the future, articulated around three priority axes: people, financial stability and sustainability.

The best example of the success of such a strategy is Redexis' leadership among infrastructure sector companies in the GRESB 2019 Ranking, a global sustainability index, which awarded the company a five star rating, the highest possible grade.

From Redexis we bolster the potential of our gas networks as our main ally in the process of energy transition, and with a fundamental role in the attainment of the goals established by the Paris Agreement.

Redexis has been a symbol of energy investment in 2018, representing 37% of the total investment of sector companies. This year, we have deployed over 508 kilometres of network, bringing

gas to 500 municipalities throughout the whole national territory.

This deployment promotes sustainable economic growth in all territories where Redexis is present, creating direct and indirect employment, and boosting energy efficiency in regional business and industry. The purpose is clear: to offer more and better services, reinforcing security and increasing our commitment to the environment.

At Redexis, we have adopted as our main commitment the fight against climate change, the development of renewable energies and the reduction of emissions.

One of Redexis' most relevant milestones in regards to sustainable mobility is the signing of an agreement with Cepsa, a global energy group, for the creation of the largest network of Natural Gas Vehicles (NGV) refuelling stations in Spain, with the aim of broadening the offer of energy solutions.

Within the framework of our environmental responsibility, during the year 2018 we have carried out innovative projects that facilitate future access to renewable energies, such as renewable gas or hydrogen. We have already planned to invest more than 60 million Euro in new projects for the promotion of both vectors during the 2019-2025 period. We have, for example, announced our participation in the 'Power to Green Hydrogen' project, promoted by the Balearic Government, which aims to create, by 2021, the largest green hydrogen production plant in Europe for the supply to vehicles, hotel infrastructure and industrial estates in Palma de Mallorca.

In-line with our support for renewable energies, at Redexis we are also paying attention to photovoltaic solar power. We have already begun to offer families and industries a more efficient and environmentally friendly option, which

will result in important savings both in electricity consumption and costs.

The future lies in innovation and in the digitalisation of processes, and that is why, at Redexis, we now have in place artificial intelligence algorithms which allow us to improve efficiency and commercial activities for users who wish to be connected to our networks.

“ Redexis increases its value daily, and constitutes an innovative, dynamic Group in constant evolution ”

As a Group, and implicated in the development of a sustainable and environmentally friendly economy, we have incorporated into our management systems the ISO 14001:2015 and ISO 50.001:2001 standards, which enable us to improve our environmental and energy management to make it more efficient.

In accordance with our commitment to transparency, during 2018 we have created the Appointments and Remunerations Committee and the Audit and Risk Committee, both established within the Board of Directors. In parallel, we are firmly committed to integrating, within the Group's strategy, the United Nations Sustainable Development Goals, with the aim of promoting the sustainable growth of society and the environment.

Through all these actions, Redexis increases its value daily, and is constituted as an innovative, dynamic Group in constant evolution, which puts its modern infrastructures at the service of society in order to provide energy in a way that is sustainable and in agreement with the new energy transition model.

**Fernando Bergasa**

EXECUTIVE CHAIRMAN





## Letter from the Chief Operating Officer

The Redexis 2018 Sustainability Report reflects the company's commitment to the principles of transparency, communication and good governance, by bringing forth all relevant non-financial information.

At Redexis we have included in our strategy, in a transversal manner, all business areas and dimensions related to sustainability in order to achieve a more responsible economic, social and environmental growth. This commitment has been recognised recently by the 2019 GRESB Ranking, which awarded Redexis a maximum score of 5 stars, and credited it as the leader in the infrastructure sector.

During the year 2018 we have invested 138.4 million Euro in the deployment of natural gas networks, increasing our infrastructures by 5.1%, building 508 kilometres, put into service 17 new municipalities and four urban

centres, and connecting 45,000 new homes, businesses and industries. All this activity contributes greatly to the development of the regions in which we operate, simultaneously improving the quality of life of residents and ensuring the continuity and safety of the energy supply. One of our main commitments here at Redexis is to a responsible management of the environment and a reduction of greenhouse gas emissions.

Among the measures implemented for the control of emissions is the 2018 calculation of our Carbon Footprint, in its scopes 1 and 2, and the inclusion and certification of our Management System under the ISO 50.001:2001 standard, which provides the necessary tools for managing our energy resources in a more efficient manner.

In the same vein, from Redexis we are promoting the use of natural gas vehicles as a mobility alternative, as it allows for increased efficiency, with savings close to 50% as compared to fuels derived from oil, and for a reduction in greenhouse gas emissions.

In order to equip Spain with a network of infrastructures that could cover the supply of gas for natural gas vehicles, we have signed an agreement with Cepsa for the creation, during the next two years, of the largest refuelling station network in the country.

At Redexis we are working on projects to promote the reduction of greenhouse gas emissions and develop the concept of circular economy. Some examples of these innovative technologies are the Lloseta project in Mallorca for injecting hydrogen into the natural gas distribution network, and biomethane projects through which excess biogas is converted into

“ At Redexis we have included in our strategy, in a transversal manner, all business areas and dimensions related to sustainability in order to achieve a more responsible economic, social and environmental growth ”

biomethane for its injection into the network.

Apart from working towards the conservation of our environment, from Redexis we have been promoting during the year other strategic aspects such as safety and security, both of our facilities and the people who work within them. The reduction of our combined hazards index is a demonstration of our success in this area, reaching our goal of 'zero' accidents among our personnel.

Redexis' commitment towards the men and women that compose it has led to the signing, during 2018, of the 2nd Collective Bargaining Agreement, which will be valid until the end of 2021, and the 2nd Equality Plan, whose objective is to foster equal treatment and opportunities for all.

Finally, I wish to thank everyone at Redexis for their commitment, because it is only through your dedication, effort and professionalism that we are able to continue growing as an organisation and tackling all our challenges, now and in the future.

**Cristina Ávila**  
CHIEF OPERATING  
OFFICER

# Milestones 2018

## January



- **Redexis and EIB** sign a loan for 125 million Euro for the **development of gas infrastructure**.
- **Balearic Islands:** Redexis and the **Inca City Council** provide natural gas access to 8,000 homes.
- **Community of Madrid:** Redexis participates in the **Campaign for the Safety of Gas Installations**.

## February

- **Castilla-La Mancha:** Redexis will provide **natural gas at El Casar** (Guadalajara).
- **Castilla-La Mancha:** Redexis, sponsor of the **Yepes Football Academy**.
- **Balearic Islands:** Redexis participates in the **Energy Advisory Council**.
- **Canary Islands:** Orlando Viera, **new regional director of Redexis** in the Canary Islands.



## March

- Redexis signs a collaboration **agreement with Conaif**.
- Redexis and Enagás create **'H2Gas'** to boost **renewable hydrogen**.

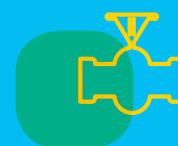


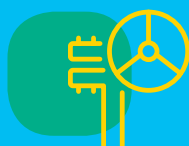
## April

- **ATP and USS** agree to increase their **participation in Redexis** together with **new financial investors**.
- **Andalusia:** Redexis provides natural gas to **Bajo de Guía hoteliers** in Sanlúcar de Barrameda (Cádiz).
- **Community of Madrid:** Redexis promotes the development of natural gas by extending **natural gas in Cercedilla**.
- Redexis participates in the **6th Gasnam Congress** (trade association for the promotion of natural and renewable gas in ground and maritime transportation).

## May

- **Andalusia:** Redexis inaugurates the arrival of natural gas in **Conil de la Frontera** (Cádiz).
- **Andalusia:** Redexis contributes to the improvement of **air quality in Villanueva del Arzobispo** (Jaén).
- **Aragón:** Redexis starts natural gas **supply in Torrente de Cinca** (Huesca).
- **Balearic Islands:** Redexis inaugurates the **arrival of natural gas** in the Mallorcan town of Lluçmajor.
- **Region of Murcia:** Redexis sponsors the **'Rio de Letras' cycle**, which convenes leading Spanish writers in **Blanca**.
- **Community of Madrid:** Redexis signs an **agreement for the development of the private Renovar Plan for Boiler Rooms**.
- **Balearic Islands:** Redexis once again supports the youth football teams of **Club Esportiu Constança de Inca**.





## June

- **ATP, USS and GT Fund / CNIC** complete their **acquisition of Redexis**.
- **Balearic Islands:** Redexis and the **Mallorca Transport Consortium** work for the promotion of vehicle gas.

## July

- **Region of Murcia:** Redexis starts **supplying** natural gas in **Abarán**.
- Redexis, national **sponsor** of the **broadcast** of the opera Lucia di Lammermoor from the Royal Theatre.



## November

- **Andalusia:** Redexis promotes the development of natural gas is the Valdelagrana urban centre in **El Puerto de Santa María** (Cádiz).
- **Castilla-La Mancha:** Redexis will take natural gas to the

**Hellín Municipal Indoor Pool** (Albacete).

- **Community of Madrid:** Redexis participates in the **Campaign for the Safety of Gas Installations**.

## December

- **Region of Murcia:** Plásticos del Segura **incorporates natural gas into its industrial processes**, powered by Redexis.

## October



- **Andalusia:** Redexis inaugurates the arrival of natural gas in **Chiclana de la Frontera** (Cádiz). will reduce emissions and energy bills for municipal facilities.
- **Extremadura:** Redexis promotes the development of natural gas with the deployment of **new networks in Moraleja** (Cáceres).
- **Region of Murcia:** First supply of natural gas in **Sangonera La Verde**, in the capital city of Murcia.
- **Andalusia:** Redexis and the **City of Vera** (Almería)
- The **National Centre for Experimentation of Hydrogen and Fuel Cell Technologies (CNH2)** shares its most innovative projects with Redexis.
- **Balearic Islands:** Redexis collaborates with **East Mallorca Cup 2018**, a tournament that promotes **women's sport**.

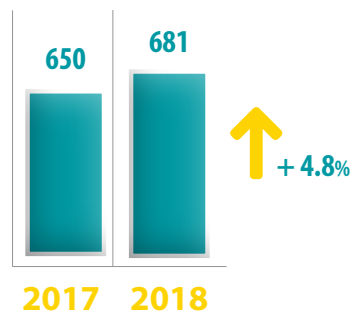


# Key figures

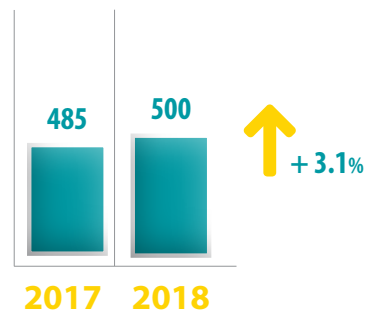
## Operational figures



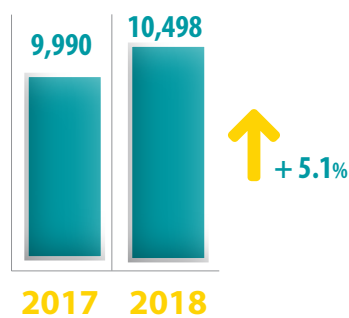
CONNECTION POINTS (thousands)



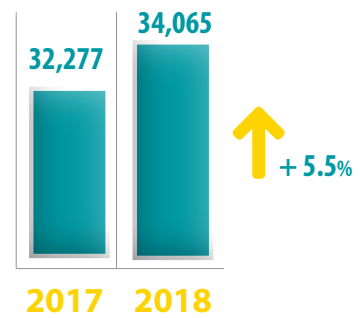
MUNICIPALITIES SERVED



NETWORK LENGTH (km)

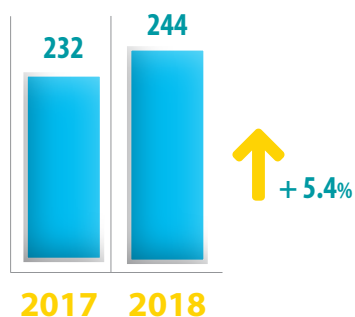


DISTRIBUTED ENERGY (GWh)

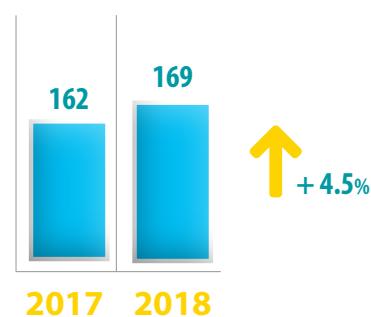


## Financial figures

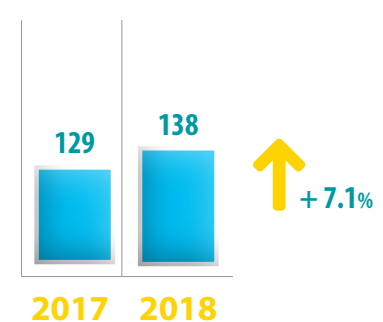
REVENUE (€M)



EBITDA (€M)



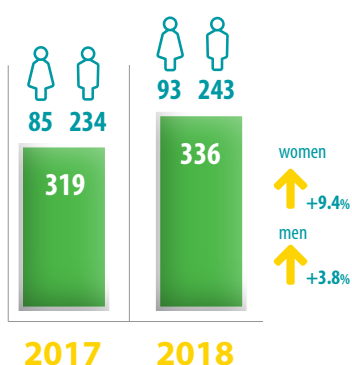
CAPEX (€M)



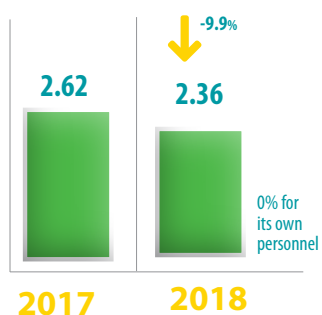


## Non-financial figures

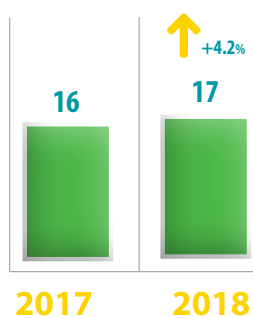
### DIRECT EMPLOYMENT



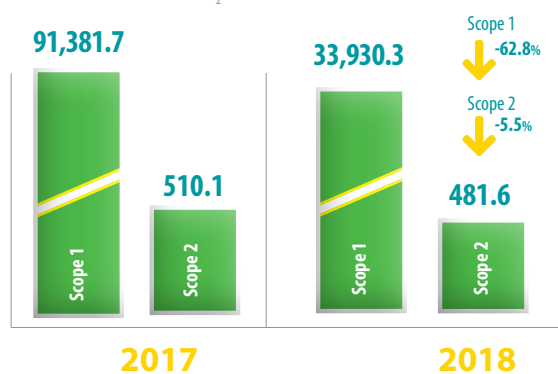
### ACCIDENT FREQUENCY RATE COMBINED<sup>1</sup>



### TOTAL ENERGY CONSUMPTION (GWh)<sup>2</sup>



### CARBON FOOTPRINT (t CO<sub>2</sub>e)<sup>3,4</sup>



<sup>(1)</sup> Number of accidents occurred per million of hours worked, by company personnel and contracted staff.

<sup>(2)</sup> Total consumption includes offices, LNG plants, transmission positions and vehicle fleet.

<sup>(3)</sup> Carbon footprint includes offices, LNG plants, transmission positions, vehicle fleet and diffuse emissions.

<sup>(4)</sup> Applied, in scope 1 of the 2018 carbon footprint, a new per-event sectoral methodology in the calculation of methane emissions of the distribution facilities.

# Strategy and **creation of value**



# Global vision

Redexis is an integral energy infrastructure company engaged in the development and operation of natural gas transmission and distribution networks, the distribution and commercialization of liquefied petroleum gas and the promotion of natural gas vehicles and renewable applications of natural gas and hydrogen.

Redexis is founded on excellence and innovation in daily work as a means to actively contribute to social well-being and sustainable

economic development. The Group maintains a solid a continuous expansion plan, with 1.3 billion Euro invested since 2010 and the creation of more than 3,000 direct and indirect jobs.

Additionally, Redexis works firmly on the development and creation of value in the territories in which it is present, as well as for environmental care, and is adhered to the Spanish Network of the United Nations Global Compact.

“Redexis is founded on excellence and innovation as a means to contribute to social well-being and sustainable economic development”

## MISSION:

To be a comprehensive energy infrastructure company, maximizing growth and efficiency, and contributing decisively to sustainable development and the generation of value for its stakeholders.

## VISION:

To be a leading energy infrastructure company, firmly committed to its customers, employees and shareholders and admired for its ability to improve and create value.

## VALUES:

Advance, Inspire, Care, Live, Overcome.



# A strategy that is profitable and sustainable

As an energy infrastructures company, Redexis is supported on an efficient business model, capable of dealing with the new

challenges of the energy sector, and with the guarantee of having an extensive infrastructure that moves towards a sustainable model.

With this purpose, Redexis has defined its **strategic axes**, adapted to current and future contexts:



**Balanced growth**, focused on business that provides security, stability and long-term visibility.

**Operational excellence**, based on the adoption of the most advanced technology for providing quality and value added solutions in every project and service.

**Innovation**, as an axis for progress, transformation and improving the efficiency of all its activities.

**Risk management**, identifying security, safety, health and environmental standards in advance, and appraising risky events as a function of their probability and potential impact.

“Redexis is moving towards a more efficient business model”

These strategic axes are based on **THREE PILLARS:**



**PEOPLE:**  
key in the development of Redexis.



**FINANCIAL STABILITY:**  
materialised in cost control, cash flow generation, the development of investments and the maintenance of an 'Investment Grade' rating level.



**SUSTAINABILITY:**  
The Group is committed to supporting the attainment of the Sustainable Development Goals (SDG) through its activities.





### Leader in the GRESB sustainability index

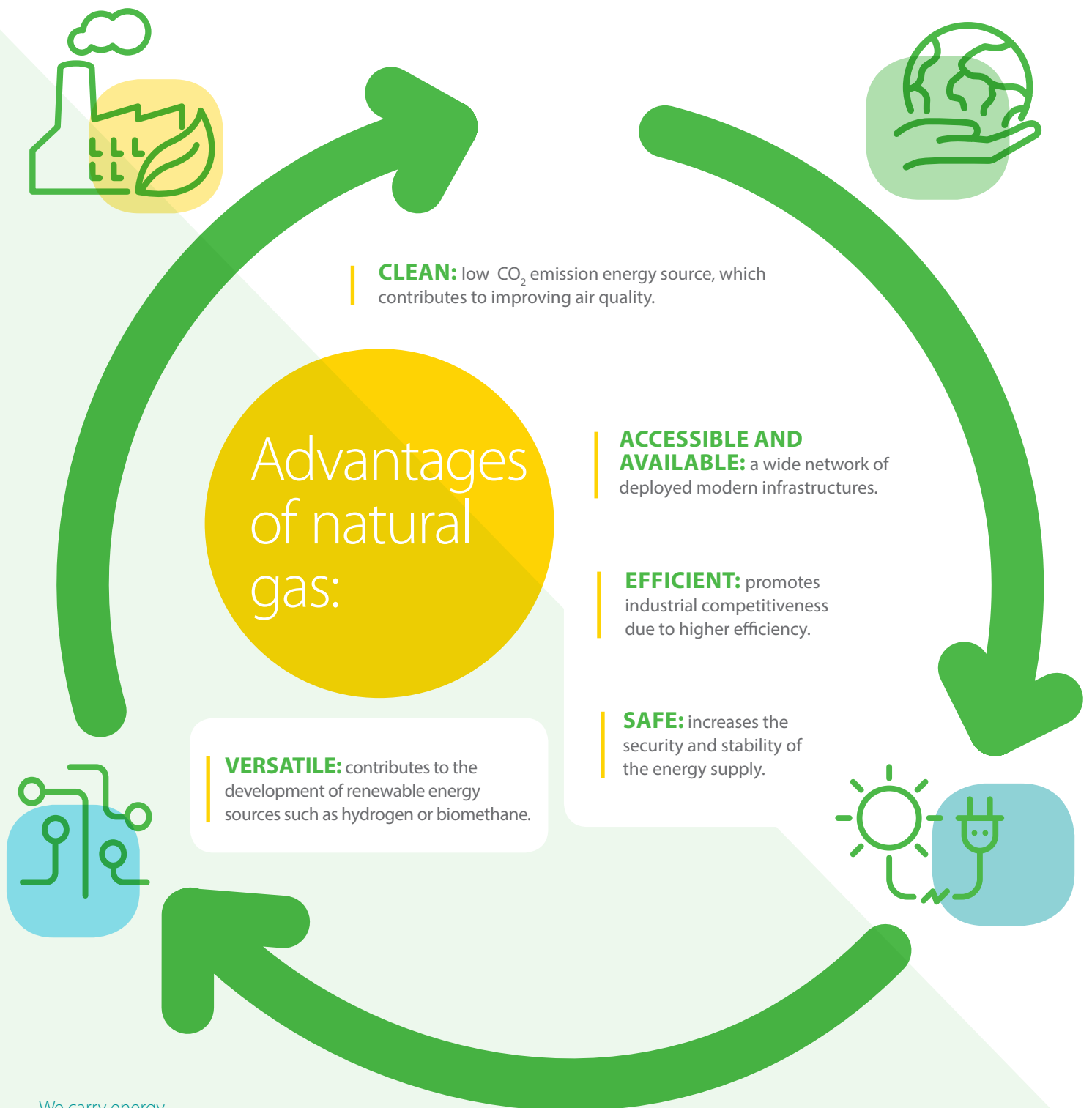
Redexis is the leader of the GRESB ranking, a global sustainability index for companies in the infrastructures sector, and has been awarded a five star rating, the highest possible, in the ESG (Environmental, Social and Governance) component. GRESB, after reviewing more than 390 companies, recognised the excellent performance of Redexis in 2018, promoting best practices in sustainability, social action and good governance.

## REDEXIS' CONTRIBUTION TO SUSTAINABLE DEVELOPMENT:

DIMENSION	SDG	ACTIONS
ECONOMIC	 <p>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</p>	Development of new artificial intelligence tools with new algorithms for the improvement of the retail efficiency of sales agents and for optimising network deployment.
	 <p>8 DECENT WORK AND ECONOMIC GROWTH</p>	Over 98% of purchases were done to local suppliers, which shows a commitment to the creation of jobs and to economic growth in the municipalities where the company operates.
ENVIRONMENTAL	 <p>7 AFFORDABLE AND CLEAN ENERGY</p>	Commitment to the development of refuelling stations for natural gas vehicles (NGV), promoting their demand as fuel for fostering sustainable mobility.
	 <p>13 CLIMATE ACTION</p>	Calculation of the Carbon Footprint in its scopes 1 and 2, contributing to a reduction in greenhouse gas emissions.

# Natural gas, transition towards a low-emissions economy

Natural gas is key for working towards a more sustainable circular economy, because it constitutes a competitive and clean energy source for homes, businesses and industry.



# Energy for the future: new opportunities

Natural gas is here to accompany Spain in its energy transition. The country has a significant gas infrastructure in place, modern and flexible, to guarantee the safety of supply.

From an economic perspective, the natural gas sector represents a highly relevant economic activity within the national economy, demonstrated by the more than 9.5 billion Euro invested in the last decade by gas sector companies, according to Sedigas data. In addition, from a social point of view, the sector represents about 0.5% of GDP and employs 150,000 people directly or indirectly, according to Sedigas. Natural gas is an energy source with a high level of acceptance, as shown by the increase in the number of consumers.

In regards to environmental factors, this type of energy represents an adequate solution for displacing

other more contaminating types, and it is therefore crucial for transitioning towards a low-emissions economy. Natural gas contributes substantially to improving air quality, due to lower emissions of  $\text{NO}_x$  and  $\text{SO}_2$ , as well as particles.

### New solutions

From the point of view of mobility, the introduction of gas into the transport sector is showing great progress, especially necessary considering the fact that the sector is responsible for 26% of  $\text{CO}_2$  emissions in Spain. Against this background, natural gas vehicles (NGV) are an immediate solution for improving air quality through the use of alternative fuels.

Additionally, new initiatives are being developed related to renewable energy sources such as hydrogen or biomethane, both distributable through the infrastructures deployed by Redexis. All this will promote

circular economies based on the utilisation of energy, which could be consumed by homes, businesses and industry, and is based on renewable sources.

Therefore, natural gas is and will continue to be the fastest-growing energy source in any reduced-emission scenario. It is our ally for a clean future, and it plays a decisive role in the attainment of the goals set forth by the 2015 Paris Agreement (global framework against climate change) and the United Nations 2030 Agenda for Sustainable Development.

“ Natural gas is and will continue to be the fastest-growing energy source in any de-carbonisation scenario ”



# Corporate Governance

## Ethics and integrity

Corporate governance is a key element of Redexis' vision, as it strengthens and boosts investor trust. The Group is committed to the implementation of guidelines and good practices for the promotion of transparency in

the relations with all its stakeholders.

Corporate governance includes composition, structure and governing bodies, and establishes the means that can be used to

attain corporate goals and supervise their compliance.

(For additional information, please access the Redexis Annual Report at [www.redexisgas.es](http://www.redexisgas.es))

### SHAREHOLDERS

Redexis Gas S.A. is the holding company of a group of energy infrastructure companies, owned in equal parts

by two pension funds and infrastructure funds that participate jointly.

#### PENSION FUNDS

**33.3%**

Universities Superannuation Scheme – USS

**33.3%**

Arbejdsmarkedets Tillægspension – ATP

#### INFRASTRUCTURE FUNDS

**33.3%**

CNIC Corporation Limited Guoxin Guotong Fund LLP

### ORGANISATIONAL STRUCTURE Redexis



**99.98%**  
Redexis Gas Murcia, S.A.



**100%**  
Redexis Gas Servicios, S.L.U.



**100%**  
Redexis GLP, S.L.U.



**100%**  
Redexis Infraestructuras, S.L.U.

### BOARD OF DIRECTORS STRUCTURE

The Redexis Board of Directors is mandated to administer the company. On August 31, 2019, its members are:

NAME	APPOINTMENT DATE OR LAST RE-ELECTION	CATEGORY	POSITION
Mr Fernando Bergasa Cáceres	May 19, 2016	Executive	Executive Chairman
Ms Cristina Ávila García	September 19, 2014	Executive	Director and Chief Operating Officer
Mr Niels K. Jensen	May 23, 2019	Proprietary (nominated by ATP)	Director
Mr Ng Chik Sum Jackson	June 20, 2018	Proprietary (nominated by Guotong)	Director
Mr Oliver Jan Schubert	June 20, 2018	Proprietary (nominated by Guotong)	Director
Mr Ulrik Dan Weuder	December 10, 2013	Proprietary (nominated by ATP)	Director
Mr Stephen Alan John Deeley	December 10, 2013	Proprietary (nominated by USS)	Director
Mr Gavin Bruce Merchant	July 24, 2017	Proprietary (nominated by USS)	Director
Mr Ignacio Pereña Pinedo	March 19, 2013	Not applicable	Secretary Non-Director



## EXECUTIVE COMMITTEE

<b>Mr Fernando Bergasa Cáceres</b>	Executive Chairman
<b>Ms Cristina Ávila García</b>	Chief Operating Officer
<b>Mr Antonio España Contreras</b>	Chief Financial Officer
<b>Mr Ignacio Pereña Pinedo</b>	General Counsel and Company Secretary Board of Directors
<b>Mr Borja Polo Baños</b>	Strategy and Business Development Director
<b>Mr Javier Crespo Millán</b>	Operations Director
<b>Mr Diego Sánchez Muslera</b>	Network, Facilities and Transmission Director
<b>Mr Andrés Oliva García</b>	Residential Commercial Director (B2C)
<b>Mr Javier Migoya Peláez</b>	Tertiary and Industrial Commercial Director (B2B)
<b>Ms Mercedes Barreiro Hernández</b>	Resources Director
<b>Mr Miguel Mayrata Vicens</b>	Business Diversification Director
<b>Ms Estefanía Somoza Villar</b>	Corporate Communications and Public Affairs Director
<b>Ms Mireya Martínez San Martín</b>	Internal Audit Director

## BOARD OF DIRECTORS COMMITTEES

During the 2018 financial year, two committees have been set up within the Redexis Board of Directors: the Appointments and Remunerations Committee, and the Audit and Risk Committee. In spite of having no legal obligation to establish any of these, Redexis has shown its commitment to the principles of good corporate governance and transparency towards its stakeholders.

## CODE OF CONDUCT AND CORPORATE GOVERNANCE POLICIES

Redexis has a Code of Ethics in place, approved by the Board of Directors on March 19, 2013, which establishes the set of principles and behavioural guidelines intended to guarantee the ethical and responsible behaviour of the Group's professionals. In turn, this Code of Ethics has been created following the guidelines and policies of the corporate governance system. The entity in charge of ensuring compliance with the Code of Conduct and other regulations is also responsible for corporate governance, in this case, the Redexis Secretary General.

## RESPONSIBLE TAXATION

Another material aspect of the Corporate Governance system is Responsible Taxation<sup>1</sup>, and in this sense, Redexis' activity contributes directly to the national, regional and local tax administration through the direct payment of taxes. Redexis manages its fiscal obligations in a prudent and transparent manner, through an efficient management which is in line with the company's strategy. The company complies with tax regulations, acts responsibly and promotes cooperative and transparent relationships with Tax Administrations. In 2018, tax contributions to municipalities and autonomous communities where the Group operates totalled more than 3.6 million Euro, which contributes to their development and sustainability.

<sup>(1)</sup> Responsible Taxation consists in managing tax affairs applying good taxation practices and acting transparently, paying taxes in a responsible and efficient manner and promoting corporate relationships with different governments in order to avoid significant risks and unnecessary conflict.

# Risks and opportunities

**At Redexis, risk management and control are based on independence, anticipation, commitment to business objectives and the involvement of senior management.**

Redexis responds to its stakeholders, and, as shown in the Materiality Analysis developed by the company (see "About this report"), considers risk management as a crucial aspect of its operation, the latter understood as the identification of potential risks and the development of models that allow the company to prevent these risks, encompassing

all organisational areas involved in management.

For this purpose, it has developed its own model for the identification of possible risks and their appraisal based on the probability of occurrence and their potential impact on goals. This model provides a logical and systematic method that favours

decision making and responds with maximum guarantees to any threats and opportunities that may arise.

For the company, an effective risk management is essential to be able to attain its strategic goals, and to be able to identify competitive advantages and new business opportunities.

The model of **RISK MANAGEMENT AND CONTROL** in place at Redexis enables:

| **The identification and management of risk** at a company level and by area or department.

| **The improvement of decision making related to risk response.**

| **The establishment of an integral report** for the identification and monitoring of key risks.

| **The reduction of company vulnerability** against different risks by proper evaluation and mitigation through concrete action plans.

| **The alignment of different risk tolerance levels** to company goals.

| **An increase in trust and security perception by the Board of Directors and other stakeholders,** based on the fact that key risks are being monitored and communicated in a timely manner.

| **An improvement in risk information** and communication.



The system is based on the COSO model, the Integrated Framework of Internal Control accepted as an international standard and that has become the Redexis preference in the design, implementation and execution of internal control and the evaluation of its effectiveness.

The different risk management activities area coordinated from the company's Internal Audit area. Its main function is to serve as a link between the different departments, the Chair and General Management, on one side, and the Audit and Risk Committee, on the other, facilitating and supervising the implementation of good practices. The purpose of the above is to ensure that the system identifies

the different types of risks and establishes the prescribed measures for their mitigation, or the actions to be taken in case they materialise and cause effective damage.

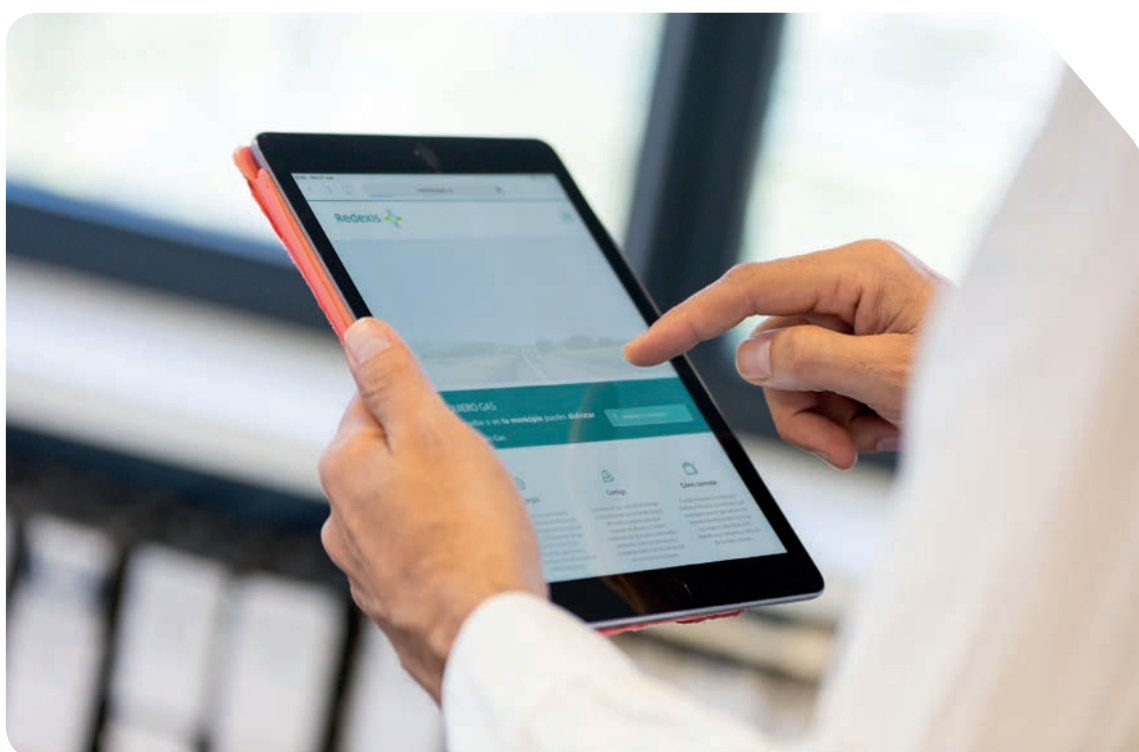
Additionally, the General Secretariat will promote the following actions for risk management and internal control:

**Institution of the processes necessary for preventing legal infringements related to criminal or reputation-related risks** and limiting, as much as possible, situations of criminal responsibility for the company, actively contributing to the prevention and detection of criminal behaviour.

**Promotion of a clear organisational culture**, shared by all Redexis employees, that propitiates the prevention of behaviour that could lead to criminal responsibility of the company, its managers, and its directors.

**Establishment of objective control and supervision measures** with the aim of preventing the aforementioned behaviours by employees at all levels.

**Processing of any communications received through the Reports Channel**, both external and internal.



# Our **Activity**





# Business



As an operator of energy infrastructures, Redexis offers efficient and innovative services which facilitate access to natural gas and other renewable

energy solutions, succeeding in continuously improving the quality of life of thousands of families through the provision of a safe and reliable service.

In addition, it boosts industrial competitiveness, which in turn contributes to improving Spain's economic and environmental sustainability.

## REDEXIS IN SPAIN



**Redexis**

**2<sup>ND</sup>** largest operator in **gas transmission**

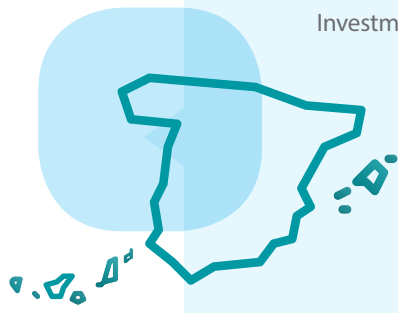
**3<sup>RD</sup>** largest operator in **gas natural** distribution and

**2<sup>ND</sup>** in **LPG**

Presence in **11** **autonomous communities:**  
 Aragón, Andalucía, Baleares, Canarias, Castilla-La Mancha, Castilla y León, Cataluña, Comunidad de Madrid, Comunidad Valenciana, Extremadura and Murcia.



Creates **3,000** **jobs**, direct and indirect.



Investments in **infrastructure development** at a rate that is unique to the sector:

Growth that **quadruples the sector mean in distribution.**

- Accounts for **30%** of annual additions
- and comprises **7%** of active users.

**Redexis' results reinforce its growth strategy and constitute an incentive for continued investment in the deployment of new energy networks in Spain, as well as in new business lines and value-added services related to natural gas.**

## OPERATIONAL DIMENSION

OPERATIONAL DATA	UNIT	2017	2018
<b>NG (P&lt;4b)</b>	#	570,097	595,067
<b>NG (P&gt;4b)</b>	#	278	286
<b>LPG</b>	#	79,278	85,159
<b>Connection points</b>	#	649,653	680,512
<b>Provinces served</b>	#	27	27
<b>Municipalities with authorisation (NG+LPG)</b>	#	485	500
<b>Length of the network (km)</b>	Km	9,990	10,498
Length of the distribution network	Km	8,348	8,855
Length of the transmission network	Km	1,643	1,643
<b>Energy distributed</b>	GWh	32,277	34,065
<b>No. of gas pipelines</b>	#	51	51



### TRANSMISSION

Redexis contributes to the energy structure of Spain through the investment of **250 million Euro** in primary and secondary gas pipelines since 2010.



### DISTRIBUTION

In 2018, Redexis **added 487 kilometres** to its natural gas distribution network, reaching **7,908 kilometres**, **deployed over 250 municipalities**, and operating **595,353** natural gas connection points.



### LPG

In 2018, it increased its LPG customer base through the **acquisition of 3,400** connection points for **LPG**, reaching a **total of 85,159 supply points**. It operates a network of **947 kilometres** and provides service in **437 municipalities**.

## ECONOMIC-FINANCIAL DIMENSION



### OPERATING DATA\*

	2017	2018
<b>Revenue</b>	231.8	244.3
Distribution - regulated	100	105.6
Other distribution-income - regulated	28.3	25.9
Transmission - regulated	63	61.9
Regulated LPG business	25	28.4
Other operating income	3.3	8.9
Self-constructed non-current assets	12.2	13.5
<b>EBITDA</b>	162.2	169.4
Margin	70 %	69.3 %
Margin (excluding the dilutive effect of the LPG Margin)	75 %	75.6 %
Capex	129.3	138.4
<b>Profit for the year</b>	49.7	29.9

\* in millions of Euros

**Redexis has proven its ability to access capital markets by means of bank facilities, bond issues and loans with the EIB.**

**1,150 M€**

Long-term bonds with total backing from capital markets

**+**

**300 M€**

Revolving bank loan for corporate use that includes investments in new networks

**+**

**285 M€**

EIB (Juncker Plan - EFSI)

**=**

**1,735 M€**

Contributing to the development of infrastructure in Spain

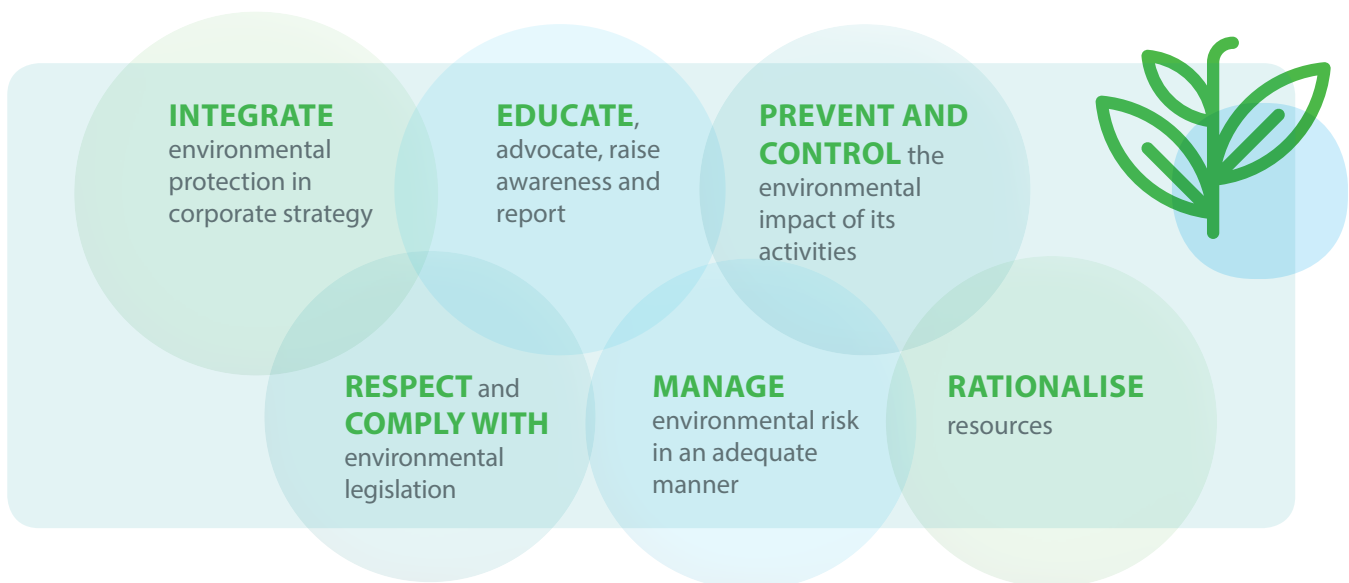
# Climate change and environment

The protection of the environment and the fight against climate change are priority objectives for Redexis, and are thus managed transversally through all business areas and included in its business model,

## SUSTAINABLE MANAGEMENT

Redexis has an Integrated Policy, approved by high management, which defines the principles aimed at achieving continuous improvement in relation to the environment, and considers environmental management to be at the top of the Group's objectives.

The principles defined in the Integrated Policy are:



Redexis has incorporated all these principles into its Integrated Management System, adapting the provisions of the ISO 14001:2015 environmental management standard and incorporating the ISO 50001:2011 standard, which verifies the efficient and sustainable use of energy.

Additionally, Redexis has set up an Environmental Emergency Plan within its Management System, in which it describes the actions that must be carried out if an environmental emergency ever occurred.

In this way, the Group can anticipate any risky situation that could affect its working locations and is able to minimise and mitigate potential consequences.

A good example of the relevance of environmental management within the Redexis world is the company's contribution to Sustainable Development Goal 7: Affordable and Clean Energy, through the development and promotion of new energy formulas, such as hydrogen and biomethane, which reduce greenhouse gas emissions.



## CLIMATE CHANGE: GENERAL CONTEXT

2018 has been full of environmental and climatic challenges. Spain and the European Union are facing important challenges in the fight against climate change and the reduction of emissions.

The framework for the energy and climate policy in Spain is determined by the European Union (EU), which, in turn, is conditioned by a global context especially affected by the Paris Agreement, signed in 2015, and representing the most ambitious international response so far to the challenge of climate change.

This new normative framework brings regulatory certainty and creates favourable conditions for the implementation of the considerable number of required investments. In addition, it empowers European consumers to become active participants in the energy transition, and sets binding goals for the EU in 2030:

To this we must add that the European Commission updated, on November 28, 2018, its roadmap towards the systematic de-carbonisation of the economy with the intention of making the European Union carbon neutral by the year 2050.

In the beginning of 2019, with the approval of the preliminary draft of the Climate Change and Energy Transition Law, the Ministry for the Ecological Transition aspires to totally de-carbonise the Spanish economy by 2050.

This legislative project is one of three pillars of the Strategic Framework for Energy and Climate, which is complemented by the National Integrated Plan for Energy and Climate and the Fair Transition Strategy. The Strategy, which will be subject to public information, is part of the Strategic Framework for Energy and Climate, and is focused on facilitating the modernisation of the economy and its transition towards a sustainable and competitive model that contributes to stop climate change. One of the areas of development of this new regulatory framework is the development of alternative fuels such as hydrogen and biomethane.

Redexis' effort in fighting climate change is evident, as demonstrated by its commitment with SDG 13, Climate Action, and the activities and projects it carries out for the attainment of this goal.

**40% reduction** in emissions of greenhouse gases (GHG) compared to 1990.

for all the EU  
**32.5%** improvement in energy efficiency.

**32% of renewables** over total consumption of gross final energy,

**15%** electrical interconnection in member States.





## RESPONSIBLE USE OF RESOURCES

Europe is moving towards a circular economy based on an efficient use of resources and a focus on reduction, re-use and recycling.

The Group, through its Integrated Management System, is opti-

mising the handling of hazardous and non-hazardous waste, establishing objectives for the reduction of environmental indicators and contributing to the transition towards a circular economy.

### TOTAL ENERGY CONSUMPTION IN 2018 (GWh)



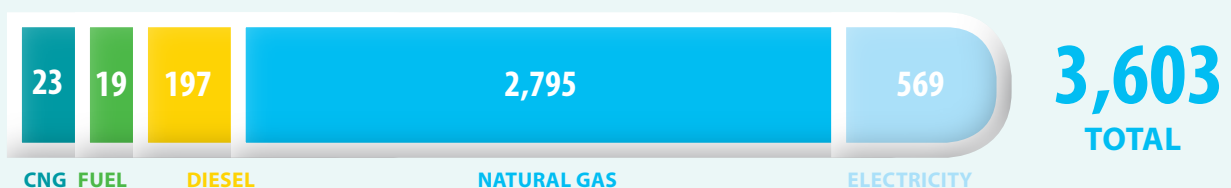
Note: Total consumption includes offices, LNG plants, transmission positions and vehicle fleet.



Redexis considers climate change to be an environmental challenge that is to be fought at a global level, and that calls for everyone's contribution if we are to mitigate its effects. CO<sub>2</sub> emissions, for example, is one of the factors that contributes

most to global warming. This is why the Group works continuously to reduce its own through important investments in infrastructure and in the optimisation of its operations, thus increasing its energy efficiency.

### CO<sub>2</sub> EMISSIONS (t CO<sub>2</sub> e)



Note: CO<sub>2</sub> emissions include offices, LNG plants, transmission positions and vehicle fleets.

Likewise, Redexis develops tools for measuring and controlling greenhouse gas emissions, with the final aim of reducing them. One of the most important

initiatives is related to calculating the carbon footprint, in its scope 1 and 2, an exercise in information and transparency that has earned the company the

'Calculation' seal of the Ministry for the Ecological Transition for its natural gas transmission and distribution activities carried out in its Madrid facility.

CARBON FOOTPRINT (T CO <sub>2</sub> E)	2017			2018		
	SCOPE 1	SCOPE 2	TOTAL	SCOPE 1	SCOPE 2	TOTAL
Offices	2.1	158.5	160.6	-	136.4	136.4
LNG plants	402	91.7	493.7	456.7	82.7	539.4
Transport positions	2,334	259.9	2,593.9	2,424.1	262.5	2,686.5
Vehicle fleet	253	-	253	238.6	-	238.6
Diffuse emissions	88,390.6	-	88,390.6	30,810.9	-	30,810.9

<sup>(1)</sup> Scope 1 emissions are direct emissions produced by the burning of fuels by the emitter.

<sup>(2)</sup> Scope 2 emissions are indirect emissions generated by the electricity consumed and bought by the emitter.

<sup>(3)</sup> Applied, in scope 1 of the 2018 carbon footprint, a new per-event sectoral methodology in the calculation of methane emissions of the distribution facilities.



## PROTECTION OF BIODIVERSITY

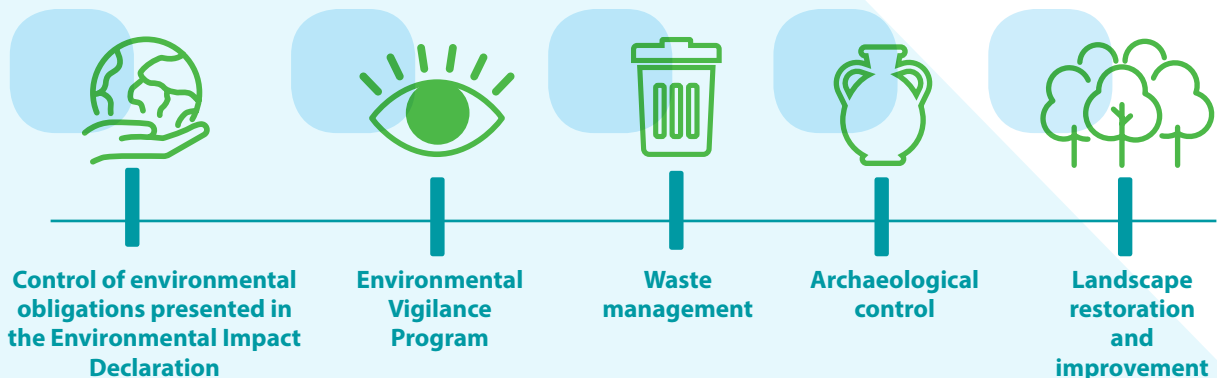
Redexis is committed to the protection of natural capital and biodiversity. The way of managing its activity takes into account the integral treatment of any produced impact, maintaining a preventive attitude against their generation and correcting the ones that do materialise.

### PREVENTION AS A RULE

Always following the principle of precaution, the Group carries out environmental studies during the design phase of all its infrastructures and facilities in order to minimise possible negative impacts throughout their life cycle.

If these facilities are close to protected zones or areas of high biodiversity, Redexis carries out specific studies with the aim of, if necessary, adapting the project to reduce or compensate for any impact on these areas. In addition, the company implements a vigilance program for both construction and operation phases with the purpose of applying any necessary preventive and corrective measures related to, among other things, waste management, construction machinery and vehicle control, communication with environmental entities and compliance with established environmental specifications.

### PREVENTIVE APPROACH IN THE CONSTRUCTION OF A PIPELINE





## CONTINUOUS VIGILANCE: EXAMPLES OF LANDSCAPE RESTORATION AND IMPROVEMENT

### **Son Reus-Inca-Alcudia**

Review of the restoration project carried out in 2015.

### **Cas Tresorer-Manacor-Felanitx**

Archaeological monitoring of the area and application of fire prevention measures.

### **Yeles-Seseña**

Habitat restoration through the planting of trees, in collaboration with the Esquivias City Hall.



### **Villacarrillo-Villanueva del Arzobispo**

Application of different measures for preventing impact on wildlife: mitigating the barrier effect caused by the trench, covering the free ends of the pipe, verifying the results of previous studies, and removing individual wildlife specimens trapped in trenches, especially herpetofauna specimens.

### **Villanueva del Arzobispo-Castellar**

Use of a trencher that allowed the company to re-utilise the removed material, reduce inert leftover materials, and facilitate restitution work. In addition, the Guadalimar river course was crossed using the directional drilling procedure, avoiding any effect on banks and edges.



## DRIVING INNOVATION

In its efforts for developing sustainable environmental behaviour, Redexis applies to its activities the precepts of circular economies, a key economic model in the fight against climate change. In this context, Redexis focuses

on two essential objectives: to promote sustainable mobility and to foster renewable energies as energy carriers in order to facilitate the transition towards a low-emission energy model.

### NATURAL GAS VEHICLES



Natural Gas Vehicles (NGV) are an effective alternative for a more efficient, cleaner and more sustainable mobility with additional advantages, such as the reduction of CO<sub>2</sub> and contaminant emissions. According to Sedigas data, 2018 has brought an increase of 26% in

natural gas for vehicles in Spain, and a 146% growth in Natural Gas Vehicle registrations. Furthermore, there were 71 public refuelling stations, of which 19 were created in 2018 and 46 are projected for the near future.

In this line...

#### Redexis and Cepsa will create the largest natural gas refuelling station network in Spain

Redexis is committed to providing the country with a **nationwide network of natural gas refuelling infrastructures for light and heavy vehicles**, with easy access and refuelling times similar to traditional hydrocarbon refuelling.



### Agreements for the future



- The company is signing agreements with different vehicle manufacturers for the **development of infrastructures** to serve new vehicle fleets that use this kind of fuel.
- In 2018 it signed an agreement with the **Mallorca Transport Consortium** for the promotion of NGV in regular inter-urban public transport.
- It also forged an alliance with the **Zaragoza Auto Taxi Cooperative** for the construction, startup and maintenance of a gas refuelling station in the city.



## RENEWABLE GAS: HYDROGEN AND BIOMETHANE

Renewable gases such as hydrogen and biomethane will be fundamental in the energy transition process that is occurring in Spain.

Renewable gas is sourced from organic waste (animal and vegetable waste and waste water), from biomass and from the surpluses from renewable electrical energy. In all these cases, a gas (methane or hydrogen) is obtained which is then injected into the gas network systems

to be used when necessary. Therefore, the infrastructure of the Spanish gas system is once again uplifted, this time as an energy storehouse. Renewable gas acts as a CO<sub>2</sub> drain; its negative emissions reduce atmospheric contaminants to improve air quality and contribute to the circular economy. It also constitutes a competitive alternative, as it is completely interchangeable with natural gas and does not require additional investments.



**Hydrogen** will bring about a revolution in the energy sector. Produced from water and renewable energy, it is a totally decarbonised gas which can be used in any activity sector, especially in mobility.

Redexis has announced investments amounting to 60 million Euro over the next five years to promote initiatives related to this renewable energy source at a national level, with the aim of starting up a flagship initiative to address the use of pipeline-transported hydrogen, as well as the storage of electricity produced from this type of energy.

Redexis is a Trust member in the Foundation for the Development of New Hydrogen Technologies in Aragón and the Spanish Hydrogen Association.

**Biomethane** is a clean gas, obtained from renewable sources, and totally equivalent to natural gas, which is obtained from biogas through an upgrading process that increases the percentage of methane in the mix. Synthetic methane can be obtained from synthetic gas (syngas) or hydrogen through physical-chemical or biological transformations.

Among the many benefits of biomethane is its contribution to the circular economy through the leverage of waste and its transformation into energy, and the support for rural development in agricultural and livestock environments.

It is still a type of energy that is not highly developed in Spain, although its production potential is big: estimated at more than 20 TWh/year, which represents 6% of the current consumption of natural gas, or 50% of residential-use natural gas.

Redexis is promoting innovative initiatives to produce biomethane and inject it into its natural gas network in collaboration with public administrations, technologists and organic waste processing companies.

# Human teams and talent

Redexis has a solid corporate culture that defines its manner of working and allows it to successfully face the challenges of the future. Its strength lies in its values, attitudes and aptitudes, which determine, at any time, the

route that is to be followed and how to do it.

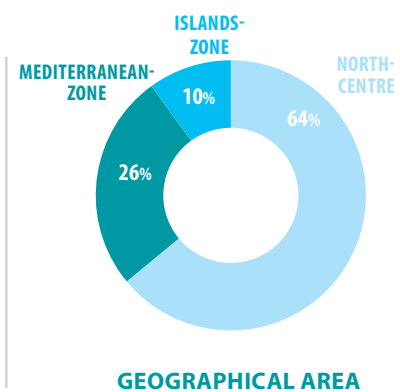
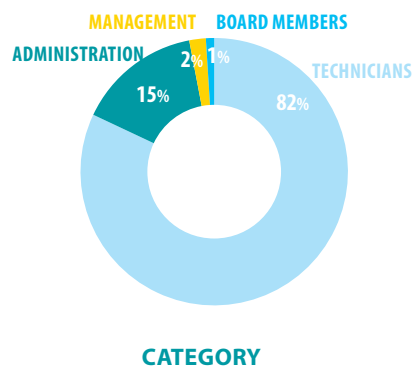
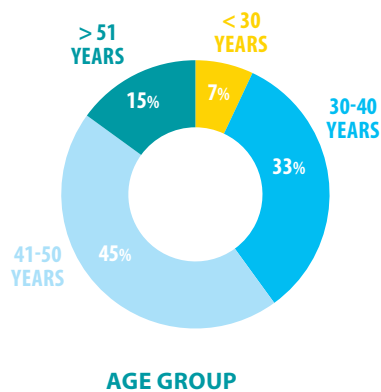
This philosophy is also applied to the human team, so that the organisation and its people are aligned at all times.

At the end of the 2018 year, the Group's workforce amounted to 336 people who, through effort and commitment, contribute to making Redexis a reference company in its sector.

## KEY FIGURES

	2017	2018
<b>Number of employees (on December 31, 2018)</b>	319	336
<b>%men/women</b>	73%/27%	72%/28%
<b>Mean age</b>	43	43
<b>Mean seniority (years)</b>	10	10
<b>Employees with open contracts</b>	99.4%	99.1%
<b>Total total turnover rate (%)</b>	6%	5.5%
<b>Absenteeism rate (average)</b>	1.3%	1.7%

## BREAKDOWN OF WORKFORCE BY:



## PEOPLE MANAGEMENT

The company has based its people management policy on three axes:

### TALENT ATTRACTION:

Redexis' success is based largely on its human team, excellent professionals who share the same values as the company and are committed to its mission, vision and values. In

order to capture this talent, Redexis offers a stable work environment that allows for the development of individual capabilities through internal promotion.

### TRAINING AND DEVELOPMENT:

Redexis carries out training programmes for boosting the skills and capacities of its

professionals. For this purpose, it develops a specific plan and has launched tools such as 'Campus Redexis', a platform that fosters collaborative learning. In addition, it implements, since 2014, the program 'Promoting talent energetically', which offers a first contact with the professional world to 25 recent graduates.

**FLEXIBLE COMPENSATION**

**MODEL:** through this model, Redexis promotes the responsibility and commitment of its people, as it allows

them to configure their compensation based on their needs, with an every expanding offer of available products and services.

**COMMUNICATION:**

Redexis maintains a fluent dialogue with its employees with the aim of fostering transparency and transversal communication.

**LABOUR RELATIONS**

In 2018, Redexis signed the 2nd Collective Bargaining Agreement, backed by trade unions. This agreement, in force until 2021, brings stability, predictability and sustainability

to all employees, while modernising work, economic and operational conditions and social benefits.

More recently, the company

has closed negotiations for the 2nd Equality Plan, which boost aspects related to women's rights in the workplace and equality of opportunities within the organisation.

**HEALTH AND SAFETY**

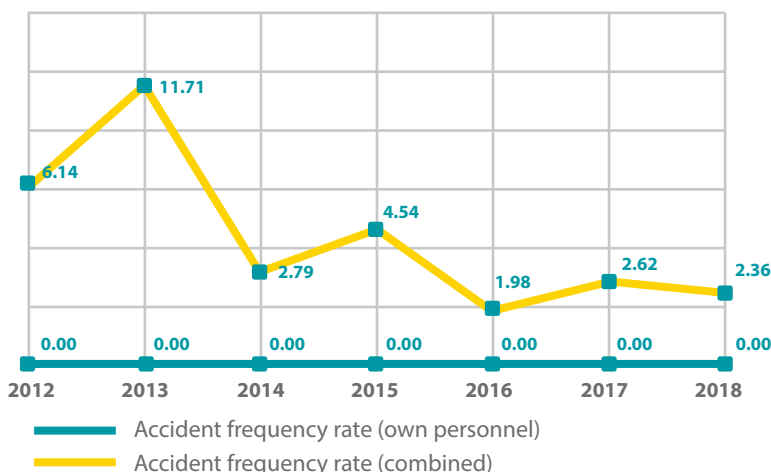
Redexis goes far beyond mere compliance with the established legislation, and promotes a continuous improvement in working conditions and in the management of safety, health and well-being. The objective is for Redexis to be as safe as possible, and for this purpose, it involves its workers, collaborators, users and other stakeholders related to its activity.

Redexis' Integrated Management System, which follows the

guidelines established in the requirements of the OHSAS 18001:2007 standard, was audited in 2018 to ensure total integration of workplace health and safety with business strategies. In this same line, Redexis works to offer its employees a health and well-being plan, promoting healthy lifestyles. Its efforts in this area resulted in a successful approval of the Healthy Company audit in 2018.

“ The low accident indexes are a testimony of the success of company policies related to Health and Safety ”

**ACCIDENT FREQUENCY RATE**



**PROJECTS FOR CONTINUOUS IMPROVEMENT**

- Defining and implementing a new tool for **Management by Goals**.
- Promoting the **Training Plan** as the main route for developing knowledge and professionalisation.
- Reinforcing **internal communication**.
- Consolidating the **Global Programme for Talent Identification, Evaluation and Management**.
- Converting the **people management model** into the lever that will promote digital transformation.

# Infrastructure security

**Redexis works every day to reach the highest standards of safety in its transmission and distribution networks, thus reinforcing the quality of its services.**

Redexis has a very modern network of infrastructures, of which more than 60% of the transmission network has been deployed in recent years and a significant proportion of the distribution network has been built between 2005 and 2008. This means that the network requires only minimal investment

for asset updates, while still offering magnificent safety ratios.

In any case, and always taking into account the principle of precaution, Redexis carries out over its infrastructure preventive, predictive and continuous improvement actions systematically, in-line with

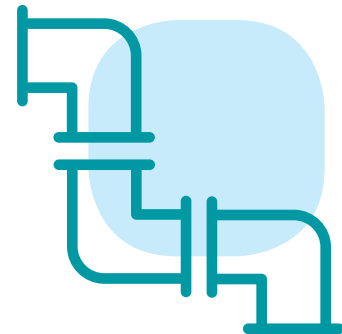
what is established in its asset integrity management plans. These plans, based on risk analysis, are designed with the aim of improving maintenance efficiency and management, increasing the lifespan of infrastructures and significantly reducing the number of interventions.

## NETWORK OPERATION

Redexis has a Control Centre from which the main parameters that define the state of its infrastructures are supervised, such as pressure, flow or gas temperature, as well as providing remote access to the facilities. Gas pipelines and specific points in the distribution network are permanently monitored, which provides high levels of operating security.

## Distribution network age profile (2018)

- <3 YEARS: 14%**
- 3-5 YEARS: 9%**
- 5-10 YEARS: 38%**
- 10-15 YEARS: 35%**
- 15-20 YEARS: 3%**
- >20 YEARS: 1%**





## AT ALL LEVELS

Guaranteeing the safety of people, facilities and supply is a priority objective in Redexis'

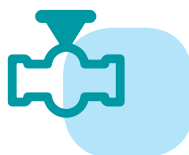
strategy. For this purpose, the company is supported by a Control Centre which, through

the most advanced technology, provides real-time monitoring of the main facilities.



### PEOPLE

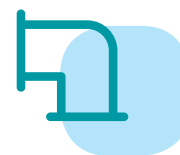
Redexis works to guarantee the safety of all people involved in the gas supply chain, and this applies to people from the company's own staff and also to externals. It ensures everyone is properly trained and has the appropriate knowledge for carrying out specific work in company facilities, and applies a strict control over facility access. For uses, it provides an emergency telephone contact centre (CAT).



### FACILITIES

Through a SCADA (*Supervisory Control And Data Acquisition*) system, which includes different field-mounted sensors, central units and communication equipment, the Control Centre collects, in real-time, the values and the state of the different parameters that define the operation of the Company's main facilities.

In 2018, Redexis launched several measures for increasing the availability and quality of information, such as the integration of supervision and communication equipment for satellite LNG plants, the implementation of real-time pressure recording equipment in distribution networks, and the launching of a pilot radio communication project for low-coverage UMTS/GPRS facilities.



### DISTRIBUTION

Through its Control Centre, Redexis carries out important logistical work in order to guarantee the supply and distribution of LNG and LPG in municipalities which, due to their geographical location, are not suitable for viable interconnection to existing networks. In 2018, this was translated into the management and supervision of 10,000 dispatches of tanker trucks.

The company also expanded the storage capacity of its satellite LNG plant located in the Sant Llorenç des Cardassar (Mallorca) municipality, whose capacity was increased from 240 to 340 cubic metres through the assembly of a third cryogenic deposit.



### REDEXIS PARTICIPATES IN THE V CONTROL CENTRE SEMINAR

This forum summons all main Spanish energy operators on a yearly basis. The company participated in the round table devoted to the problems of LNG logistics.



### REDEXIS BECOMES PART OF THE GAS INSTALLATION SECURITY CAMPAIGN IN THE COMMUNITY OF MADRID

The purpose was to offer users a set of practical advice for using gas installations safely and avoiding accidents.

# Service quality

For Redexis, users and customers are at the centre of the decision making process and operations, and the company works constantly for improving their quality of life and the competitiveness of companies that use natural gas. Offering the best possible service is essential, and for this purpose, the company bases its relationship with them on three main pillars: investment, service quality and listening to their needs.

## CLOSE TO USERS AND CUSTOMERS

Redexis invests a lot of resources in offering an excellent user support. It works incessantly to achieve maximum efficacy in the operation of its support channels, tools and platforms through a constant innovation and improvement process.



**CUSTOMER SUPPORT CENTRE**



**EMERGENCY SUPPORT CENTRE**



**WEB  
WWW.REDEXISGAS.ES**

## RESIDENTIAL SEGMENT

Redexis is committed to responding to the sector's new needs and expectations, and develops and implements new artificial intelligence tools to optimise operations and open new possibilities in the creation of value in innumerable contexts. Two examples: the digital app 'YoLeoGas Multidistribuidora',

which helps users read gas metres, and the development of the electronic invoice, which simplifies access to the same, improves productivity and reduces the use of resources for the benefit of the environment. In this same line, Redexis updated in 2018 its website to promote its value added services.

## TERTIARY AND INDUSTRIAL SEGMENT

Over the last years, Redexis has helped numerous Spanish businesses and industries to gain competitiveness, providing savings of 20% to 50% in their energy bill.

which are now saving up to 40% through the use of this energy source.

In 2018, the company signed important framework agreements with public entities, and more agreements have been reached with the hotel and tourism sectors for making natural gas available in their establishments. In this line, in the last three years Redexis has taken gas to more than 330 hotels,

In the industrial sector, which consumes about 25% of the country's energy, Redexis helps numerous companies to improve their production processes through access to natural gas. In the last three years, the company has increased the volume of gas to tertiary and industrial clients by 42%, adding more than 3,100 new users.



# Supply chain



Redexis, following a continuous improvement process, attempts to optimise its purchase management model in order to guarantee maximum objectivity in the selection of suppliers and an optimal quality of contracted services.

Given the volume of purchases from collaborating suppliers, it is essential for the company to have selection processes that guarantee equal opportunities and free competition. Additionally,

it seeks to minimise business, technical, environmental, health and safety risks, and those related to labour conditions and ethical behaviour in the totality of the supply chain. For this purpose, it establishes a contracting process in which it applies unified and universal contractual conditions for the totality of the company's scope of action.

The company also has in place a Record base (RePro, a system of external supplier classification)

which is used for monitoring documentation and certifications provided by the different suppliers. Redexis carries out audits on its collaborators with the aim of verifying compliance with specific requirements defined in the contracting agreements. In 2018, 11% of suppliers with a commercial relationship of more than 100,000 Euro were audited for human resources, health and safety, quality management, environment, and corporate social responsibility.

## A COMMITMENT TO PROXIMITY

Redexis promotes mid and long-term commercial relationships with the aim of offering stability and trust to its suppliers. In addition, and in-line with its commitment towards communities, 98% of purchases carried out in 2018 were to local businesses, which fosters the economic development of the regions in which it operates. In this line, the company organises information sessions to explain the requirements for being approved as a supplier, and for describing the purchase processes.

### IN NUMBERS:



Purchase volume:  
**167**  
million Euro



Local purchases: **98%**



Suppliers:  
**+1,100**

Requests/work orders:

**+50,500**



# Communities

**For Redexis, improving the quality of life of society, and especially, of the communities in which it is present is a strategic axis of its business model.**

As an infrastructure operator, Redexis plays an important role in the sustainable development of the local economies in which it operates, devoting part of its profits to social investment.

## A CONSTANT DIALOGUE

In the development of its policies and strategies, Redexis maintains a constant and fluent contact with all its stakeholders, favouring dialogue and the participation of the sector's institutions, companies and agents in its

activities. To facilitate this communication, the company is present, and collaborates actively with different sector associations, such as Sedigas, Gasnam, the Spanish Hydrogen Association, and Conaif.

“Redexis maintains a constant and fluent dialogue with its stakeholders”

## EFFECTIVE CONTRIBUTION

**due to continuous contact with local institutions and communities, Redexis is able to identify needs and interests and develop initiatives relevant to the social, cultural and environmental context for the benefit of citizens and the environment. These are some of the most relevant examples for 2018:**



### WITH CULTURE:

The company continued to sponsor the Royal Theatre in 2018, with the aim of reaffirming its support for the institution's cultural and artistic program. In addition, for the second consecutive year, Redexis participated in the 'Opera Week' through the sponsorship of the initiative to bring the opera *Lucia di Lammermoor*, of Gaetano Donizetti, to more than 42 Spanish provinces.

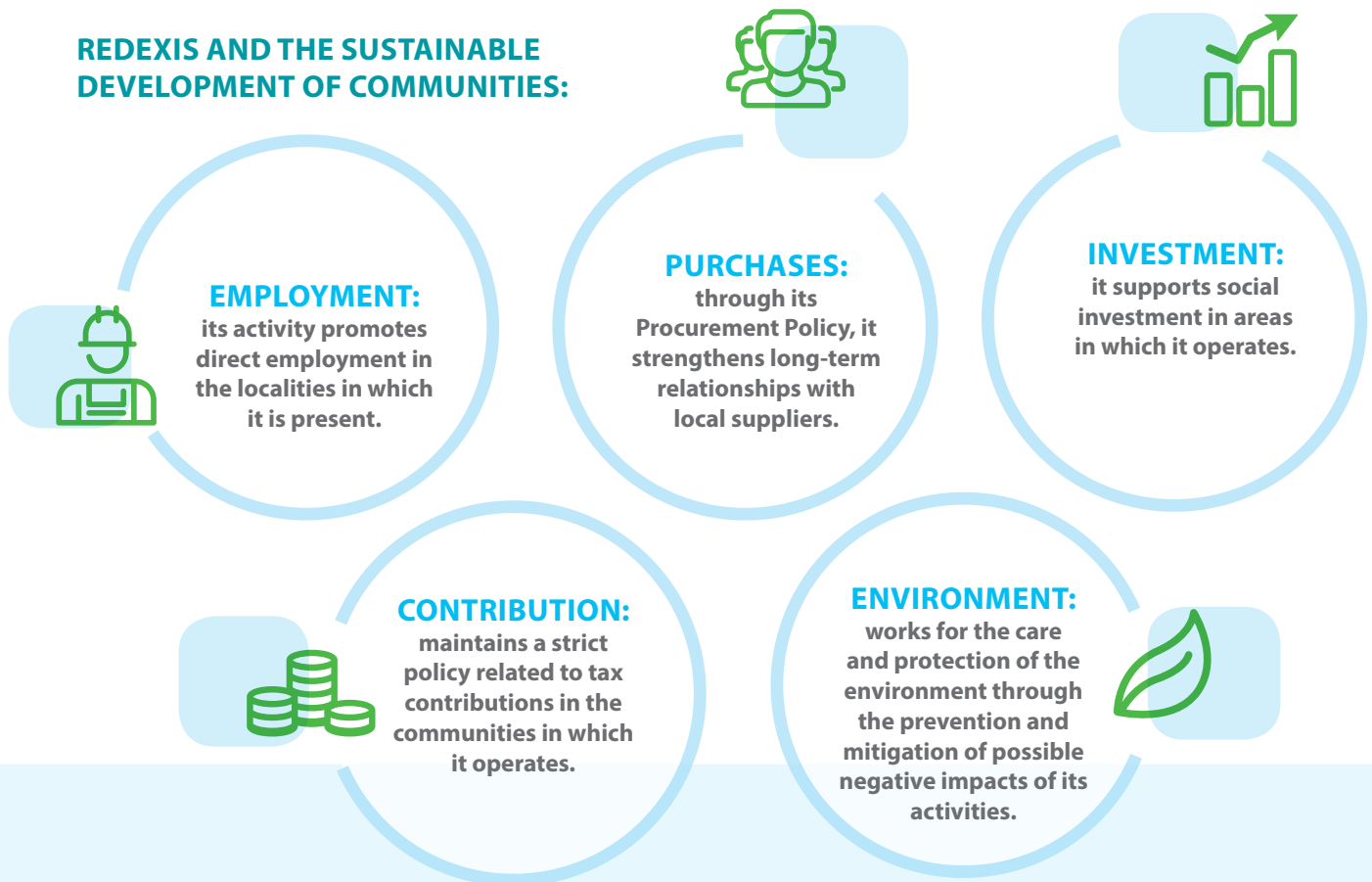
In the literary field, Redexis was one of the promoters of the 'Rio del Letras' initiative, organised by the Blanca City Hall (Murcia).

### WITH YOUTH AND SPORTS:

Redexis continued its sponsorship, for an additional year, of the youth football categories of the Club Esportiu Constançia of Inca (Mallorca) and the Yepes Football School. The company also worked to strengthen the links between the business world and sports, participating in different events such as the V Carrera de las Empresas (Zaragoza), the III edition of the Prevention race for raising awareness of the problem of workplace accidents (Madrid) and the European women's U14 football tournament East Mallorca Cup, held in Cala Milor.



**REDEXIS AND THE SUSTAINABLE DEVELOPMENT OF COMMUNITIES:**



**EMPLOYMENT:**  
its activity promotes direct employment in the localities in which it is present.



**PURCHASES:**  
through its Procurement Policy, it strengthens long-term relationships with local suppliers.



**INVESTMENT:**  
it supports social investment in areas in which it operates.



**CONTRIBUTION:**  
maintains a strict policy related to tax contributions in the communities in which it operates.



**ENVIRONMENT:**  
works for the care and protection of the environment through the prevention and mitigation of possible negative impacts of its activities.

**WITH THE ENVIRONMENT:**

Faithful to its environmental commitment, Redexis participated in different forums, events, sessions and conferences related to energy transition or sustainable mobility. Some of the highlights include the VI Gasnam congress 'Natural gas: intelligent ecology for mobility', the III Energy Forum 'National Plan for Energy and Climate', the Smart Mobility Forum on 'Energy efficiency in transport. Gas-powered vehicles', and the Sedigas session on 'The future of renewable gas in Spain'.



**WITH SAFETY:**

For promoting a culture of health and safety, the company participated in several related events, such as the Campaign for the Safety of Gas Installations in the Community of Madrid.



**WITH THE LOCAL ECONOMY:**

To support the local business world, Redexis chooses collaborating companies based on proximity criteria. In this line, Redexis also participates in installers conventions with the aim of promoting a sustainable growth strategy. In 2018, it participated in the V Annual Installers Convention, with over 250 attendees.

# Perspectives **2019**



The evolution and progress of Spain carry new inherent expectations and needs, many of which affect the energy sector. Increase in energy demand and supply continuity, efficiency, digitalisation and innovation, promotion of renewable gas and a greater social implication are the current sector trends.

Natural gas is and will continue to be the fastest-growing energy source in all of the reduced emissions scenarios. It is the

ally for a clean future and plays a decisive role in achieving the goals set by the Paris Agreement. It is presented as the most optimal alternative for tackling the problem of air quality in cities, with hardly any need to develop new infrastructures and representing an increased economic efficiency for end consumers.

In this context, Redexis focuses its strategy on balanced and sustainable growth, operational excellence, innovation, risk management, and

the commitment to creating value for the society and environment in which it operates. The Group analyses the sector's opportunities and tries to answer to its needs.

Redexis maintains a healthy relationship with all its stakeholders, among them, Public administrations and Regulatory Bodies, with the purpose of promoting measures that contribute to improving regulated natural gas activities.

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## Network deployment and customer connectivity

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Natural gas plays a relevant role within the Spanish energy mix and the gas sector continues to grow in both consumption and penetration, although it still has a wide margin for improvement. The investment levels of the last ten years, of 9.5 billion Euro, according to the 2018 Annual Report published by Sedigas, shows the importance given to the development of the gas system and the creation of jobs.

In this context, Redexis has invested, since 2010, around 1.3 billion Euro and added more than 5,700 kilometres to its network, which has helped reduce the energy bills

and increase the quality of life of millions of homes, businesses and industries. The company continues to invest in the deployment of networks with the objective of increasing its customer base and obtaining higher efficiencies, both in new municipalities and in those in which it is already present. In 2018, it requested 23 preliminary administrative authorisations.

In the industry sector, Redexis is vehemently promoting the use of gas and helping companies become more competitive. The volume of Redexis' industrial energy distribution has grown 4.5 times faster than sector averages.





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## Commitment to technological innovation

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To respond to the needs of a market that is increasingly global, technological and digitalised, Redexis has incorporated new technologies and functionalities to reduce development processes and provide great advantages in costs and efficiency. The company is a pioneer in the development

and implementation of artificial intelligence in the infrastructures sector, and the use of advanced algorithms for creating new roads to growth has positioned the company at the technological vanguard.

Redexis will continue developing and moving forward in the

artificial intelligence field, which will have implications in our business strategy. In addition, it is committed to continue implementing the best standards and techniques available for the construction of new infrastructures and the expansion of the already existing ones.

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## Promotion of natural gas vehicles

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Transport acts as a catalyst for the growth and diversification of the economy, although it does bear a certain social cost in environmental terms. For this reason, it is necessary to find ways of developing measures to address the least positive effects.

In this context, the Council of Ministers approved, on April 30, 2019, the Spanish Strategy for Sustainable Mobility (EEMS), a national reference framework for guiding and bringing coherence to sector policies that

facilitate sustainable mobility and lower carbon emissions. In this frame of mind, Natural Gas Vehicles (NGV) offer an immediate solution and, as shown by the data of the Sedigas 2018 Annual report, Spaniards are responding very positively to this fuel type.

Redexis is supporting the development of NGV refuelling stations, promoting the demand of natural gas as an alternative fuel in transport, and providing a comprehensive and complete

solution to transport fleet companies or individuals. It already has in place an implementation plan for gas refuelling stations at a national level for the 2019-2020 period, which envisions the launching of 61 facilities, with a total investment of 35.6 million Euro. Through them, the company has committed to providing Spain with a nationwide network of natural gas refuelling infrastructures for light and heavy vehicles, with easy access and refuelling times similar to traditional hydrocarbon refuelling





# Focused on a low-carbon economy

The European Union (EU) actively fosters the evolution towards a low carbon emission society and, for this purpose, promotes the necessary energy transition.

Redexis is committed to fighting against climate change and

improving air quality. It focuses on the development of renewable energies such as hydrogen, biomethane or photovoltaic energy as key energy carriers in a zero-emission context and the natural evolution towards a de-carbonised economy. The company

also promotes the development of renewable gas as an ally for attaining the objectives of Agenda 2030, bringing value into past investments and into the gas infrastructures that it has already deployed, and will continue to deploy, throughout the country.



## HYDROGEN

A transversal carrier that will benefit sectors such as mobility and industry, apart from being mixable with natural gas, which means it can use the same distribution networks. Thus, Redexis could facilitate its efficient transmission using its extensive network.

### AN ENERGY SOURCE WITH HUGE POTENTIAL

- **Hydrogen is an unlimited resource.** It is obtained from water and is part of a renewable cycle with zero carbon emissions.
- **Through hydrogen,** electricity can be stored, which means that the totality of the country's electrical generation capacity can be used.
- **Through its storage in the gas network,** hydrogen can be incorporated into both the gas and electricity systems.

“Redexis will invest close to 60 million Euro in national projects related to hydrogen and renewable gases up to 2025”



## BIOMETHANE

A clean fuel obtained from biogas. This type of energy is not highly developed in Spain, but has great potential. In this context, Redexis is promoting innovative projects to produce biomethane and inject it into its natural gas network in collaboration with public administrations, technologists and organic waste processing companies.

### AN ALLY OF DE-CARBONISATION

- **Biomethane contributes to reducing methane emissions,** diffuse but direct, into the atmosphere.
- **It offers a viable solution** to certain types of waste that currently pose a significant environmental management problem.
- Indirectly, **it enables the transformation of waste and biomass** into organic agricultural fertilizers from renewable sources.





## SOLAR POWER

A renewable and totally clean energy, ideal for Spain's climate characteristics. The company proposes, for families and industries, an efficient and environmentally friendly alternative with a photovoltaic product which provides important savings in electrical power consumption and that offers total control over energy production for a more economical consumption.



### REDEXIS OFFERS SOLUTIONS FOR PROMOTING SELF-CONSUMPTION:

- Savings of up to **30%** in electricity bills
- A sustainable energy solution, **100%** renewable
- Fast and simple installation
- A service life of more than **25-30 years**.

“Solar energy helps reduce carbon dioxide emissions, and therefore, improves air quality”

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# Monitoring and continuous improvement mechanisms

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Redexis analyses the perspectives of its stakeholders in order to guide and monitor their objectives, action plans and sustainability-related practices. The development of its strategy involves inherent social and environmental issues, addressed with the objective of presenting

a value proposal that will result in an improvement of the quality of life of people.

The company is committed to continue managing and improving environmental aspects related to its activities through the development of new action plans

and new indicators that will help face the challenges of climate change and effectively reduce CO<sub>2</sub> emissions. In addition, it focuses on continuous improvement, promoting programs and actions that enable the alignment of its daily operations with its sustainable long-term strategy.



# About this report

## SCOPE AND COVERAGE

The 2018 Sustainability Report is the first of its kind published by Redexis. Its informational scope coincides with the financial consolidation period, from January 1, 2018 to December 31 of the same year. It comprises both Redexis Gas S.A. and its subsidiary companies.

The contents of this document are based on the results obtained in the Materiality Analysis, which

puts together the most relevant topics for the Group in 2018, and takes into account advanced transparency and corporate communication criteria.

This report reviews and analyses Redexis' activity and results, the vision of the sector, the business model, the company's strategic approach and environmental and social management, and

its contribution towards the attainment of the Sustainable Development Goals.

In addition, this information responds to the 2018 Progress Report of the United Nations Global Compact, and includes work carried out by Redexis to contribute to the attainment of the United Nations Sustainable Development Goals.

## MATERIALITY ANALYSIS

For the development of strategy it is crucial to identify stakeholders, as well as their most relevant issues. The Materiality Analysis carried out by Redexis with the guidance of

an external independent firm is a perfect example of this.

Thanks to this study, Redexis has been able to establish priorities to

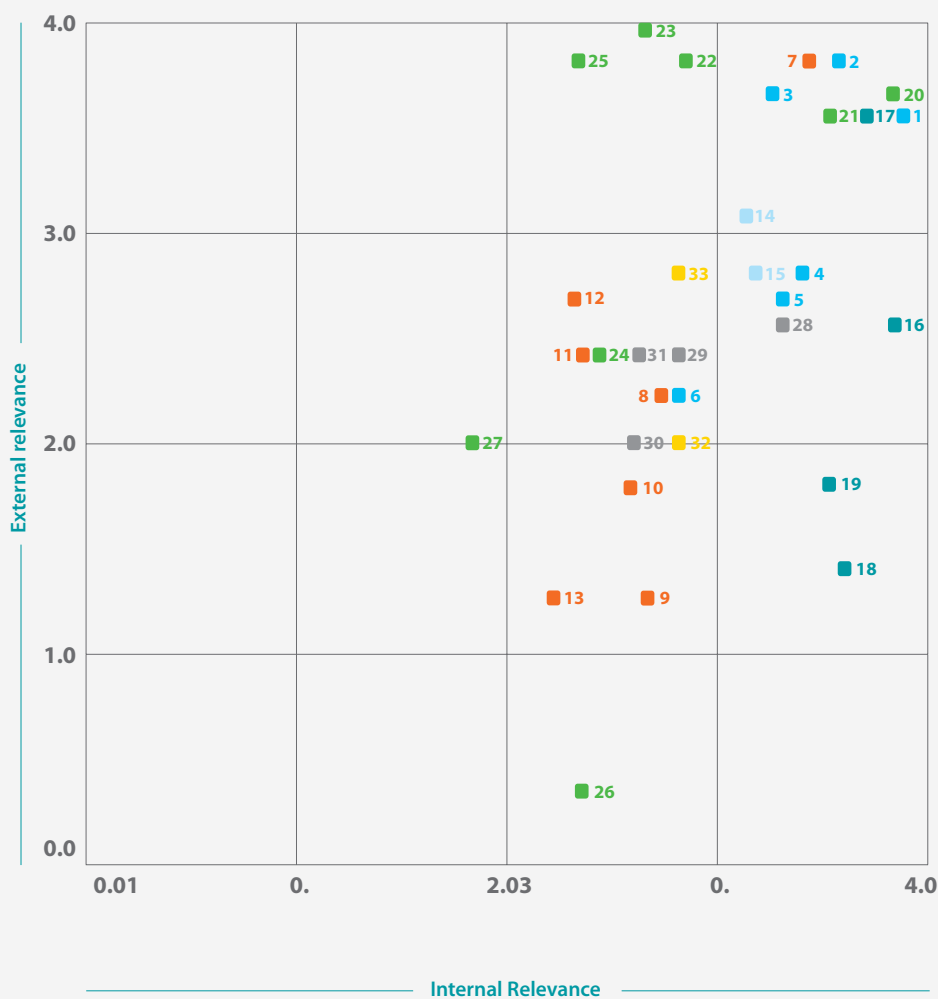
act on, and make sure that they are aligned with the expectations of different stakeholders. In the same way, the analysis has also defined the contents of this report.

## STAKEHOLDERS





## MATERIALITY MATRIX



- 1. Regulatory compliance
- 2. Ethics, integrity and transparency
- 3. Risk management
- 4. Responsible taxation
- 5. Good corporate governance
- 6. Integration of corporate social responsibility in business
- 7. Labour health and safety
- 8. Professional development
- 9. Labour loyalty
- 10. Fair compensation
- 11. Healthy work environment
- 12. Diversity and equality (Harassment prevention)
- 13. Labour flexibility
- 14. Service quality
- 15. Complaints resolution systems and customer satisfaction
- 16. Crisis and emergency management
- 17. Industrial safety
- 18. Cybersecurity
- 19. Supply safety
- 20. Adaptation to climate change (external)
- 21. Innovation applied to the use of sustainable technologies
- 22. Establishment of environmental objectives for emissions
- 23. Adaptations to climate change (de-carbonisation)
- 24. Establishment of environmental objectives for biodiversity
- 25. Circular economy
- 26. Establishment of environmental goals for ground contamination
- 27. Establishment of environmental goals for water
- 28. Supply chain safety
- 29. Extension of corporate culture to the supply chain (compliance with codes and promotion of policies)
- 30. Audit and supervision systems with sustainable criteria
- 31. Sustainability criteria in the relationship with collaborators and suppliers
- 32. Creation of direct and indirect employment
- 33. Creation of shared value (social investment)

The objective of this report is to showcase the Group's performance in relation to essential aspects such as the environmental, social, financial, and those related to good corporate governance, responding to stakeholder expectations and moving forward in its commitment to the creation of value in the territories in which it operates.

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# Contact information

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## REDEXIS

### Registered office:

Mahonia Street, 2, Floor 2.  
28043, Madrid

### Customer Service Call Centre:

900 811 339

### Readings:

800 76 05 77

### Safety and emergencies:

Redexis makes available an Emergency Service, accessible 24 hours, 365 days a year, to provide actions necessary for guaranteeing the safety of people and assets, and opening and closure operations for gas installations and emergency actions due to any type of incident: smell of gas, fire or explosion, as described in the ITC-ICG-01 of the Technical Regulation for the Distribution and Use of Gaseous Fuels, approved by Royal Decree 919/2006.

To communicate any urgency, please contact Redexis Emergencies at:

900 924 622

### Corporate contact addresses:

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