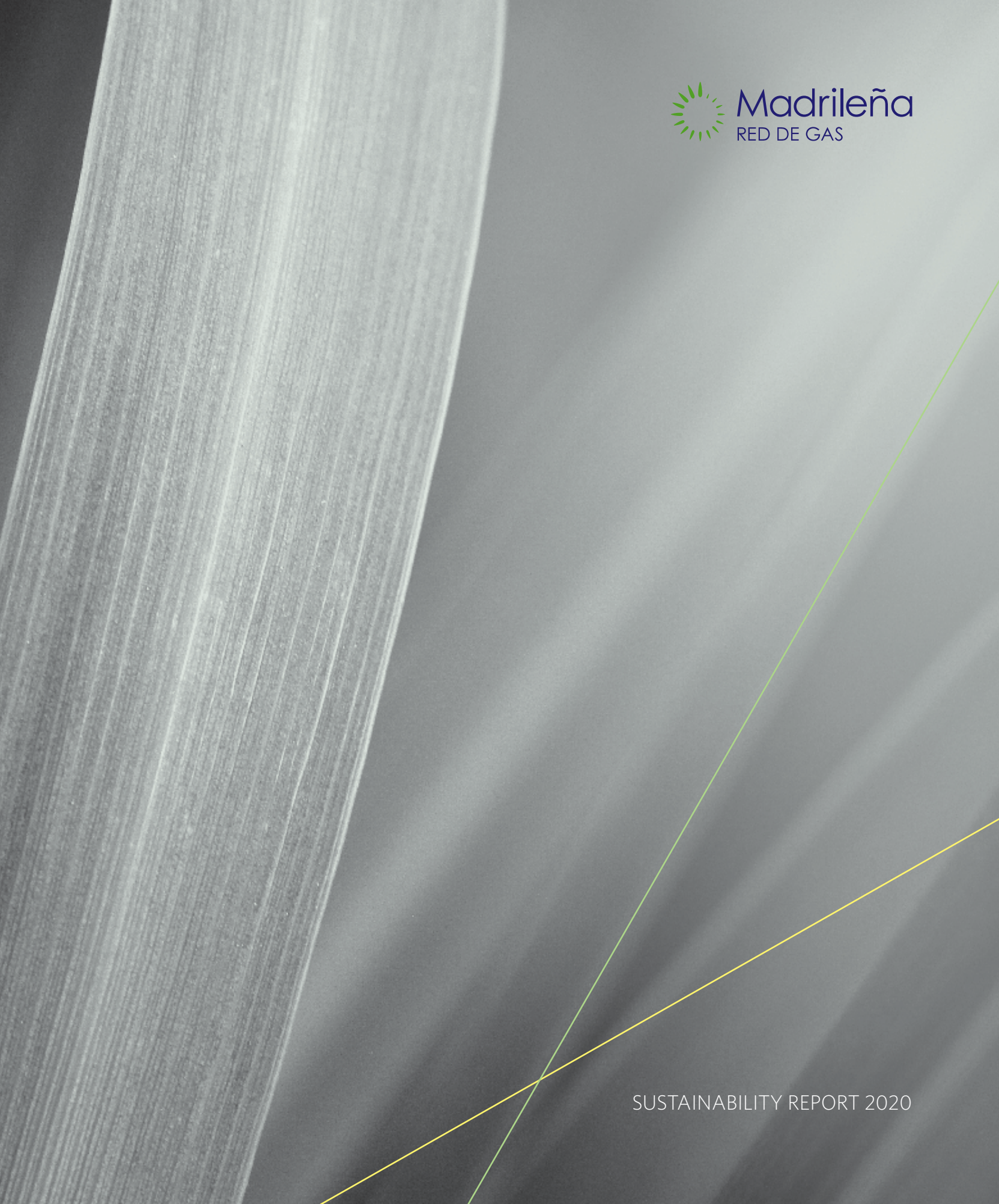

Madrileña
RED DE GAS
SUSTAINABILITY REPORT 2020

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Chairman's letter

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I am pleased to present the first Sustainability Report of Madrileña Red de Gas. The publication of this document marks an important milestone on the road to more comprehensive, transparent and timely information on the non-financial aspects of the Company.

In this sense, Madrileña Red de Gas (MRG) follows the recommendations and practices that are now commonplace in many business areas, thereby helping shareholders, employees and all interested parties to better know and understand what companies do to ensure that their activity - in addition to delivering their products or services with the highest levels of quality and service - has a responsible orientation towards society, in the broadest sense.

The concept of sustainability, which arose in relation to the environment, to designate or qualify productive or other processes that respect the natural environment, in the sense of minimizing negative impacts on it, has been expanding, so that today it covers most of the non-financial aspects of the activity of companies or institutions, with emphasis on internal processes, both productive and not strictly productive. In this way, the Report presents a broad vision of what we do and how we do it, of the principles of responsibility that inspire our actions and the extent to which all of them are aimed at minimising the impact on the environment, but also of how, internally, the decision-making and organizational processes are managed with the same purpose.

In this first report, we have set out our sustainability objectives and how these are aligned with our business objectives, together with the formulation of our mission, vision and values, corporate social responsibility policies and stakeholder expectations. We have addressed the issues we consider relevant to sustainability by taking into account our objectives, commitments and the needs and expectations of our stakeholders. The prioritization of these aspects has allowed us to draw up our materiality matrix.

The development of the chapters of this report has addressed these relevant topics, taking into account the GRI criteria for reporting on our commitment to sustainability, plans and projects.

The corporate governance model and risk management systems are described below, in all categories: climate and environment, cybersecurity, occupational health and safety. The principles of ethical behaviour and financial information are also presented, although the latter is developed in detail, as is obvious, in the annual report, which is its natural and public framework.

There is an entire chapter dedicated to the environment, which describes the objectives for improving environmental management and presents the results achieved in recent years in terms of reducing gaseous emissions and other waste, water and electricity consumption and other relevant indicators, such as the carbon footprint. Finally, information is provided on the projects undertaken to improve energy and environmental efficiency, as well as on the promotion of the development of technologies and fuels that help to address the threats of climate change.

Another chapter deals with people management in its different dimensions: remuneration, talent management, training, health and safety, performance evaluation, diversity and other human resources practices. We are convinced of the importance of promoting talent and diversity in order to strengthen the commitment of all the people who make up the Company for a sustainable future.

Finally, attention is paid to having a responsible supply chain and a wider commitment to society, in relation to the service MRG provides in the chain of gas supply activities to users.



Pedro Mielgo



The Company

2.1 KEY FIGURES (data as of 31 december 2020)

102-7 | 102-8

61 MUNICIPALITIES IN THE AUTONOMOUS COMMUNITY OF MADRID 5 DISTRICTS IN THE CITY OF MADRID	6,196 KILOMETRES OF DISTRIBUTION NETWORK	10,044,237,199 KWh DISTRIBUTED ENERGY	
890,027 NATURAL GAS USERS	206 REGULATION METERING STATION (RMS)	5 LIQUEFIED NATURAL GAS PLANTS (LNG)	169 LIQUEFIED PETROLEUM GAS PLANTS (LPG)
22,643 LPG CUSTOMERS	7-8 CUSTOMER SATISFACTION RATING [2] 2 On a rating scale between 0 and 10.	176,179 THOUSANDS OF € IN REVENUE (IRFS) 139.7 MILLION € EBITDA (IFRS)	
124 EMPLOYEES[1] 43 WOMEN 81 MEN 8 WOMEN IN TOP MANAGEMENT/ MANAGEMENT POSITION 13 MEN IN TOP MANAGEMENT/ MANAGEMENT POSITION 1 Without partial retirees.	96% PERMANENT CONTRACTS	14.3 MILLION € IN INVESMENTS 133.8 MILLION € CASH FLOW (IFRS) 3 In accordance with International Financial Reporting Standards (IFRS).	
	343,515 KWh ENERGY CONSUMPTION	13,998.4 tCO_2e CARBON FOOTPRINT	

2.2 ABOUT US

102-1 | 102-2 | 102-3 | 102-4 | 102-5 | 102-6 | 102-12 | 102-13 | 203-2

Madrileña Red de Gas S.A., MRG, is a sole proprietorship dedicated to the distribution of natural gas, as well as the distribution and sale of piped liquefied petroleum gases, so our main activity is classified as CNAE 3522, distribution by pipeline of gaseous fuels.

We are the first company on the Iberian Peninsula to operate a distribution network completely independently from the rest of the businesses in the natural gas value chain, resulting in the complete separation of networks and commercialisation of the Iberian energy market.

All our activity takes place in Spanish territory, specifically in the Autonomous Community of Madrid (CAM). We started the activity on 1 May 2010 in 38 municipalities. We currently distribute gas in 61 municipalities in the Autonomous Community, including the municipality of Madrid, where we operate in 5 districts. Our central offices are located in Virgilio Street, nº 2, in the town of Pozuelo de Alarcón.

MRG is the third largest gas distribution company in Spain by number of supply points. On 31 December 2020, we have 912,670 supply points.

We are currently working on a daily basis with a strong commitment to innovative projects together with companies and associations in the sector such as SEDIGAS (to which we belong), looking for transformative processes that increase the energy efficiency of end consumers and especially the future use of renewable energies. We are committed to the development of renewable gases such as hydrogen and biomethane.

2.3 OUR BUSINESS

102-2 | 102-6 | 102-7

As we have already mentioned, Madrileña Red de Gas S.A., MRG, is a company dedicated to the distribution of natural gas, as well as the distribution and sale of liquefied petroleum gases through pipelines.

The arrival of natural gas in a municipality is an important step forward and a great boost to its economic activity. In companies and businesses, its use favours competitiveness and efficiency, which translates into energy savings of between 30% and 50% that can be used to increase the productivity of the business or company in any sector.
For thousands of households, it means an improvement in the quality of life, as well as a significant saving in their energy bill, between 20% and 45%, depending on the consumption and the fuel replaced.

Within the objectives set by MRG, one of our priorities is to bring natural gas to all those municipalities that still do not have this energy source. Installing gas will help the economic and social development of the area.

In addition, it should be taken into account that natural gas traditionally means bringing cleaner energy closer to the supply points due to its low emissions of NO_X and CO_2 particles. Furthermore, as detailed in Chapter 4.2, we are rising to the challenge of energy transformation towards cleaner and renewable gases.

Despite the severity with which the pandemic has affected this market, consumption has increased by more than 214 GWh, confirming the importance of natural gas in the sector.

The distribution network links the transmission network with the points of consumption (this is a regulated business).

OUR CLIENTS

MRG AS DISTRIBUTOR

Develops and maintains the natural gas distribution infrastructure in 61 municipalities in the CAM, including the city Madrid, with 5 districts.

It also provides the distribution infrastructure in those municipalities to which the natural gas network does not reach, through its LNG and LPG satellite plants.

MARKETERS

The marketers buy the gas and sell it to the users. For this they need the distribution network and associated services (metering, billing, etc.).

END USERS

Gas users through our distribution network. For them:

MRG provides the services of connection, access, reading, periodic inspection and emergency service in case of any problem with the network, guaranteeing the safety and the maintenance of the network.

In the LPG satellite plants, in addition to the services indicated above, MRG markets liquefied petroleum gas directly to users, providing transformation services towards natural gas.

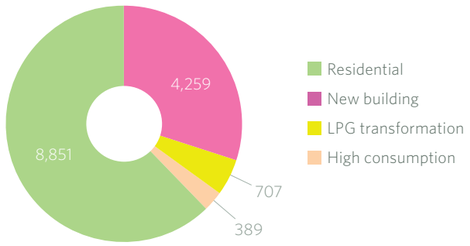
SENSITIVE AND KEY SUPPLIES OF THE MRG NETWORK IN THE COMMUNITY OF MADRID

Hospitals	39
Health centres	47
Elderly residences and residential centres for disabled, mentally ill, women, and homeless people	321
Health research centres	20
Public bodies	222
Educational centres: schools, universities, kindergartens, etc.	1,379
Hotels	93
Law enforcement facilities	34
Embassies	19

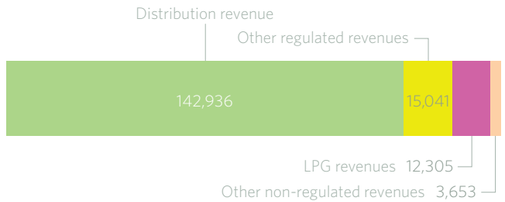
The mass consumer market is becoming increasingly important for MRG. The specialization of the team by market has promoted more effective sales work to meet the different needs of the clients according to their profile.

- We implement digital tools to optimize our service.
- This year 2020, despite the pandemic, has seen the further development of the project of virtual office for our customers.
- In addition, MRG has reinforced the use of WhatsApp as a priority channel of communication with its customers, given its popularity. Now the customer can carry out 90% of their transactions or requests for information through this channel.
- We have also upgraded our customer and user support call centre with a SaaS cloud solution from Amazon Connectt.

NEW SUPPLY POINTS IN 2020



NET TURNOVER
(thousands of €)



New construction

We work together with developers to bring the network to new buildings. Despite the uncertainties of the pandemic, in 2020 we have carried out 4,259 gas installations in new housing (33% more than planned), in addition to 32 centralised boiler rooms (2,800 homes with domestic hot water and heating). And we have signed four collaboration agreements for third party networks in 1,151 potential homes.

As detailed in point 4.2., we are working on a very innovative project concerning new urban developments capable of providing domestic hot water, heating, cooling and even lighting.

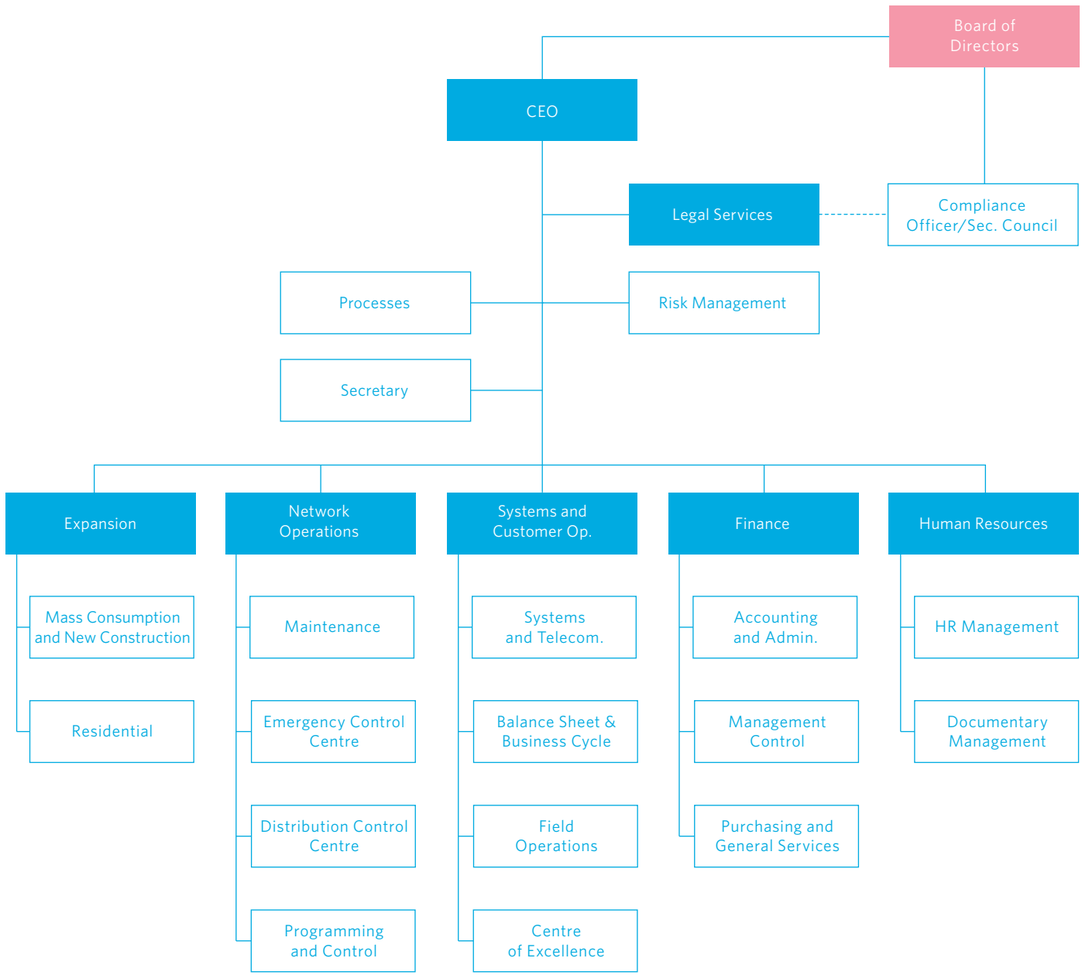
Among the results obtained, this year we can highlight the supply of gas to the Navalcarnero penitentiary centre and to two large industries that have used gas, orienting their energy transition process towards cleaner energies that also increase their energy efficiency.

In the LPG plant market, Madrileña has 169 satellite plants for those municipalities and residential areas where there is no distribution network. For yet another year we have continued our plan to convert LPG points to Natural Gas as a sign of our commitment to the goal of reducing emissions. During 2020, despite periods of downtime caused by the lockdown, we converted 700 homes to natural gas from a total of 27 piped propane installations.

In the area of new piped propane gas networks, in 2020 a commercial agreement was signed for the transfer of 61 new LPG supply points in the municipality of Los Molinos, including more than 3,000 metres of network and more than 60 connections. As part of this agreement, a commercial collaboration was signed for the transformation of more than 300 new supply points within the MRG distribution area.

MRG has a commercial network to attract new supply points. This pandemic year, the increase of new points in the residential market has clearly been affected by home quarantines and the caution of clients about face-to-face visits. In order to solve the problem, a telemarketing pilot project was set up by hiring an external company.

ORGANIZATIONAL STRUCTURE
AS PER OUR ORGANIZATION CHART



2.4 CORPORATE GOVERNANCE

102-5 102-12 102-18 102-19 102-20 102-22 102-23 102-24 102-25
102-26 102-27 102-28 102-29 102-31 102-33 102-37

With regard to our corporate structure, Madrileña Red de Gas, SAU, is wholly owned by Elisandra Spain V, S.L., which in turn is owned by Elisandra Spain IV, S.L.

Elisandra Spain IV, S.L. has 4 foreign shareholders with different percentages of shares or voting rights.

The governance structure is made up of the Board of Directors, the Audit and Risk Committee, the Remuneration Committee, with representation in all of them from the four partners of Elisandra Spain IV, S.L., and the Management Committee. In addition to these elements that constitute the highest governing body, there is a set of committees and commissions, of which members of the Board of Directors form part, which provide technical support to the responsibilities of governance.

The Board of Directors is the form of administrative body established in the Articles of Association registered in the Mercantile Register and acts as a collegiate body. Its members, individually, are all non-executive proprietary directors, as opposed to the Management Committee, which includes executive members. The Articles of Association establish the rules for its functioning, the appointment of new members and the duration of positions, in accordance with the Spanish Capital Companies Act. In summary, the members of the Board are proposed by the Board of Directors itself and their appointment is accepted by the sole shareholder, in accordance with the provisions of the law. There are no independent members and the term of office is 6 years.

It is a collegiate body, so there are no significant positions beyond the existence of a Chairman of the Board, and

VOTING SHARES OR HOLDINGS (%)

Name of Shareholders / partners	%
REALGAZ SAS	20.00
Stichting Depositary PGGM Infrastructure Funds	33.75
JCSS MIKE, SARL	33.75
LPPI Infrastructure Investment LP	12.50

GOVERNANCE STRUCTURE

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

INTERNAL RULES OF GOVERNANCE

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

OTHER BODIES / COMMITTEES

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

BOARD OF DIRECTORS

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

Dennis van Alphen Director

Martijn Verwoest Director

Andrew Scott Wilkie Director

Qingtong Li Director

Dong Dong Director

Simon Davy Director

Romain Bruneau Director

Pierre Benoist d'Anthenay Director

María Martín Secretary (not Director)

AUDIT AND RISK COMMITTEE (ARC)

Martijn Verwoest Chairman

Simon Davy

Andrew Scott Wilkie

Pierre Benoist d'Anthenay

Alejandro Lafarga

Inés Zarauz

Alfonso Garcia Risk Manager, Secretary

it is governed by the Articles of Association and by the commitments, rights and obligations established in the Capital Companies Act.

The Board of Directors has not delegated its executive powers to any of its members. Its resolutions are executed by the General Manager of the Company, the only person with general management, administrative and decision-making powers.

Board members, upon detecting a conflict of interest must inform the Board of Directors and the Company itself. This communication is documented and included in the Company's annual report. Likewise, as established in the Capital Companies Act, for those cases in which a possible conflict of interest is foreseen in the future, Article 230 of the same legal text establishes the exemption procedure for exceptional cases, which will be carried out, depending on the case, by the Board itself or, in this case, by the sole shareholder.

As the highest governance body, it defines the Company's overall strategy and validates the management guidelines, as well as auditing the results.

The Mission, Vision, Values statements are defined by the company's Management Committee and communicated to the Board of Directors, which approves them.

Likewise, the policies, strategies and objectives related to economic, environmental and social issues are defined by the Management Committee, and reported to the Board of Directors for approval, as part of management.

The Board of Directors meets at least every quarter. In the meeting, the Management Committee presents the results of the period, and updates are given on strategies, the progress of activities, economic, environmental and social issues of relevance to the organization and, at the request of the members, detailed information is provided on all those issues that they consider relevant. In addition, it may meet in extraordinary session if necessary.

The evaluation of the performance of the highest governance body is carried out through the annual accounts audit at year-end, which in compliance with the Non-Financial Information and Diversity Act 11/2018, provides non-financial information verifiable by an independent third party.

MRG has added in this ESG performance evaluation process its participation for the fifth consecutive year in the GRESB initiative by providing its ESG information, obtaining a score of 48 points. An analysis of these results has been carried out and a plan has been defined to improve this score.

The Board of Directors is a non-remunerated body, as established in the Company's Articles of Association. Stakeholder involvement in the remuneration of senior executives is carried out through the Remuneration Committee.

Two Committees have been established within the Board of Directors, with specific tasks, on which they report to the Board.

The Audit and Risk Committee

The Audit and Risk Committee oversees MRG's risk, audit and compliance functions. It is made up of representatives of the Board of Directors, the Management Committee and the risk management department. It reports directly to the Board of Directors and operates in accordance with the internal regulations, which define its objectives, functions and composition. Its main functions are:

- Financial audit: supervision of the processes of auditor selection, audit plan, evolution of the audit process and results of the final report. Evaluation of financial statements and annual accounts.

- Corporate risk map: overall monitoring of the evolution of the main risks and associated mitigation plans. Awareness of the results of audit reports linked to key risks and proposals for improvement (e.g. cybersecurity, health and safety, environment, major accident prevention).

- Sustainability: policy and performance monitoring.

- Existing insurance policy for various risks: definition and monitoring.

- Compliance System: Overseeing the performance of the criminal offence prevention function carried out by the Crime Prevention Committee (CPC) and the Criminal Compliance Officer.

Where appropriate, it issues recommendations and proposals for improvement to the Board of Directors and the rest of the management bodies on the different issues within its sphere of competence.

The Audit and Risk Committee meets quarterly unless otherwise directed by the Board. In practice, it always meets before each meeting of the Board of Directors. At the beginning of each year, a consensus is reached on the agenda of topics to be dealt with.

REMUNERATION COMMITTEE

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

MANAGEMENT COMMITTEE

Alejandro Lafarga General Director

Rafael Fuentes Legal Director

Inés Zarauz Financial Director

David Ortiz Expansion Director

Glen Lancastle Customer Systems and Operations Director

María Vázquez Human Resources Director

Félix Blasco Network Operations Director

The Remuneration Committee

The Remuneration Committee shall determine and recommend to the Board of Directors the general remuneration framework and policy and any variations to the terms and conditions of service of the CEO, Chief Financial Officer and any other members of management as may be appropriate to consider or other employees. It is responsible for all elements of remuneration for MRG Unit Managers, i.e., basic salary, bonuses, benefits, pension scheme.

It has the obligation to agree at a generic level on the principles and structure of the remuneration proposal for all MRG members not under CBA (Collective Bargaining Agreement), to plan how to attract, retain and develop talent together with the CEO, to establish succession plans and their review.

The Committee's proposals are forwarded to the Board of Directors.

The Committee meets at least once or twice a year, although it may increase the frequency when it deems it necessary.

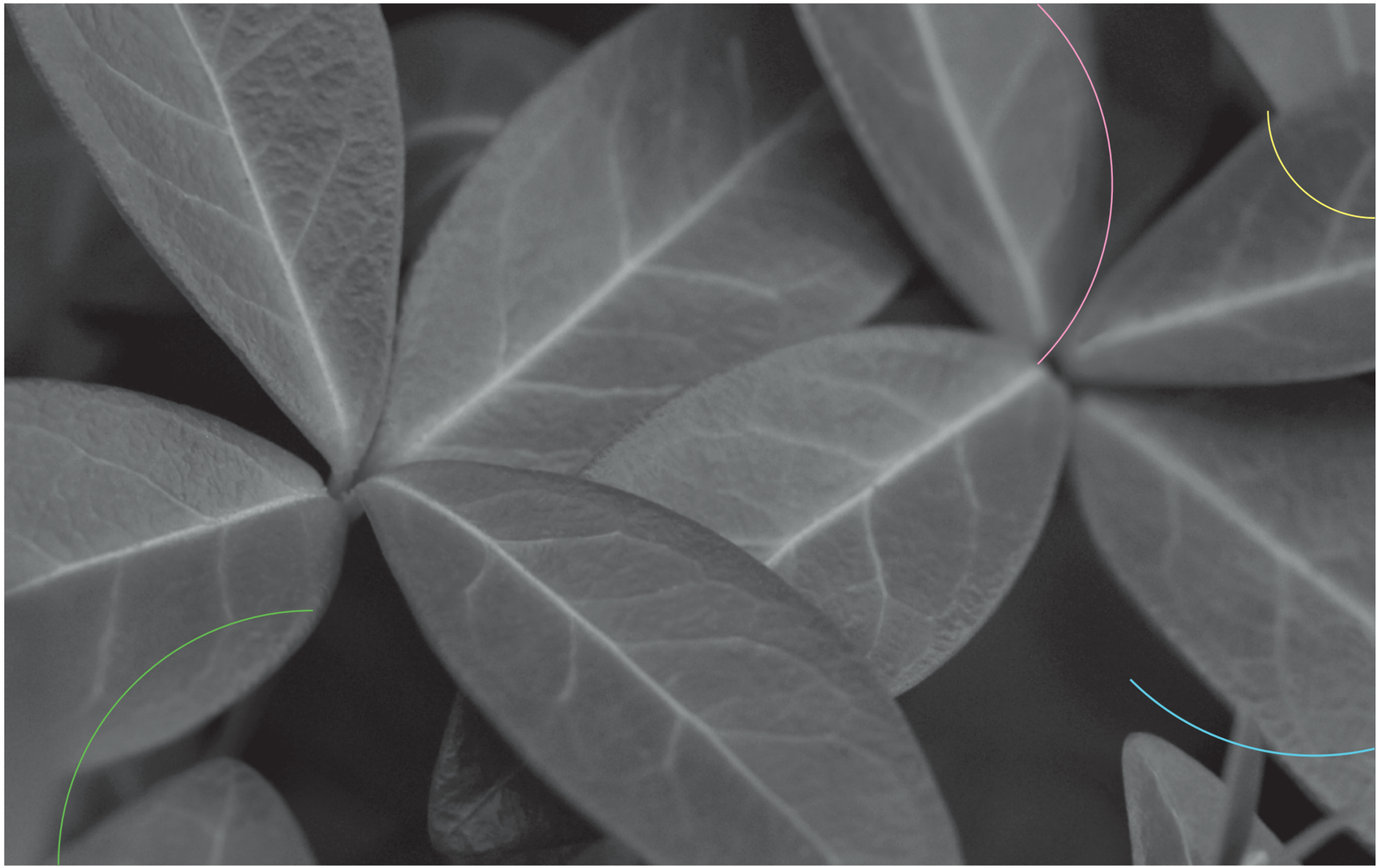
The Management Committee

The Management Committee is a body comprising the General Manager or CEO of the Company and the heads of the six Unit Divisions. The Unit Directors report to the Committee on the operational and management proposals they consider appropriate or necessary for their respective Units. The executive decisions of the Management Committee are adopted by the Company's General Manager or CEO.

Its main functions are:

- Definition of policies, strategies and objectives, which are transmitted to the General Management, in order to comply with the Company's strategic plan, and monitoring of the same.
- Monitoring the general performance and specific projects of the Company's operational and business areas: expansion, customer operations and network operations.
- Overall monitoring of compliance with financial performance targets.
- Identification of risks and opportunities. Definition of risk mitigation policies and plans, as well as their follow-up.
- Definition by the General Management of the performance objectives by processes and supervision of the evolution of the Company's scorecard of management indicators. Proposal and implementation of improvement actions.
- Monitoring of the various corporate issues with cross-cutting implications that are considered relevant (regulation and legal compliance, sustainability, human resources, health and safety, environment, personal data protection, prevention of criminal offences, etc.).

The objectives and operating procedures of the technical committees and commissions identified in this chapter are listed throughout the report, according to their area of work or scope.



Our commitment to sustainability

3.1 SUSTAINABILITY STRATEGY

There are six lines of work that define the strategy of Madrileña Red de Gas for a sustainable future.

1 Extension of our distribution network

2 Innovation to ensure the development and implementation of renewable gases and more efficient installations.

We bring energy closer to improve people's quality of life and promote development, aware of the importance of distributing clean energy efficiently to face our future as a company.

The extension of the network increases the capacity in our main line of business, and strengthens us in the face of possible variations in consumption, but it is necessary to deal with growth by reinforcing our commitment to renewable gas and favouring energy efficiency both in our distribution system and at the points of consumption.

3 Efficient and safe processes

Through the digitization of our processes we are greatly increasing the efficiency of our operational processes, eliminating actions that do not add value. We become agile by introducing a Lean approach to our work and increase our capacity to control and improve processes, adding important Big Data and automation projects to digitization.

We work on our management and environmental systems, promoting safety and ensuring the correct transmission of our values, principles and knowledge towards the supply chain, so important in a company like ours.

4 Evolution in customer service

We seek excellence in customer service, both end customers and marketers, in view of which we are making an unprecedented transformation in relation to customer service and the channels available for this purpose, enhancing self-service, as well as improving the impact of the processes on the management of supply points.

5 Security of our facilities

We are aware of the social impact that a safety problem in our installations can have. We have developed and maintain a safety management system, especially attentive to the facilities that must comply with R.D. 840/2015. We have established a direct channel that allows people to make complaints if they detect any safety problem in our installations.

6 Creating value for shareholders and investors

The financial performance, the generation of value for shareholders and other investors and the commitment to investment grade credit quality are essential pillars for the sustainability of MRG.

3.2 MISSION, VISION AND VALUES

102-16 102-17

Our mission

To meet the energy needs of our customers with the best possible conditions. We want to achieve operational excellence in customer service and in the permanent improvement of management practices and offer our shareholders maximum profitability and value for the company.

Our vision

Working together to provide more comfort to a greater number of customers, growing our team and shareholders, for the benefit of society. It is also part of our vision to maintain a relevant presence in the forums and areas of reference, to get achievements and business excellence that differentiate us from our competitors and to be respectful of the values, principles and ideals of all the actors in society with whom we have a relationship.

Our values

- **Integrity**
  Permanent attention to the sensitivities and social needs where all our actions are governed by values such as honesty, integrity and dignity.

- **Safety**
  We want to continue improving the safety of the operations we carry out and achieve appropriate levels of occupational health and safety, continuously improving accident prevention and continuing to work to ensure the protection of the personal data of our customers and employees.

- **Human capital**
  We carry out innovation programmes for the education and training of our staff. We foster a corporate culture that prioritizes the well-being of people and collective leadership.

- **Customer orientation**
  We pursue operational excellence in customer service, fulfilling our commitments, being decisive and efficient. We are committed to investing in artificial intelligence tools, digitization, process automation and the development of information systems aimed at improving the service we provide to our customers and collaborators.

- **Improvement**
  We work permanently to achieve internal improvement through process optimization and cost efficiency, as conditions to remain competitive and create wealth for both the company and for our customers. We adopt a proactive approach in the management of corporate risks that may arise, maintaining and improving, at the same time, the quality and safety levels of our operations.

- **Focus on results**
  We are committed to consolidate a positive and stable evolution of the company over time and to achieve results through the motivation and commitment of the team to the projects and challenges set, adopting growth strategies focused on profitable and sustainable expansion in our territory and in adjacent areas.

3.3 CORPORATE SOCIAL RESPONSIBILITY POLICY

Madrileña Red de Gas has a substantial influence on economic development, quality of life, sustainability and environmental protection by playing a leading role, as a company in the energy sector within the natural gas distribution chain, in the regional area of the Community of Madrid.

Corporate responsibility is understood and assumed by Madrileña Red de Gas as the set of strategic actions developed by the Company to establish trustworthy, stable, solid and mutually beneficial relationships with its stakeholders, among whom are the following:

- Shareholders and investors
- Customers
- Local communities
- Competent authorities
- Collaborators and suppliers
- Employees
- Society as a whole

Madrileña Red de Gas has integrated corporate responsibility into its strategy and positioning, as part of our corporate values. We are aware that the Company's acceptance and financial success can only be sustainable if it makes an active, credible and tangible contribution to the outcome of the challenges facing our society. Thus, the Management of Madrileña Red de Gas establishes criteria for good governance of the Company and a Code of Ethics of mandatory compliance for all employees, as a means to achieve these outcomes.

The "Mission, Vision and Values" manifesto of Madrileña Red de Gas includes the general commitments assumed by the Company with the current stakeholders, in summary:

- Integrity
- Safety
- Customer orientation
- Focus on results
- Improvement

Madrileña Red de Gas has a scorecard of indicators for monitoring the Corporate Responsibility Policy aligned with the Company's business plans, based on a criterion of transparency, establishing objectives in this area and reporting their degree of compliance.

The policy is reviewed periodically to ensure its correct adaptation to the reality and circumstances of MRG.

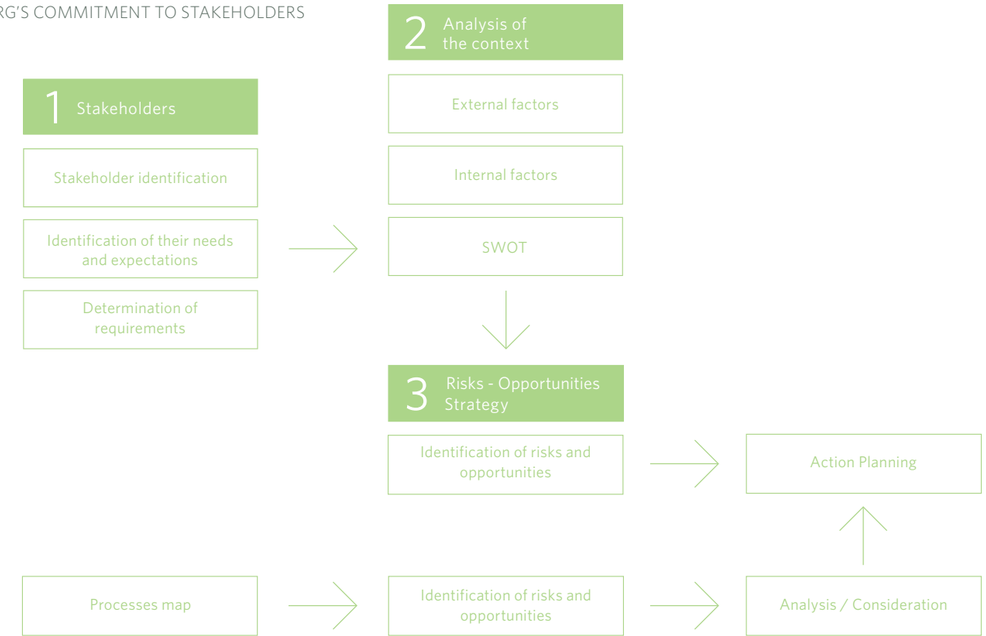
3.4 STAKEHOLDER ENGAGEMENT

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

At MRG, the commitment and continuous dialogue with stakeholders is a key factor in guaranteeing the success of the business. This allows us to align business management with the needs and expectations of all parties in some way involved in the Company and thus offer great added value to our customers, MRG team members and other stakeholders.

Through a procedure to determine context, risks and opportunities, MRG identifies the internal and external aspects that define the organization, taking into account the needs and expectations of stakeholders.

MRG'S COMMITMENT TO STAKEHOLDERS



The process entails, as a first stage, the delineation of the relationship with stakeholders, based on a prior identification of these groups, an assessment of their needs and expectations, and their analysis and prioritization in order to establish which of them become requirements and relevant aspects for sustainability.

These requirements and relevant aspects are considered within the context analysis phase, as factors to be taken into account, therefore, to define the Company's strategy.

The results of this process are approved by the Board of Directors and lead to the drawing up of an Action Plan, and are taken into account for the definition of the strategic objectives.

As a result of this process, the stakeholders, and their needs, expectations, requirements and relevant aspects are defined, and the communication channels or mechanisms are identified as described below.

Stakeholders	Needs and expectations	Information and communication with stakeholders
Shareholders and Investors Financial groups Business Partners	• Increasing and sustainable profitability • Presence in socially responsible investment indexes • Truthful and transparent information • Communication channels adapted to your needs	MRG website (https://madrilena.es/) · Investors section (http://www.mrdgfinance.nl/) | Investor mailbox (investor-relations@mrdgfinance.nl) · Annual Reports (https://madrilena.es/informes-anuales/) Meetings of the Board of Directors
Customers (Marketers and Individuals (LPG) Users (Individuals and Companies)	• Products and services tailored to customer needs • Quality care in the communication channels • Reliability and transparency of information • Customer data privacy and security • Compliance Third Party Access to the Network (ATR) • Punctuality of technical visits • Quality, safety and reliability in the supply/service • Cleaner Energy Use and Energy Efficiency	MRG website (https://madrilena.es/) Virtual office (https://ov.madrilena.es/login) Satisfaction surveys Emergency Care and Control Centre (CCAU). Channel complaints (https://www.canaldedenuncias.com/madrileña) Channel complaints and irregularities (https://madrilena.es/denunciar-irregularidades)
Employees	• Development opportunities. Continuous training • Excellent working environment • Recognition, remuneration and compensation • Diversity and equality • Flexibility • Plant and process safety • Participate in the company's main challenges and strategies • Communication channels adapted to your needs • Employment stability	Work Environment Survey. Google Sites for internal information dissemination MRG website Annual Reports (https://madrilena.es/informes-anuales/) Periodic analysis of employee needs and expectations as part of the system context analysis process Complaints channel (https://www.canaldedenuncias.com/madrileña) Complaints and irregularities channel (https://madrilena.es/denunciar-irregularidades) Performance Evaluations Encouragement of the active participation of staff. Workers' representatives. Prevention Delegates.
Suppliers	• Integration with the company • Receive information on evaluation and re-evaluation processes • Commitment to health and safety • Payment compliance	Regular meetings for information exchange, consultation and communication with suppliers. Tool for Supplier Document Monitoring Service Follow-up and verification of contracted services. Audit of suppliers. Contract renewals Complaints channel (https://www.canaldedenuncias.com/madrileña) Complaints and irregularities channel (https://madrilena.es/denunciar-irregularidades)
Society	• Addressing society's energy needs • Responsible environmental management • Social commitment • Compliance with safety and accident prevention regulations	MRG website (https://madrilena.es/) Complaints channel (https://www.canaldedenuncias.com/madrileña) Complaints and irregularities channel (https://madrilena.es/denunciar-irregularidades)
Administrations /Regulatory bodies	• Compliance with legal requirements • Transparency and Collaboration • Communication channels adapted to your needs	MRG website (https://madrilena.es/) Meetings and working groups with regulatory bodies for the development of new regulatory standards. Complaints channel (https://www.canaldedenuncias.com/madrileña) Complaints and irregularities channel (https://madrilena.es/denunciar-irregularidades)
Analysts Insurance Agencies	• Truthful and transparent information • Fight against corruption	MRG website (https://madrilena.es/) · Investors section (http://www.mrdgfinance.nl/) | Investor mailbox (investor-relations@mrdgfinance.nl) · Annual Reports (https://madrilena.es/informes-anuales/)
Market players	• Quality care in the communication channels • Safety and reliability of supply • Quality products and services	Transport-Distribution Communication System (SCTD) MRG website Annual Reports (https://madrilena.es/informes-anuales/) Virtual office (https://ov.madrilena.es/login)

3.5 MATERIALITY ANALYSIS

102-46 102-47 103-1 103-2 103-3

Following on from the process of determining the context, risks and opportunities, MRG identifies and prioritizes the most relevant material issues for sustainability according to their importance for MRG and its stakeholders.

This year, as a starting point for the identification and prioritization of these aspects, a proprietary materiality analysis methodology has been applied, thus establishing a tool to identify the sustainability issues that should form part of MRG's management priorities.

As a result of this methodology, MRG has identified and defined 13 material aspects, the management of which is reflected throughout the different chapters of the report.

Following the analysis carried out, MRG has set the objective for 2021 to further develop the materiality analysis methodology by increasing stakeholder participation with new perception studies and analysis of relevant aspects.

What is material?	Who is it material for?
Proposal of relevant sustainability issues based on diagnosis according to: • Context analysis (SWOT) • GRESB Methodology • Expansion with content from the GRI standard • Information identified from companies in the sector	Proposal for internal prioritization of issues based on: • GRESB self-assessment results • Diagnosis according to GRI standard
	Estimated external prioritization of issues based on: • Stakeholder needs and expectations information • Benchmarking of companies in the sector
	Final prioritization of issues integrating external analysis with internal prioritization
	Approval of issues by the Board of Directors

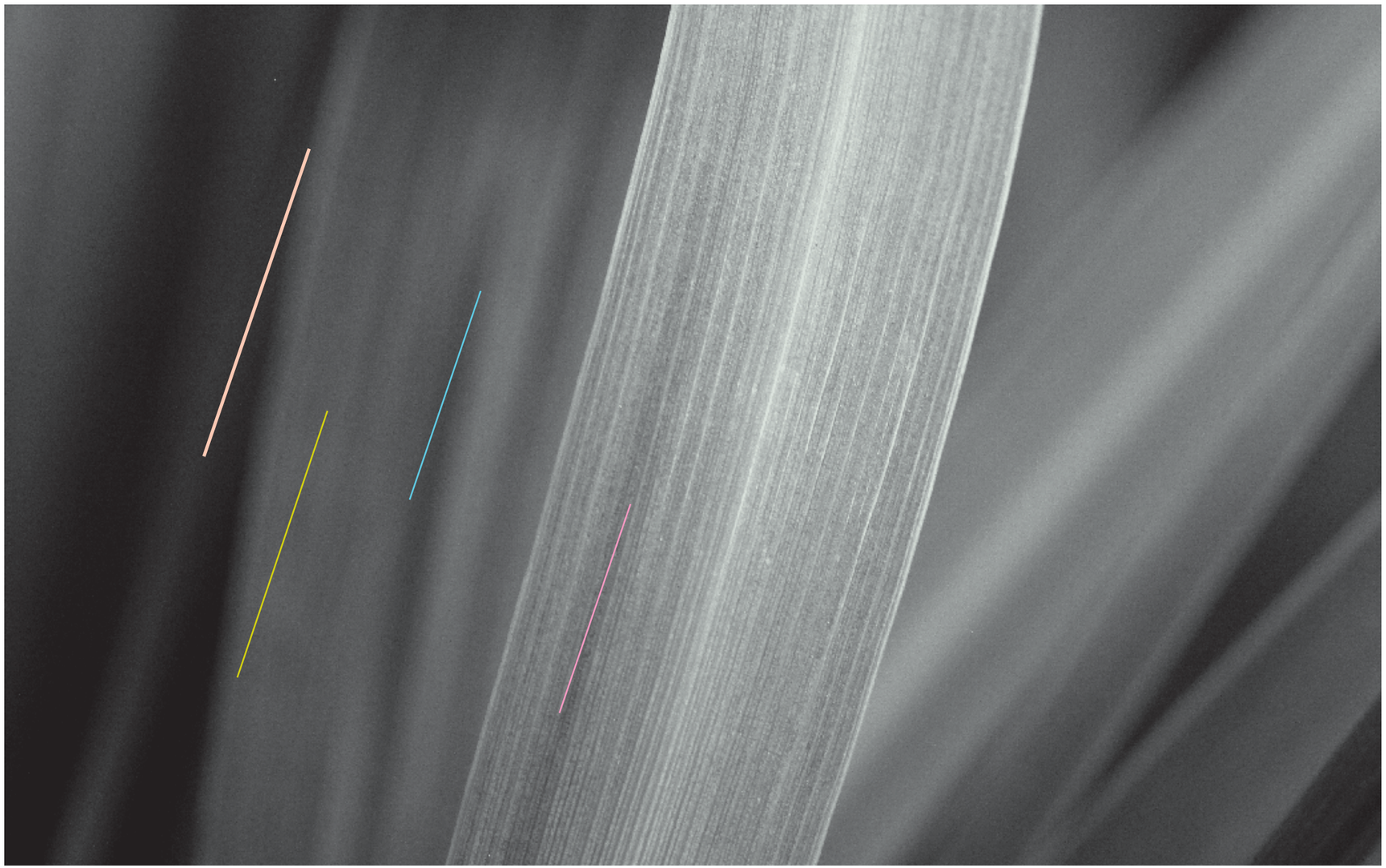
MATERIALITY MATRIX



CORRELATION BETWEEN MATERIAL ASPECTS, CHAPTERS OF THIS REPORT AND SUSTAINABLE DEVELOPMENT GOALS (SDGs)

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

In 2015, world leaders adopted a set of global goals to eradicate poverty, protect the planet and ensure prosperity for all as part of a new sustainable development agenda. Each goal has specific targets to be achieved by 2030.



Good governance

4.1 RISK MANAGEMENT

102-11 102-15 102-29 102-30 102-31
102-33 102-34 201-2 413-1

Madrileña Red de Gas has a Risk Management Model with a comprehensive and systematic approach. The integration of risk management policy in the Company has been articulated through the progressive implementation of transversal risk analyses. These analyses involve the business and corporate units most closely linked to the processes affected by the risks, with the support of the finance and corporate risk management areas. This analysis is validated by Management through the Risk Committee (Committee made up of Management and the Head of Risk Management).

MRG's risk management function is managed on a day-to-day basis by the corporate risk manager, who coordinates the objectives and information received from the business and corporate units, analysing and reporting to the Risk Committee, where the different mitigation plans are implemented. The report to the Audit and Risk Committee (Committee with representation of the four partners of Elisandra Spain IV, S.L, para. 2.4), facilitates its general monitoring of the risk map, going into the most significant risks and their evolution, recommending improvements and supporting the existing mitigation plans.

Risk management in MRG is not limited to the identification of events that represent risks, but also includes those that represent opportunities that the organization can avail of.

MRG has adopted a self-developed methodological approach inspired by Enterprise Risk Management (also known as COSO II) and the ISO 31000 Risk Management standard. All of this is standardised and documented through MRG's internal regulations, published in the digital document management repository.

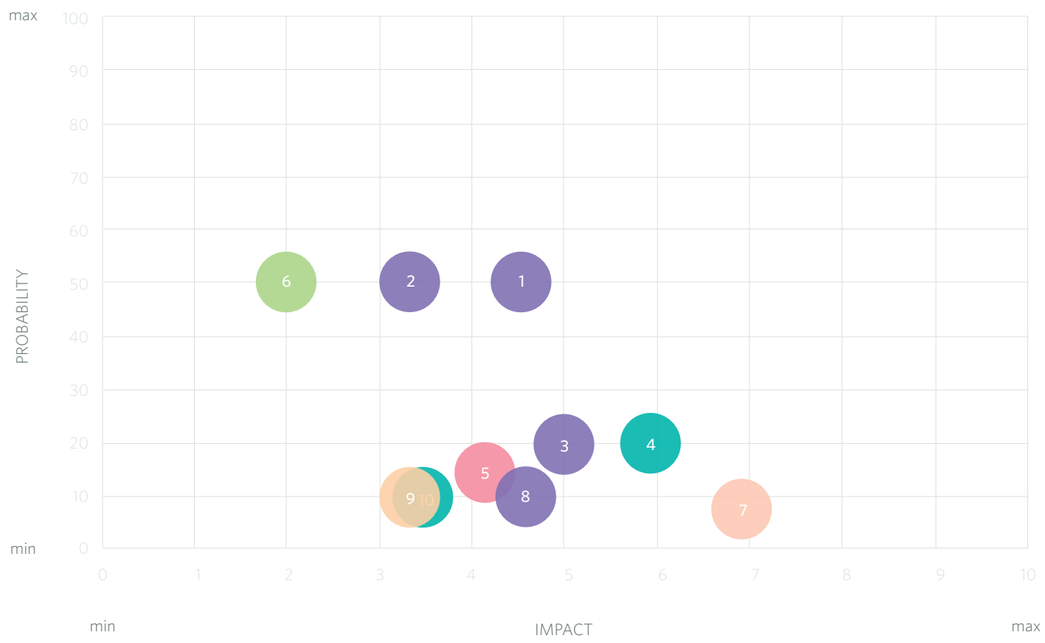
At present, MRG's risk map includes the ten most common risks, which are evaluated by applying criteria based on:

- The probability of occurrence of a risk on a scale of one to ten.

- The impact of the combined effect on net present value and reputational damage, both on a scale of one to ten.

The map takes into account emerging risks through regular updates of its contents. It also establishes new high-level controls in addition to the existing ones.

MRG RISK MAP



Regulatory risks (1, 2, 3 and 8)
Financial risk (4 and 10)
Cybersecurity (5)
Gas losses (6)
Prevention of serious accidents (7)
Occupational risk prevention (9)

All risks represented in the graph are perfectly assumable by the company.

RESPONSIBILITY IN THE RISK MANAGEMENT PROCESS ACCORDING TO MRG REGULATIONS

RISK COMMITTEE

- Detailed analysis of MRG's critical risks, ensuring that the organization's exposure to risk is consistent with the strategic positioning required at all times and, where appropriate, recommending the development and promotion of specific Action Plans.
- Identification of best practices in the field of risk management and implementation in MRG, being responsible for the continuous improvement of the area.
- Analysis of the evolution of critical risks (Top 10).
- Monitoring of the degree of compliance with the Action Plans relating to critical risks (Top 10).

AUDIT AND RISK COMMITTEE

- Oversight of financial audit processes and final report results. Evaluation of financial statements and annual accounts.
- Overall monitoring of the evolution of the main risks and associated mitigation plans.
- Oversight of sustainability and performance policies.
- Definition and monitoring of the existing insurance policy for various risks.
- Overseeing the performance of the criminal offence prevention function carried out by the Crime Prevention Committee (CPC) and the Criminal Compliance Officer
- Issue of recommendations and proposals for improvement to the Board of Directors and the rest of the management bodies on the different issues within its area of competence.

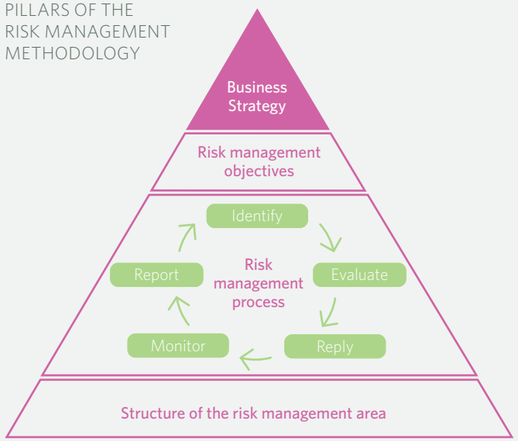
AREA MANAGERS

- Monitoring of the risks for which they are responsible, in accordance with the guidelines set by the Corporate Risk Manager.
- Identification of events that may pose potential risks and opportunities for MRG in the assigned area of responsibility.
- Implementation and monitoring of the agreed Action Plans.
- Collaboration in cost and time control.
- Processing of the necessary information to carry out adequatemonitoring and reporting in due time and form to the Corporate Risk Manager and the Risk Committee (including the preparation and updating of the Corporate Risk Map).

CORPORATE RISK MANAGER

- Support to the Risk Committee in defining and developing the strategic approach to risk management.
- Development of the Work Plans, based on the strategic approach defined by the Risk Committee and General Management and communication of these plans to the Area Managers.
- Control of the budget allocated to the function, monitoring time and costs incurred.
- Coordination and processing Coordination and processing of the information received, as well as reporting to the Risk Committee.

PILLARS OF THE RISK MANAGEMENT METHODOLOGY



FINANCE

- The finance area is responsible for determining the "direct economic impacts over the 20-year horizon" and the "NPV impacts" in the risk assessment processes.

Specific risk map related to the pandemic caused by Covid-19

Due to the pandemic caused by Covid-19, a specific risk map has been defined that considers financial profile risks such as potential impacts on operating profits, liquidity and credit risk; as well as other risks related to difficulties in carrying out interventions in the homes of users affected by the pandemic, availability of resources for the continuity of operations and failures in the supply chain.

Identification of sensitive supply points

The fact of the pandemic has led MRG to pay particular attention to the sensitive supply points connected to our distribution network listed in point 2.3, Our Business, and to stress the importance of ensuring a guaranteed supply to users.

It is imperative to highlight the sensitive supply points belonging to the healthcare sector connected to our gas distribution network. These points are set out in section 2.3, Our Business.

Contingency and Business Continuity Plan for Covid-19

In response to Article 17, which declares a state of emergency for the management of the health crisis situation caused by COVID-19, and in which the activities carried out by MRG are considered essential, the Risk Management Unit developed the contingency and business continuity plan for the COVID-19 pandemic, which was communicated to the General Directorate of Industry of the Community of Madrid on 10 March 2020. In the development of the business continuity plan, the possible situation of having to extend the level of cooperation of the usual (and alternative) suppliers in order to guarantee the continuity of essential services was considered. Likewise, the replacement-covering plan was also drawn up with internal personnel who were trained to perform the functions considered as critical.

Likewise, this Risk Management Unit was periodically notifying the General Directorate of Industry, Energy and Mines of the Community of Madrid (DGI) of its daily situation during the acute phase of the pandemic.

The evolution of events during the state of emergency was monitored by a crisis committee created for this purpose with the participation of General Management, Network Operations Management, Customer Operations Management, Expansion Management, Legal Services and Risk Management.

4.2 MAIN CHALLENGES

The analysis of risks and opportunities implies a set of actions that allow the mitigation of risks, as well as the capacity to take advantage of opportunities. MRG works in a proactive way, committed to the sustainability of the Company.

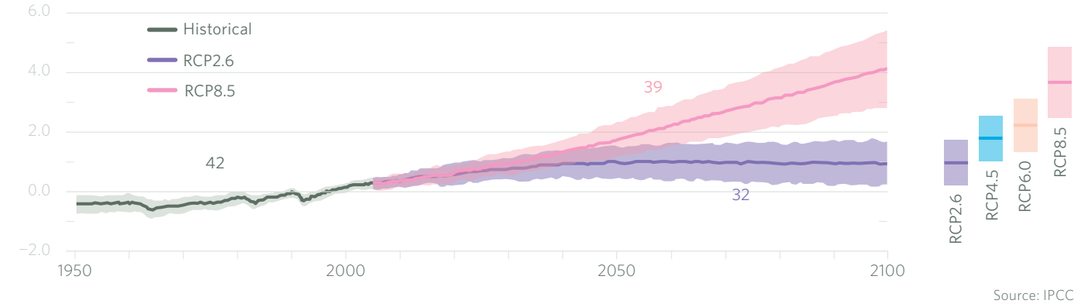
4.2.1 CLIMATE CHANGE STRATEGY

201-2

For MRG, the potential threats from climate change manifest themselves mainly in two ways:

- Alignment with regulatory changes that establish national and European emission reduction targets, as well as with global challenges against climate change.

ESTIMATION OF GLOBAL AVERAGE SURFACE TEMPERATURE CHANGE FOR DIFFERENT CLIMATE CHANGE SCENARIOS (°C)



Source: IPCC

- The increase in temperature, which means milder winters, could reduce demand, given that our main line of business is gas to homes and property developments for heating and cooking.

Both elements are highlighted in the risk analysis and assessment of MRG.

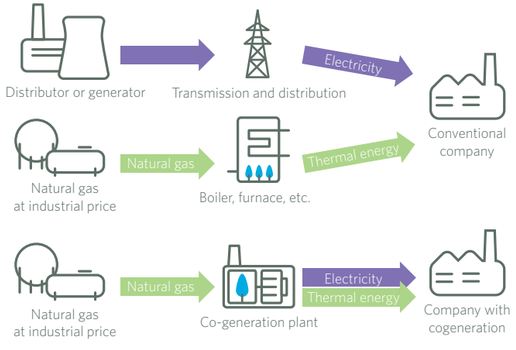
With regard to the reduction in consumption due to the increase in temperature, there is currently uncertainty in the climate models, which could in the worst case scenario lead to a reduction in heating consumption of 10% by 2040. In this calculation we have considered that the effect in the Community of Madrid will be milder than in the South of the peninsula and the coast.

In the short term, and with the experience of 2020, which has turned out to be the warmest year in the last decade, yet with consumption similar to previous years, demand is expected to be similar to current figures. The post COVID labour paradigm and the progressive move away from diesel and petrol are factored into our forecast.

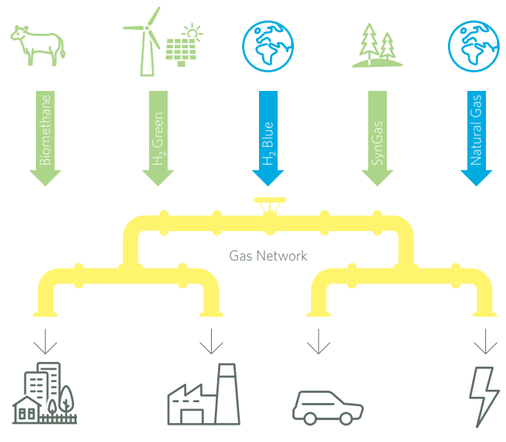
MRG is working on four lines of mitigation:

- Conversion to natural gas of coal or diesel boilers in buildings (in line with government plans such as the 360 plan of the Madrid City Council or the Boiler Renewal Plan of the Community of Madrid), as well as supply points connected to LPG satellite plants.
- Participation in the promotion of new construction projects designed with a strong focus on increased energy efficiency (energy communities).
- Giving a strong boost to the mass consumer market, increasing the number of industrial customers. Helping in the energy transformation process.

COGENERATION SCHEME



ALTERNATIVES FOR THE USE OF GAS DISTRIBUTION NETWORKS



- Promotion of renewable gases. Working on innovation projects to promote the integration of renewable gases.

This year 2020 we have signed four collaboration agreements for third party networks, for new housing. Under the auspices of energy communities, promoting self-consumption projects.

We are working on the study of a very innovative project in relation to new urban developments. This is the creation of an urban network (district heating & cooling) capable of providing hot water, heating and cooling and even lighting with renewable energy. The new neighbourhood to be developed in the municipality of Pozuelo de Alarcón is called Montegancedo.

In 2020 we have continued our plan to convert from LPG to Natural Gas as a sign of our commitment to our emissions reduction target. During 2020 we converted 707 homes to natural gas from a total of 27 piped propane installations despite downtime caused by lockdowns. And we continue to enter into commercial agreements to transform piped propane gas networks into natural gas networks.

In our drive towards the mass consumption market, we support companies in their energy transition processes towards self-consumption models. Large industry and the natural gas sector find in cogeneration technology a common territory where the benefit is mutual: savings, efficiency and sustainability for the former, and a large consumer for the latter. During 2020 we have started to supply a pharmaceutical company that has opted for cogeneration.

Based on MRG's commitment to the environment and climate change, we are working hard on innovation projects to promote the integration of renewable gas into the energy mix. Renewable gases (biomethane, renewable hydrogen and synthetic gas) provide a substantial reduction in greenhouse gases, as well as helping to solve the problems of waste treatment and recovery, without the need for large investments in the gas network.

In our commitment to the development of renewable gases (biomethane, hydrogen, synthetic gas), we have signed a collaboration agreement with an engineering and consulting firm specializing in biogas plants, to jointly explore project opportunities for biomethane injection into the distribution network. In this regard, we have also worked with the main waste managers to seek synergies between companies with a common objective.

In addition, we continue to participate in the working groups organized by Sedigas and Gasnam for the development and promotion of renewable gas.

Furthermore, at the beginning of October, the Ministry for Ecological Transition and Demographic Challenge published the Hydrogen Roadmap, which establishes 60 measures with ambitious objectives to achieve emission neutrality by 2050, providing a medium and long-term vision for hydrogen deployment.

Given the strategic nature of renewable hydrogen, MRG has signed a collaboration agreement with a Spanish company of reference in hydrogen and fuel cell technologies, with the aim of developing green hydrogen projects. In addition, we are already part of the Spanish Hydrogen Association as a sign of support for the promotion of hydrogen, which is key to energy transition.

Hydrogen is a real solution in the medium and long term to decarbonize transport and achieve the sustainable mobility objectives of the Community of Madrid. In this important task, MRG is trying to establish a public-private collaboration framework in order to study the possibilities of transforming vehicle fleets and contribute to the development of recharging infrastructures.

Since 2019, we have had an agreement with Canal de Isabel II, which is promoting studies to potentially inject biogas from the treatment of its wastewater plants into the distribution networks.

The potential of hydrogen is considered to be much higher than that of biomethane, so its development is very important for sectors that are difficult to decarbonise. Both renewable gases can be transported through the gas infrastructure network, guaranteeing security of supply and enabling future decarbonisation.

2016	2017	2018	2019	2 020	2021
C2M2 Maturity Level Audit • I T • OT LOGITEK		Migration Azure	Cloud and AWS Bestpractice Azure Cloud and Azure Bestpractice Pending C2M2 Maturity Level Audit OT (SCADA) Ethical Hacking LOGITEK EY	Cyber Maturity Assessment SIEM+SOC Security Information and Event Management Security Operations Center Hygiene+cybersecurity awareness plan for employees and partners Greater Network isolation Smart meters audit EY	Implementation of a third party management process Telefónica Review and improvement of the security regulatory body Definition and application of hardening guidelines on systems Formalization of a security incident management framework Review and improvement of technological contingency plans VIP user's training Deloitte.

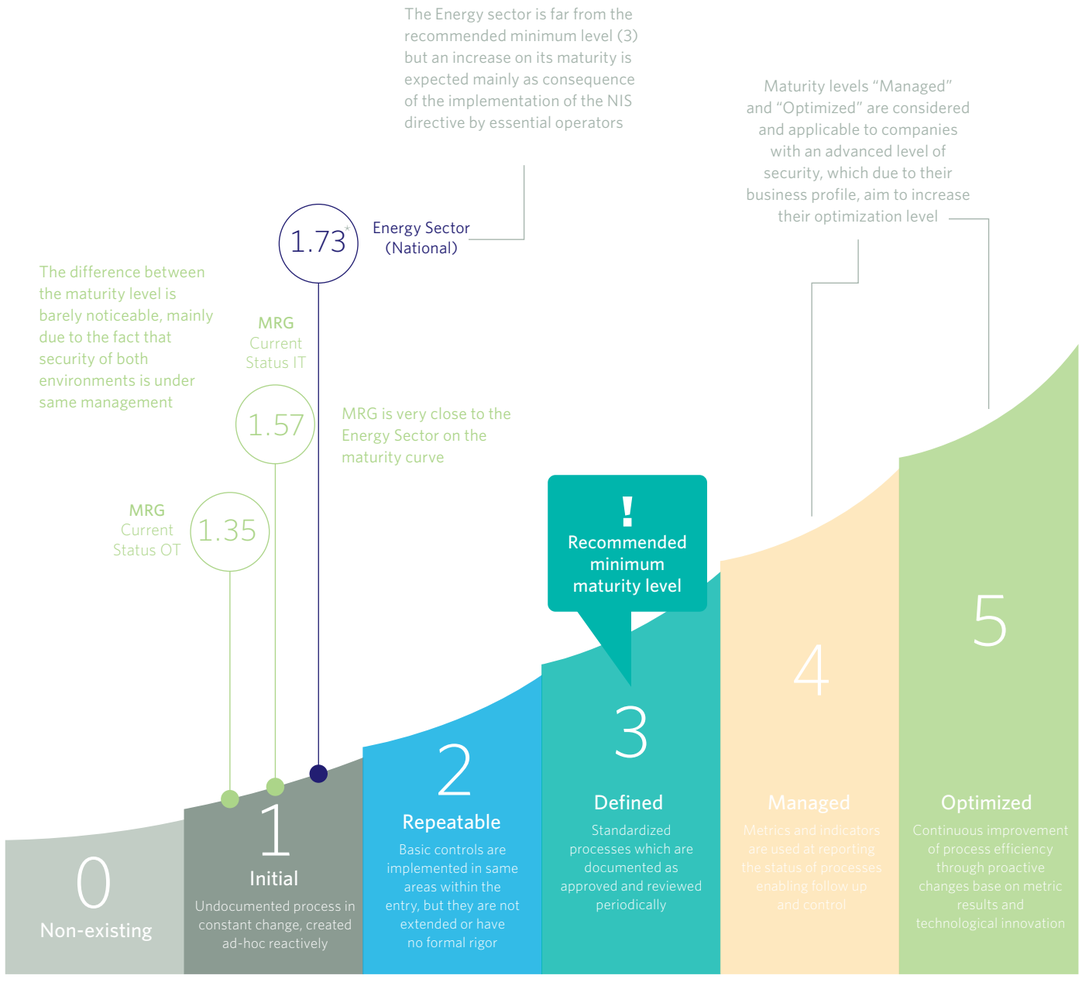
4.2.2 CYBERSECURITY

For Madrileña, this is an important element of risk that we have been working on in a systematic manner and with an ambitious plan since 2016. Proof of its importance is the existence of a Cybersecurity Committee.

The Committee, composed of two directors and five department heads, meets approximately every two months to review and communicate the cybersecurity policy, focusing on achieving the plan and especially on increasing end-user awareness.

During 2020 a consultation was conducted to analyze the maturity level of our organization, identify the required target level and review the action plan to achieve it. We can affirm that today the level is very close to that achieved by companies in the energy sector, although still far from the recommended level. The projects to be carried out by Madrileña Red de Gas to advance towards this target have been structured according to prioritized criteria, with a timetable in three progressive phases from 2021 to 2023. Each of these phases includes security projects in the four domains: governance, protection, surveillance and resilience.

CURRENT STATUS (AS-IS)
Current maturity level



* Data depicted in this graph was obtained from Deloitte's internal customer database up to July 2020.

4.2.3 SERIOUS ACCIDENTS

In Madrileña Red de Gas we have LPG liquefied gas plants in our facilities. Liquefied petroleum gas is a substance classified as hazardous, and is subject to R.D. 840/2015 for plants with storage capacity equal to or greater than 50 tons. This risk is part of the top ten risks in MRG.

Since 2016 we have been working on the development and implementation of a management system for the prevention of serious accidents in response to the requirements of the royal decree for this type of facility, as well as for any others that could potentially be affected by the regulations, taking advantage of the synergies with the integrated system of quality, environmental and occupational risk prevention.

In MRG we have established a serious accident prevention committee, whose main functions are the definition of policies and the implementation of the necessary criteria for their compliance. The committee is chaired by the General Manager and its members include Risk Management (Secretary) and the Human Resources, Network Operations, Business Development and Expansion Divisions. It meets at least once a year to review compliance, analyse possible incidents and propose objectives and improvement actions to strengthen the system.

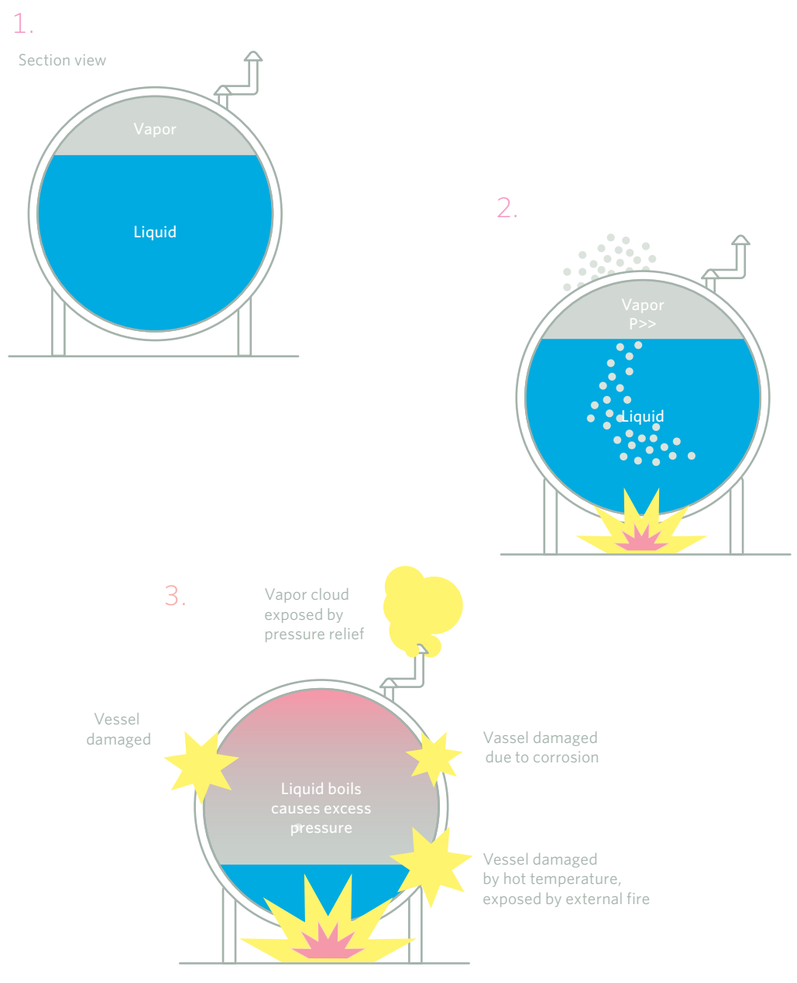
The Serious Accident Prevention Management System takes advantage of the existing synergies with the rest of the integrated quality, environmental and prevention system. Objectives are defined for each year and the progress of the different actions is monitored periodically through the serious accident prevention committee. The wide variety of different requirements to be met by these facilities requires close collaboration between different areas of the Company.

Management activity has historically focused on the various maintenance activities, implementation of internal emergency plans, internal audits, regulatory inspections and notifications to the Competent Authorities.

Throughout this period, a second management cycle has been started, initiating different actions in relation to the Policy for the Prevention of Serious Accidents involving hazardous substances — R.D. 840/2015 — Seveso III, implemented in MRG. These include:

- Review of six internal emergency plans, which are then subject to verification by OCA.
- Information to the GDI on the situation of these assets; in particular, notification of the decommissioning of the Jardín de Alcalá LPG plant, due to its dismantling.
- Notification to Civil Defence of the Internal Emergency Plans of the facilities that remain operational, and which had previously been reported to the GDI.

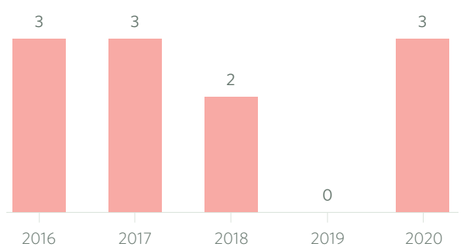
SEQUENCE OF A SERIOUS ACCIDENT IN A LPG STORAGE TANK



A committee has been set up consisting of four members appointed by the General Management for their experience and knowledge. The chairman and secretary of the Committee are elected among the members. The purpose of the Ethics Committee is to:

- Promote the dissemination, knowledge and compliance with the Code of Ethics.
- Interpret the Code of Ethics and guide actions in case of doubt.
- Facilitate the resolution of conflicts related to the application of the code.
- Facilitate and manage communication channels, investigating any complaints that may arise, always ensuring the anonymity of the complainant.
- Report to the Governing Bodies on dissemination and compliance.
- Ensure compliance.

COMPLAINTS RECEIVED IN THE LAST FEW YEARS



4.3 ETHICAL BEHAVIOUR

102-16 102-17 205-1 205-2 410-1

Madrileña RED DE GAS believes that the trust of its investors, customers, suppliers and external collaborators, as well as the social environment in which it operates, is based on the integrity and responsibility in the professional performance of each of its employees. Ethics and compliance are therefore the cornerstones of the company's operations.

Code of Ethics

Madrileña has a code of ethics whose purpose is to set out the guidelines that condition the ethical behaviour of all employees in their daily performance, with regard to the relationships and interactions that it maintains with all its stakeholders. This code is inspired by the definition of the Mission, Vision and Values of Madrileña Red de Gas and must be complied with by all the people who make up MRG, regardless of the position they hold.

Integrity is understood as acting ethically, honestly and in good faith. Professional responsibility is understood as acting proactively, efficiently and focused on excellence, quality and willingness to serve.

MRG expects all employees to behave with integrity and responsibility in the performance of their duties.

We also encourage suppliers and collaborators to behave in accordance with the criteria of integrity and behaviour based on our code of ethics.

The current edition is dated March 2016 and is periodically reviewed and updated by the Code of Ethics Committee, which takes into account the suggestions and proposals made by employees and the commitments made by MRG in terms of social responsibility and good governance. Approvals are carried out by the General Management.

Complaints channel

Among the controls for identifying and acting in situations in which there are legislative breaches and/or practices contrary to the values and principles established in MRG's code of ethics and anti-corruption policy, a Complaints Channel has been implemented with the collaboration of an independent service provider, available on the internet (www.canaldedenenuncias.com/madrileña), through which any member of our organization, regardless of their rank, responsibilities or geographical location, as well as the staff of any contractor or supplier of MRG, and any client or third party, can report any irregularity or behaviour contrary to the law, the Code of Ethics or the Anti-Corruption Policy, with the maximum guarantees of confidentiality and non-retaliation.

Of all the complaints received, only one was related to the Code of Ethics, and the appropriate measures were taken to resolve it. Of the remainder, two were related to labour matters and the remaining eight were "customer complaints" (who had mistakenly used the channel), all of which were channelled to the MRG Departments involved for resolution.

Preventing corruption and conflicts of interest

MRG is firmly committed to fighting corruption in all its forms, and to developing specific practices for its prevention, for which it has established an Anti-Corruption Policy. In this sense, MRG opposes influencing the will of people outside the Company to obtain any benefit through the use of unethical practices, and no employee or professional of MRG can accept or make, directly or indirectly, payments, gifts or compensation of any kind to try to improperly influence their commercial, professional or administrative relations, both with public and private entities.

To this end, we have implemented a compliance system, supervised by the Board of Directors through the Audit and Risk Committee, which helps to prevent or mitigate as far as possible the risk of any criminal action being committed in our organization, including the crime of corruption. So far, no cases of corruption have been detected.

Protocol for the prevention of criminal offences

Within the framework of the compliance system and as a result of the risk analysis in MRG, we have defined and communicated internally a protocol framing the functional areas and the most sensitive activities where the crimes to be prevented can be committed. MRG undertakes a permanent revision of the protocol based on the analysis and audits carried out by the Audit and Risk Committee.

Committee on the prevention of criminal offences

MRG has a crime prevention committee made up of the chairman of the Board of Directors, the general manager and the compliance officer, with the following objectives:

- Review existing policies and ensure ongoing compliance with legislative developments in risk prevention.
- Adapt the controls in place so that the risks identified are reduced as much as possible.
- Review employee training programmes, taking into account new developments in the field or as a reminder.

This committee meets annually, prior to the Audit and Risk Committee, at which the annual compliance report is presented for approval.

At this annual meeting, an assessment is made of the actions carried out within the framework of the compliance system, and approval is sought for the action plans proposed by the compliance officer, the improvement initiatives to be implemented during the current year and the proposals for reviewing the existing crime prevention policies and the training programmes in this area. In the event of non-compliance or specific needs, an ad hoc meeting is convened to deal with the matter in question, to assess it and propose a solution.

Training, awareness and commitment

MRG's 124 employees, (all except partial retirees), have received information on the anti-corruption policies and procedures, crime prevention policy, code of ethics and disciplinary system at the time of their implementation. For new staff there is a Welcome Manual, where this information is provided.

All members of the Board of Directors and Management Committee have received information and training on anti-corruption policies and procedures.

A Compliance training course was delivered in 2019, which included information on anti-corruption. The training was followed by 85% of the staff.

Similarly, in 2020 the entire management, including the General Manager of MRG, heads of department and the entire financial department have undergone specific training on the prevention of money laundering and the financing of terrorism.

REGULATORY COMPLIANCE TRAINING BY CATEGORY

Administration	95%
Business Development	90%
Management (Managing Director and Directors)	100%
Operations	79%

Moreover, in all contracts with suppliers and contractors, criminal clauses on legislative compliance and criminal liability are included. In the contracts they are required to comply with legislation at all levels, labour (ORP, insurance contributions, mandatory training for the activity, etc.) and business (compliance with the tax authorities, accreditations of activity, etc.).

Point 2.4. describes in detail the involvement of the company's Governing Bodies in anti-corruption and criminal law prevention.

Harassment and violence at work procedure

With regard to human rights, since March 2013, within the framework of the occupational risk prevention system, we have had a procedure for action in situations that could constitute harassment and violence in the workplace, aimed at preventing, identifying, investigating and, where appropriate, resolving such conduct.

Similarly, within the framework of the collective bargaining agreement in force, Article 10 sets out the principles of equality and non-discrimination in the Company.

4.4 FINANCIAL INFORMATION

102-7 102-45 201-1 203-1

MRG has shown great financial stability and resilience and delivered excellent results in 2020 despite the global pandemic that has afflicted the year 2020, confirming its great stability and consistency in revenue generation.

The Company reported 2020 revenues of €176 million, which is a decrease of 5% compared to 2019 and EBITDA of €139.7 million, down 4% compared to 2019. The decrease in revenue and EBITDA is mainly due to a decrease in turnover of €6 million and a decrease in other income of €4 million, both compared to 2019.

The revenue from distribution activity is the Company's main source of income and is calculated annually based on a parametric formula that varies according to the growth in supply points and demand transmitted through the network. 99% of the customers connected to the Company's network are domestic. As a result, the Company has proven to be very stable in the face of economic cycles, with the temperatures of the cold months of the year having the greatest impact on the final revenue figure. During 2020 temperatures in the Madrid region have been warmer than during 2019 and this is the main cause of the decrease in revenue.

The decrease in other income is due to the periodic inspections, which must be carried out every five years at each of the Company's supply points, although they are not distributed regularly over the five years.

The distribution of natural gas is a regulated activity. The regulatory periods for this activity are six years. 2020 was the last year of the period that began in 2014 and is characterised by its great stability. In 2021 a new period begins where the regulatory framework has already been defined with a

NET TURNOVER (M€)

	2020	2019
Distribution revenue	142.936	149.590
Other non-regulated income [1]	3.447	4.165
Other non-regulated compensation income	191.000	188.000
Other regulated income [2]	15.041	18.262
Revenues derived from LPG	12.305	11.898
Revenue derived from non-regulated LPG	15.000	43.000
Total	**173.935**	**184.146**

1 Non-regulated revenues are also services related to the natural gas distribution activity and whose prices are not regulated.

2 Other regulated revenues correspond to services related to the natural gas distribution activity, the prices of which are determined by regulation. These services include gas meter rental, periodic inspections and connection services.

TOTAL INCOME (M€)

	2020
Net turnover	173.935
Grants for non-financial fixed assets [1]	2.244
Total	**176.179**

continuous calculation methodology. The adjustment finally published for MRG represents a cut of 10% on average in the regulatory period that begins now, similar to the main companies in the sector.

The growth strategy is focused on profitable and sustainable expansion in our territory and adjacent territories. The Company continues to grow its customer base. At the end of 2020, Madrileña Red de Gas distributed gas to 912,670 supply points, of which 890,027 were natural gas and 22,643 were liquefied petroleum gas. In 2020 we have earmarked €8.7 million for our expansion strategy.

We are also involved in other investment projects, artificial intelligence tools, digitization, process automation, and development of systems that pursue cost efficiency and improved quality and customer service.

The consortium of shareholders of the Company has not changed during the year, as indicated in chapter 2. MRG is wholly owned by Elisandra Spain V, S.L which in turn is owned by Elisandra Spain IV, S.L. which has four foreign partners.

Madrileña Red de Gas represents a long-term value creation project where the partners share the same strategic vision and commitment to long-term financial strength.

Financial strength is a fundamental pillar of the Company, where it seeks to maintain strong levels of solvency and liquidity consistent with the investment grade to which the Company is committed, balancing the level of debt with cash generation.

BALANCE (M€)	2020	2019
Administrative authorizations and other intangibles	751.0	751.0
Tangible fixed assets	339.2	354.8
Total fixed assets distribution network	**1,090.20**	**1,105.80**
Goodwill	57.4	57.4
Deferred tax assets	17.9	21.5
Other non-current assets	212.1	55.7
Current assets	47.7	42.3
Cash and banks	46.6	103.4
TOTAL ASSETS	**1,471.90**	**1,386.20**
Net Equity	362.5	298.1
Long-term debts	945.2	943.8
Deferred tax liabilities	70.0	60.1
Other non-current liabilities	38.6	37.5
Current Liabilities	55.6	46.7
TOTAL EQUITY AND LIABILITIES	**1,471.90**	**1,386.20**

ECONOMIC VALUE GENERATED, DISTRIBUTED AND RETAINED (thousands €)	2020	2019
Net turnover	173,935	184,146
Financial income	8,454	1,773
Direct economic value generated	**182,389**	**185,919**
Procurement expenses	−8,386	−10,294
Expenditure on external services	−15,815	−16,484
Expense for other results	−2,103	−1,704
Operational costs	**−26,304**	**−28,482**
Employee wages and benefits	**−9,951**	**−11,955**
Payments to capital providers	**−27,923**	**−27,928**
Tax expense and corporate income tax payments	−11,056	−11,063
Payments to the government	**−11,056**	**−11,063**
Economic value distributed	**0**	**0**
Valor económico distribuido	**−75,234**	**−79,428**
Economic value retained	**107,155**	**106,491**



Environment

Madrileña Red de Gas, in application of the provisions of its "Mission, Vision and Values" manifesto, establishes its Environmental Policy through the public declaration of the following principles and commitments:

- Alignment with higher environmental ideals and values.
- Firm commitment to compliance with current legislation and other requirements to which the organization subscribes.
- Efficient management in the consumption of resources and energy saving.
- Prevention of pollution and minimization of the "environmental footprint" by controlling and progressively reducing the impact of our activities.
- Efficient and appropriate management of waste generated.
- Application of environmental criteria in our relations and commitments with customers, suppliers and contractors.
- Implementation of environmental sustainability strategies for continuous improvement through regular planning and monitoring of environmental objectives and targets.
- Promotion of internal environmental awareness, information and training activities.

Environmental targets in 2020 to reduce by 5%: energy consumption, greenhouse gas emissions, atmospheric pollution, drinking water consumption and discharge and waste generation.

5.1 OUR ENVIRONMENTAL MANAGEMENT

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

For Madrileña Red de Gas, environmental protection has been a commitment since its creation as a company in 2010, being a pillar in the sustainable development objectives set by the Company. Overall compliance with the targets at the end of 2020 was 64%.

In order to structure the application of this Environmental Policy, Madrileña Red de Gas has developed and maintains a UNE-EN ISO 14001:2015 management system, which forms part of the Integrated Quality, Environment and Prevention Management System (the system is currently being reviewed with the aim of carrying out an external audit in 2021 to renew the certification).

Currently, the objectives of the environmental management system are aligned with the focus of the ESG Gresb platform. Madrileña Red de Gas has a methodology in place for the identification and evaluation of risks and opportunities, which includes the environmental element and a comprehensive process for the identification of environmental aspects of its processes, materials and services, to determine those that have or may have a significant impact on the environment, due to current and foreseeable future activities.

Environmental aspects include both those that are controlled by Madrileña Red de Gas (direct aspects) and those over whose management Madrileña Red de Gas does not exercise direct control, but may have a certain degree of influence from a life cycle perspective (indirect aspects). The aspects are classified into the following impact areas:

- Atmospheric emissions: ducted or non-ducted through chimneys.
- Waste: generated in warehouses, regulation and metering stations, satellite plants, works on distribution networks, etc.
- Consumption of natural and energy resources: water, electricity, fuels, etc.
- Other environmental aspects: this includes aspects related to nuisances such as noise, odours, spillages, etc.

Both the identification and its evaluation are reviewed annually, thus ensuring that all significant aspects are under control and/or have the necessary actions to achieve it.

Our supplier approval, selection and monitoring processes ensure the transfer of our commitments to the environment (as described in detail in the chapter dedicated to our responsible management of the supply chain). In these processes, the necessary involvement and obligatory compliance with MRG's commitments to the environment is conveyed through the approval and contracting requirements. Through a computer system, the contractors register all management and certification requirements. This information is monitored periodically by MRG.

Regarding the suppliers evaluated with environmental impacts, according to our environmental impact identification and analysis matrix, we have identified two types of significant negative risks (potential and actual) where supplier management is important: waste and leaks and spills.

Of a total of 29 suppliers evaluated and monitored, 20 have been identified as having a significant negative impact (70%). In no case has the relationship been terminated, although measures have been put in place to resolve the problems. Among the measures adopted in general, we have developed an operational control module in our digital process tool, which facilitates the monitoring of MRG.

In addition, throughout 2021 we have planned to work together with suppliers with a twofold objective: to strengthen environmental awareness and jointly define improvement actions.

During 2020, there have been no accidents with environmental impacts associated with fines or civil liability.

Madrileña Red de Gas has an on-line service through which it has up-to-date knowledge of all the environmental legislation applicable to its installations, and the implications derived from any regulatory changes.

During 2020, despite the difficulties arising from the pandemic, 286 operational monitoring visits have been made. The largest number of visits has been to check the management of:

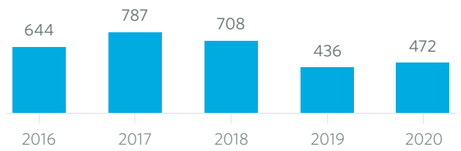
- LPG Plants (61 visits)
- Emergencies (58 visits)
- Readings (47 visits)
- RMS (43 visits)

The number of reports with environmental incidents in the visits was 6. These correspond to incidents related to excessive vegetation or materials (waste) on the plants.

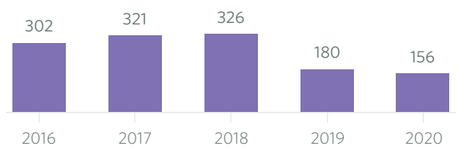
Furthermore, these on-site controls are complemented with documentary controls of the waste management records that must be included in the work files.

POZUELO HEADQUARTERS' CONSUMPTION OF RESOURCES

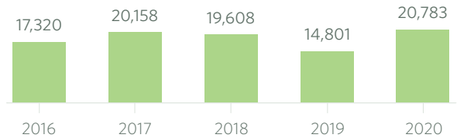
Water (m³)



Electricity (thousands kWh)



Natural gas (kWh)



Dialogue with stakeholders in 2020.

- We are a proactive part of sectorial working groups. Of particular importance are the groups created with the objective of promoting the integration of renewable gas in the energy mix, in line with the objectives set by the REDII Directive.
- The request on the environment from the National Institute of Statistics has been dealt with. The request for information on emissions from the Community of Madrid has not been received.
- The reports on the decommissioning of contaminated soils have been communicated to the Competent Body of the Community of Madrid and to several town councils of the Community of Madrid as a result of the dismantling of LPG plants.

5.2 OUR COMMITMENT IN FIGURES

Madrileña has the digital process management tool of the Integrated Management System for the control of environmental indicators. These indicators are set into its scorecard.

The scorecard has control traffic lights that indicate the status of the indicator against the objectives set in the period. On a half-year basis, an in-depth analysis of the indicators and the degree of compliance is carried out, preparing reports that facilitate communication and take action when necessary.

5.2.1 RESOURCE CONSUMPTION

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

When analysing the indicators, it is important to bear in mind that during 2020 the operational staff, as well as all staff linked to the 24-hour emergency service, continued to use the MRG facilities in their day-to-day work, with the consumption of the buildings generally maintaining similar trends to previous years.

As far as electricity consumption is concerned, the trend shows how the different measures that are being taken are having an effect.

Water consumption in LPG plants is closely linked to the maintenance schedule, as well as plant decommissioning.

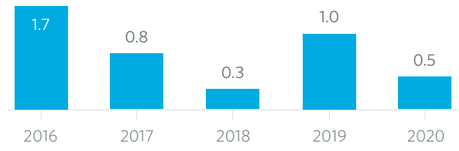
In accordance with RD 56/2016 Madrileña Red de Gas has carried out the energy audit both in 2016 and 2020.

As a result of these studies, the company has carried out various measures over the years aimed at reducing energy consumption.

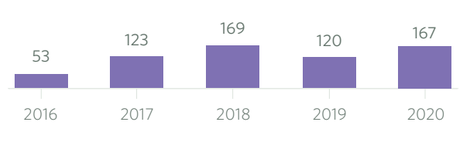
- Lighting measures: from 2016 to the present, a process of replacing conventional lamps with LED lamps has been carried out, specifically fluorescent and halogen lamps have been replaced with LED lamps, the savings calculated after both audits have been 27,865 KWh per year.
- Air-conditioning measures, winter and summer temperatures settings, in accordance with RD 1826/2009. Estimated savings with these measures are 2,535 KWh per year.

CONSUMPTION OF RESOURCES RELATING TO LNG AND LPG PLANTS

Water (thousands m³)



Electricity (thousands kWh)



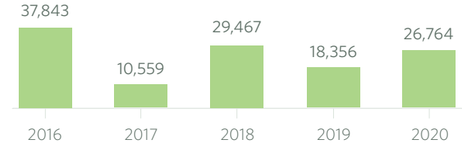
In recent years MRG has eliminated diesel vehicles from its fleet, gradually increasing the role of natural gas vehicles, with the clear objective of reducing emissions.

From 2017 to the present we are carrying out an important transformational PAPERLESS process.

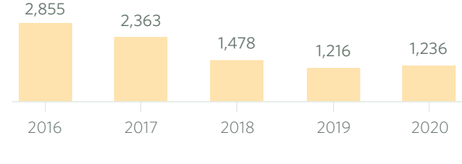
After carrying out a survey to evaluate consumption in the different processes, a series of important measures have been implemented:

CONSUMPTION OF RESOURCES RELATING TO THE VEHICLE FLEET

Natural gas (kg)



Petrol (l)



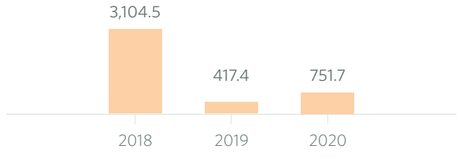
- Digitization of all field operations, designing mobility tools for the operators on which to record all the necessary data from their actions:
  - Operations with clients: periodical inspections, home operations, meter verification, etc.
  - Network operations: maintenance (works, leakage monitoring), emergencies, auxiliary installations, etc.
  - Network Expansion Works
- Digitization of the Company's management processes: Financial (invoices, payment documents, expense receipts, etc.), Purchasing (commercial contracts), Human Resources (payments, communications, etc.), Risk Management (audit documents, inspections, files, reports, etc.).
- Paperless workstations.
- Change of paperwork habits: use of google drive for shared documents and work documents, promotion of the use of electronic resources, etc.

OUR ENVIRONMENTAL TARGETS

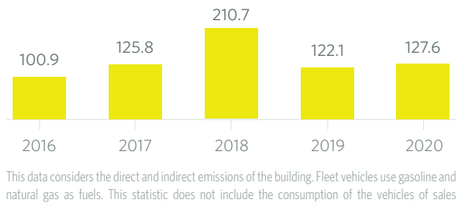
	2020	2021
5% reduction in energy consumption (MWh)		
Gasoline engines	11.7	11.1
Natural gas	328.0	312.0
Non-renewable electricity	333.0	316.0
5% reduction in greenhouse gas emissions (tCO_2e)		
Emissions from fuel consumption	157.4	149.5
Process emissions	4.0	3.8
Fugitive emissions	7,130.7	6,774.0
Scope 2 emissions	75.8	72.1
5% reduction in atmospheric pollution (kg)		
NO_x	615.5	586.7

ATMOSPHERIC EMISSIONS

CH_4 (thousands m^3)



CO_2 emissions from headquarters and fleet (kg)



This data considers the direct and indirect emissions of the building. Fleet vehicles use gasoline and natural gas as fuels. This statistic does not include the consumption of the vehicles of sales personnel or the private vehicles of employees made available to the company on an ad hoc basis.

5.2.2 ATMOSPHERIC EMISSIONS

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

MRG's methodology for calculating fugitive methane emissions is aligned with event-based methodologies being used by other EU countries. Methodology agreed at sectoral level. During 2019 the methodology was revised and has been consolidated during this year.

With this method the fugitive CH_4 emissions are independent of pipe length. Taken into account are:

- Intrinsic emissions (leakage emissions due to holes or small cracks detected by the monitoring of the networks, to the permeation of the polyethylene and to leaks detected in the periodic inspections.
- Incidental emissions: by leaks due to damage, detected by own personnel or third parties, complaints or incidents, as well as common or building receptor leaks.
- Operational emissions.

The results obtained with this method are based on annually updated data reflecting best practices applied to network construction and maintenance, derived from the safety and environmental action plans carried out. Thus, the event-driven approach allows the design and application of improvement methods that contribute significantly to the reduction of methane emissions.

5.2.3 CARBON FOOTPRINT, MEASUREMENT AND COMMITMENT

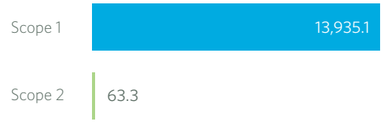
102-12 102-13 305-3 305-5 305-6 305-7

Madrileña Red de Gas has a tool and procedure for calculating the carbon footprint for the activities associated with the Company, including direct Greenhouse Gas (GHG) emissions, as well as indirect GHG emissions from the generation of electrical energy acquired and consumed. The measurement of the corporate carbon footprint allows us to know the Company's environmental impact on climate change. The scope and limits employed in the calculation of the carbon footprint were as follows:

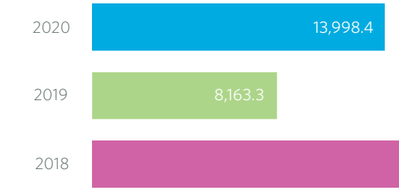
1. Greenhouse gases to be included in the calculations: the main gases with the capacity to contribute to climate change and associated with the emission sources of Madrileña Red de Gas are included: CO_2, CH_4, N_2O, HFCs y PFCs.
2. Emissions are quantified in tonnes of each of these gases and in tonnes of CO_2 equivalent (CO_2e).
3. The infrastructures and resources included for the calculation, are:
   - MRG Headquarters.
   - Natural gas and LPG distribution network
   - LNG and LPG plants belonging to the distribution network.
   - Fleet vehicles.

In order to calculate emissions, the EMEP/EEA and IPCC methodology is used, which makes it possible to estimate the quantity of emissions from each source based on quantifiable data (AD: activity data), as in the case of fuel consumption, and on specific coefficients (EF: emission factors) from contrasted sources such as EPA, IPCC, UNFCCC, COPEERT IV, etc. This methodology is in accordance with the methodological options contemplated in the UNE-ISO 14064-1 and in the guidelines of the Spanish Office for Climate Change (OECC).

EMISSIONS PER SCOPE (tCO_2e)



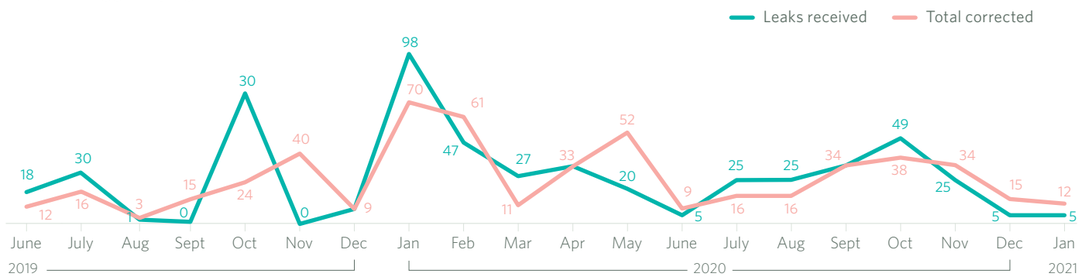
ABSOLUTE EMISSIONS (SCOPES 1 + 2) (tCO_2e)



In 2020 there was an upward change, caused by a very significant increase in monitored leaks accompanied by smaller increases in leaks due to damage to third parties and leaks due to emergency notifications.

If we make a comparison by type of scope, Scope 1 carbon footprint emissions are clearly the majority. And, as in previous years, fugitive emissions due to CH_4 gas losses (96.3% of the total) that occur in pipes, connections and RMS of the network, and gas leaks due to damage to third parties, have played a major role in the final result.

EVOLUTION OF THE TOTAL NUMBER OF LEAKS IN THE NETWORK AND THEIR CORRECTION



5.2.4 PROJECTS AND INVESTMENTS TO PROMOTE ENERGY EFFICIENCY AND REDUCE EMISSIONS

Distribution network monitoring

305-5

Since fugitive methane emissions are the most significant issue in our emissions and carbon footprint calculations, MRG maintains a permanently open tracking project.

This operation is aimed at detecting, locating, classifying and recording natural gas leaks in the supply network of the areas and auxiliary elements, as well as detecting other incidents in the network.

Systematic leakage monitoring is carried out on 100% of the line through which the pipeline runs.

An annual programme is designed, taking into account the historical data of the leakage rate of the networks and the materials that constitute them. The indicator used to evaluate a monitoring sector is the leakage index, which expresses the total number of leaks detected per km of network monitored, including those located both in the network and in service connections.

This identification and classification operation makes it possible to prioritize leakage elimination operations. In the event of leaks classified as level 1, the emergency control centre is notified immediately.

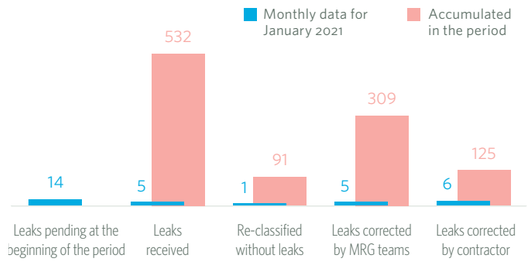
Production and use of renewable energies

305-5

Since 2019 MRG has installed a total of 158 panels at its offices in Virgilio Street, with a final power of 52.4 kWp. The installation was designed for an annual generation of 86,860 MWh, since our average annual consumption is 285,432KWh.

The objective is the generation of clean energy in instantaneous self-consumption regime, without surplus, leak-proof. Allowing the management of surpluses stored in state-of-the-art lithium batteries, for use at night. This type of self-consumption is the most environmentally friendly.

STRACKING LEAKS STATUS BETWEEN JUNE 2019 AND JANUARY 2021



ESTIMATION OF GREENHOUSE GAS EMISSIONS REDUCTION WITH THE PHOTOVOLTAIC SYSTEM AT MRG HEADQUARTERS

Theoretical operating values of the system

Peak power (kW)	PV Generation (kW/year)	Utilization (%)	Energy Consumed (%)	Demand coverage (%)	PV energy consumed (kW/year)
60.04	86,868	92.51	7.49	28.15	80,358

Estimated emission reductions (GHG)

Emission factor	0.35 kg CO_2 e /kWh
Emissions avoided by PV installation	28.13 t CO_2 e /año

Elimination of diesel fuel consumption

At MRG we have been phasing out diesel-powered vehicles from our fleet for years. We currently do not have any more. But we are not satisfied with this, and we have launched a new "MUS Plan" with a direct grant of 3,000 euros to all our employees who buy a vehicle that runs on CNG or who convert their own vehicle.

Since the scheme came into existence in 2018, in these three years 25 people have accessed the grants, and in MRG we have allocated 75,000 euros for this.

Innovative projects towards the use of clean energy

As we have already described in section 3.3. "Main challenges", in MRG we are working on renewable gases (biomethane, hydrogen, synthetic gas) as cleaner alternatives for the future.

In addition, we are involved in innovative projects in the development of new urban spaces.

The energy generated by the PV installation does not involve the emission of CO_2 into the environment, so the reduction in emissions is equal to the energy generated by the emissions factor considered (0.35).

5.2.5 WASTE

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

The management system addresses through its procedures and technical standards the control and management of waste, distinguishing its generation in work centres, during the operation and maintenance of the distribution network facilities, and construction and demolition works.

The processes meet the objective of minimization, for this we work from the design of the processes, operations, and the facilities themselves, optimizing the consumption of materials, promoting measures that favour recycling and reuse.

Recyclable waste such as meters are separated into aluminium and scrap. The different recoverable metallic materials are segregated and separated from each other, then grouped into different scrap according to material and quality, in order to facilitate their transport to the smelting plants and thus to reprocess them.

The treatment of waste from the dismantling of LPG plants logically depends on the number of plants dismantled, specifically 118 plants in 2020 and 130 in 2019, all of them with their associated environmental documentation dossier.

The Project Management present on site for the dismantling of LPG plants makes a great effort to monitor the waste generated and compliance with environmental regulations.

The Project Management carries out, among other tasks:

- Supervision of contractors' waste management plans.
- Compilation of waste management documentation.

The area responsible for these works in MRG, together with the collaboration of the Project Management, compiles all the documentation related to the management of waste from the contractor companies.

In addition, the Project Management issues non-conformity notices if deviations are detected, in order to eliminate the possible deviation.

HAZARDOUS AND NON-HAZARDOUS WASTE ($t \cdot 10^{-3}$)

	2018	2019	2020
Containers	35,128	30,510	23,875
Contaminated plastic packaging	262	143	180
Contaminated metal packaging	47	–	23
Contaminated rags	64	24	17
Aerosols	90	40	47
Filters	–	–	474
Computer equipment, electronics	69	134	63
Alkaline batteries	31	24	17

WASTE FROM CONSTRUCTION PROJECTS (t)

	2018	2019	2020
Waste from gas distribution network construction projects (CDW)[1]	13,999	7,221	5,730
LPG plant decommissioning waste	296	1.055	888

1 Construction and demolition waste (CDW), according to R. D. 105/2008.

Use of land from dismantling LPG tanks

- The land is replaced with material and soil of similar characteristics to the rest of the area.
- Materials that can be reused (e.g. vaporizers, extinguishers, regulators) are transported to MRG's warehouses.
- The stored materials are collected by a recycling company.
- Demolition waste is delivered to an authorised manager for recovery or landfill.

Use of water in the maintenance and dismantling of LPG plants

Water is stored and reused in the same process as long as the characteristics of the water allow it, minimizing consumption and reducing the production of contaminated water.

5.3 BIODIVERSITY

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

Madrileña Red de Gas, in its commitment to biodiversity, works to avoid the siting of its installations in protected areas or areas of high ecological value, although its raison d'être of bringing gas to where it is needed, within the Community of Madrid, makes the presence, albeit minimal, of installations in these areas inevitable.

Conserving biodiversity means managing our relationship with nature in a sustainable way for ourselves and future generations. To this end, it promotes its preventive and corrective measures when necessary.

In compliance with legislation, we have identified the facilities located in or bordering protected or high-value areas, assessed the risks of impact on the areas and established actions to control the risk.

We currently have 169 LPG installations with above ground and underground tanks, of which 12 are affected by the SEVESO III Directive (lower level). 85% of the plants are located in urban environments, some of them next to natural areas. Only 18 plants are found within Protected Natural Spaces. Specifically, 16 facilities are located within the Cuenca Alta del Río Manzanares Regional Park and one in the Curso Medio del Río Guadarrama Regional Park and its surroundings.

Our 5 liquefied natural gas plants, LNG, are located in natural areas next to urbanized areas, none of them located in protected natural spaces. We have 6,196 Km of natural gas distribution in the Community of Madrid, with 206 regulation and metering stations (RMS), of which 10 are in protected areas, specifically 8 in the Cuenca Alta del Manzanares Regional Park and 2 in the Curso Medio del Río Guadarrama Regional Park and its surroundings.

For the facilities located in these protected areas, the inventory of habitats of community interest has been carried out using the GEOPORTAL MAPAMA tool of the Ministry of Agriculture, Fisheries and Food. It also applies to installations located in areas bordering these protected areas. The priority habitats inventoried in general in these facilities are:

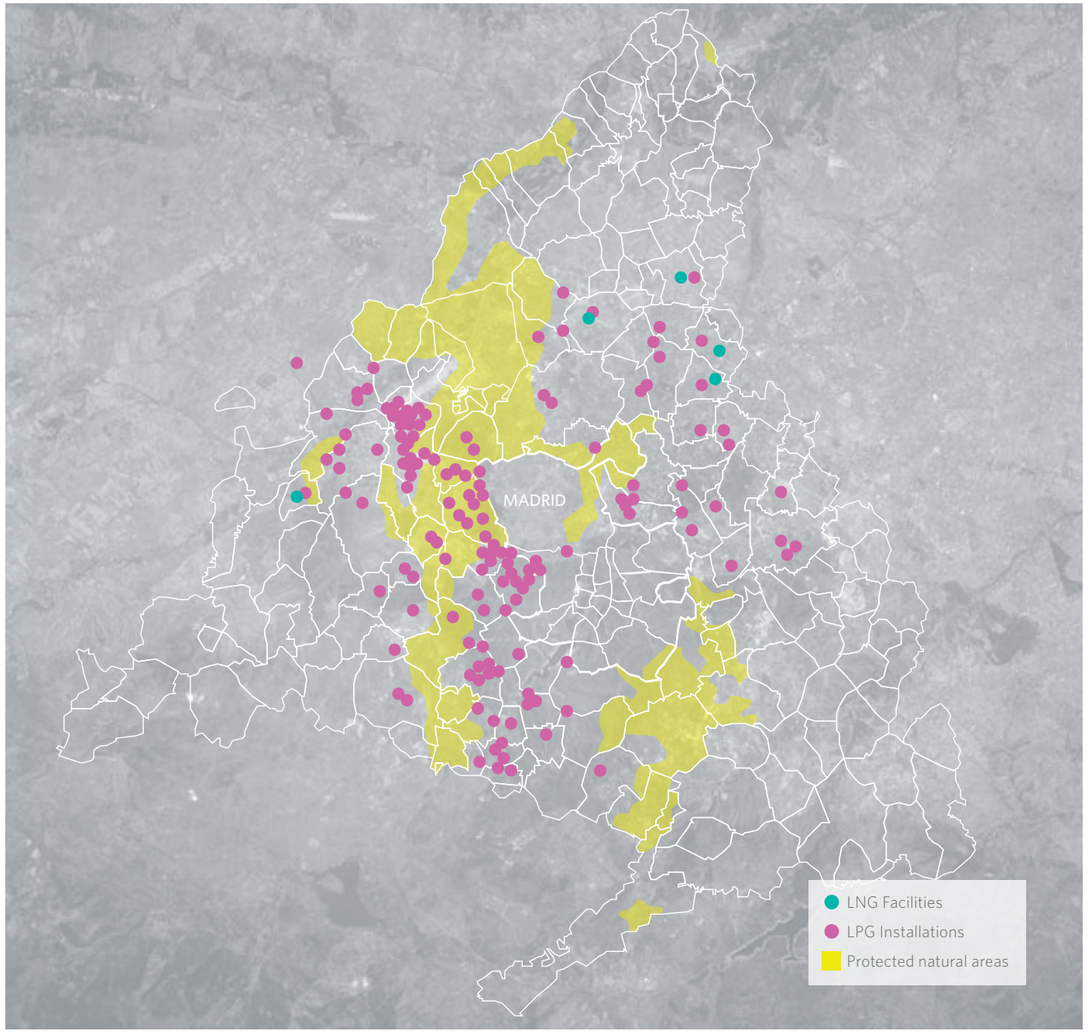
- Substeppe areas of grasses and annuals of the Thero-Brachypodietea (Habitat code 6220).
- Mediterranean temporary ponds (Habitat code 3170).
- Endemic forests of Juniperus spp. (Habitat code 9560).

The species that appear on the International Union for Conservation of Nature (IUCN) Red List are also identified, distinguishing the different species and their classification: species under special protection (SPE), vulnerable species (VS) and endangered species (ES). Generally speaking, we can talk about species of special protection, especially birds. There are very few cases of vulnerable and endangered species.

The aforementioned facilities are affected by Law 26/2007 of 23 October on Environmental Responsibility and all the required administrative procedures have been complied with, it having been necessary to establish specific financial guarantees for 3 of these facilities, Villafranca del Castillo, La Berzosa and Villanueva de la Cañada.

Following its work methodology, Madrileña Red de Gas has identified the aspects and impacts on the environment derived

LOCATION OF MRG LPG AND LNG PLANTS
IN THE AUTONOMOUS COMMUNITY OF MADRID



NUMBER OF SPECIES PROTECTED OR CATALOGUED IN THE SURROUNDINGS OF LPG PLANTS

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

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

from the presence of its installations in different stages: construction, maintenance, possible modification and dismantling, assessing the risks and applying the necessary protection or mitigation measures. The identification takes into account the direct and indirect aspects of the processes associated with the life cycle of the facilities, as well as the potential consequences arising from hypothetical accidents and/or incidents. Once identified, they are subjected to evaluation in order to understand the significant aspects and take the necessary actions.

This evaluation for direct aspects is carried out by assessing three variables: toxicity (T), receiving environment (RE) and quantity (Q). In the case of indirect aspects, toxicity and the receiving environment are taken into account. For the potential aspects, the variables of frequency (of the occurrence of the event) and the severity of the consequences are considered. For this purpose, standardised valuation criteria are used in the Company, obtained through the work and consensus of the different Business Units. All this is included in a management system procedure under the standard UNE-EN ISO 14001:2015. It is important to note that this analysis is reviewed annually.

> The existence of small leaks is an unavoidable element, although they are repaired at the time of detection and there are means for the prevention and control of the emergency.

Regarding the analysis of potential aspects, we summarize in the table the result indicating the aspects evaluated as significant.

The result of the analysis entails a set of actions to ensure risk control. Specifically for this type of aspect, the actions are as follows:

- Training and awareness of our own staff and of the contractor company that works in the installations, promoting commitment from small habits or practices to operate with care and respect, acting consciously and responsibly. During 2020, due to the pandemic, no such awareness-raising activities were carried out; they are planned for 2021.
- Ensure the environmental commitment of the contracted companies through the purchasing processes, as developed in the chapter on the supply chain.
- Processes, procedures and standards for the management and control of waste, installation cleaning work, etc. for the different phases of the life cycle of the installations, compliance with which is mandatory for in-house personnel and contractor companies, especially noteworthy being the mechanisms for the on-site control of construction and demolition waste and the tracking of the inerting water from the tanks of the LPG plants that are dismantled.
- Implementation of an IT tool (through the digital management software of the Integrated Management System processes) on which it will be compulsory and easily controllable to record all waste management processes.
- Operational control visits during the works, and documentary controls, analysing and taking the necessary measures when non-compliance is detected.

PLANTS IN PROTECTED SPACES DISMANTLED BY MRG IN 2020

Name of the plant	Location	Plant storage	Floor area (m^2)
Conj. Flor de Lys	Torrelodones	Buried	28
Villa Bilbao	Hoyo de Manzanares	Aerial	112
Urb. Los Herrenes	Torrelodones	Buried	200
S.U.M. Torrelodones	Torrelodones	Buried	144
Los Almendros	Torrelodones	Buried	45
Calle Madrid	Hoyo de Manzanares	Buried	16.5
Total area of dismantled plants			**545.5 m^2**

During 2020 we have decommissioned 6 LPG plants located in protected areas, all of them located in the Cuenca Alta del Manzanares Regional Park, representing a total of 545 m^2 of recovered surface area.

Every construction site, in this case for dismantling, has a Site Manager appointed by MRG, who is responsible for approving the construction and demolition waste management plan developed by the contractor at the start of the works and for signing the final works certificate.

MRG hires an external company to collect data and, where appropriate, samples for the drafting of the mandatory report on the closure of contaminated soils. These reports are submitted to the Competent Authority of the Community of Madrid, which issues an administrative resolution in this regard.



Our employees

6. OUR EMPLOYEES

The behaviour of MRG employees is governed by its code of ethics, which is available for consultation in the digital document management repository, with universal access for all employees. This code of ethics is inspired by MRG's Mission, Vision and Values, which it complements, and constitutes the model of action to ensure appropriate behaviour in professional performance.

6.1 HUMAN CAPITAL IN FIGURES

102-7 | 102-8

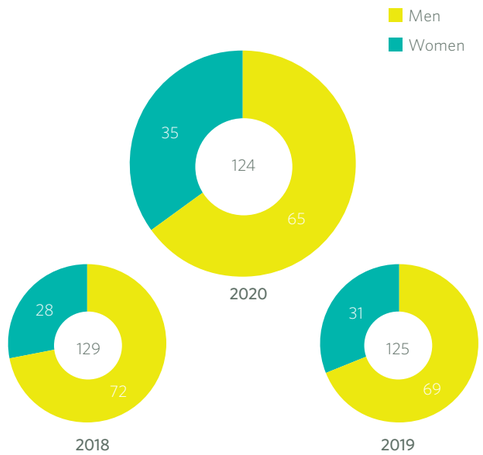
MRG currently has 124 workers (not partial retirees). 65% of the workforce are men. However, recent years have shown an increase in the number of women.

Virtually the entire MRG workforce has a permanent contract: in 2020 this figure represents 96% of the workforce (33% women, 67% men). Of the permanent contracts, 99.2% of the workforce has a full-time contract; only 0.8% has a non-full-time contract (corresponding to a woman).

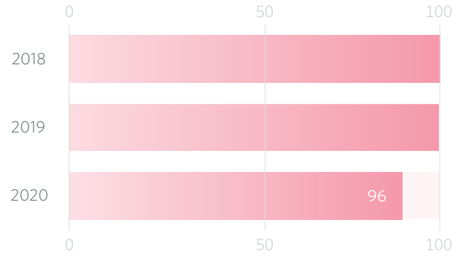
4% of the workforce is made up of employees on temporary contracts (20% men and 80% women).

At MRG we are committed to gender equality and talent. With the aim of making our professionals natural agents of change, in recent years we have carried out innovation and change management programmes, training courses and surveys to find out the needs of our team, which has been renewed once again this year with new incorporations.

TOTAL EMPLOYEES BY GENDER
(%)

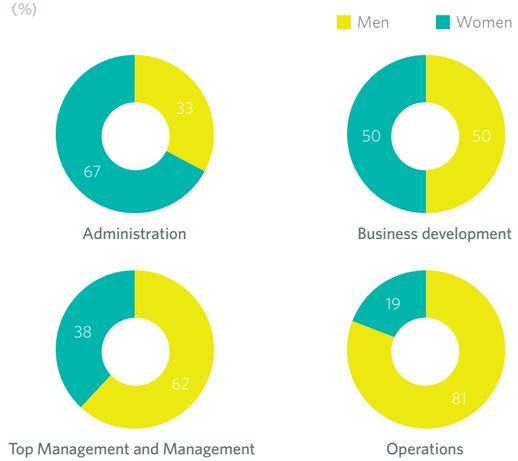


STAFF WITH INDEFINITE CONTRACT
(%)

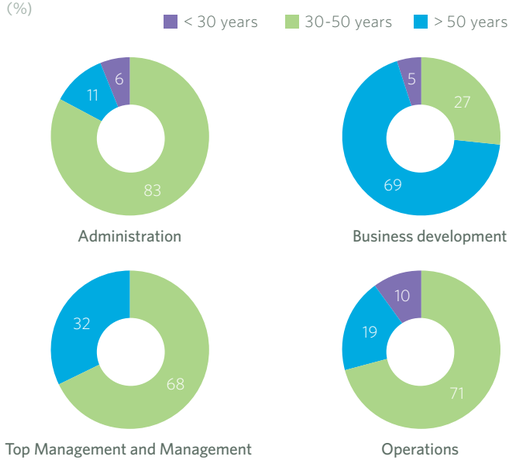


3,2% of the workforce is on reduced working hours, all of whom are women, as this is the group that requests this measure.

EMPLOYEES ACCORDING TO GENDER AND PROFESSIONAL CATEGORY
(%)



EMPLOYEES ACCORDING TO AGE AND PROFESSIONAL CATEGORY
(%)



6.2 HUMAN RESOURCES PRACTICES

Industrial relations

102-41 | 402-1

At MRG we try to negotiate and adapt working conditions to the needs of our employees.

MRG has a Collective Bargaining Agreement covering 32.3% of the workforce, excluding partial retirees. The remaining 67.7% are governed by the Statute of Workers' Rights. In 2017, the Second Collective Bargaining Agreement 2017-2021 was approved and is available for consultation in the digital document management repository.

Employees' rights are respected, there is total freedom of association and a culture of dialogue and negotiation is guaranteed. The workers' representatives, who make up the works council, represent all the company's workers, with the exception of the General Manager. The collective agreements reached with social representation can cover up to 99.26% of the workforce.

In the event of any operational change, notice is usually given at least two weeks in advance, and in any case, in compliance with any requirements established by law.

In the event that they are the result of collective bargaining, these changes are specified in the collective bargaining agreement negotiation, including the established notice periods.

Work-life balance

401-2 | 401-3

There is a policy to balance the work and personal environment, which allows, when necessary and justified, the redistribution of working hours, remote working and the approval of adaptations to the working day, for both men and

women, within the framework of the provisions contained in the social regulations. In this way, our workers can request the adaptation of their working day, in order to achieve a better balance between their work and family life.

In accordance with the provisions of the Statute of Workers' Rights, the company has negotiated with the workers who have requested it, ways to achieve work-life balance, taking into account the needs raised by the persons concerned and the organizational possibilities of the Unit to which they are assigned.

So far, all negotiations have been concluded with agreement.

Currently, with the exception of the personnel who work in the field, the rest of the staff provide their services from their homes, following government regulations and precautions to avoid contagion by COVID-19 during the state of emergency. The current situation is exceptional, stemming from the COVID-19 pandemic. When the state of emergency ends, and the measures and/or recommendations of the competent authorities are lifted, the company considers the possibility of analysing and, where appropriate, applying the provisions contained in Royal Decree-Law 28/2020, of 22 September, on remote working, after assessing their appropriateness and possible application in MRG, as well as the specific cases in which, where appropriate, the RDL could be applied.

In 2020, 3 MRG employees have taken parental leave, of which 2 are men.

All employees who have taken some form of leave have returned to work under the same conditions once the period has ended, with return to work and retention rates of 100% in recent years.

CONTRIBUTIONS TO THE PENSION PLANS

Staff	Contribution
54%	1.5%
9%	1.7% – 1.9%
26%	1.7% – 1.9%
4%	1.7% – 1.9%
Rest	Fixed amount

Employee benefits

201-3 401-2

MRG offers initiatives to promote the wellbeing of its employees, adapted to their needs and resources. The main benefits offered are:

- Health Insurance
- Insurance premiums for savings and retirement
- Restaurant voucher or meal allowance for split-shift employees
- College tuition assistance for employees

In addition to the aid received through the Plan Mus or Plan Movalt, workers receive financial support for the purchase of vehicles that run on CNG.

With regard to savings instruments for private pension schemes, MRG has a Pension Plan or a Provident Plan, as well as a life insurance policy for the entire workforce. Their operation is defined in the regulations of the specifications of each of them.

As this is a defined contribution (pension or provident) system, no separate fund is required to pay the obligations, which are limited to the amount of the defined contributions made by the Company.

6.3 EQUALITY AND DIVERSITY

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

At MRG we are committed to equality and diversity in our work environment. We promote gender equality through internal promotions, selection and training, offering equal opportunities and implementing equality plans.

In 2020, the negotiation of the equality plan has begun. Training is planned for 2021.

The Management Committee is made up of 29% women and 71% men. The only Senior Management employment relationship is with the General Manager of MRG.

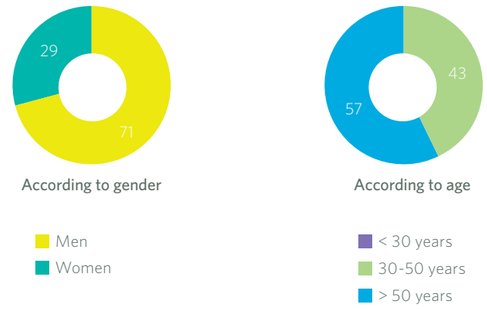
In 2020, 43% of the members of the Management Committee will be between 30 and 50 years of age and 57% will be over 50 years of age. 2.42% of the total workforce comes from another country. By category: in the Top Management and Management category, 9.5% come from another country; in the other categories, altogether, 0.9% come from another country.

Remuneration

With regard to the salary policies established by the Company, special focus is placed on remuneration based on competencies and objectives and associated with years of experience and job category.

In order to analyse equal pay for men and women, the ratio of remuneration of women versus men is calculated, established by taking into account the fixed salary on the one hand and the company cost on the other, without considering additional remuneration, and the average for women versus men is compared by job category.

COMPOSITION OF THE MANAGEMENT COMMITTEE
(%)



WAGE RATIO F/M

According to basic salary

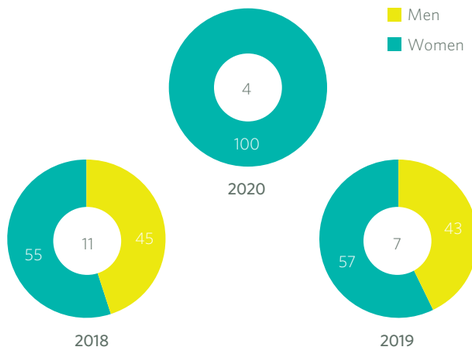


According to the cost for the company

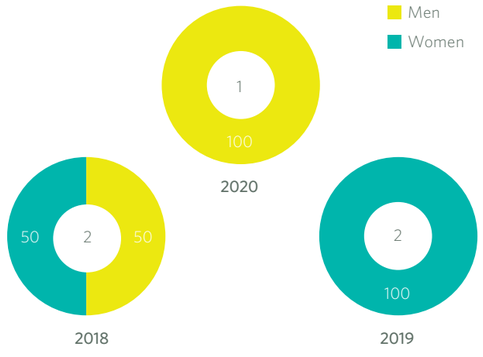


Note: the Top Management / Management category has not been considered in the calculation of these ratios.

NEW RECRUITMENT BY GENDER
(%)



INTERNAL PROMOTIONS ACCORDING TO GENDER
(%)



In 2020, all new recruits were women, in the following age groups:

- Under 30 years old: 2 new additions
- Between 40 - 50 years old: 2 new additions

In 2020, the annual total compensation of the highest paid person is 1.47 times the median of all other employees.

The ratio of the percentage increase in annual total compensation of the highest paid versus the median for other employees was 0.22.

As the highest paid person, the management has not been taken into account. For this calculation, the company cost of each employee has been considered, excluding overtime and mileage, and calculating for employees with reduced working hours or partial retirement their full-time equivalent.

Actions in the field of disability

At the end of 2020, MRG's workforce had 2 employees with disabilities, thus complying with the General Law on Disability (LGD).

In addition, we work with Foundations and Companies that work in labour inclusion and job creation in favour of people with disabilities.

Selection process

Every day we work to carry out fair and equitable selection and promotion processes. When analysing the suitability of candidates, the criteria are based strictly on the professional profile.

In addition, female talent is promoted through training and mentoring programmes aimed at giving women greater responsibilities and functions to facilitate their access to positions of greater responsibility and remuneration. Thus, in recent years, women have benefited from multiple promotions.

6.4 TALENT MANAGEMENT

404-1 404-2 404-3

Talent management is a fundamental pillar at MRG. Our strategy to achieve greater efficiency and productivity by our professionals has focused on two lines: organizational humanization, which is based on prioritizing the welfare of people, and collective leadership, focused on obtaining results through motivation and team commitment to the challenges set.

It is important in MRG to properly manage the generational replacement of the workforce and the rejuvenation of its employees. Therefore, it is done progressively, considering the importance of establishing a balance between the experience provided by the veterans and the levels of competitiveness and innovation of young people.

The average age of the workforce is 43.4 years, without considering partial retirees and 45.2 considering partial retirees.

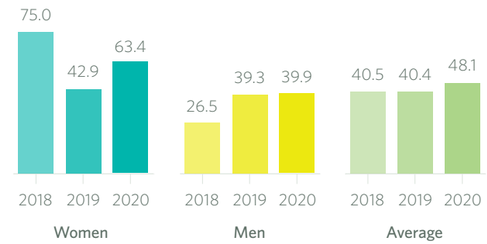
Training plan and training programmes

One of the fundamental pillars is the continuous training of our employees. In 2020, 5,961.5 hours of training were provided, which represents an average of 48 hours per employee.

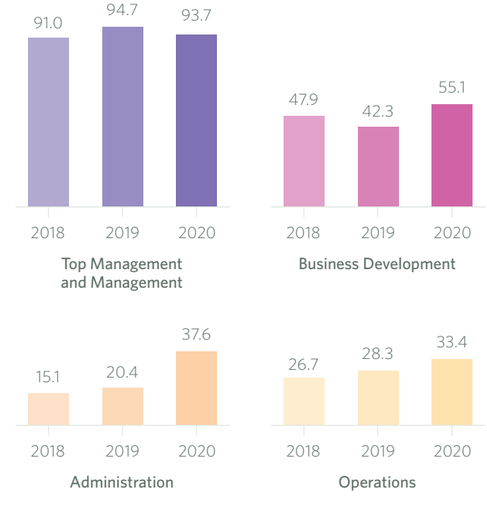
- Training in Prevention, Environment and Quality: In addition to the annual programs aimed at regular topics such as risks in the office or road safety, in 2020 we have also incorporated training in prevention against COVID-19, prevention for risks associated with remote working and special emphasis on the subject of PPE for staff who have had to continue to carry out their work on the

AVERAGE TIME OF TRAINING
(hours)

According to gender



According to job category



TRAINING PROGRAMS

	Hours	Sessions	Participants	Staff
Corporate	51,5	3	35	27%
Skills	1.170,0	8	98	31%
Languages	1.363,0	5	49	14%
Business	2.634,0	10	30	18%
Office automation	145,0	4	25	18%
Prevention, environment and quality	598,0	11	248	100%

In 2020, 5,961.5 hours of training were provided, which represents an average of 48 hours per employee.

street, including information and training on their correct use and management as controlled waste.

In addition, as a complement to these training units, employees have been assisted with access to exercise videos to prevent injuries.

Specific actions in this respect are detailed in section 6.6 Health and Safety.

- Office automation training: In addition to language training, advanced office skills are essential in an increasingly technological world. That is why we work with programs such as Power BI or tools such as Hangouts and others derived from AGILE Methodology. Knowing how to handle this kind of programs nowadays opens doors in the labour market and therefore increases the employability of our professionals.
- Language Training: At MRG we know how important it is for our professionals to have a good level of English and that is why we offer training in a variety of scenarios from telephone to face-to-face and all types of courses such as intensive masters or blended courses. Precisely because nowadays the command of English is an essential skill in the labour market, it improves their employment chances. It should be noted that, due to the current situation, face-to-face classes have by necessity become virtual.
- Business Training: Renewable Energies stand out as the main focus.
- Skills Training: In a highly technological future, skills become a key asset to differentiate some professionals from others. Knowing how to lead change, work in teams as well as manage teams, and also have initiative and know how to innovate, all this added to good presentational skills, will undoubtedly ensure our professionals have attractive profiles for the market. In 2020, training in skills has been designed to work mainly on aspects such as Innovation, leading change, Initiative and Proactivity, Cooperation and Teamwork and Team Management.

In addition, as part of skills training, employees have been trained in Individual Development Plans (IDP), aimed at working on the Development Plans of each employee. They are taught to prepare a development plan based on the goals they want to achieve. This allows them, through the Plan, to work on those competencies that have the greatest room for improvement and to grow professionally and consequently have a better employability.

- Corporate Training: This training has covered training actions in Cybersecurity and Money Laundering.

In order to foster a culture of innovation at MRG, the Innovation Experiences, your start-up program was launched in 2019. Through this programme, we show our commitment to training people in knowledge based on innovation, process improvement and personal development. Presentations and seminars have been organized on various topics such as "Digital Marketing" and "Creative Spaces".

Performance evaluation

100% of MRG employees receive a personalized performance evaluation through personal interviews with their managers.

Likewise, in the case of employee additions, during the first year, the HR department carries out a personalized follow-up, through telephone conversations or video calls, both with the newly initiated person and with the direct manager, where the following aspects are analysed:

- New employee: Analysis of whether they have all the resources they need to do their job, their relationship with their colleagues and their manager and their adaptation to the company and the unit.
- Line Manager: New employee's adaptation to the position, relationship with colleagues, aspects related to punctuality, learning ability and level of responsibility.

After the probationary period of the new employee, which varies from 2 to 6 months depending on the profile, the direct manager completes a test to assess whether the candidate has passed the probationary period. In addition, a form has recently been implemented to evaluate the performance of new recruits on a weekly, monthly and three-monthly basis, which provides continuous feedback from the person in charge.

A pilot project, Conecta, is currently underway, aimed at aligning performance evaluation with the detection of training needs and the Individual Development Plan.

6.5 DIALOGUE WITH EMPLOYEES

In order to assess the current situation of the Company and seek solutions to possible shortcomings in the work environment, a work climate survey is carried out.
The results of the latest survey, conducted in 2019, show a 26.6% improvement in employee perception.

On the other hand, and thanks to this initiative, we have detected that our professionals miss having a greater insight into the activities undertaken in other areas of the company, as well as greater feedback from their line managers.

In response to this demand, the human resources department, with the collaboration of the Management Committee, has launched two projects:

- Evoluciona: sessions aimed at bringing the staff closer to the different business areas, with the 3 business area directors as speakers.

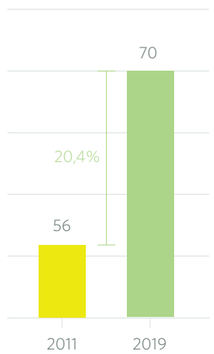
  Three sessions were organized at different times to facilitate the attendance of a larger number of employees.

- Conecta: project to connect people and processes based on the alignment of performance assessment with the detection of training needs and the Individual Development Plan.

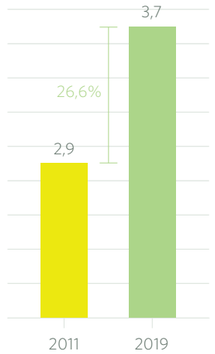
In April a voluntary survey on working conditions at home was sent to all workers, with a participation of 64 workers.

Following the results, the conditions for remote working have been improved.

PARTICIPATION



RATING



Camaraderie and teamwork stand out as the most valued aspects of MRG's culture.

6.6 HEALTH AND SAFETY

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

The year 2020 has been marked by a clear focus on COVID-19 management:

- All workers in the field have been provided with hygiene material, as well as new and specific Personal Protective Equipment (PPE).
- Protocols have been defined to guarantee protection measures for customers, employees and collaborators, including protocols for home visits,
- New health and safety measures have been implemented in all processes.
- The management of contractors potentially exposed has been adapted.
- In the works executed, annexes to the health and safety plans have been developed with specific preventive measures for COVID-19.
- A plan for the management of close contacts and quarantines has been developed and remote working has been implemented in all those activities that allow it.

MRG's priority objective is to reduce the accident rate in order to reach the objective of 0 accidents for its own personnel by 2021.

In order to achieve this, MRG has defined an Industrial Safety and Occupational Risk Prevention Policy. In addition, we are in the process of certifying our management system in accordance with the ISO 45001 Standard.

MRG has opted for an agreement with an External Prevention Service as an organizational method for the prevention of occupational risks, as it carries out activities listed in Annex I of RD 39/97 considered to be especially dangerous and as it has a workforce of less than 250 workers.

Throughout 2020, 286 operational control visits were made, ranging over all relevant activities and carried out by operational control inspectors and health and safety coordinators, detecting 95 reports with incidents of a preventive nature. These incidents correspond to a lack of information in the Suppliers' Documentary Supervision Service related to training, PPE or certificates of aptitude.

Although the company's philosophy involves emergency drills, in 2020, due to the limitations imposed by the COVID-19 pandemic, it was not possible to carry them out.

It should be noted that no cases of occupational disease have been reported.

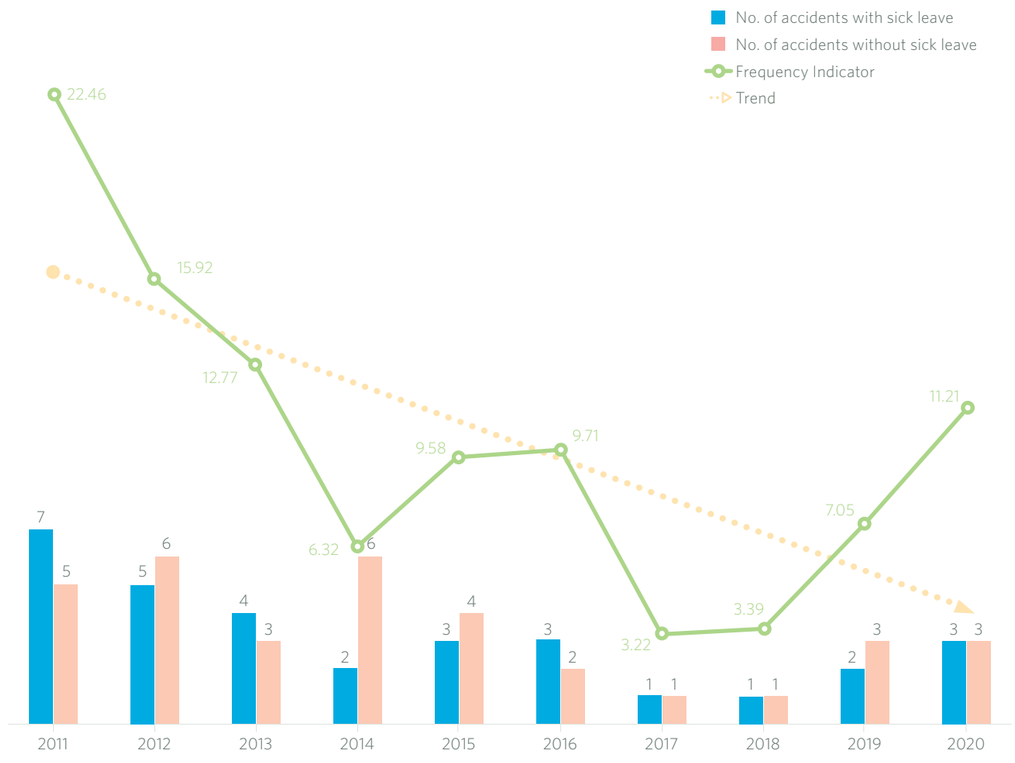
Health care for our employees

Throughout 2020, 86 medical examinations have been carried out. Medical examinations are carried out on an individual basis according to the risks associated with each position.

In 2020, information was collected from workers in order to identify workers vulnerable to COVID-19, in accordance with the "Procedure for Occupational Risk Prevention Services in the event of exposure to SARS - CoV-2". As a result of the collection of information among the group, the Medical Health Surveillance Service processed and analysed 11 cases.

All workers were qualified as fit to perform their usual work.

EVOLUTION OF WORKPLACE ACCIDENTS IN MRG



NOTE: The Frequency Indicator is defined as the number of accidents with leave during the working day for every million hours worked.

During 2020 and since the start of the pandemic, a total of 118 COVID-19 diagnostic and screening tests have been performed on 111 MRG workers. After the general campaign carried out in May/June, these tests have been offered personally to workers, depending on the circumstances.

Promoting employee health

- Specialist Service
  In addition to the medical check-up, additional health monitoring services are offered to workers every year, which are widely taken up by the workers:

  – Private appointment with Ophthalmology service.

  – Colon cancer screening, for those over 50 years old.

  – Possibility of including specific parameters in the blood analysis.

- Influenza vaccination campaign
  In September, as every year, the flu vaccination campaign began, but had to be cancelled due to the lack of vaccines from external prevention services and private entities, since almost all the doses were purchased by the Health Authority for use by the main risk groups (vulnerable people and health personnel).

  In recent years, the average number of staff involved in this measure has been 15 workers.

- Private Insurance
  MRG offers its employees the option of private insurance with Adeslas, as mentioned in the chapter on Social Benefits.

In 2020, 3 accidents with sick leave were recorded, all involving our own personnel:

- 2 due to falls/collisions
- 1 due to physical overexertion

It should be noted that there have been no serious accidents.

To avoid this type of accident, campaigns have been carried out to prevent musculoskeletal disorders and information on handling loads, exercises and advice given.

Pandemic specific actions

Throughout 2020, special attention has been paid to the care of workers due to risks arising from the health crisis.

Since the beginning of the pandemic, information and awareness campaigns have been mailed to all workers with the aim of adopting the necessary preventive measures to help protect their health against COVID-19 and to raise awareness about the management of waste generated by the use of specific PPE.

For the information campaigns, infographics or videos provided by the Ministry of Health, the Madrid Regional Department of Health, Fremap and other mutual insurance companies and external prevention services were sent out on the following subjects:

- Emotional Management: A Self-Help Guide to the Psychological Impact of the Pandemic.
- COVID information: close contacts and quarantine, outbreaks, types of tests.
- COVID preventive measures: ventilation, safety distance, use of masks.
- PPE: putting on and taking off masks, gloves, goggles, coveralls.
- Teleworking: tips and recommendations.
- Healthy exercise and eating habits.

An average of 1 or 2 weekly information campaigns have been carried out, adapting them to the different groups.

Training on Health and Safety aspects

In order to ensure maximum safety for our em ployees during the pandemic, a significant increase in online training has been implemented.

Classroom training has been limited to emergency personnel, whose training included practical lessons on the use of PPE in the pandemic situation.

In 2020, courses were held on aspects related to health and safety, with a total of 233 attendees:

- Course for office staff. Trainer Previlabor, on-line.
- Course on road safety in the workplace. Trainer Previlabor, on-line.
- Course on prevention and protection measures for post-COVID-19 work activity. Trainer Prevencion, online.
- Course on Coronavirus and use of PPE. Trainer Previlabor, face-to-face.
- Teleworking course. Trainer Previlabor, online.
- E-learning course for the prevention of musculoskeletal disorders in the use of data display screens (Fremap).

Delivery of PPE and COVID protection material

Since the beginning of the pandemic, masks (surgical, hygienic reusable, FFP2), gloves, goggles, coveralls and overshoes have been purchased. This material is given to Network Operations and Expansion department staff. Delivery and stock count criteria have been established to keep track of inventory.

An informative note on the use of PPE has been drawn up and sent to the departments involved, and is available for consultation in the digital document management repository. In addition, a process has been defined for the selection and approval of PPE.

Telework resulting from the COVID-19 crisis

In compliance with RDL 8/2020, 80% of MRG's staff is currently teleworking.

Additional health services

MRG carries out actions aimed at providing professionals with a healthy work environment and practices.

- Physiotherapy service
  For years MRG has had a physiotherapy service, 50% of which is subsidised by the company. The service is performed at MRG's facilities by appointment.

  During 2020 and due to the pandemic crisis, the service was suspended for some time and was re-established in November, providing the service in patients' homes.

- Psychological sessions
  Since the beginning of the pandemic, all MRG workers have been offered psychological support consisting of telephone sessions with a professional for counselling, resolving doubts or concerns that they may have in this exceptional situation that we are experiencing. This service has been active throughout the year.

- Enrolment in Pilates classes
  Since 2018 the company has made Pilates classes available to workers interested in participating in an arranged school near the Pozuelo offices, with the company paying 50% of the monthly cost. The number of places is limited and will be allocated on a first-come, first-served basis. This activity has been well received, however it had to be suspended at the beginning of the pandemic.

- Running club
  As an initiative to encourage the practice of sport, a running club was created in 2019 with the aim of providing employees with the necessary motivation to exercise. One-hour sessions were organized with a trainer subsidised by the company. With the abandonment of the offices due to COVID-19, this activity has been temporarily suspended. During this time, the trainer has sent messages with videos and information for exercising while teleworking.



Responsible supply chain

7. RESPONSIBLE SUPPLY CHAIN

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MRG SUPPLIERS IN THE AUTONOMOUS COMMUNITY OF MADRID (ACM)

According to the total of suppliers

	Total	Headquarters in ACM
Product and services	85	66%
Services	67	76%
Product	20	93%

According to the volume of purchases

	Total (M€)	Headquarters in ACM
Product and service purchasing	31	88%
Service Purchasing	22	87%
Product Purchasing	9	93%

7.1 DESCRIPTION OF THE SUPPLY CHAIN

For a company like Madrileña Red de Gas, the pillars of its business purpose are:

- the extension of the distribution network and its safe maintenance, including satellite plants, and
- the operation in the distribution network with all the services that this entails.

The contracting of service companies for the set of processes that make up its value chain is a key element. The correct management of the supply chain is a clearly relevant aspect for sustainability at MRG.

80% of purchases are made with 18 suppliers, of which sixteen are service suppliers, one is a service and product supplier and the last one is a product supplier.

The main item in the purchase of services is the construction and maintenance of the network, in line with the above. In this case, the estimated impact of labour is 80%. We can only achieve our commitments to the environment, quality and safety if they are correctly passed on to our suppliers.

As regards the purchase of products, the main item is liquefied petroleum gas for LPG satellite plants. The estimated impact of labour on product purchases is 30%.

Significant transactions for MRG are those exceeding 20,000 euros per year. Within the significant purchases throughout 2020, 88% have been from local suppliers, i.e. suppliers from the Autonomous Community of Madrid.

No new outsourcing processes were carried out during 2020, nor did we have any major changes in our supply chain.

7.2 WE MINIMIZE RISK IN A TRANSPARENT PROCESS

At Madrileña Red de Gas we have established a management system that standardizes the purchasing processes, ensuring: the transmission of the required standards in terms of quality, environment, safety and commitment to the 2030 objectives.

We promote the maintenance of long-term relationships of trust with suppliers, establishing objective and impartial selection mechanisms, always ensuring compliance with the principles established in our Code of Ethics.

The starting point to be able to deal correctly with purchasing processes is to have a set of approved suppliers. For this it is important to distinguish two key elements for us. Firstly, we identify critical suppliers, understanding as such those that provide us with a product or a key service in our value chain (construction, network maintenance, periodic inspection, home operations, polyethylene pipe manufacturers, etc.), and secondly we add the concept of relevant services, being services that are highly susceptible to quality criteria as they require compliance with legal technical requirements. For these services we establish and always keep our requirement sheets and the requirements included in our approval procedure up to date, ensuring that they are always in line with legal compliance.

The technical-legal nature of the requirements includes the qualifications of the personnel who are to carry out the work. We also have an approval process for the personnel of the service companies, in order to ensure the necessary training and qualifications.

Through the Supplier Qualification Service, MRG obtains the information that allows us to carry out the initial evaluation for the approval of critical suppliers. With regard to approval as a relevant service provider, this also involves assessing the documentation to be provided by the supplier in accordance with the requirements of the service it can provide.

The approval process is fed back through the monitoring of suppliers' performance during the contracts. As part of the approval review process, surveys are carried out to gather feedback from the units on the service provided.

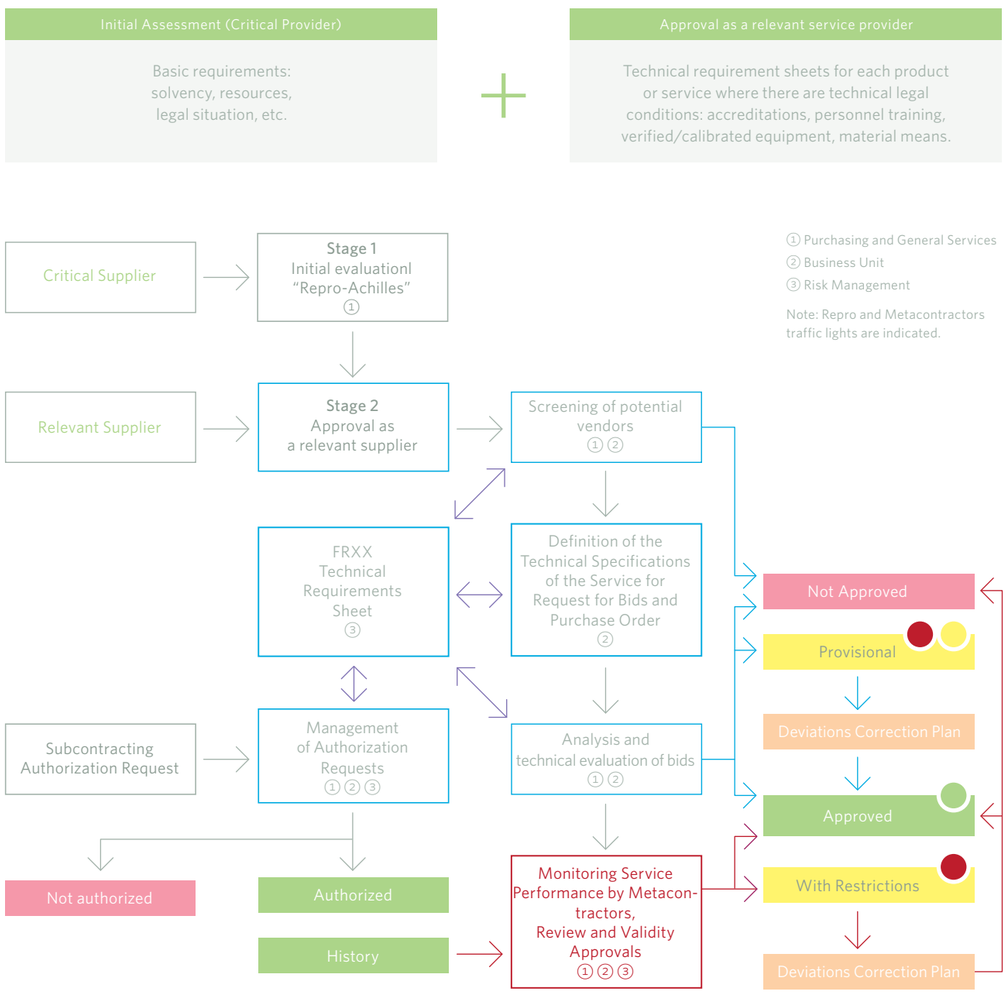
Purchasing or contracting needs are planned and budgeted by the business or corporate units and managed by Purchasing. From Purchasing we integrate needs, if possible, increasing efficiency in the process and improving purchasing conditions.

The units together with the requirements draw up the technical requirements specification, which in the relevant services will take into account the corresponding specification sheets. Once the information is available and only with the approved suppliers for the corresponding services / products, the contracting process can be carried out.

As a general criterion, bids are requested from at least three companies, being compulsory when the budget is over 20,000 euros. For bids in excess of 100,000 euros, a tender opening committee is set up with the participation of the requesting unit, guaranteeing the transparency of the process at all times. At the proposal of the requesting Unit or the Department of Legal Services, a lawyer may also attend the tender-opening ceremony in procedures deemed necessary.

Once the tenders have been awarded, the contract documents are drawn up and signed. The legal department

SUPPLIER APPROVAL



reviews and validates contracts, ensuring legal compliance with all contract terms and conditions. In general, contracts may not be for a period of more than three years. The quality, environmental and operational safety requirements are part of the contract documents and must therefore be complied with by the supplier. Likewise, the penalty clauses on legislative compliance and criminal liability are also annexed; in the contracts they are required to comply with legislation at all levels, labour (ORP, insurance contributions, compulsory training for the activity, etc.) and business (compliance with the tax authorities, operational accreditations, etc.), in accordance with our code of ethics, anti-corruption policies and principles.

Purchasing Process:

1. Single specification and rules for all participants.
2. Three or more bidders are invited.
3. It is carried out through the same communication medium.
4. A single delivery time is defined.

Accessions to the public offering:

The regulated nature of our business includes specific public incentives for the natural gas sector, such as accessions to the public offer. The management of services for the connection of new supply points by means of a public offer consists of the publication of prices and conditions established for the distributor (in this case MRG) and type of market, to which the interested installation companies adhere.

During 2020 in Madrileña Red de Gas we have maintained our public offer and commercial campaigns as a sign of loyalty and commitment to our most traditional channel: the installation companies and the associations that represent them in Madrid, AGREMIA.

In line with previous years, more than 300 installation companies have signed up to Madrileña Red de Gas 2020 Public Offer to obtain commercial benefits for installations carried out in their distribution area. In addition, we have incorporated 8 new companies to our network of autorised distributors all over the community of Madrid.

7.3 COMMUNICATION AND COLLABORATION TO ACHIEVE COMMON GOALS

At Madrileña Red de Gas we understand that the demand for compliance with the requirements must be accompanied by a relationship with suppliers that allows us to share objectives and commitments. If our suppliers share our vision and are not just bound by contract obligations, it will be much easier to move forward and meet sustainability goals.

There are several mechanisms that we develop and use in this regard:

- We maintain fluid communication with our suppliers, discussing with them the possible problems or difficulties in the contracts that are in force, jointly looking for improvement actions, and sharing work plans.

- We have implemented the Supplier Document Monitoring Service. On the tool we manage two fundamental elements in the relationship:

  - In it our suppliers must keep updated all the information corresponding to the requirements of the service or services they are providing (as a company, their staff, equipment and materials). Through a traffic light code, suppliers can see if everything is correct or not and the deadlines for updating documents. In addition, the tool automatically sends reminders via e-mail for missing, expiring or incorrect documents.

  We must highlight the operational control visits, in which the technicians who carry out the supervision visits, proceed to monitor the documentation provided through the tool.

  - We share prevention, industrial safety and environmental documentation with MRG employees and with the main contractors through a virtual tool.

- We have implemented during 2020 on the digital process management tool of the Integrated Management System the participation of suppliers in the incorporation of information for the control of the processes in which they participate.

- We share lessons learned from incidents or accidents detected during operational control visits, and at MRG we work to understand the causes and seek solutions that allow us to move towards compliance with our commitments.

- During 2020, a major outreach and communication effort was conducted among contractor companies related to pandemic issues, focused on ensuring the greatest pandemic safety for contractor personnel. The following actions are highlighted:

  - Dissemination of the protocols of action of the Occupational Risk Prevention Services against exposure to SARS-Cov2 among those responsible for prevention in contractor companies.

  - Request for annexes to the Health and Safety Plans on site, including safety measures against coronavirus.

  - Campaigns that boosted the search for possible vulnerable personnel for covid according to the protocol discussed above.

  - Promotion of training/information of contractor personnel in safety measures against coronavirus.

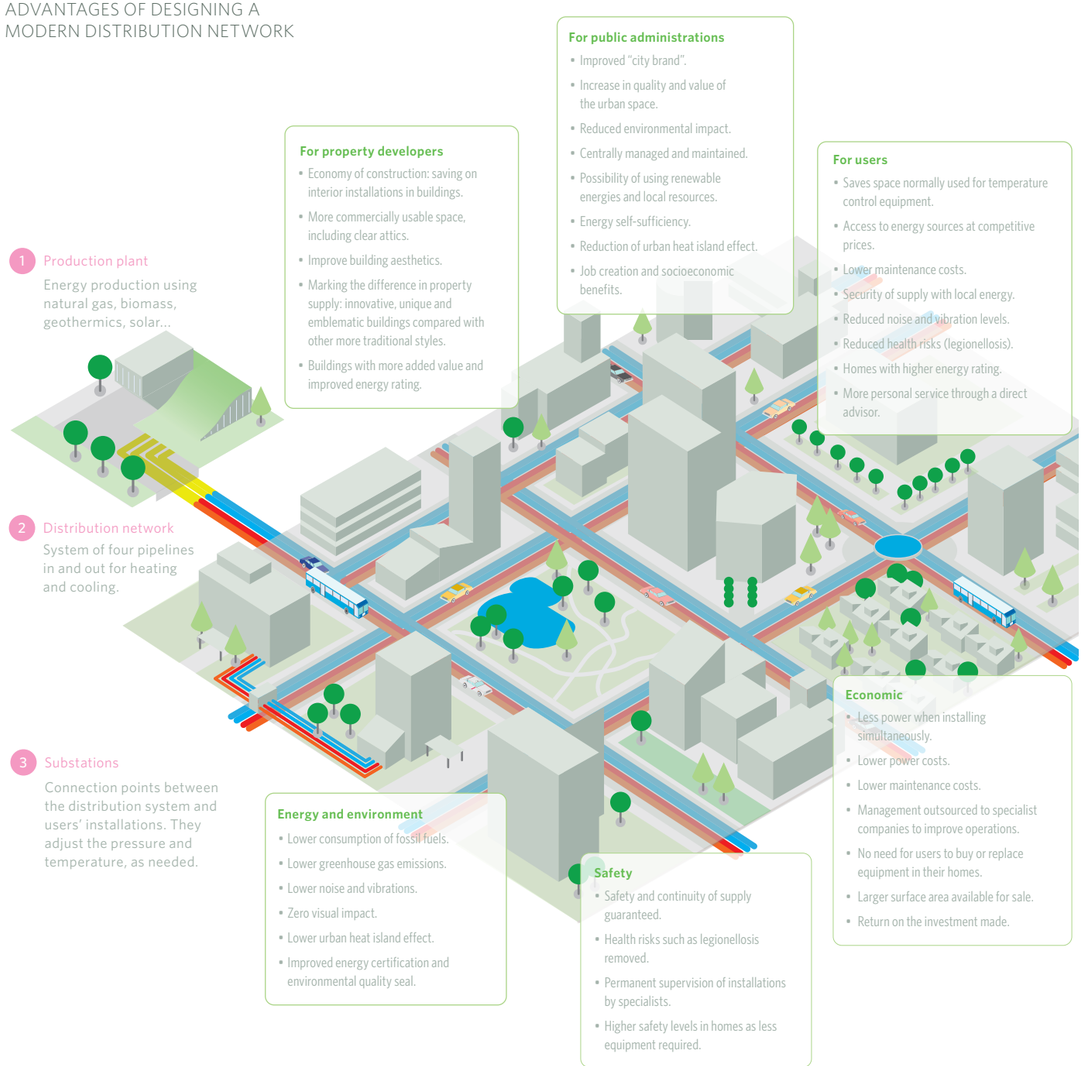
Through the Supplier Documentary Monitoring Service, during the year 2020 and due to the pandemic situation, the following documents have been mandatorily requested from companies:

- Biohazard risk assessment for coronavirus exposure
- COVID-19 Coronavirus Action Protocol



Society

ADVANTAGES OF DESIGNING A MODERN DISTRIBUTION NETWORK



8. SOCIETY

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8.1 ACCESS TO ENERGY

Our *raison d'être* is the distribution and transportation of natural gas, as well as the distribution and sale of liquefied petroleum gases through pipelines. In short, our raison d'être is to facilitate access to energy in different municipalities in the Community of Madrid.

In our work, we understand that this entails an important commitment to homes, factories and special points such as hospitals, schools, universities, or security facilities. The arrival of natural gas to a municipality, as we have already mentioned, is an important step forward and a great boost to its economic activity. In companies and businesses its use favours competitiveness and efficiency, which translates into savings of between 30% and 50% that can be used to increase the productivity of the business or company in any sector. For thousands of households, it means an improvement in the quality of life, as well as an important saving in their energy bill, between 20% and 45%, depending on the consumption and the fuel replaced. In 2020 we have invested €8.7 million to expand the distribution network.

Our expansion strategy, in any case, is linked to our commitment to sustainability, taking part in the development of new town planning initiatives.

Commitment to our customers and users

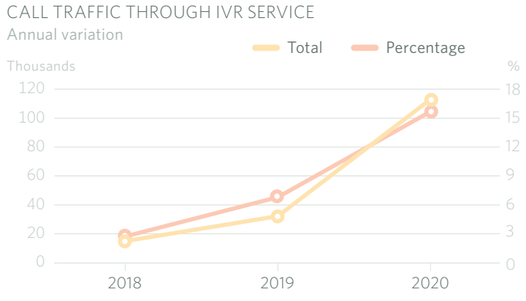
The quality of our service is a key strategic goal for us. Our performance should be judged on the satisfaction of customers, whether direct or end users of the service.

Since our inception in 2010 we have evolved year by year in our customer service, by seeking excellence.

At the same time, we work to ensure that our maintenance system ensures reliable and safe installations.

In 2020 we have moved forward in different projects to provide an excellent service from our ATR unit. We take advantage of the opportunities that technology offers us, aligning ourselves with user trends in order to respond to their needs.

- We have consolidated the WhatsApp channel as the channel through which the client can carry out 90% of their usual requests for information.
- We have carried out many initiatives to update the contact details, e-mail address and telephone number of the users, increasing effectiveness in any necessary contacts (appointments for operations, resolution of any requests, etc.).
- We have working groups with marketers to improve the service in four action areas:
  - Improve the First Call Resolution for the customer of both the distributor and the marketer.
  - Improve coordination and communication to minimize the impact of specific incidents.
  - Improve the quality of information, service and deadlines for greater customer satisfaction.
  - Increase the autonomy of the customer service of the supplier in order to reduce the volume of complaints reported to the distributor.



- In the midst of the pandemic, we have reorganized the telephone service into four specialized levels, changed service providers and implemented our own multichannel customer service management tool:
  - Level 1: Fast service for simple requests.
  - Level 2: Service with autonomy focused on resolving more complex requests on the first call.
  - Level 3: Customer Champion - People specialized in business processes who have the mission to solve the most complex requests.
  - Level 4: Urgencies - Service dedicated to give the best response 24 hours 7 days a week.

With all this we have achieved: autonomy in the management of call traffic, boosting call handling through the WhatsApp channel, 17% reduction in the cost of the service and almost quadrupling the self-service % in the call centre up to 16%.

- Through a SaaS cloud solution from Amazon Connect we have improved our call centre.
- Automation in the management of files from official bodies has reduced the backlog by 90%.
- During this year and with the aim of improving the service provided to customers during the pandemic, to help enhance their autonomy, one of MRG's Premium channels has been optimized: our Virtual Office.

From Operations Management we have worked to ensure the perfect state of our installations despite the difficulties that the pandemic and the state of emergency posed to the performance of maintenance activities.

During the entire period of the state of emergency decreed by the Spanish Government in March, which had special restrictions during the months of March and April, MRG established a crisis plan which guaranteed the performance of all the essential activities of the natural gas distribution service, such as attending to home emergencies, resolving network leaks and critical maintenance in the gas distribution system, operating without incidents.

100% of the Preventive Maintenance Plan established by current legislation and MRG's internal regulations has been carried out on the network, including its auxiliary installations, the 5 satellite LNG plants and 169 existing LPG plants, carrying out more than 15,000 programmed actions. Our distribution network is classified for optimal maintenance management.

We have managed the correct operation of all the regulation systems of our RMS in their different pressures, guaranteeing an adequate supply to all our clients, the corresponding regulatory surveillance has been carried out on the gas network, performing the biannual tightness control over 2,635 km of the gas network, operating more than 7,600 valves to check their correct operation, carrying out more than 1,300 painting/cleaning/clearing actions on auxiliary installations, LPG plants and LNG plants, carrying out more than 3,600 actions on the equipment that ensures the cathodic protection of the steel networks.

The necessary renovations, meshing and corrective actions have been carried out to maintain optimum safety conditions and guarantee the supply of natural gas and LPG networks, replacing materials such as steel, cast iron and copper with polyethylene piping. All of this is part of the MRG action plans.

Actions in response to the exceptional situation caused by COVID-19

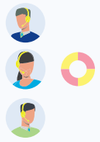
As part of the commitment that MRG has with customers and suppliers, in this year 2020 marked by the pandemic, we wanted to respond to the special effort that society is making to address the economic crisis that has arisen.

SMEs and self-employed contractors have been able to manage the temporary suspension of invoicing without difficulty by accessing our website (https://madrilena.es/preguntas-frecuentes/covid-19/).

Likewise, in response to the legislation related to COVID and in accordance with Royal Decree Law 37/2020, the supply of energy to vulnerable consumers has been guaranteed during the state of emergency.

Within the exceptional contingency plan that had to be carried out, MRG included a plan for suppliers, advancing the payment of invoices pending payment and paying in cash all new invoices that were presented duly certified and authorized. All of this was to alleviate any possible financial problems that suppliers might have.

MRG CUSTOMER SUPPORT EVOLUTION

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Level 1 Telephone customer support provided by call centre	Starts with independent call centres for emergencies and general customer support. 				Unified first level: general customer support and emergencies. 						Telephone customer support is diversified into various types of level 1 service: emergencies, general support, specialised support, MRG support, etc.
Level 2 Customer support back office in each business unit by type: billing, readings, regular inspections, home operations			A unified back office team is created for level 2 customer support.					Business units are transferred back to the customer support back office, but supervised / audited by the unit for excellence.	We start monitoring customer journeys (complaints that take longer than 14 days to be resolved) to provide a solution and above all identify the causes and take action to ensure they are not repeated.	A specific customer experience unit is created as a result of a customer-oriented strategy, and managers are established for each business unit that are responsible for the process with the customer.	The business units manage the customer support back office, but are supervised by the unit for excellence and the customer experience unit
Level 3 Digital clients				MRG launches the first virtual office (customers area) with functionality to send readings and RI information. 					MRG releases a second version of the virtual office (customers area) with a completely renovated design, aimed at mobile phone use (responsive) and with added functionality to improve self-service.		The virtual office reaches 230,000 registered customers.
Level 4 Self-service			An automated interactive voice response (IVR) system is created for calls to record meter readings. 			A web page is launched so that installation companies can send us reports on regular inspections carried out. 		An IVR is created for the customer support helpline to inform and refer customers before being connected to the agent group. 	A helpline using WhatsApp is piloted. 	A web page is launched to search for authorised installers to correct anomalies identified in the regular inspection. 	60% self-service support is achieved, in terms of customers resolving their queries / processes autonomously.
Level 5 Technology			An app is created, MOB, intended for mobility management in the field of RIs and home operations (disconnections, cut-offs, reconnections, etc.) and a protocol is established with contractors to perform cut-offs at meters on frontages and interior courtyards, to improve the success rate in mandatory cut-offs. 		An app is created, FRAPPE, to manage potential supply points (properties and homes without gas, with availability to connect to the network to activate gas supply).	Regular inspections are deregulated, so they can be performed both the distributor and by any certified company.	A web page is launched so that customers can change the date and time of visits (RI, disconnection, reconnections, etc.), ending that year with 2% of appointments planned by MRG modified by customers.	All MRG infrastructure is migrated to the Amazon Web Services public cloud, enabling a platform to be created for launching projects and services flexibly and with new technologies. Agile methodologies start being used in MRG projects.	A customer support chatbot is launched in the MRG virtual office. 	The contact centre is integrated using Amazon Connect, provided by Amazon Web Services (AWS), taking over control of the IVR and telephone support services, enabling call centre services to be diversified, and services are developed such as Lex, a voice-recognition technology to allow for open-questioned customer support.	WhatsApp is launched as a customer support channel.
Level 6 Mandatory communication		The first Madrileña Red de Gas corporate website is launched. 			A second version of the MRG corporate website is released. 		We start sending out SurveyMonkey questionnaires to customers following points of contact with customers (readings, RIs, home operations, customer support). 	Green Bee project. 			Third version of a new responsive design aimed at self-service. 

FOOD BANK COLLECTION IN 2020

Campaign	Total (€)	Foods (kg)
June	1,280.00	733.4
December	892.00	802.8
Total	2,172.00	1,536.2

8.2 SOCIAL COMMITMENT

The social commitment in this year 2020 has naturally responded to the economic crisis caused by the pandemic.

In addition to the 2020 special situation, MRG is involved in various projects on an annual basis:

- In June, Madrileña Red de Gas made a donation of €3,000 to Unicef, as part of the Coronavirus 2020 Emergency Campaign.

  This contribution made it possible to provide a global response to try to minimize the impact that this situation may have on the most vulnerable children, especially in countries with less developed health and protection systems.

- We made a donation of €2,000 through Viena Capellanes to provide food and drink to the medical staff who were working in the hospital set up in the IFEMA site.

- MRG collaborates with the Food Bank of Madrid and invites all employees to join in the collection of food and funds for distribution to the families who need it most. We conducted two campaigns in June and December.

  Madrileña Red de Gas donates the same amount raised by the contributions of its employees to this cause of solidarity.

- For each LPG customer who activates the electronic invoice, MRG donates 1 euro to the Food Bank of Madrid. A total of 4,717 customers have activated their electronic invoices.

- MRG collaborates with the Energy Foundation of Madrid. This year 2020 we have made a donation of €16,000.

  It is a non-profit organization belonging to the public sector, whose purpose is to contribute to the development of regional energy policy.

  The purpose of the Energy Foundation is to promote, encourage and carry out initiatives and programmes for research, study and support actions for knowledge, development and application of energy technologies, including renewable energy technologies, integrating environmental protection.

About the report

9. ABOUT THE REPORT

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9.1 PRINCIPLES FOR THE PREPARATION OF THIS REPORT RELATING TO ITS CONTENTS

This is the first report published by Madrileña Red de Gas, which corresponds to the year 2020.

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

It reflects the activities of Madrileña Red de Gas in the period between 1 January and 31 December 2020, and is expected to be published annually.

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

Context of sustainability

- The report has been developed based on sustainability aspects, which are reflected in both the sustainability strategy and the CSR policy.
- In addition, a clear identification of risks and opportunities describes how Madrileña Red de Gas deals with economic, environmental and social issues.
- The lines that define the sustainability strategy are integrated into the company's general strategy and are perfectly aligned with the general objectives, thus demonstrating how Madrileña Red de Gas understands sustainable development.

Thoroughness

- Once the material issues have been identified, the report has been developed and structured in such a way as to reflect the importance of each of them and to show how they are managed.
- All the information provided spans the period covered by the report, as well as its evolution over the last few years.

Materiality

- This year a materiality study has been carried out, based on which the most relevant sustainability issues have been identified internally and for all stakeholders, taking into account economic, environmental and social aspects.
- As a starting point, the criteria and results of the self-assessments carried out according to the GRESB method have been taken into account.
- These issues are developed throughout the chapters of the report, being aligned in chapter 3.4. Materiality.

Stakeholder inclusion

- Madrileña Red de Gas has identified its stakeholders and has systematized a process for detecting their needs and expectations.
- This information constitutes one of the inputs for the preparation of the materiality study, which allows us to prioritize the most relevant sustainability issues.
- Throughout the development of the report, the importance of stakeholders in different areas of management is evident.

9.2 PRINCIPLES FOR THE PREPARATION OF THIS REPORT RELATING TO QUALITY

In order to guarantee a sustainability report that ensures the quality of the information presented and its correct presentation, the following principles have been applied:

ACCURACY

- The information reflected in the report has been measured and contrasted, and is presented in sufficient detail so that stakeholders can adequately assess MRG's performance.
- Elf any data had to be estimated, this is indicated in the report, as well as the criteria established for this calculation.

BALANCE

- The report details both favourable and unfavourable aspects of the organization's performance, as well as developments and trends, so that an assessment can be made.
- The priority of each topic is evidenced by the level of detail provided for each aspect.

COMPARABILITY

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

CLARITY

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

RELIABILITY

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

TIMELINESS

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

9.3 GRI CONTENT INDEX

GRI	Definition	Report
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102-4	Location of operations	2.2. About us
102-5	Ownership and legal form	2.2. About us 2.4. Corporate Governance
102-6	Markets served	2.2. About us 2.3. Our Business
102-7	Size of the organization	2.1. Key figures 2.3. Our Business 4.4. Financial Information 6.1. Human capital in figures
102-8	Information about employees and other workers	2.1. Key figures 6.1. Human capital in figures 7. Responsible supply chain
102-9	Supply Chain	7. Responsible supply chain
102-10	Significant Changes to the organization and its supply chain	No significant changes
102-11	Precautionary Principle or approach	4.1. Risk management 5.1. Our environmental management
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GRI	Definition	Report
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102-27	Collective knowledge of the highest governance body	2.4. Corporate Governance
102-28	Evaluating the highest governance body´s performance	2.4. Corporate Governance
102-29	Identifying and managing economic, environmental and social impacts	2.4. Corporate Governance 4.1. Risk Management
102-30	Effectiveness of risk management processes	4.1. Risk Management
102-31	Review of economic, environmental and social topics	2.4. Corporate Governance 4.1. Risk Management
102-32	Highest governance body´s role in sustainability reporting	1. Chairman's letter
102-33	Communicating critical concerns	2.4. Corporate Governance 4.1. Risk Management
102-34	Nature and total number of critical concerns	4.1. Risk Management
102-35	Remuneration policies	6.3. Equality and diversity
102-36	Process for determining remuneration	6.3. Equality and diversity
102-37	Stakeholders´ involvement in remuneration	2.4. Corporate Governance

GRI	Definition	Report
102-38	Annual total compensation ratio	6.3. Equality and diversity
102-39	Percentage increase in annual total compensation ratio	6.3. Equality and diversity
102-40	List of stakeholder groups	3.4. Stakeholder engagement
102-41	Collective bargaining agreements	6.2. Human Resources Practices
102-42	Identifying and selecting stakeholders	3.4. Stakeholder engagement
102-43	Approach to stakeholder engagement	3.4. Stakeholder engagement
102-44	Key topics and concerns raised	3.4. Stakeholder engagement
102-45	Entities included in the consolidated financial statements	4.4. Financial Information
102-46	Defining report content and topic Boundaries	3.5. Materiality Analysis
102-47	List of material topics	3.5. Materiality Analysis
102-48	Restatements of information	Not applicable (this is the first report published)
102-49	Changes in reporting	Not applicable (this is the first report published)
102-50	Reporting period	Corresponds to the year 2020
102-51	Date of most recent report	Not applicable (this is the first report published)
102-52	Reporting cycle	Annual reports are foreseen
102-53	Contact point for questions regarding the report	prevencion@madrilena.es
102-54	Claims of reporting in accordance with the GRI standards.	9. About the Report
102-55	GRI content index	9. About the Report
102-56	External assurance	9. About the Report
103-1	Explanation of the material topic and its Boundary	3.5. Materiality Analysis
103-2	The management approach and its components	3.5. Materiality Analysis
103-3	Evaluation of the management approach	3.5. Materiality Analysis
201-1	Direct economic value generated and distributed	4.4. Financial information 8. Society
201-2	Financial implications and other risks and opportunities due to climate change	4.2.1. Climate change strategy
201-3	Defined benefit plan obligations and other retirement plans	6.2. Human Resources Practices
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	No employee is paid based on minimum wage rules.

GRI	Definition	Report
202-2	Proportion of senior management hired from the local community	0.7% of senior executives with a permanent address in the Community of Madrid. Senior executives means the Chief Executive Officer.
203-1	Infrastructure investments and services supported	4.4. Financial information 8. Society
203-2	Significant indirect economic impacts	2.2. About us 8. Society
204-1	Proportion of spending on local suppliers	7. Responsible supply chain
205-1	Operations assessed for risks related to corruption	4.3. Ethical behaviour
205-2	Communication and training about anti-corruption policies and procedures	4.3. Ethical behaviour
301-1	Materials used by weight or volume	5.2. Our commitment in figures 5.2.1. Resource consumption
301-2	Recycled input materials used	5.2.5. Waste
301-3	Reclaimed products and their packaging materials	5.2.5. Waste
302-1	Energy consumption within the organization	5.2. Our commitment in figures
302-2	Energy consumption within the organization	5.2. Our commitment in figures
302-4	Reduction of energy consumption	5.1. Our environmental management 5.2.1. Resource consumption
302-5	Reductions in energy requirements of products and services	5.2.1. Resource consumption
303-5	Water consumption	5.2. Our commitment in figures
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	5.3. Biodiversity
304-2	Significant impacts of activities, products, and services on biodiversity	5.3. Biodiversity
304-3	Habitats protected or restored	5.3. Biodiversity
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	5.3. Biodiversity
305-1	Direct GHG emissions	5.2.2. Atmospheric emissions
305-2	Energy indirect GHG emissions	5.2. Our commitment in figures 5.2.2. Atmospheric emissions
305-3	Other indirect GHG emissions	5.2.2. Atmospheric emissions 5.2.3. Carbon footprint, measurement and commitment

GRI	Definition	Report
305-5	Reduction of GHG emissions	5.2.2. Atmospheric emissions 5.2.3. Carbon footprint, measurement and commitment 5.2.4. Projects and investments to promote energy efficiency and reduce emissions
305-6	Emissions of ozone-depleting substances (ODS)	5.2.2. Atmospheric emissions 5.2.3. Carbon footprint, measurement and commitment
305-7	Nitrogen oxides (NOx), sulphur oxides (SOx) and other significant air emissions	5.2.3. Carbon footprint, measurement and commitment
306-1	Waste generation and significant waste-related impacts	5.2.5. Waste
306-2	Management of significant waste-related impacts	5.2.5. Waste
306-3	Waste generated	5.2.5. Waste
306-4	Waste diverted from disposal	5.2.5. Waste
306-5	Waste directed for disposal	5.2.5. Waste
307-1	Non-compliance with environmental laws and regulations	5.1. Our environmental management No fines or sanctions have been recorded.
308-1	New suppliers that were screened using environmental criteria.	5.1. Our environmental management
308-2	Negative environmental impacts in the supply chain and actions taken	5.1. Our environmental management
401-1	New employee hires and employee turnover	6.3. Equality and diversity
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	6.2. Human Resources Practices No variance applicable
401-3	Parental leave	6.2. Human Resources Practices
402-1	Minimum notice periods regarding operational changes	6.2. Human Resources Practices
403-1	Occupational health and safety management system	6.6. Health and Safety
403-2	Hazard identification, risk assessment and incident investigation	6.6. Health and Safety
403-3	Occupational health services	6.6. Health and Safety
403-4	Worker participation, consultation and communication on occupational health and safety	6.6. Health and Safety
403-5	Workers training on occupational health and safety	6.6. Health and Safety
403-6	Promotion of worker health	6.6. Health and Safety
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	6.6. Health and Safety
403-8	Workers covered by an occupational health and safety management system	6.6. Health and Safety
403-9	Work-related injuries	6.6. Health and Safety
403-10	Work-related ill health	6.6. Health and Safety
404-1	Average hours of training per year per employee	6.4. Talent Management
404-2	Programs for upgrading employee skills and transition assistance programs	6.4. Talent Management
404-3	Percentage of employees receiving regular performance and career development reviews	6.4. Talent Management
405-1	Diversity of governance bodies and employees	6.3. Equality and diversity
405-2	Ratio of basic salary and remuneration of women to men	6.3. Equality and diversity
406-1	Incidents of discrimination and corrective actions taken	No cases have been confirmed.
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	7. Responsible supply chain
408-1	Operations and suppliers with significant risk for incidents of child labour	7. Responsible supply chain
409-1	Operations and suppliers with significant risk for incidents of forced or compulsory labour	7. Responsible supply chain
410-1	Security personnel trained in human rights policies or procedures	4.3. Ethical behaviour
411-1	Incidents of violations involving rights of indigenous peoples	Not applicable, as the company is located in the Community of Madrid.
412-2	Employee training on human rights policies or procedures	6.3. Equality and diversity
413-1	Operations with local community engagement, impact assessments and development programs	4.1. Risk Management
413-2	Operations with significant actual and potential negative impacts on local communities	5.1. Our environmental management
415-1	Political contributions	It is not applicable, as it is prohibited by the code of ethics.
419-1	Non-compliance with laws and regulations in the social and economic area	No non-compliance has been recorded

Bureau Veritas Certification

Bureau Veritas Certification

declares that the verification has been performed of the

Sustainability Report 2020 “CORE option”

with regard to its structure, content and information sources of

Madrileña Red de Gas, S.A.

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

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

Based on the above information **Bureau Veritas Certification** establishes for the Sustainability Report 2020 “CORE” of **Madrileña Red de Gas, S.A.** the qualification “**In accordance – CORE**”.

Date of issue: 07 June 2021

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

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