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Letter from the President

This annual appointment with our stakeholders gives us an opportunity to communicate our achievements, challenges and commitments in the area of sustainability. Indeed, it gives us great satisfaction to be able to demonstrate how our strategy is being consolidated and our progress in the different axes of sustainability.

As a starting point we would like to share the success achieved in the assessment against the GRESB Infrastructure Sustainability Index. Thus, for the first time, we have obtained 100 points out of 100. This excellent result has allowed us to achieve the maximum “five star” rating for a third consecutive year, maintaining our second position at a European level and first in Spain.

These results in GRESB are the result of the efforts we are making as part of our sustainability strategy.

During 2023 we developed a Sustainability Master Plan 2023-2026 based on the materiality analysis we conducted in 2022. This Plan has strengthened our capacity to align and unite the efforts already being made by the different directorates and departments. We are now all more aware of our role and contribution to achieving the sustainability commitments of Madrileña Red de Gas.

This Master Plan reinforces the role that the Governing Bodies have in the sustainability strategy, in the knowledge and control of impacts, as well as in the reception and analysis of the opinion of our stakeholders. To that end, we have formalised the role of the Risk Committee, which was already operational, as the governing body responsible for identifying, managing and elevating the possible impacts of risks and opportunities in sustainability, updating the necessary manuals and procedures to systematise this important function.

Looking at our raison d’être, as a gas-distribution company, our commitment to international policies and proposals in the fight against climate change is vital.

A key focus of the work is the measurement and registration of the carbon footprint in Scopes 1, 2 and 3, and plans for its effective reduction. In 2023, we have achieved a 51% reduction with respect to our emissions in 2022, and in line with this strong commitment, we have certified and obtained the Gold Standard seal awarded by OGMP 2.0 (Oil & Gas Methane Partnership 2.0), an initiative launched in 2020 by the United Nations Environment Programme, which is part of the European Commission’s Methane Emissions Reduction Strategy.

To this reduction we must add efforts to facilitate the energy transition. We are working in the field of research and innovation in order to be a future distributor of renewable gases, and for our network to provide households, commerce and industry with renewable gases such as green hydrogen or biogas. For yet another year, we continue to participate in various innovation projects with this objective in mind, analysing and evaluating equipment and training our staff so that, in the future, they can extend, operate and maintain this type of distribution network.

I would also like to mention that in our fight against corruption, and in favour of good governance, we have

For the first time, we have obtained 100 points out of 100. This excellent result has allowed us to achieve the maximum “five star” rating for a third consecutive year, maintaining our second position at a European level and first in Spain

updated our Code of Ethics, incorporating new legal requirements and providing the necessary training in this regard. We have also created an internal channel to communicate information regarding potential irregularities that may occur within the Entity and to manage the internal investigation processes derived therefrom, in accordance with the requirements set out in Law 2/2023, of 20 February, regulating the protection of persons who report breaches of regulations and the fight against corruption.

Without further ado, I would like to share this report on our work in 2023, again hoping that it will be useful and of interest, help you to understand our commitment and may serve other companies and our stakeholders to identify and build on possible good practices with a focus on sustainable development.



Pedro Mielgo

Who Are We?

2

2. Who Are We?

Our activities and facilities fall under the following headings of the National Classification of Economic Activities (CNAE)

CNAE-2009	Description
35.22	Pipeline distribution of gaseous fuels
35.23	Pipeline gas trade

At Madrileña Red de Gas we work every day with a strong commitment to Sustainability, integrating it at all levels of our company.

We want to turn the current risk posed by the energy transition into an opportunity for the company and be a company clearly committed to the fight against climate change, by investing in and supporting renewable-energy alternatives, such as biomethane and hydrogen.

We want to be prepared for regulatory and market changes, guaranteeing access to energy with a continuous and reliable supply, and gaining a reputation with the general public, collaborating with them in achieving cleaner and more sustainable cities.

2.1 About us

Madrileña Red de Gas S.A.U, MRG, is a sole proprietorship dedicated to the distribution of natural gas, as well as the distribution and sale of liquefied petroleum gases by pipeline in the Community of Madrid.

The facilities we have for the operation and maintenance of our gas-distribution network are:

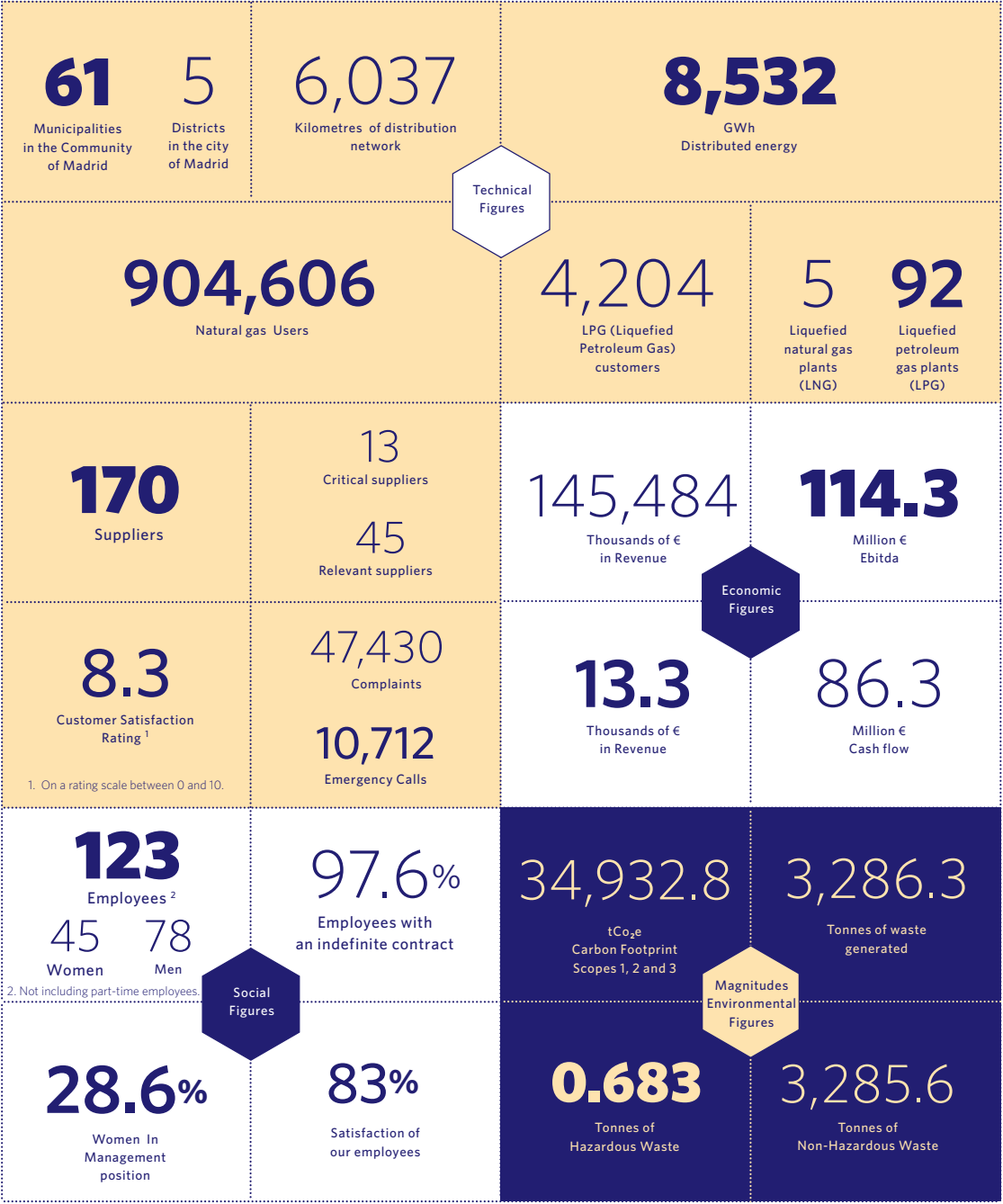
- A natural gas distribution network.
- Satellite Liquefied Natural Gas regasification plants (hereinafter LNG plants).
- Liquefied Petroleum Gas Satellite Plants (hereinafter referred to as LPG plants).

As was also the case when we started our activity in 2010, we only operate in Spanish territory and, specifically, as mentioned above, only in the Community of Madrid.

We currently operate in 61 municipalities, as well as in five districts of the capital city.

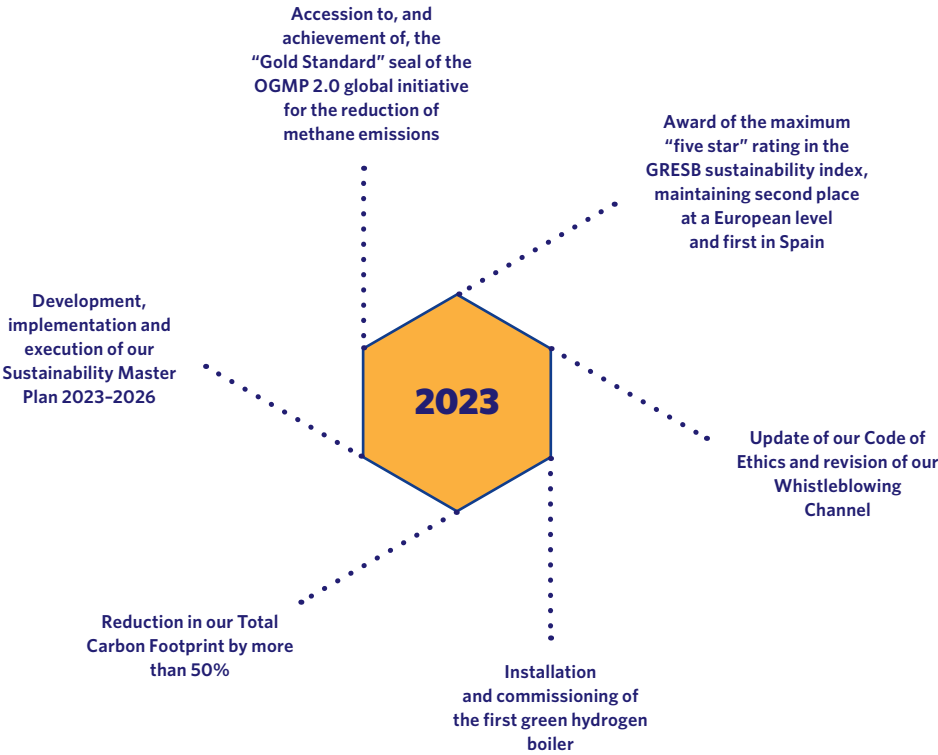
Our central offices are located at Calle Virgilio, no. 2, in the town of Pozuelo de Alarcón. We also have a warehouse located at Calle Valdemorillo, no. 60 in Alcorcón.

2.2 Main figures



2.3 Madrileña Red de Gas in 2023

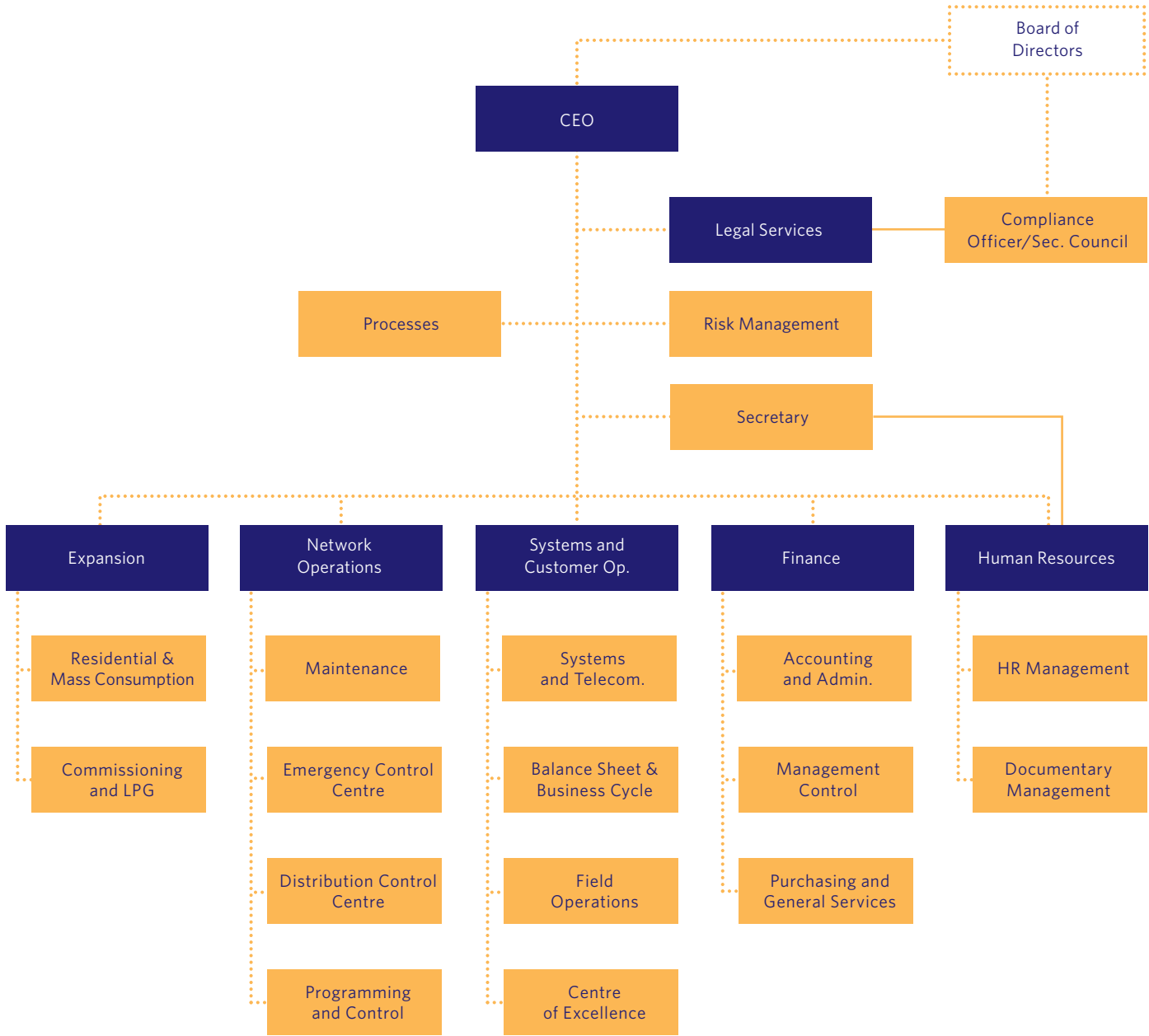
As a result of our efforts, we have been able to reach such important achievements as:



**Good Governance,
Ethics and Transparency**

3

Organizational structure
as per our organization chart

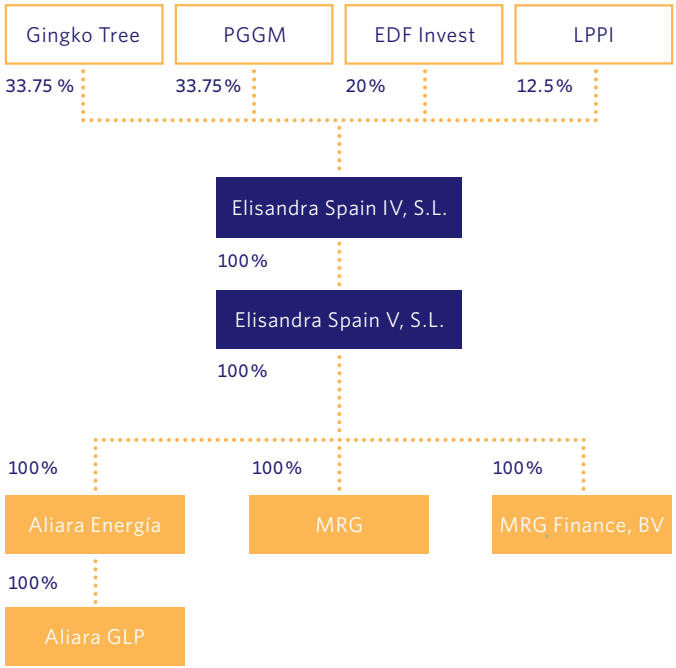


3.1 Organisational structure

Our structure is reviewed periodically, and is adapted to the strategic, organisational and process needs demanded by our Strategic Plan. The structure for the year-end December 2023, which is the same as in September 2022, is shown below. Organisational changes resulting from the strategy of the Expansion Division will be reflected in the next financial year.

Elisandra Spain V, S.L.U., our sole shareholder, is controlled by the parent company Elisandra Spain IV, S.L. In turn, the latter is linked to four main investment groups and business partners with different shareholdings and voting rights: Realgaz, S.A.S (EDF Invest), Stichting Depository PGGM Infrastructure Funds (PGGM), JCSS Mike S.A.R.L. (Gingko Tree) and LPPI Infrastructure Investments LP (LPPI). In order to reinforce the separation and transparency of our regulated gas-distribution activities from other activities, a set of independent companies has been created, with Elisendra Spain V, S.L.U. holding the entire capital.

Voting shares or holdings







3.2 Sustainability Governance

The governance structure comprises the Board of Directors, the Audit and Risk Committee, the Remuneration Committee and the Management Committee. The four partners of Elisandra Spain IV, S.L. are represented on all of them.

The main element governing the appointment of our governing bodies is the representation of our shareholders in a large part of these control bodies, thus providing a mechanism of control and independence in decision-making. Moreover, in line with our code of ethics and our commitment to diversity, we do not discriminate on the basis of age, gender, origin, religion, etc. However, due to the history of our company, and the gas sector in general, there is still a male majority on our governing bodies, although we are working to narrow the gap.

Diversity in governance bodies

	Sex		Age			Avg. seniority ¹
			Average Age			
Board of Directors	8	1	48	3	6	3.1
Audit and Risks Committee	6	1	44	2	5	3.8
Remuneration Commission	5	1	51	2	4	2.7
Management Committee	5	2	54	4	3	10.3
Criminal Offences Prevention Committee	2	1	58	2	1	4.6

¹ Average mandate period for all members as of 31 December 2023

In addition to this structure, there are a number of Committees and Commissions of which members of the Management form part, providing support to the responsibilities of governance at a technical level. These include:

- GIS Committee
- Cybersecurity Committee
- Crisis Committee
- Health and Safety Committee
- Major Accident Prevention Committee
- Works Council
- Code of Ethics Commission
- Equality Plan Monitoring Committee
- Pension Plan Monitoring Committee

Board of Directors

The Board of Directors is the form of management body established in the Articles of Association entered in the Commercial 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 system for the selection and appointment of Board members is expressly regulated in the Articles of Association and in the Board of Directors’ Regulations. It should be noted that four new Board members have been appointed during 2023, replacing the corresponding directors of their respective companies.

The Board is a collegiate body, so there are no significant positions beyond the existence of a Chairman of the Board. Its resolutions are implemented by the Chief Executive Officer of the Company, the only person who, together with

the Chief Financial Officer and the Finance Department, has general management, administrative and decision-making powers. Its operation is governed by the Articles of Association and by the commitments, rights and obligations established in the Capital Companies Act.

As part of our commitment to advance in the implementation of best corporate governance practices, and recognising the value and importance of a diverse and balanced composition on the Board of Directors, a new female director joined the Board of Directors in 2022, ensuring the existence of appropriate procedures for the selection of directors and also seeking a balance in the higher bodies of the organisation.

Board members are proposed by the Board of Directors itself and their appointment is accepted by the sole shareholder, in accordance with legal provisions. The members are proposed by the various investors, most of whom are members of the Boards of other organisations in their shareholding group, there are no independent members, and the term of office is six years. The average term of office is currently 3.1 years.

As regards the professional profile of the Directors on the Board, they are professionals especially qualified for their role, with extensive professional experience and having held positions of high responsibility in functions related to those entrusted to them, thus meaning that all the Directors on the Committee have a proven ability to perform the functions entrusted to the Committee due to their extensive experience and knowledge.

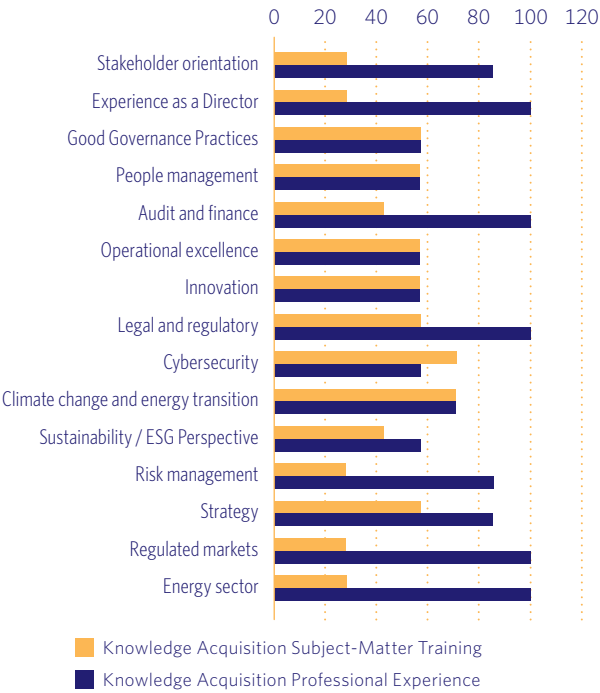
Currently, in line with best corporate-governance practices and the new requirements in terms of sustainability and GRI standards, we have a matrix of competencies of the Board of Directors, individualised by Director, which reflects the competencies, experience, training and level of knowledge.

Board of Directors

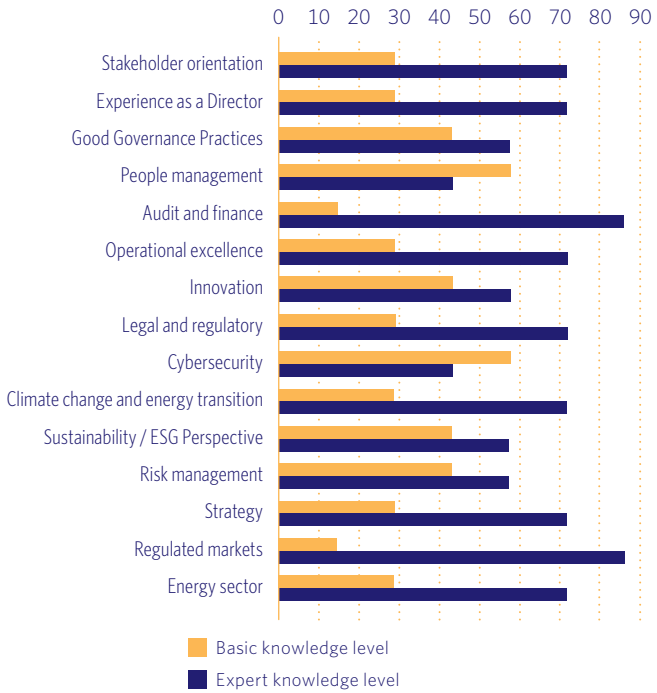
Name and Surname	Position	Seniority	Staff	Gender	Nationality	Age range
Pedro Mielgo Álvarez	Chairman	13.5	Consilia Asesores	M	Spanish	>50
Simon George Davy	Director	6.1	LPPI	M	English	>50
Romain Thierry Victor Bruneau	Director	3.1	EDF Invest	M	French	≤50
Suyu Wu	Director	2.4	Gingko Tree	M	Chinese	≤50
Chilei Kao	Director	1.3	Gingko Tree	F	Chinese	≤50
Alexandre Edouard Jean Pierre	Director	0.8	EDF Invest	M	French	≤50
Shankar Krishnamoorthy	Director	0.1	PGGM	M	Indian	>50
Jan Matthijs Lakerveld	Director	0.3	PGGM	M	Dutch	≤50
Kai Chen	Director	0.5	Gingko Tree	M	Chinese	≤50

Strategic competences of the board of directors

Knowledge Acquisition (%)



Knowledge Level (%)



The matrix consists of three blocks:

- Competencies: a total of 15 core competencies are assessed for the sector and our company’s strategic priorities, as well as new knowledge needed to take action on sustainability impacts, risks and opportunities.
- Acquisition of knowledge, professional experience in that field is assessed, as well as whether specific training is available.
- Level of knowledge: to facilitate the assessment of the level of competence, 3 levels have been established:
 - Expert: Master’s level or at least three years working on these issues.
 - Basic: Has basic training in the field or less than three years working on these issues.

This matrix will be reviewed periodically (at least every two years) or when there are changes in the composition of the Board of Directors, or changes in the strategic priorities of the company.

Main responsibilities of the Board of Directors

The Board of Directors, as the highest governance body, defines the Company’s overall strategy, validates management strategies and objectives, and monitors the organisation’s performance in terms of the economy, the environment and people. The organisation’s processes are, in turn, defined by the company’s Management Committee and communicated to the Board of Directors insofar as there may be a relevant change. The Secretary of the Board is responsible for communication between the Directors and the Management Committee, channelling all communications and notifications addressed to the Directors.

Mission, Vision and Values statements are defined and reviewed by our Management Committee and communicated to, and approved by, the Board of Directors. Likewise, policies, strategies and objectives related to sustainability issues (economic, environmental and social- and human-rights due diligence, including analysis of material issues) are defined by the Risk area, approved by the Audit and Risk Committee (Audit and Risk) and subsequently reported to the Board of Directors for validation, as part of management. The entire sustainability reporting function, and its subsequent verification, has been delegated to the Audit and Risk Committee, and is finally validated by the Management Committee and presented to the Board of Directors.

Meetings of the Board of Directors are held at least quarterly. Preliminary dates and agendas are set in December each year and approved by the Board to provide greater certainty about the minimum number of meetings and the content to be discussed and analysed a year in advance.

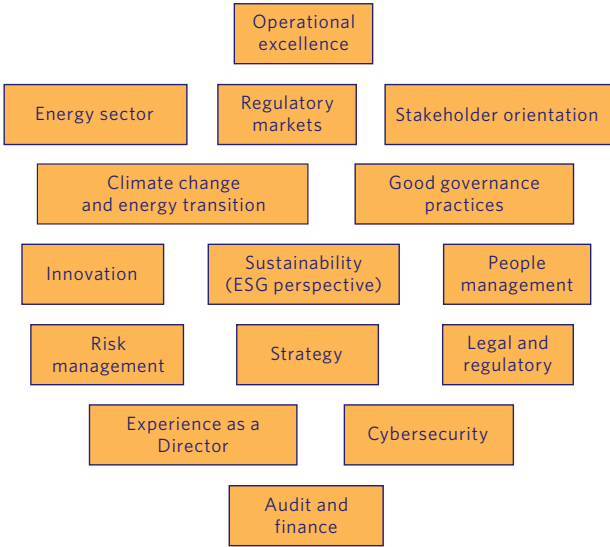
Based on this initial agenda, which can be modified according to circumstances and singular events that may

occur, the directors of each area, the members of the management committee and the various committees in the company prepare detailed analyses to be presented to the Board at each of its meetings, from the standpoint of the environment, people and the economy. The Board of Directors discusses these issues and takes any necessary decisions.

Given we are fully aware of the effects of climate change and the energy transition on our business at present and in the near future, as well as the impact on the economy, the environment and people of our activity, and the new reporting requirements, these have been integrated as systematic elements to be assessed by our Board of Directors. Our commitment to sustainability has materialised in a clear commitment to a business strategy that promotes sustainable development in the medium and long term.

Over these past three years, we have consolidated the integration of sustainability into our corporate governance and business decision-making. The Board of Directors oversees and approves decisions and progress on sustainability, delegating executive functions to the Audit and Risk Committee. At its meetings, the results of the period presented by the Management Committee are analysed in order to monitor and define strategies, the progress of activities, matters of relevance to the organisation, risks and opportunities arising from impacts on the economy, the environment and people, the opinion of stakeholders, and, at the request of members, detailed information is provided on all matters deemed relevant. This year, in line with its concern for a progressive approach to the SFDR requirements, and in relation to expectations / materiality of the various topics of interest, ad hoc meetings have been held with PGGM, informing and training on the approaches, methodologies

Main competences



Main responsibilities of the Board of Directors

Maximum authority	Promoting and guiding compliance with the company’s Strategic Plan and Sustainability Plan.
Leadership	Validating and approving policies, strategies and objectives for the company’s different business areas.
Risk Management	Controlling and supervising implementation of the risk-management system for the economy, the environment and employees.
Monitoring, supervision and control	Controlling, monitoring and evaluating the financial performance and he company’s Strategic Plan and budgets.

of dual materiality and progress in the development of requirements of Madrileña Red de Gas to respond to the new GRI and CSRD requirements, which have been very positively valued.

Immersive sessions on sustainability promoted by the Board were held in June and November 2023, where progress and results were presented, and decisions were taken in relation to strategic elements regarding the company’s sustainability, such as: the carbon footprint (including scope 3), MRG’s contribution in relation to fugitive carbon emissions, the Net Zero strategy and its reduction plan, assessment of climate change, as well as responding to the sustainability requirements of our shareholders.

In addition, in the context of the Audit and Risk Committee, the challenges and commitments related to sustainability and our Sustainability Master Plan are monitored, reporting on the progress achieved, as well as presenting proposals to the Board of Directors for formal approval, if necessary.

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

In addition, in 2023, proposals have been presented and analysed within the Board to improve the Board’s performance-evaluation process by way of internal self-evaluation and an external verification to be undertaken in subsequent years.

In this market context, where our shareholders and investor groups seek to invest in sustainable and socially responsible companies, it should be noted that, in 2023, we have improved the average cost of debt, reaffirming

our commitment to sustainability through the loan linked to the score obtained in the GRESB sustainability index, the result of which has been a success for our company and for our shareholders and investor groups, who establish, supervise and set guidelines in the new challenges in terms of sustainability that we have in the short and medium term.

The Board of Directors is an unpaid body, as provided for in the Company’s Articles of Association.

Three control bodies have been established within the Board, the Audit and Risk Committee, the Remuneration Committee and the Committee for the Prevention of Criminal Offences, all of which have specific tasks, on which they report to the Board.

Audit and Risk Committee

The Audit and Risk Committee (ARC), which comprises members of the Board of Directors, the Management Committee and the Head of Risk Management, monitors corporate risks and identifies, analyses and assesses their impact on the economy, the environment and people. In line

Audit and Risks Committee

Name and Surname	Position	Seniority	Staff	Gender	Nationality	Age range
Jan Matthijs Lakerveld	Chairman	0.1	PGGM	M	Dutch	≤50
Alfonso García	Secretary	6.6	MRG	M	Spanish	≤50
Romain Thierry Victor Bruneau	Member	1.6	EDF Invest	M	French	≤50
Simon George Davy	Member	5.6	LPPI	M	English	>50
Alejandro Lafarga Ibrán	Member	6.6	MRG	M	Spanish	>50
Inés Zarauz	Member	5.6	MRG	F	Spanish	≤50
Suyu Wu	Member	0.3	Gingko Tree	M	Chinese	≤50

with the addition of new Board members, two new members have been appointed to our ARC Committee.

At the proposal of the Steering Committee, any threat with potential impacts on the economy, the environment and people may be subject to analysis to determine the likelihood and magnitude of the impact, as well as to define the corresponding mitigation plan.

At Madrileña Red de Gas, we have defined and implemented a process for determining the double materiality of aspects related to sustainability that involves and promotes the participation of interested parties and in which the perception of the organisation’s performance in each of the material aspects is compiled. This sustainability report includes the results of this analysis from a dual materiality perspective, which is endorsed and approved by the Board of Directors.

As set out in our internal rules of procedure, the Audit and Risk Committee reports directly to the Board of Directors and operates in accordance with the rules of procedure, which define its objectives, functions and composition. This committee comprises representatives of the Board of

Directors of each of the four shareholders, several members of the Management Committee and the Risk Management Department.

The contents of the agenda are discussed at regular committee meetings, which are held prior to each Board meeting, and are agreed internally at the beginning of each new financial year.

- The Audit and Risk Committee is responsible for:
- Supervising and controlling processes, channelled through the SIG Committee.
 - Presenting the results of the audit and external verification.
 - Monitoring the effectiveness of the internal control and risk-management system.
 - Follow-up of the criminal offence prevention policy and monitoring the compliance system.
 - Developing and updating the Mission, Vision, Values, Policies, which are subsequently approved by the CEO and presented to the Board of Directors.

Remuneration Committee

Name and Surname	Position	Seniority	Staff	Gender	Nationality	Age range
Simon George Davy	Chairman	3.6	LPPI	M	English	>50
Pedro Mielgo Álvarez	Member	5.6	Consilia Asesores	M	Spanish	>50
María Vázquez Galatas	Secretary	5.6	MRG	F	Spanish	≤50
Kai Chen	Member	0.5	Gingko Tree	M	Chinese	≤50
Jan Matthijs Lakerveld	Member	0.3	PGGM	M	Dutch	≤50
Alexandre Edouard Jean Pierre	Member	0.8	EDF Invest	M	French	≤50

- Developing and monitoring the Sustainability Master Plan.
- Monitoring relevant issues and objectives related to Sustainable Development, as well as the organisation’s due diligence, to address and manage impacts.
- Preparing and presenting the sustainability report, which is presented to, and validated by, the Management Committee and the Board of Directors.

The most recurring matters include monitoring of the corporate risk map (including operational, technological, regulatory, economic, social and environmental risks, as well as those arising from climate change, cybersecurity and reputational risks), the controls and mitigation plans established or proposed, the auditing of accounts, audits of the integrated prevention system, environment, quality and information security, sustainability-related aspects, development and monitoring of the Sustainability Master Plan, ESG scoreboard, adaptation to new sustainability reporting requirements, annual monitoring of the criminal offence prevention policy and monitoring of the compliance

system. The outcome of these activities enables us to issue recommendations to risk management and/or the Board of Directors.

Remuneration Committee

Shareholder involvement in the remuneration of senior executives is carried out via the Remuneration Committee, which comprises the Chairman of the Board and up to four Board members. As with other Committees, given the change of Directors on behalf of our shareholders in 2023, this Committee has also added three new members.

The meetings are attended by the Director General and the Head of HR, except when their own remuneration is under discussion. Senior management is defined as the CEO, whose remuneration is determined annually by the Remuneration Committee. The directorships are non-remunerated, as set out in the Company’s Articles of Association (see above).

The Remuneration Committee determines and recommends to the Board of Directors the remuneration policies and any changes to the terms and conditions of service of the CEO, CFO and any other members of management, as appropriate, or other employees.

It is responsible for all elements of remuneration of MRG Unit Managers, these being:

- Fixed remuneration: the amount paid based on the level of responsibility and career path. It is accrued in any case. Any update is proposed and agreed annually by the Remuneration Committee.
- Variable remuneration: the amount paid on the basis of the objectives achieved within a time horizon of one year. Targets are defined annually by the Remuneration Committee and payment is approved on the basis of performance in the following year. The objectives are aligned with shareholders and society as a whole (part of the objectives are related to different sustainability aspects of the company).
- Recruitment bonuses or recruitment incentive payments.
- Compensation for termination of the contract: this is the monetary compensation that the employee would receive in the event of termination of their contract and is stated in the contract.

- Reimbursements.
- Retirement benefits: A provident scheme set up with the aim of articulating a system of social benefits complementary to those of the public pension system, in the interest of its participants.

The Committee has the duty to agree the principles and structure of the remuneration proposal for all Board and Management Committee members not covered by a Collective Bargaining Agreement (CBA), to think about how to attract, retain and develop talent together with the CEO, and to establish succession plans and review them.

The principles on which retribution is based are:

- long-term value creation.
- attracting, retaining and motivating the best professionals.
- rewarding the level of responsibility and results.
- ensuring internal equity and external competitiveness.
- ensuring equal pay for men and women.

Our remuneration policies for all our employees are in line with good corporate-governance practices, in accordance with the provisions of article 7 of Royal Decree 902/2020, and we have carried out a remuneration audit in accordance with the Equality Plan (2022-2026). The action plan is contained in the Measures section of the Equality Plan, specifically in the “Remuneration” block, and is monitored through follow-up of the Plan (see People chapter).

The Remuneration Committee meets with the appropriate frequency for the correct performance of its functions (at least once or twice a year), although it may increase the

Management Committee

Name and Surname	Position	Seniority	Gender	Age range
Alejandro Lafarga Ibrán	CEO	13.5	M	>50
Inés Zarauz	Financial Director	5.6	F	≤50
María Vázquez	Human Resources Director	6.6	F	≤50
Glen Lancaster	Customer Systems & Operations Director	13.5	M	>50
Rafael Fuentes	Legal Director	13.5	F	>50
Félix Blasco	Network Operations Director	11.6	M	>50
David Ortiz	Expansion Director	7.6	M	≤50

frequency when deemed necessary. The Commission’s proposals are forwarded to the Board of Directors.

In line with our commitment to sustainability, our sustainable financing and the requirements of our shareholders, over the last three years part of the variable remuneration of management and other staff has been linked to our performance in sustainability systems and objectives, such as the GRESB index.

Management Committee

The Management Committee is a body comprising the Managing Director or CEO of the Company and the heads of the six Unit Divisions. The Unit managers oversee people with considerable experience and skills in the main areas of activity of our company, proposing to the Committee the operational and management proposals they consider appropriate or necessary for their respective Units and for the fulfilment of the Strategic Plan, as well as acting as a channel for transmitting the interests, needs and expectations of our stakeholders. The executive decisions of the Management Committee are taken by the Managing Director or CEO of the Company.

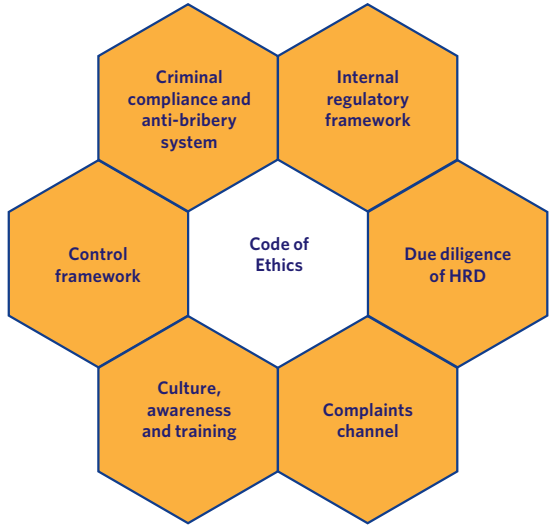
Its main responsibilities are:

- Definition and updating of the Mission, Vision, Values, policies, strategies and objectives, which it transfers to the General Management, in order to comply with the Company’s strategic plan, and monitoring of the same.
- Approval and monitoring of the Sustainability Master Plan, and the objectives related to sustainable development.
- Monitoring the overall performance and specific projects of the Company’s operational and business areas: expansion, customer operations and network operations.
- Overall monitoring of compliance with economic, environmental and social performance targets.
- Participation and involvement with stakeholders within the scope of their competencies, delegating the systematic and periodic identification of interests, needs and expectations carried out by the organisation to the Risk Area.

- Identification of risks and opportunities, assessing impacts on the economy, the environment and people. Definition of risk-mitigation policies and plans, as well as their monitoring.
- Definition of 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 set out throughout the report, according to their area of work or scope.

Compliance system

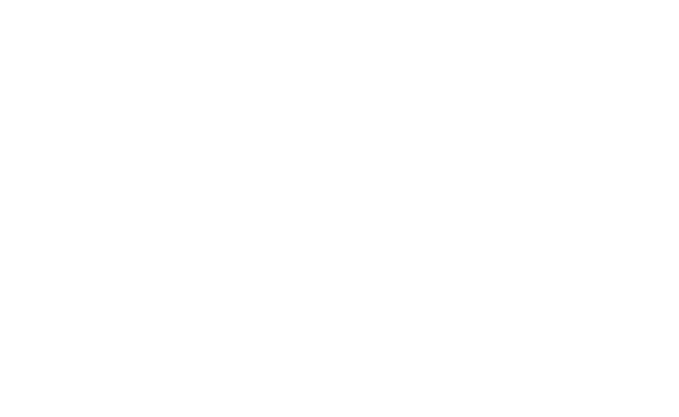


3.3 Ethics and compliance model

The systematic identification of compliance obligations, risk analysis and the implications that these have for the activities, products and services of Madrileña Red de Gas, both for compliance with the strategic plan and for minimising legal and criminal risks, are the driving forces behind the development, implementation and improvement of a solid compliance system and the promotion of a culture of compliance and due diligence.

The legal compliance of the integrated management system is carried out through a systematised process of identification and evaluation of legal requirements, supported by an IT tool. In addition, compliance controls and measures are established through internal regulations, and the risks arising from legal non-compliance are assessed in all areas of the company.

At Madrileña Red de Gas, we provide the tools available to all its members and its supply chain to promote the



highest ethical and compliance standards, respect for current legislation and regulations, as well as zero tolerance towards activities related to corruption or other illicit activities.

In 2023 there were no fines or penalties resulting from legal non-compliance.

The main axes of our Compliance System are described below.

Code of Ethics

Our Code of Ethics provides a guide to the people who make up Madrileña Red de Gas, determining the ethical values, principles and guidelines for conduct that must govern their activity within the company. Madrileña Red de Gas has integrated corporate responsibility into its strategy and positioning as part of our values. We realise that the Company's acceptance and economic success can only be sustainable if it makes an active, credible and tangible contribution to the outcome of the challenges facing our society. Thus, as a means to achieve these results, the Management of Madrileña Red de Gas establishes criteria for good governance of the Company and a Code of Ethics and mandatory policies for all employees. All documents are regularly disseminated and made available online. It is also part of the welcome pack for new employees.

The purpose of our Code of Ethics is to establish the guidelines that will guide the ethical behaviour of all our employees in their daily performance, with regard to their relations and interactions with all their stakeholders, i.e. employees, customers, suppliers and external collaborators, shareholders, public and private institutions and society in general.

The Code of Ethics is addressed to all our staff, irrespective of their position or the place where they work.

The entry into force of Law 2/2023, of 20 February, regulating the protection of persons who report regulatory infringements and the fight against corruption, and the revision of our whistleblowing channel, has led to a revision of our Code of Ethics.

We also promote and encourage our suppliers and collaborating companies to adopt behavioural guidelines consistent with those defined in this Code of Ethics, for which a Supplier Code of Conduct has been developed. The Code of Conduct has been reflected in the new contractual clauses.

The Code of Ethics Committee is the body that oversees compliance with the Code. It is made up of four members appointed by General Management given their experience and knowledge, in addition to the person responsible for the Internal Information System, who will elect the Chairman of the Committee by vote for a two-year period. Its functioning is regulated in the Code of Ethics itself.

The purpose of the Code of Ethics Commission 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 application of the Code of Ethics.

- Facilitate and manage a channel of communication for all employees, suppliers and collaborating companies to carry out consultations or communicate breaches of the Code of Ethics, or any other related information, in good faith and without fear of reprisals.
- To report to the Governing Bodies on the dissemination of, and compliance with, the Code of Ethics, as well as on the activities of the Committee itself, preparing appropriate recommendations or proposals to keep it up to date, improve its content and facilitate the application of those aspects that require special consideration.
- To ensure compliance with the Code of Ethics and, where appropriate, to analyse indications and complaints relating to possible breaches of the Code.

The Commission shall submit its proposals to the CEO for approval.

Internal regulatory framework

The principles underpinning our corporate governance and compliance system are embodied in a set of regulations, policies, rules, standards, manuals and procedures.

Firstly, our by-laws are in line with best practice in corporate governance, setting out the rules of organisation and operation, rules of conduct, and the mechanisms for supervision and control of our governing bodies:

- Articles of association, registered in the Commercial Register, govern the general functioning of the company.
- Rules of Procedure of the Board of Directors
- Rules of Procedure of the Audit and Risk Committee
- Remuneration Committee Rules of Procedure

This Code of Ethics is inspired by the definition of the Mission, Vision and Values of Madrileña Red de Gas, which it complements, and constitutes a model of action to ensure appropriate behaviour in the professional performance of our employees.

Our values are reflected in our Mission, Vision and Values which were reviewed in 2022, validated by the Audit and Risk Committee, and approved by the CEO.

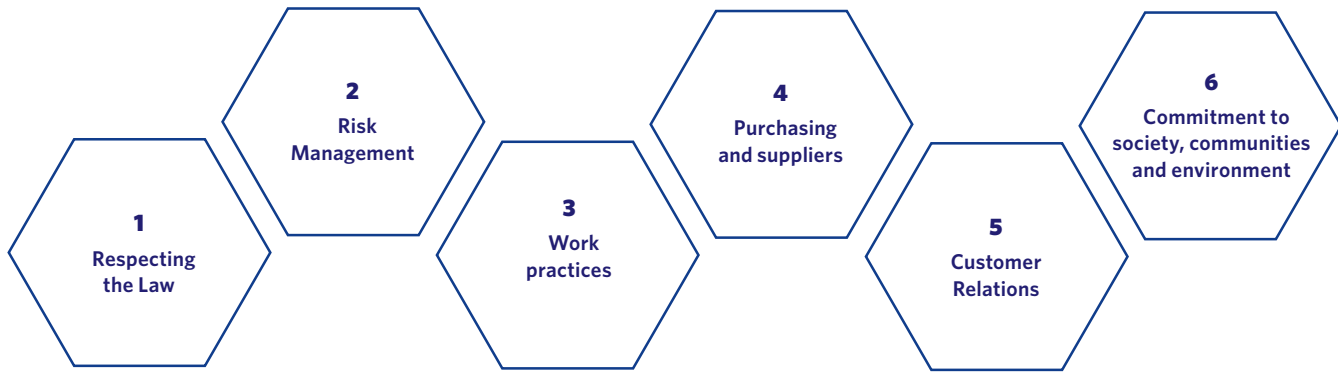
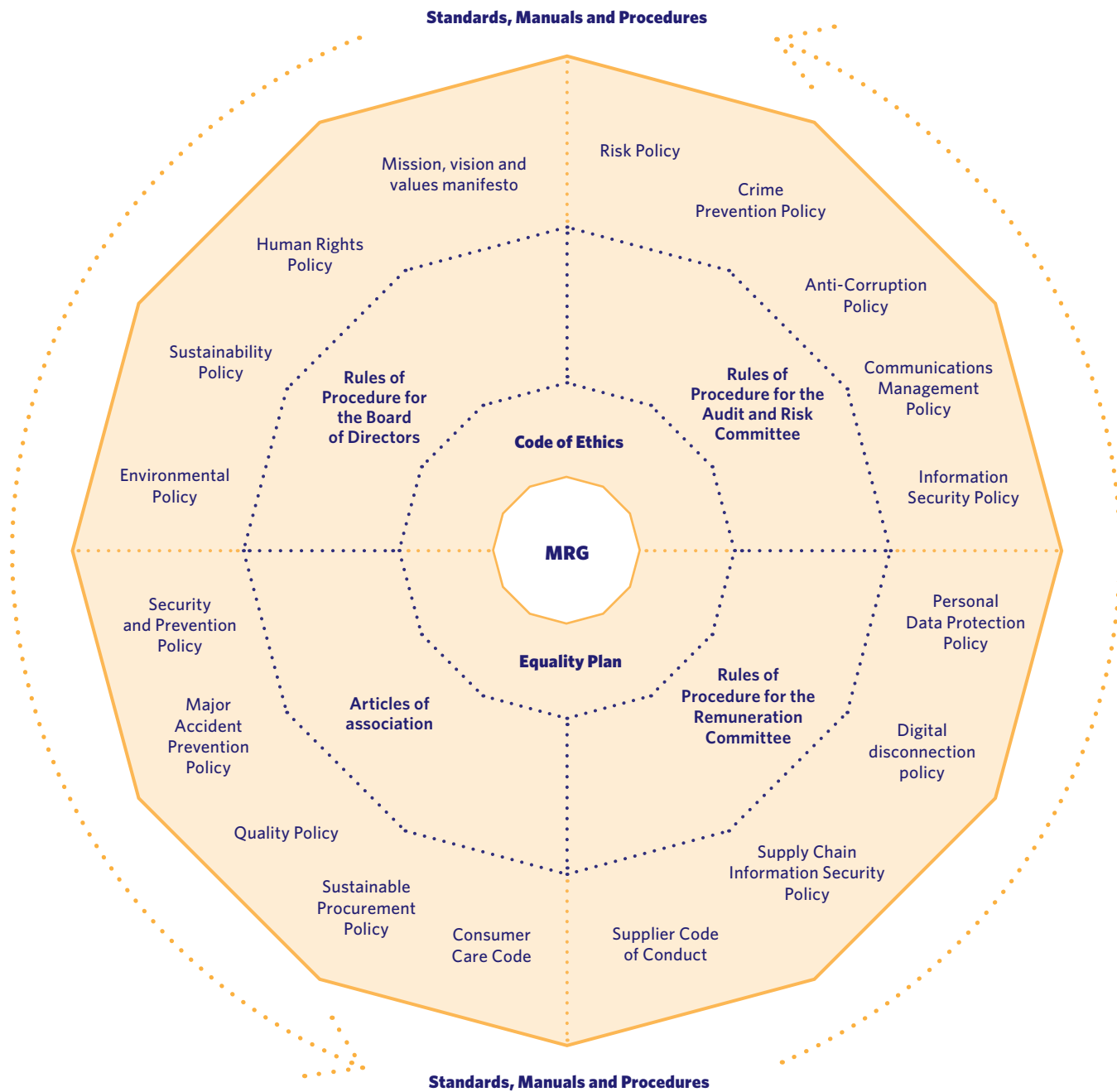
Our policies reflect our values, principles and commitments to correct business conduct, reinforcing our involvement in the short, medium and long term with economic, environmental, social and good-governance sustainability, and also delve into the impacts and risks related to our activity and lay the foundations for an adequate awareness, involvement and management of these, both by employees and shareholders, as well as by our value chain, and govern the relationship with the different stakeholders.

These policies are accessible on the web for all our stakeholders: "<https://madrilena.es/sostenibilidad/>"

These policies are defined by the relevant management, supervised by the Audit and Risk Committee, approved by the Chief Executive Officer and ultimately validated by the Board of Directors to ensure compliance and supervision.

Human Rights Due Diligence

At Madrileña Red de Gas we have developed a Human Rights Policy, as a guiding principle that governs our behaviour and strengthens our commitment to respect and promote Human Rights in all our operations, our value chain and all the communities where we carry out our activity, paying special attention to vulnerable groups. This commitment is extended to suppliers through the Sustainable Procurement Policy and the Code of Conduct for suppliers, as well as contractual specifications on working conditions and legal compliance.



This Due Diligence Policy is based on the following elements, which allow us to assess potential impacts on compliance with the principles of respect for Human Rights.

Our Policy follows the recommendations and rights recognised in:

- The United Nations Universal Declaration of Human Rights
- The United Nations Global Compact
- The United Nations International Covenant on Economic, Social and Cultural Rights
- The United Nations International Covenant on Civil and Political Rights
- The core conventions of the International Labour Organisation (ILO)
- The United Nations Convention on the Elimination of Discrimination Against Women (CEDAW)
- The Guide to the UN Guiding Principles on Business and Human Rights
- The UN Convention on the Rights of the Child

- UN Convention on the Rights of Persons with Disabilities
- The European Directive on Due Diligence of Companies and Corporate Responsibility
- The 2030 Agenda for Sustainable Development.

Our Human Rights Due Diligence Model is based on our risk-management model and our impact analysis in the dual materiality process, where we identify potential impacts on compliance with the principles of respect for Human Rights.

This Model is based on the principles of protection, respect and remediation, aimed at fulfilling the commitments set out in this policy and the behaviours set out in our Code of Ethics. To this end, it has established the following review mechanisms:

- The Board of Directors is responsible for approving and supervising the Company's overall Human Rights strategy, from which this Policy is derived.
- The Risk Manager is responsible for the Human Rights risk assessment, reporting to the Audit and Risk Committee.

- The Audit and Risk Committee is periodically informed about the implementation and performance of this Policy and the Code of Ethics by the whole Organisation, in order to monitor and assess the degree of implementation and effectiveness of the Policy for managing the protection of Human Rights.
- At Madrileña Red de Gas we have implemented communication and whistleblowing channels to ensure that any possible irregularities, including human rights violations or abuses, are dealt with and remedied.

Our policy was approved by the General Meeting in 2022 and applies to all employees, management and the Board of Directors and covers all activities carried out by our company. Compliance is ensured through the evaluation mechanisms of the compliance system.

Given our regulated activity and the geographical environment in which we operate, there is no high risk of non-compliance. However, at Madrileña Red de Gas, we make the tools available to all our stakeholders (see chapter on sustainability strategy), with special emphasis on the working environment of our supply chain and the supply of gas to people made vulnerable by energy poverty, following the regulations in force in this regard.

Criminal and Anti-bribery Compliance System

Criminal compliance system

Within the framework of the Compliance System, and as a result of the risk analysis in Madrileña Red de Gas, we have defined and communicated internally a Criminal Offence Prevention Protocol framing the functional areas and the most sensitive activities where the crimes to be prevented may be committed. Madrileña Red de Gas is committed to

the permanent revision of the protocol based on analysis and control.

To this end, we have a Crime Prevention Committee comprising the Chairman of the Board of Directors, the Chief Executive Officer and the Compliance Officer.

The functions of this Committee can be summarised along the following lines:

- 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 with regard to new developments or as a reminder.

This Committee analyses the actions carried out within the framework of the criminal compliance system, submits the action plans proposed by the Compliance Officer for approval, 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 case of non-compliance or

Crime-prevention committee

Name and Surname	Position	Seniority	Gender	Age range
Pedro Mielgo Álvarez	Chairman	4.6	M	>50
Alejandro Lafarga Ibrán	CEO	4.6	M	>50
María Martín Morente	Compliance Officer Secretary	4.6	F	≤50

specific needs, an ad hoc meeting is convened to discuss the issue in question, to assess the matter and to propose a solution.

The organisational processes corresponding to the more operational part of the company are, in turn, defined by the company’s Management Committee and communicated to the Board of Directors insofar as there may be a relevant change.

The discussions in the Crime-Prevention Committee are passed on to the Audit and Risk Committee and the latter, in turn, to the Board of Directors, which takes note of all impacts. All matters discussed in the Committees, as well as any additional issues that have arisen, are reported and communicated to the Board of Directors for information. With this system of delegation, all impacts that may affect the company in all areas are efficiently managed. At this annual meeting, an assessment is made of the actions carried out within the framework of the compliance system, 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 are submitted for approval. In case of non-

compliance or specific needs, an ad hoc meeting is convened to deal with the matter in question, to assess it and to propose a solution.

Preventing corruption and fraud

At Madrileña Red de Gas, we are firmly committed to fighting corruption in all its forms, and to developing specific practices to prevent it. To this end, we have established an Anti-Corruption Policy. In this regard, we declare our public commitment not to influence the will of persons outside the Company to obtain any benefit through the use of unethical practices, and no employee or professional of our company may accept or make, directly or indirectly, payments, gifts or compensation of any kind in an attempt to improperly influence their business, professional or administrative relationships, whether with public or private entities.

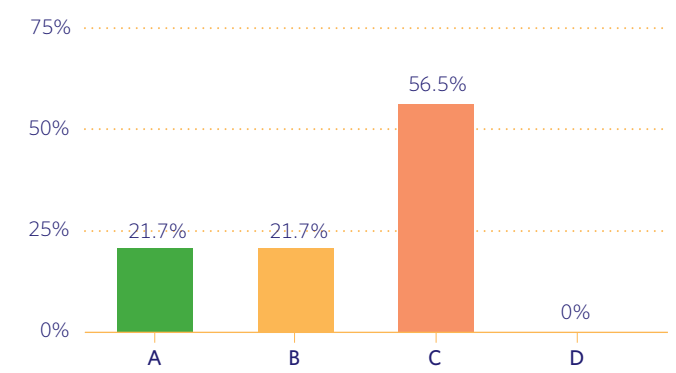
The risks associated with any criminal activity within our organisation, including the crime of corruption, fraud or conflict of interest, is overseen by the Board of Directors via the Audit and Risk Committee, which helps to prevent or mitigate such risk to the maximum extent possible. No cases of corruption have been detected to date.

Which frameworks of interest are to be analysed?	What is the breakdown?	How is it interpreted?
Legal Risk	Overall status of the company	This is the rating obtained by your company based on its internal information and information from public sources from the various supervisory bodies.
Criminal Risk	Threat	Probability of being inspected and sanctioned by the control body.
	Vulnerability	Degree of implementation of measures that avoid or mitigate the impact of an inspection.

Valuation types and implications

A	B	C	D
Low Risk The measures implemented are sufficiently effective to mitigate the current threat.	Medium Risk There are significant threats that need to be reviewed and additional measures should be added to avoid their potential impact.	High Risk The high likelihood of significant impacts requires immediate mitigation actions to avoid non-compliance and/or financial losses.	Very high risk The measures in place are insufficient to prevent the current high degree of probability of non-compliance and/or financial loss.

Supplier criminal risk (%)



Board members must inform the Board of Directors and the Company itself if they detect a conflict of interest. This communication is documented and included in the Company’s annual report. Likewise, as established in the Spanish 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 procedure for exemption in one-off cases, which will be carried out, depending on the case, by the Board itself or, in this case, by the sole shareholder.

No non-compliance has been detected for criminal risks or risks associated with internal and external corruption in 2023.

In addition, criminal clauses on legislative compliance and criminal liability are included in all contracts with suppliers and contractors. These contracts require compliance with legislation at all levels: labour (Occupational Risk Prevention, contributions, compulsory training for the activity, etc.) and business (compliance with the tax authorities, accreditations of activity, etc.).

Monitoring of the ESG performance of our suppliers through the supplier pre-qualification portal, and following our own risk methodology, allows us to assess the current status of our partner companies in different regulatory frameworks, and specifically in the legal and criminal fields.

In the 2023 assessment, 57% of our suppliers were rated as high criminal risk and 0% as very high risk, but only one supplier was rated as critical. “

No non-compliance associated with corruption has been detected in our partners and collaborators in 2023.

Complaints channel

Since implementation of the Crime-Prevention Protocol in 2015, MRG has had a Whistle-blower Channel that guarantees the anonymity and indemnity of whistle-blowers, as well as investigation of the acts that may be reported via said channel.

With the entry into force of Law 2/2023, of 20 February, regulating the protection of persons who report regulatory infringements and the fight against corruption, all companies with more than 50 employees are obliged to implement an Internal Reporting System and, therefore, to have a reporting channel.

The aim of this internal information channel is to establish a means by way of which members of the Company, and third parties outside the Company, can communicate information regarding possible irregularities that may occur within the Company and manage the internal investigation processes arising from same.

MRG’s internal information system guarantees compliance with the provisions contained in art. 5.2 of Law 2/2023, given that:

- It allows all persons referred to in Article 3 to communicate information on the infringements referred to in Article 2.
- It is designed, established and managed in a secure manner, so as to guarantee the confidentiality of the identity of the informant and of any third party mentioned in the communication, and of the actions carried out in the management and processing of the same, as well as data protection, preventing access by unauthorised personnel.
- It allows communications to be submitted in writing or orally, or both.
- It incorporates the internal information channel, which Madrileña Red de Gas RG has had since 2015.
- It ensures that the communications submitted can be dealt with effectively within the company, with the objective that the first to know about the possible irregularity is the company itself.

- It is separate and distinct from the internal information systems of other entities or bodies.
- It has a system manager, as provided for in Article 8.
- It has a policy setting out the general principles of internal information systems and whistle-blower protection, which will be duly publicised within the company. This policy is the “Irregularity Reporting Policy” document.
- It has a procedure for managing the information received. This procedure is contained in the “Irregularity Reporting Procedure” document.
- It establishes the necessary guarantees for the protection of whistle-blowers within the company itself, respecting, in all cases, the provisions of Article 9 of Law 2/2023.

This project was presented to the Board of Directors by the Compliance Officer and was approved as an action plan

Number of complaints received via the channel

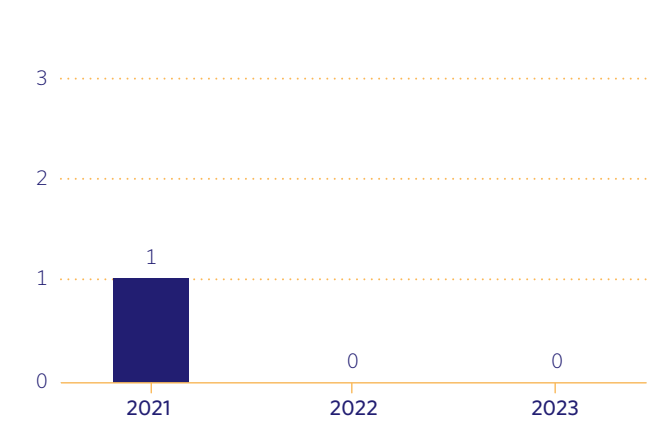
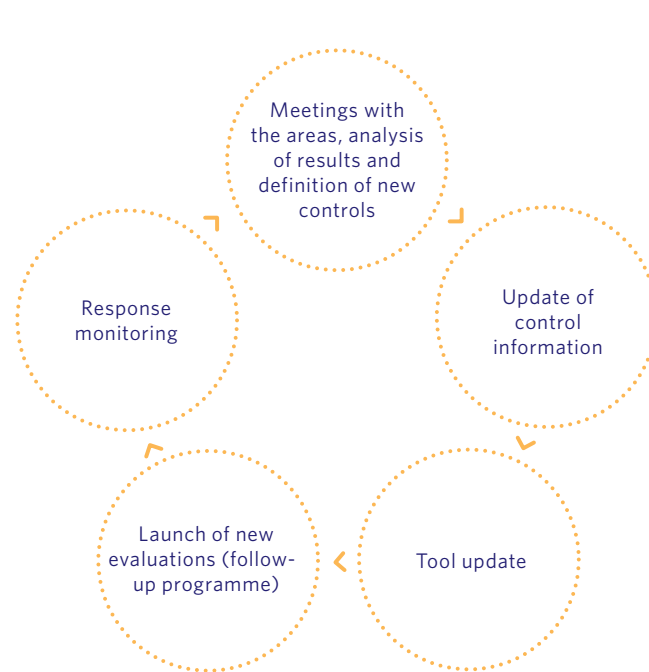


Diagram - Control Framework



for the year 2023. On 30 November 2023, all policies, the aforementioned procedure and the consequent update of the Code of Ethics, were finally approved by the Board of Directors, after mandatory consultation with the Company’s Works Council on 22 November 2023.

This channel is available on the internet (<https://www.canaldedenuncias.com/es/madrilena>). In 2023, it was available and operational 100% of the time.

Complaints received via the Whistleblowing Channel are discussed and analysed by the Code of Ethics Committee and distributed to the relevant area, with the agreed considerations, according to their content.

There have been no significant cases of non-compliance with laws and regulations and no fines have been paid during the reporting period.

During the past year, no complaints have been registered via the whistleblowing channel regarding possible cases of corruption or the Code of Ethics. Furthermore, our company has not been investigated or convicted by any court of law for non-compliance in corruption-related cases, as in previous years.

In 2023, we received four queries or complaints via the channel related to the company’s normal operations, which were channelled through the appropriate channel for management. As none of them were linked to the compliance system, they were not categorised as complaints.

Control framework

Monitoring and evaluation of the compliance programme is carried out on an ongoing basis while activities are being carried out, thus providing a reasonable level of assurance.

The control monitoring activity has been delegated from the Risk function to the executors and controllers.

During 2023, an assessment of the state of compliance in the organisation was again carried out, analysing its degree of implementation and effectiveness, in order to analyse and understand the compliance iand control measures implemented, and to prevent and detect criminal risks. Assessments of controls have been managed through the specific compliance risk management tool, which allows the submission of assessments for control implementers and owners.

The specific scope of the supervisory activity includes a list of infringements that may have an impact on Madrileña Red de Gas.

Level of coverage of assessments

Control assessments are managed using specific Compliance Risk Management software, thus allowing the submission of assessments for control implementers and owners.

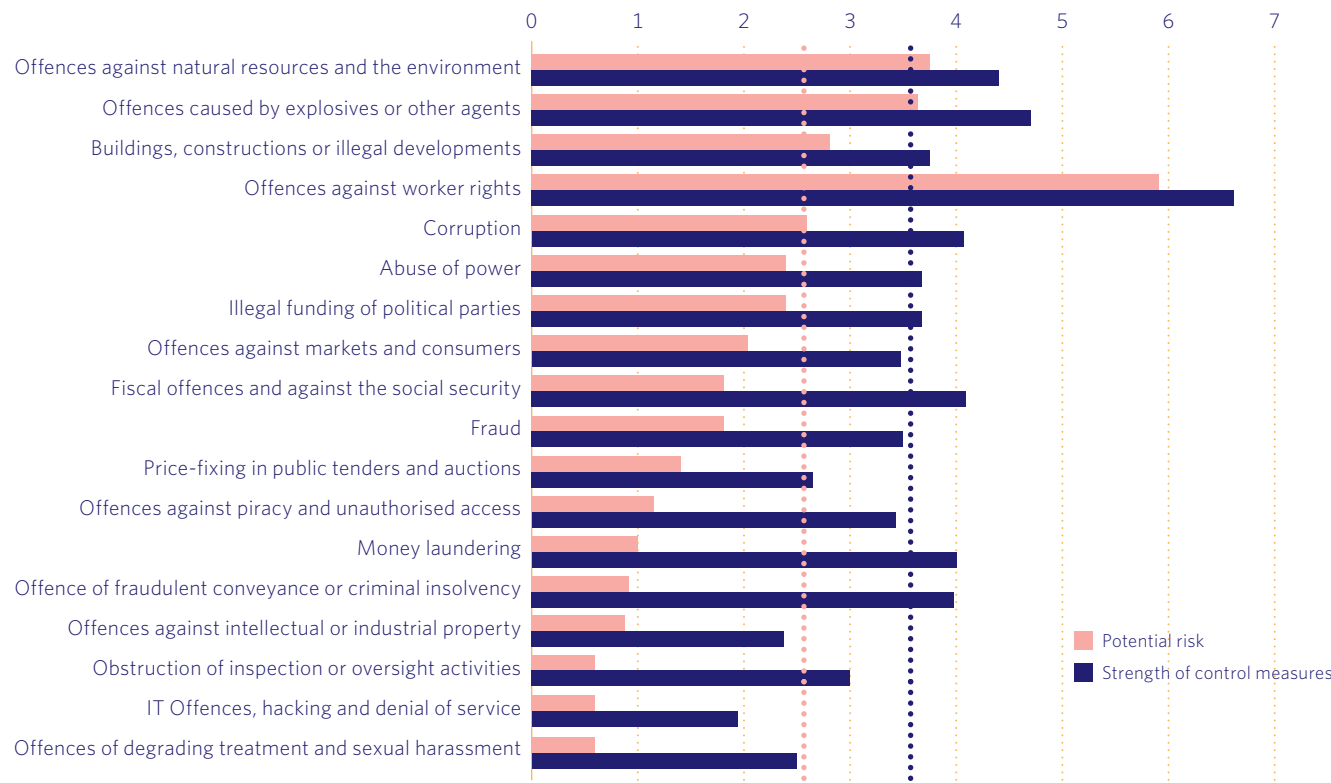
For each assessment, the system asks control implementers and control owners to attach the established requirements, evidence for each control and to answer specific questions on control design and effectiveness, as well as to report possible control issues.

The fact that all 124 control assessment processes initiated in the system have been fully completed is a continuation of the improvement achieved over the last three years as the compliance assessment coverage target has been met.

Likewise, over the past three years, 100% compliance and optimal adequacy of risk-management controls has been maintained in all processes, and no inadequate or partially adequate controls have been identified.

List of infringements that may have an impact on Madrileña Red de Gas

- Crimes against natural resources and the environment (Articles 325 to 328 Criminal Code).
- Offences caused by explosives and other agents (Article 348 CC).
- Illegal building, development or construction (Article 319 CC).
- Offences against workers' rights (Articles 311 to 318 CC).
- Corruption (Articles 286a and 286 CC).
- Criminal abuse of power (Articles 429-430 Criminal Code) and bribery (Articles 419-427 Criminal Code).
- Illegal financing of political parties (Articles 304 bis and 304 ter CC).
- Offences against markets and consumers (Articles 278 to 286 of the Criminal Code).
- Tax and social-security offences (Articles 305 to 310a of the CC).
- Fraud (Articles 248 to 25a of the CC).
- Price fixing in public tenders and auctions (Article 262 CC).
- Crimes against privacy and unauthorised access (Article 197 CC).
- Money laundering (Articles 301 and 302 CC).
- Frustration of execution (Articles 277 to 258 ter. CC)
- Punishable insolvency (Articles 259 to 261a of the CC).
- Offences against intellectual and industrial property (Articles 270 to 277 and 288 of the CC).
- Obstruction of inspection or supervision activities (Article 294 CC).
- Information systems offences, hacking and denial of service (Articles 264 Criminal Code).
- Crime of degrading treatment and crime of sexual harassment (Articles 173 and 184 CC).



Update of the compliance risk assessment

The assessment of compliance risk related to the offences included in the Company’s risk map has been updated to reflect our current exposure to the risk of verification of behaviour and conduct that may involve a breach of the corresponding regulations and which may entail liability for Madrileña Red de Gas.

The assessment of the potential risk of infringement for all possible offences has been carried out by estimating the likelihood and potential impact of the verification of non-compliant behaviour and conduct. The combination of probability and impact together make up the potential risk of crime.

The results of the assessment process define the potential risk of violation, as updated in the system.

As a result of the analysis carried out, the following points should be highlighted:

- The strength of all control measures outweighs the potential risks, which is very positive.
- With regard to “Infringements against workers’ rights”, which represents one of the most relevant potential risks for Madrileña Red de Gas, the improvement of controls has increased so positively that the gap existing in recent years between the potential risk and the strength of the control has disappeared.

This improvement was achieved in 2021 and continued in 2022 and 2023, mainly due to the work done with implementers and controllers to better define each control to increase its robustness and, in particular:

- Ensure full compliance with current health and safety legislation.
- Guarantee safe and healthy working conditions.
- Implement a sustained process of evaluation and improvement via audit processes:
 - Internal and external audits for the maintenance of ISO 45001 certification relating to Occupational Risk Prevention.
 - The voluntary and extraordinary audit on Occupational Risk Prevention provided for in Royal Decree 39/1997, of 17 January, which was carried out in September 2021 and is scheduled to be carried out again in 2024 (on a triennial basis).

Update of Risk Matrix and compliance controls:

- The Crime of degrading treatment and crime of sexual harassment were included for the first time in 2022, as established in current legislation (Organic Law 10 /2022 on the integral guarantee of sexual freedom) regulating the duties of prevention and awareness in the workplace. As a result, and as part of the “Equality Plan”, a protocol for action in the event of sexual harassment and other behaviours has been negotiated and approved between the Company (HR) and the Workers’ Representatives and, consequently, new controls have been included in the Compliance Risk Management tool to prevent the commission of this type of offence and behaviour against sexual freedom and integrity.

- New controls have been included in accordance with legislation, and internal policies (Equality Plan) have been approved to promote working conditions that prevent the commission of crimes and other offences in the workplace.
- It should be noted that, in order to promote an adequate framework of protection for workers against the occupational risks associated with potential situations of harassment and violence in the workplace, we have had a specific procedure in place since March 2013. Our Code of Ethics strongly condemns this type of conduct, and compliance with the principles and values set out therein is mandatory. We have adequately designed the company organisation according to the general recommendations for the prevention of psychosocial risks. We also carry out training and information activities on the prevention of psychosocial risks and conflict resolution, especially aimed at team leaders, so that they can recognise and tackle possible conflicts at their source. During 2023 we had no cases of harassment and violence in the workplace.
- A new compliance training programme for all employees is also scheduled to be implemented in 2024.

The information and actions to be taken from this process were assessed by the Audit and Risk Committee, as well as by the Board of Directors, at the March 2023 meeting, as discussed in the Governance, Ethics and Compliance chapter.

Compliance, awareness and training culture

During the year 2023, we have implemented an Annual awareness and training plan on the culture of compliance through different communication actions, including the whistleblowing system, dissemination of learning and information pills on key aspects of the Compliance System. It

is very important for the Madrileña Red de Gas compliance team that all employees are aware of the whistleblowing system, and this requires continuous communication. New employees, for example, are informed about the whistleblowing system at the welcome session, and there are also regular information campaigns (e.g. emails, posters) throughout the year.

Anti-corruption policies and procedures: communication and training

- The 123 employees of Madrileña Red de Gas (100% of the workforce) are informed of the anti-corruption policies and procedures, crime-prevention policy, code of ethics and disciplinary system at the time of their implementation, which is periodically reinforced.
- The Criminal Offences Committee, as the body responsible for approving the crime-prevention and anti-corruption policies, the crime-prevention protocol, the annual compliance review report and the annual action plans with the needs detected, among others, is also responsible for the deployment, where

appropriate, of general and specific training actions on the prevention of criminal offences, aimed at the executive governing bodies of our company (General Manager, Area Managers and Department Heads), as well as the rest of our employees, since the objective of compliance training is to ensure that all employees and all executive governing bodies of the company fulfil their role and job in a manner consistent with the organisation's compliance culture, in accordance with the criteria approved by the Board of Directors.

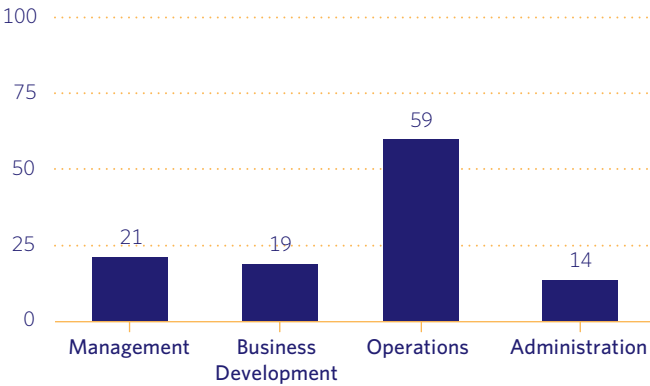
- In addition to being trained in Good Governance Practices (see Board competency assessment charts), Board members are systematically informed at meetings of the Audit and Risk Committee of the policies, the compliance risk assessment and the annual review of the system. The new members who joined in the last quarter of the year have participated in the information in the meeting held in the last quarter of 2023, as discussed in the Governance, ethics and compliance chapter.

The following specific training was provided in 2023:

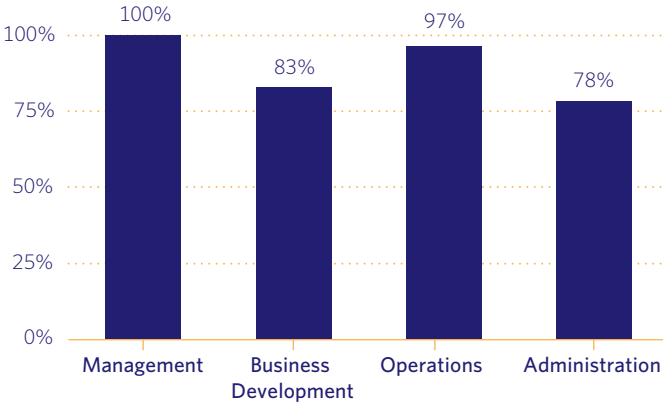
- Basic compliance training: basic training on prevention of criminal offences provided to all staff regardless of their professional category and hierarchical level, which is currently provided on joining the company as part of the induction plan. The course lasts one hour and is given online. The effectiveness of the training is recorded by passing a questionnaire on the knowledge acquired. In 2023, this training was given to two people (1.6% of staff) not belonging to the Management Committee.
- Criminal compliance training. In 2023, an external reinforcement and refresher course on the Prevention of Criminal Offences was held

Compliance training in 2023

Persons by employment category (total no.)

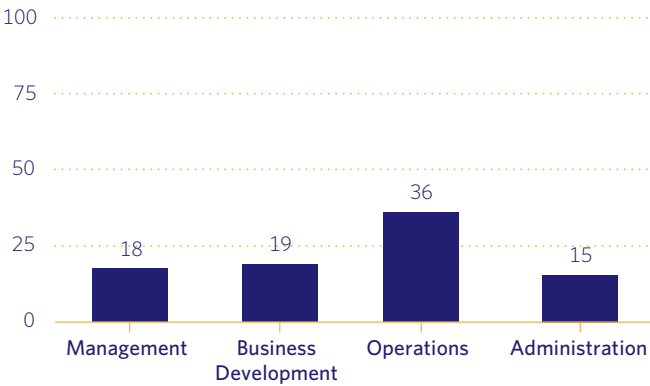


Persons by employment category (%)

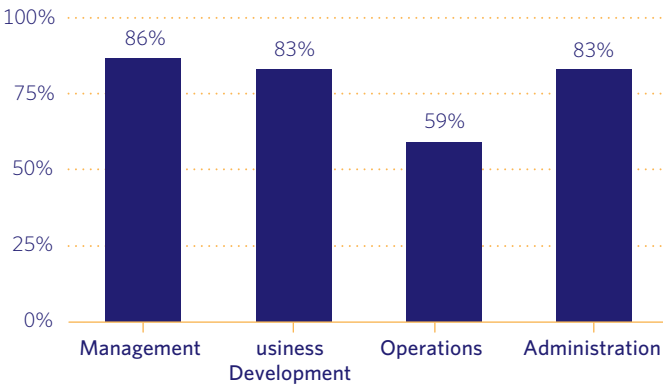


Sexual Harassment Protocol Training

Persons by employment category (total no.)



Persons by employment category (%)



for 91.9% of staff (113 people)((los números y porcentajes no cuadran. Si dos personas son 2%, 113 personas no pueden ser 92%)). The course was delivered online and the effectiveness of the training was recorded by completing a questionnaire on the knowledge acquired. It is worth noting that 100% of management completed this course.

- Training on the new Sexual Harassment Prevention Protocol: this year we trained 88 people (72% of the staff), during the month of November 2023, for one hour online; this is planned for remaining staff in 2024.
- Reinforcement of communication at team days throughout the year.

Similarly, all suppliers and contractors are informed and required to comply with the law at all levels, through the clauses on legal compliance and criminal liability.

3.4 Transparency and communication

As part of our commitment to transparency and accountability, we aim to build a framework of trust with our stakeholders by strengthening and maximising the established channels of communication, ensuring transparency in relations, and sharing accurate, appropriate, relevant, clear and useful information, without undermining the integrity of the information given as part of our regulated activity.

Shareholder relations are conducted through the Shareholders’ Meeting and through the Board of Directors, and in non-systematic meetings where their concerns, interests and needs are conveyed and used as a vehicle to

communicate and evaluate the deployment of our strategy and the company’s performance. It should be noted that, during 2023, meetings were held outside the regularly established framework, mainly aligned with PGGM’s requirements on sustainability.

In addition, we have an investor website, where relevant information in English for debt investors, other financial creditors and financial analysts, ranging from details of debt financing and credit ratings to our financial results, sustainability reports or links to key regulatory institutions, as well as a direct online channel to our organisation, can be found. On the other hand, during the process of the company’s dual materiality analysis, these bodies were invited to participate by channelling their opinions and interests.

In 2023, we have strengthened the communication content of the Madrileña Red de Gas website for all our stakeholders. Thus, the sustainability website (<https://madrilena.es/sostenibilidad/>) has been updated and enhanced, disseminating our commitment and regulatory framework in terms of sustainability (policies, code of ethics, etc.). As a relevant event this year, dissemination of the sustainability performance for the previous year (2022), which summarises the company’s main ESG indicators, can be highlighted.

In addition, we publish our Sustainability Report according to the “Global Reporting Initiative - GRI (en)” standard, which contains all the most relevant information on the company’s non-financial matters, including that relating to the new specific requirements for companies in the oil and gas sector, and which complements the information contained in the Annual Report, on this website

annually. The sustainability report has been verified by an independent third party.

Concerns about business conduct are also addressed through our whistleblowing channel.

In addition, and in line with our commitment to sustainability, we respond to the interests, needs and expectations of our stakeholders by way of their participation in the analysis of material issues and the satisfaction surveys that are systematically carried out with our main stakeholders. We also disseminate our performance and practice of socially responsible policies through the publication of financial and non-financial information, as well as sustainability assessments and external ratings by accredited bodies.

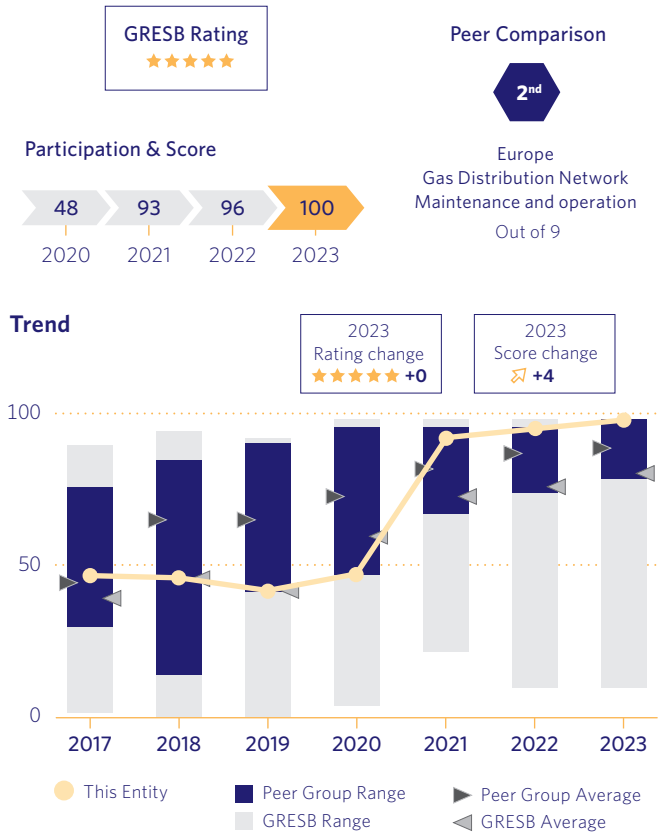
Another channel of communication and dissemination to all our stakeholders, and in particular to opinion leaders, is the website press room, and our active participation in social networks (LinkedIn, Facebook, WhatsApp groups...) where, in addition to responding to the needs and expectations of our stakeholders, we disseminate news on the company’s progress, energy transition, renewable gases, relevant projects and initiatives, recommendations for our customers, etc.

On the other hand, our communication channels and spaces for dialogue with our stakeholders allow them to raise complaints, advice and concerns about our business conduct and the impact of our activities, such as, for example, dialogue with communities to improve social licence, the call centre and virtual office, the intranet, the irregularities channel or the whistleblowing channel for any legal or due diligence non-compliance. The mechanisms regulating these channels are reflected in the corresponding chapters of this report.

**Our Commitment
to Sustainability**

4

2023 GRESB Infrastructure Asset Benchmark Report



4.1 Main milestones in 2023

Every year, Madrileña Red de Gas makes progress in our commitment to sustainable development. An important cause for celebration in 2023 was the successful assessment against the GRESB Infrastructure Sustainability Index. Indeed, for the first time, we obtained a maximum score of 100 points. It gives us great pleasure to see how our efforts have been valued so positively; it seemed difficult to improve the international benchmarking scores, given the excellent results of the last few years, but the work and commitment of the Company was once again understood and valued in GRESB’s annual evaluation.

Since the first assessments against GRESB, Madrileña Red de Gas has seen the criteria of the Index as an opportunity to make progress in the continuous improvement of sustainability issues. This effort to improve has made it possible to achieve the maximum “five star” rating for the third consecutive year. Indeed, we remain in second place at a European level in this international benchmarking and are leaders in Spain.

Year after year we have matured as an organisation in terms of integrating sustainability into our business strategy. The entire organisation has worked to understand and incorporate sustainability concepts into business processes and plans, and the elaboration and deployment of the Sustainability Master Plan is clear evidence of this effort.

During 2022, we undertook a major materiality review incorporating the dual perspective, thereby adding the risks and opportunities that sustainability issues could pose to the business to the analysis of our impacts on the environment and stakeholders. As a result of the analysis, we began to draw up a Sustainability Master Plan. In 2023, thanks to new publications from EFRAG (European Financial Reporting Advisory Group) on the methodology of double materiality, and the drafts to which we had access on the criteria of the rules of the new CSRD (EU Directive 2022/2464 on Sustainability Reporting), we adjusted our methodology for assessing and prioritising material issues, reinforcing the assessment of financial relevance with the opinion of stakeholders in the financial environment (Banking, Shareholders and Insurance Companies) and defining how to set the cut-off thresholds in the prioritisation stage more clearly. In order to systematise the process, we drew up and approved a Management System procedure that includes the methodology for determining materiality in Madrileña Red de Gas.

In this regard, in 2023 we carried out a small review of materiality, in line with the procedure, and we took the opportunity to simplify the list of relevant topics on which to apply the assessment and prioritisation methodology. This simplification had become increasingly necessary when addressing our Sustainability Master Plan. In point 3.2. Material Issues, we detail the changes made and the results of the review.

As a result of our 2022 materiality analysis and its application to the 2023 review, a key milestone has been the definition of our 2023–2026 Sustainability Master Plan. The deployment thereof will be completed by 2024, although 44 actions have already been launched in 2023, of which 86% were completed during the year and 14% are in progress. More information on our Master Plan is provided in section 3.3. of this chapter.

Other notable milestones this year in addressing our sustainability strategy have included:

- The updating of our Corporate Responsibility Policy by defining a Sustainability Policy (accessible on our website), which aims to integrate all the policies and management frameworks in the field of sustainable development by which we are governed, pointing out the role of the governing bodies and reinforcing our commitment to our stakeholders and to the seven principles of social responsibility, internationally recognised in the ISO 26000 guide to Social Responsibility.
- Although the Audit and Risk Committee was previously the Governance Body that had assumed responsibility for steering the sustainability strategy and acted as a transmitter to the Board of Directors, in 2023 we organised these functions and formally defined our management systems.
- We continue to work towards integrating the requirements of the ISO 26000 and IQNet SR10

standards into our management system. In this regard, we would like to highlight the update of our Integrated Management System Manual, as well as the start of the review of the strategic risk analysis process.

- Finally, although already mentioned in chapter 2, this year we have updated our Code of Ethics, incorporating the response to new legal requirements and reinforcing our commitment to Human Rights throughout the value chain.

4.2 Materiality matrix review

As mentioned in the previous section, during 2023 we carried out a small revision of the material topics, adapting the prioritisation to the methodological changes included in the procedure, and grouping relevant topics for which a level of disaggregation that added difficulties both in the prioritisation process and when it came to managing them had been identified in 2022.

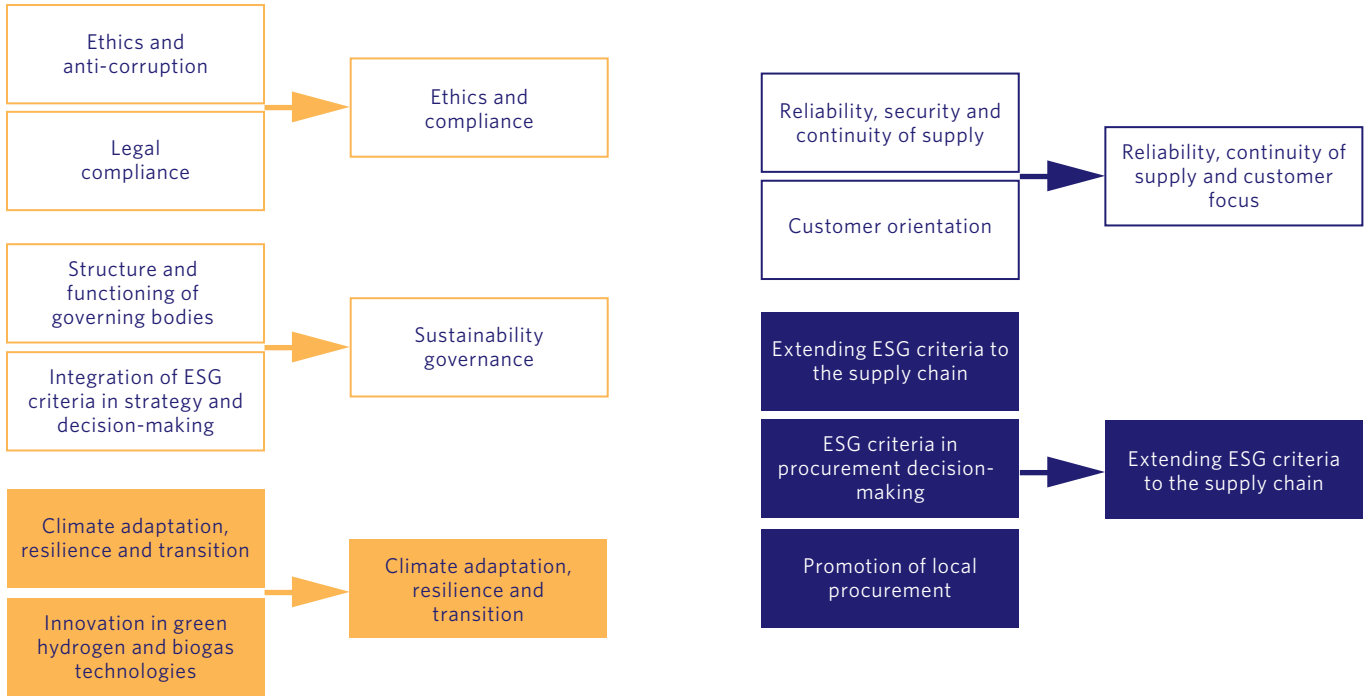
The following diagram shows the groupings we made on the list of relevant topics, indicating the 2022 topics that have been grouped under a single relevant topic in 2023.

The identification of potential impacts, risks and opportunities that had been made for each topic remains in each grouping, although duplications are eliminated and their understanding and assessment is simplified.

In some areas the reason for simplification is obvious, but in others we would like to clarify the reasons for the decision.

- Innovation in green hydrogen and biogas technologies is the cornerstone on which we base the risks and opportunities of the energy transition in our company as a distributor of natural gas.
- Access to energy, which we see as our best chance of making a positive impact on society, requires a clear customer focus.

Simplification of relevant issues in 2023



- Finally, we note the elimination of process digitalisation as a relevant topic. This is not currently a challenge given the level of maturity of digitalisation in the company, beyond the cybersecurity risks associated with digitalisation, a risk that we do consider and have included in the list of relevant issues.

With respect to the topics indicated by the thematic proposal of the Sector standard GRI 11: Oil and Gas Sector, 2021, most of these have been included in the structured list of relevant issues, which can be found in the detailed table “Description of relevant issues and topics” in this chapter.

As in 2022, three issues proposed by the Sector GRI are still not considered relevant for Madrileña Red de Gas:

- GRI 11.17: Rights of indigenous peoples. Given that Madrileña Red de Gas operates only in the Autonomous Community of Madrid, where even its suppliers are mainly local, we consider that there can be no material impact.
- GRI 11.19: Unfair competition. Madrileña Red de Gas is a regulated business, therefore unfair competition would be directly linked to corruption.
- GRI 11.21: Payments to governments. Considering the regulations that apply to Madrileña Red de Gas

in Spain, we would again be talking strictly about corruption.

- GRI 11.22: Public Policy. Spanish legislation does not allow direct promotion of public policies by private companies. As in the two previous requirements, this would be a case of corruption.

We did not conduct any new interviews in 2023 as the previous process was very recent and the review we were conducting was very small.

As regards the methodological change when considering the opinion of stakeholders from the financial environment for the evaluation of the issues from the perspective of Madrileña Red de Gas, we separated the information available from the 2022 surveys on the basis of this criterion.

With regard to the grouping of certain relevant issues, as indicated above, we have assessed the impact, risks and opportunities, considering the new list, and applying the criteria set out in the methodology. To capture stakeholder opinion, given that we have not conducted any new surveys this year, we have considered the most conservative values of the grouped elements, such that if an issue in 2023 groups two issues from 2022, the importance given by the stakeholders will be considered the higher importance among the issues from 2022, and in terms of performance the more unfavourable of the two.

We plan to conduct a new in-depth materiality analysis in 2025, again engaging with stakeholders through a process of in-depth interviews and surveys, beyond the usual contact we have through our processes and services.

Another change in our methodology has been the establishment of thresholds to determine the relative and overall priority after the assessment, considering the quartile method, and the second quartile in particular.

Assessment and prioritisation methodology

In the assessment and prioritisation methodology, we clearly take into account the criteria set by GRI when looking at the impacts that MRG can cause—both positive and negative, real or potential, direct or indirect—considering the entire value chain, towards the environment and stakeholders.

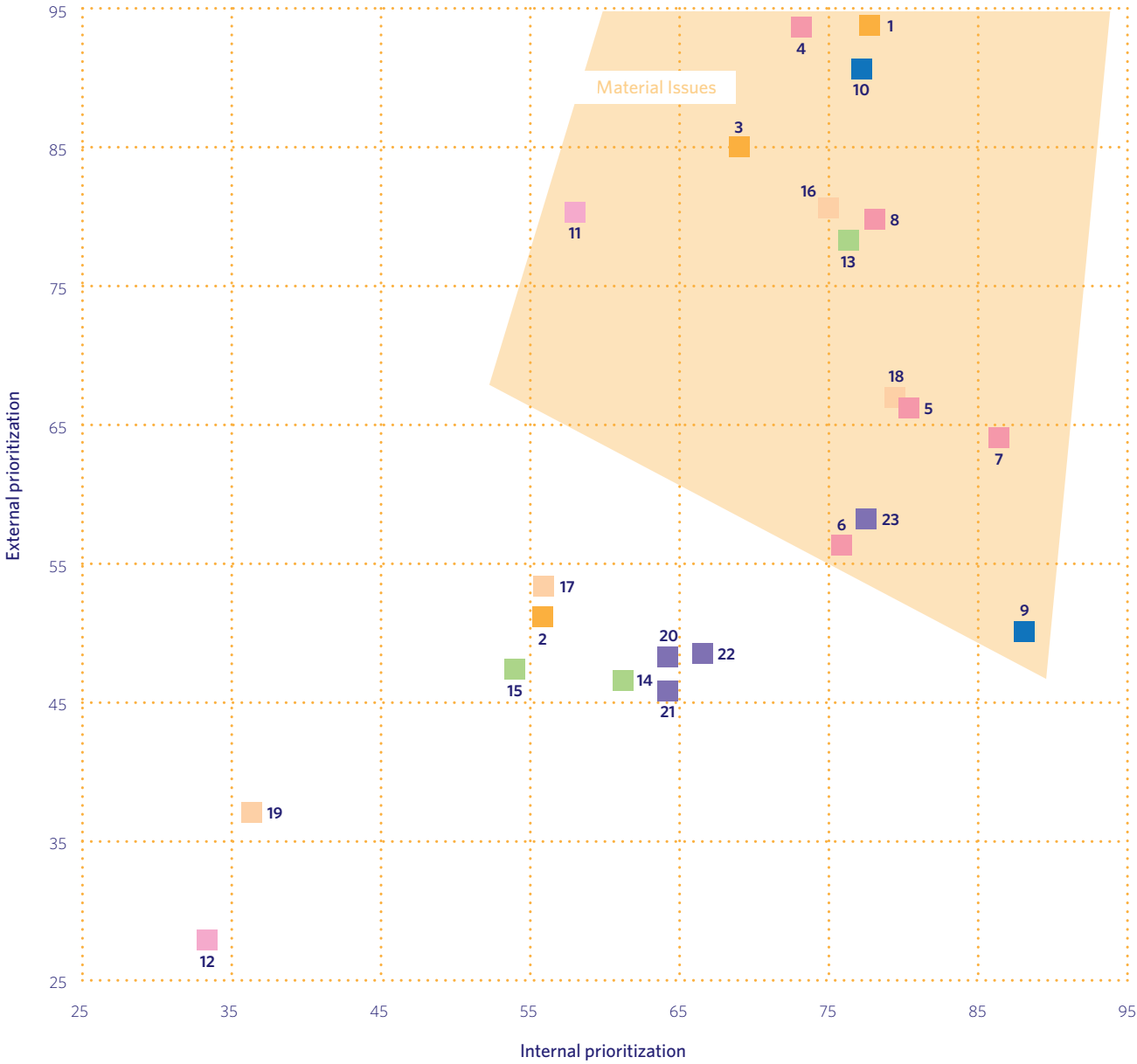
- The importance of the impact is obtained based on the severity of negative impacts, or the benefit of positive impacts, multiplied by the probability. To do this, we established criteria that allow us to assess the severity or benefit in terms of scale, scope (on people, the community and the environment), remediability and temporality, harm or benefit, depending on whether we are talking about negative or positive impacts.
- In order to prioritise, we added the information obtained through stakeholder interviews to our impact assessment, considering both the groups’ assessment of priority and performance on each of the proposed topics and their contributions to clearly defining and understanding the material issues.

Regarding the approach, from outside MRG or financial materiality, we analyse the potential risks or opportunities on the Organisation, considering:

- The degree of opportunity to act on the issue (costs vs. benefits).
- The impact on our ability to deliver the Strategic Plan and on our risk management.
- To this assessment, we added the opinion of all MRG Organisational Units as well as Trade Union Officers on the priority of issues for MRG and performance, and the assessment of stakeholders in the financial environment (shareholders, banks and insurance companies) obtained from the interviews.

Below we present the result of the materiality update process carried out through our materiality matrix.

Materiality matrix		
Subjects	List of relevant topics	
Good governance, ethics and transparency	Ethics and anti-corruption	1
	Transparency and communication	2
	Sustainability governance	3
Risk Management	Adaptation to climate, resilience and transition	4
	Integration of ESG criteria into strategy and decision making	5
	Cybersecurity	6
	Economic, financial and fiscal risks	7
	Regulatory risks	8
Business Development	Creation of economic and financial value for shareholders	9
	Development and extension of the distribution network	10
Supply chain	Extension of ESG criteria to supply chain	11
	Impact on suppliers due to the closure and transformation of installations	12
Environmental impact	Emissions, pollution and fight against climate change	13
	Biodiversity	14
	Resources/circular economy	15
Social impact	Access to energy and economic impact	16
	Close dialogue with the population, promoting the social licence	17
	Reliability, continuity of supply and customer focus	18
	Social action activities (corporate volunteer work, donations, etc.)	19
People	Management of talent, development and capture of new skills	20
	Conciliation, working conditions and well-being	21
	Governance of diversity, equity and inclusion (DEI)	22
	Occupational health and safety	23
	Material topic	


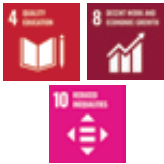



Description of relevant and material issues




Good governance, ethics and transparency				
Topics	Description	Impact on SDGs	Materiality	GRI 11
Ethical and legal compliance	<p>The systematic identification of compliance obligations, risk analysis and the implications of these for MRG's activities, products and services, both for compliance with the strategic plan and for minimising legal and criminal risks, are the drivers for developing, implementing and improving a robust compliance system and fostering a culture of compliance and due diligence.</p>		Material issue	11.12
	<p>MRG has developed a level of commitment to the highest moral and ethical standards by all employees at all levels of the organisation, fostering an organisational culture based on ethics, integrity and compliance with human rights, which are key elements for MRG's reputation, credibility and trust in the eyes of management and its stakeholders.</p>			11.20 11.22
Transparency and communication	<p>The establishment of principles, guidelines and channels for economic and non-economic and corporate communication with the different stakeholders, without prejudice to legal obligations, guarantees the proper exercise of their rights and interests, favouring open and transparent dialogue and meeting spaces for the achievement of common objectives and the satisfaction of their needs and expectations.</p>			
Sustainability governance	<p>The functioning of the governing bodies is marked by their structure, control bodies, procedures and rules, which ensure good governance and establish the mechanisms for relations and control with management in the decision-making process and the correct development of the Strategic Plan. The importance that the sole shareholder attaches to good governance leads MRG to adopt national and international best practices and recommendations on corporate governance and to continuously monitor their effective implementation.</p> <p>MRG has made a firm commitment to sustainability by integrating it into its structure and governing bodies, incorporating ESG criteria in decision-making, establishing commitments to the Sustainable Development Goals linked to its sustainability strategy. It has also incorporated the results of external assessments by sustainability analysts into its business strategy, being aware of the increasing importance given by investors and financial institutions to non-financial criteria and requirements: environmental, social and corporate governance.</p>		Material issue	

Risk management				
Topics	Description	Impact on SDGs	Materiality	GRI 11
Climate adaptation, resilience and transition	<p>The adverse effects of climate change and the energy transition pose risks to MRG's facilities and business from three perspectives. Firstly, it involves risks for the company in the face of emerging regulations, new requirements and social awareness of the necessary energy transition. Secondly, the risk to the business arising from the increase in temperature and new consumption habits, which affect gas consumption. And thirdly, the physical impact that the meteorological effects derived from climate change may have on the installations.</p> <p>Consequently, MRG, in its commitment to sustainability, addresses a strategy of development and support for the Spanish energy transition through green-energy projects and considers risk in the Company's risk map.</p> <p>The trends and the commitment of governments worldwide, and specifically in Europe, are focused on green hydrogen and biogas as alternatives to natural gas in distribution networks and local grids; there are significant government budget allocations to achieve this, prioritising investment needs for research and transformation of the sector. The support and participation in innovation and transformation projects in the sector are relevant to the sustainability of the company.</p>		Material issue	11.1 11.2
Asset integrity and critical-incident management	<p>In view of the risks related to the prevention and control of incidents and major accidents that can cause fatalities, injuries or damage to health, environmental and economic impacts to communities and infrastructure, MRG has established a robust major-accident management system and an integrated CMAP management system, under recognised international standards, which facilitates the establishment of emergency and crisis plans, damage minimisation and business continuity.</p>		Material issue	11.8
Cybersecurity	<p>The integration of technology in business processes, the large-scale implementation of remote working, the massive migration of data to the cloud and security in the supply chain all increase exposure to cyber-attacks, generating new vulnerabilities in relation to data integrity, confidentiality, availability of information and information and operation systems, which can result in the loss, corruption or unauthorised dissemination of information, as well as altering and even annulling the ability to operate the network. MRG has an information security system that manages cybersecurity risks.</p>		Material issue	
Economic/financial and fiscal risks	<p>A volatile economic environment, such as the current one, with an economic slowdown, rising inflation and interest rates, a sharp rise in production costs and an increase in gas prices, means that the potential economic and financial risk materialises, making it difficult to efficiently manage cash flows and obtain financial resources, thereby hindering the achievement of the company's objectives, investment and the implementation of its projects. The regulation of the gas sector establishes mandatory financial health ratios for companies, which must be monitored and reported. Likewise, the correct compliance with tax rules produced by the application of tax regulations, in view of the interpretative complexity or modifications in the aforementioned regulations and the possible reputational impacts of the management of tax matters.</p>		Material issue	

Topics	Description	Impact on SDGs	Materiality	GRI 11
<div>(Cont. Risk management)</div> <div>Regulatory risks</div>	<p>The strong regulatory impulse derived from the energy transition and environmental, compliance, economic and human rights requirements, etc., both European and national/regional, makes it difficult for the company to comply with all applicable laws and regulations, and vigilance and anticipation are key for the company to facilitate timely implementation and minimise the risks of non-compliance.</p> <p>Moreover, sector-based regulation for the energy transition (green energy) is advancing at a slower pace than the technical development offered by the sector, thus hindering the ability of companies to contribute to net-zero targets.</p>	<div><div><div>7</div><div>7</div><div>RENEWABLE ENERGY</div></div><div><div>13</div><div>13</div><div>CLIMATE ACTION</div></div><div><div>15</div><div>15</div><div>LAND, LIFE AND Ecosystems</div></div><div><div>16</div><div>16</div><div>PEACE, JUSTICE AND STRONG INSTITUTIONS</div></div></div>	Material issue	
Business development				
Creation of economic and financial value for shareholders	<p>The participation of shareholders and investors in MRG’s business requires a correct financial performance that guarantees the economic sustainability of the company, the generation and distribution of economic value and profitability for the shareholder, all this through responsible investment committed to the objectives of sustainable development.</p>	<div><div><div>8</div><div>8</div><div>DECENT WORK AND ECONOMIC GROWTH</div></div><div><div>16</div><div>16</div><div>PEACE, JUSTICE AND STRONG INSTITUTIONS</div></div></div>	Material issue	
Development and extension of the distribution network	<p>Expansion is the way for MRG to develop the business, ensure economic sustainability and generate the necessary growth for shareholders by investing in the necessary infrastructure to bring natural gas to the areas of the region that lack it, eliminating in many cases the use of much more polluting fuels such as diesel.</p> <p>This can sometimes be a challenge in the face of possible resistance to change and fear of negative impact on the part of the inhabitants of these populations.</p> <p>The transformation of the real-estate sector towards clean energy may create a difficulty for business development unless MRG moves strongly towards the new approach by providing grid solutions using renewable energy.</p>	<div><div><div>7</div><div>7</div><div>RENEWABLE ENERGY</div></div><div><div>8</div><div>8</div><div>DECENT WORK AND ECONOMIC GROWTH</div></div><div><div>9</div><div>9</div><div>INDUSTRIAL INNOVATION AND INFRASTRUCTURE</div></div><div><div>11</div><div>11</div><div>SUSTAINABLE CITIES AND COMMUNITIES</div></div><div><div>13</div><div>13</div><div>CLIMATE ACTION</div></div><div><div>15</div><div>15</div><div>LAND, LIFE AND Ecosystems</div></div><div><div>17</div><div>17</div><div>PARTNERSHIPS FOR THE GOALS</div></div></div>	Material issue	

Supply chain				
Topics	Description	Impact on SDGs	Materiality	GRI 11
Extending ESG criteria to the supply chainn	<p>The good or bad practice of suppliers, the impact they may have on the environment, their workers and society in general, when carrying out the work and products required by the Company, directly impacts on MRG's compliance and reputation.</p> <p>Risk management implies the necessary extension of ESG criteria into the supply chain, addressing:</p> <ul style="list-style-type: none">Processes for the approval and selection of suppliers with strict sustainability criteria, which, depending on the types of products and services and their corresponding risk analysis, including the risks of noncompliance with HR, establishes the necessary level of demand.Shared goals and commitments, extending sustainability requirements and best practices through detailed clauses in contractsMonitoring, support and training mechanisms for suppliers.Criteria of proximity, with a commitment to local purchases as far as technically possible. <p>In addition to the appropriate ESG criteria required for suppliers, it is necessary to have a responsible purchasing policy that adequately manages the risks without the decision-making process being negatively conditioned by the price factor.</p>		Material issue	11.12
				11.13
Impact on suppliers due to facility closures and conversions	<p>The changes brought about by the energy transition require new skills and knowledge on the part of suppliers.</p> <p>The current plan to progressively decommission LPG plants is a reality, and in the future the change will be much greater with the transformation of networks to use renewable fuels such as green hydrogen.</p> <p>Suppliers linked to the maintenance service of LPG plants are already affected. Training for companies to have personnel to service the services associated with the maintenance of the distribution network or LNG plants will be key to their ability to continue to serve MRG.</p> <p>Importantly, the commitment with suppliers to support and work together, favouring the transformational process required by companies providing installation and maintenance services for gas supply infrastructures and installations.</p> <p>It is vital for the economic sustainability of providers and for companies like MRG to be able to continue to provide their services.</p>			11.7

Environmental impact				
Topics	Description	Impact on SDGs	Materiality	GRI 11
Emissions, pollution and combating climate change	In line with the fight against climate change and the Net Zero target for 2050, MRG is committed to reducing polluting gases that have a negative impact on air quality, ecosystems and health, especially fugitive CH4 emissions from the distribution network and CO2 and NOx emissions, establishing measures to reduce its carbon footprint (scope 1, 2 and 3) and promoting projects and investments aimed at promoting energy efficiency, infrastructure and sustainable mobility (its own and that of the community where it operates).	  	Material issue	11.1 11.3
Biodiversity	The presence of MRG facilities in protected areas or areas of high ecological value is very scarce. Despite this, MRG is committed to the conservation of biodiversity and having a positive impact on nature, determining the possible risks of the facilities located in or bordering protected areas, maintaining preventive measures and protocols for action throughout the life cycle of the facilities. Aligned with objectives of a positive nature, MRG is moving forward in the restoration of areas occupied by LPG satellite plants to find different alternatives in new spaces and compensation projects.	  		11.4 11.7
Resources / circular economy	One of the challenges MRG has set itself is to advance in the sustainable management of resources by incorporating circularity criteria within the framework of four lines of action: waste minimisation and recovery (waste comes mainly from the processes of construction and maintenance of infrastructures and the dismantling of LPG plants), actions for the sustainable use of resources, extension of the life-cycle of assets, and analysis of the life-cycle of materials and equipment for new infrastructures.	  		11.5 11.6 11.7

Social impact				
Topics	Description	Impact on SDGs	Materiality	GRI 11
Energy access and economic impact	MRG understands the positive economic impact its business must have on the region, from the very concept of sustainability.		Material issue	11.4
	Access to reliable and continuous energy should mean a leap in people’s quality of life and a key energy capacity for industries, businesses or public facilities, such as hospitals. In many cases, it eliminates the use of much more polluting fuels such as diesel, or the dependence on distribution by road traffic, which is sometimes subject to difficulties such as atmospheric phenomena, strikes, etc.			
	All of this is currently subject to global gas- price problems, which may negatively affect the capacity for positive impact. In this sense, beyond the current market difficulties, MRG understands the necessary commitment to the current situation of energy poverty in many vulnerable groups.			
	In addition to access to energy, MRG has a positive impact on the development of the region, as well as a commitment to the quality of employment of its workers and suppliers, and a clear intention to favour local purchases.			
Close dialogue with the population favouring social licence	The proximity to society promotes dialogue and participation of the affected populations, allowing the explanation of MRG projects and actions, and especially working to understand the stakeholders of the municipalities, their concerns and needs, in order to be able to respond, whenever possible, by minimising negative impacts and favouring positive ones.			11.15
	Proximity and dialogue open to effective listening should minimise the appearance of social conflicts in the territory, contrary to the installations, or to operations linked to fraud or non-payment, although this will not always be possible. MRG is opposed to violence and aware of the negative impact it can have, and will work to promote understanding by ensuring that the Company, whether by its own personnel, suppliers or security personnel, complies with the law and avoids any type of aggression originating from MRG, as well as working to ensure the integrity of its personnel.			11.16
				11.18
Reliability, continuity of supply and customer focus	Access to energy is MRG’s main contribution to society and the region’s economy, provided that the supply is reliable and continuous. The correct planning and organisation of maintenance work, investments to renew infrastructures and the incorporation of technological improvements are the key elements for providing the service with the quality and guarantee that is essential and required by users. Active listening and ease of dialogue through easy and friendly customer service channels is vital to identify and understand customers’ needs and expectations in a timely manner. Commitment to prompt and effective response to problems, regular analysis of complaints, requests and incidents, with a focus on continuous improvement of customer processes, are key to achieving service quality and the necessary satisfaction.		Material issue	
Social action activities (corporate volunteering, donations etc.)	In line with the commitment to contribute to the SDGs and positive social footprint, it is essential to advance the organisation’s involvement in social needs by mobilising its own resources (donations and/or collaboration projects with social or environmental companies), promoting corporate volunteering initiatives or individual initiatives, aligned with its raison d’être (access to energy, training, promotion of scholarships, donation of equipment) or promoting initiatives aimed at vulnerable groups.			11.14

Persons				
Topics	Description	Impact on SDGs	Materiality	GRI 11
Talent management, development and recruitment of new skills	<p>Considering MRG's business, it is necessary to identify future capabilities and new profiles to address the new challenges of the energy transition, digitalisation and cybersecurity. The current demand for this type of specialised talent in the energy market, and the lack of profiles, is causing a talent crisis and serious difficulties for companies to attract it. Added to this reality is the dimension of the learning curve linked to the company's operational processes. Proper knowledge management, careful management of generational changes and policies that retain talent and minimise staff turnover are necessary.</p> <p>In order to have the necessary skills, it is crucial to have a development and training plan and to develop techniques that favour the recruitment of the necessary talent, such as alliances with universities, training and technology centres, etc.</p>			
Work-life balance, work climate and well-being	<p>One of the main pillars of MRG is its staff. To achieve a good working environment and commitment to the company, a two-way dialogue and trust between employees and managers is required. At MRG we work to generate and take care of the necessary spaces and channels, and we promote stable and indefinite hiring and respect for the fulfilment of labour rights. We have also made a commitment to the need to implement measures that favour the reconciliation of work, family and personal life, adopting flexibility and remote working measures, and welfare measures in terms of physical and mental health (psychosocial risks).</p>			11.10 11.13
Diversity, Equity and Inclusion Governance (DEI)	<p>MRG is committed to equal opportunities, respect for differences and non-discrimination, working mainly on gender equality, as well as on any element of diversity in the workplace, articulated through the Equality Negotiating Committee, the Equality Plan and compliance with the General Law on Disability (LGD). The Equality Plan must set objectives and new, increasingly ambitious alternatives, considering all the vectors of diversity: gender, age, culture, vulnerable groups, etc., in line with social needs and trends in the fields of disability, equality and vulnerable groups, overcoming the barriers derived from the male-dominated nature of the sector, where technical work in the field requires very specific skills.</p>			11.11
Occupational health and safety	<p>Given the company's raison d'être, occupational health and safety is a fundamental element of its pillars, with a firm commitment to compliance with current legislation and the objective of zero accidents, providing the resources, processes, organisation and technical criteria to integrate safety in the design, construction, operation and maintenance of the facilities and their environment, as well as establishing a Health and Safety System that allows for safe and healthy working conditions for its employees and collaborators.</p>		Material issue	11.9

4. Our Commitment to Sustainability

It is important to note that, after the evaluation and prioritisation process, according to our methodology, not all the issues proposed by the Sector standard GRI 11: Oil and Gas Sector 2021 and initially identified as relevant have turned out to be material for Madrileña Red de Gas. Specifically, the Sector issues that have been included in the material issues and topics of MRG are as follows:

- 11.1 GHG emissions
- 11.2 Climate adaptation, resilience and transition
- 11.3 Air emissions
- 11.8 Asset Integrity and Critical-Incident Management
- 11.9 Health and safety at work
- 11.12 Forced labour and modern slavery
- 11.13 Freedom of association and collective bargaining
- 11.14 Economic impacts
- 11.20 Anti-corruption



4.3 Sustainability Master Plan 2023-2026

Based on the outcome of the materiality analysis and the assessment of opportunities for improvement that we gathered both from internal meetings and stakeholder interviews conducted during the analysis, together with our identification of priority SDGs for our ability to contribute, we have developed an ambitious Sustainability Master Plan.

This Plan has been structured into strategic axes and lines of action, which in turn are deployed in a set of actions and goals for the four years of work. We have established 8 strategic axes, which correspond to the 7 material issues identified and a transversal axis of action common to all of them.

The lines and actions linked to each axis have clear purposes to address the sustainability challenges that lie ahead, in terms of both impacts, risks and opportunities. These purposes are described below.

<div>Good Governance, Ethics and Transparency</div>	AMBITIONS	The actions linked to this axis will improve MRG's compliance performance, ensure compliance with all emerging sustainability legislation, increase the incorporation of ESG criteria into our corporate model, improve transparency and communication, and promote sustainable financing.	<div></div>
<div>Risk Management</div>	AMBITIONS	The deployment aims to improve MRG's ability to identify, assess and address risks, addressing a strategy to develop and support the Spanish energy transition, adapting to new regulatory and financial changes and maintaining its robust integrated management system, while ensuring the confidence of the market and our shareholders.	<div></div>
<div>Business Development</div>	AMBITIONS	These actions are focused on guaranteeing the correct financial performance and economic sustainability of the company, participating in innovation and transformation projects in the sector, maintaining the reliability, guarantee and continuity of supply, as well as promoting customer orientation on a daily basis, with agile, efficient and resolute communication processes.	<div></div>
<div>Environmental impact</div>	AMBITIONS	The work on this axis will allow us to turn the current risk posed by climate change and the energy transition into an opportunity; to be prepared for regulatory and market changes, and to gain reputation among citizens, achieving cleaner cities and investing in renewable energy alternatives, such as hydrogen or biomethane, as well as promoting the circular economy and the conservation of biodiversity.	<div></div>
<div>Supply Chain</div>	AMBITIONS	The actions linked to this axis will make ethical and sustainable supply chain practices a major and immediate priority, ensuring the integration of ESG criteria into the procurement and supplier management processes, being decisive in the approval and selection of suppliers, as well as in the establishment of contracts and in work-monitoring activities, thus avoiding negative impacts that could damage MRG's image and reputation.	<div></div>
<div>Social Impact</div>	AMBITIONS	These actions will drive MRG to advance the organisation's involvement in social needs by mobilising its own resources (donations and/or collaboration projects with social or environmental companies) or by promoting corporate volunteering initiatives or individual initiatives, aligned with its raison d'être (access to energy, training, scholarships, equipment donations) or by promoting initiatives aimed at vulnerable groups.	<div></div>
<div>People</div>	AMBITIONS	The work under this axis will help to identify future skills and new profiles to address the new challenges of the green transition, digitalisation and cybersecurity. The Equality Plan must also set objectives and new, increasingly ambitious alternatives, considering all the vectors of diversity: gender, age, culture, vulnerable groups, etc. With regard to occupational health, mental health must be considered as a fundamental pillar to guarantee an optimal working environment.	<div></div>
<div>Transversal Axis of Sustainable Performance</div>	AMBITIONS	The actions linked to this axis will allow us to reinforce our sustainability strategy, the governance model, consolidate the initiatives already underway, comply with the new sustainability regulations, give value and visibility to MRG's actions, respond to the interests, needs and expectations of our stakeholders, and in particular our shareholders, maintain excellent performance in terms of sustainability, favour the company's economic, environmental and social sustainability, and in short, continue with our commitment to sustainable development.	<div></div>

4. Our Commitment to Sustainability

The following are the lines of action around which each axis is deployed:



As indicated, the lines are deployed in 43 actions and these, in turn, in 198 goals. For all of them, the departments responsible for their implementation and the material or relevant issue to which they mainly contribute are identified.

The prioritisation of material issues, the current level of performance, the existence or not of legal or regulatory requirements to be covered, and the need for resources to carry out the activities have been the fundamental elements for prioritising and planning the work in the four years of the Plan's scope. In all cases we have sought to balance the burdens on the different departments responsible for implementing the actions over the period 2023-2026.

The communication and deployment of the Plan to the different Units of the Organisation will take place in the first quarter of 2024.

The Risk-Management Unit is responsible for implementation of the Plan and its monitoring. An evaluation of activities and goals is carried out at least half-yearly, based on the information provided by the different Units of the Organisation. These evaluations should make it possible to identify and correct any difficulties and to incorporate new proposals, if necessary. The GIS Committee is responsible for validating plans and outcomes.

The Audit and Risk Committee, as the governing body responsible for integrating sustainability into the Company's strategy, will support implementation of the Plan and its monitoring, issuing the necessary recommendations and transmitting the information to the Board of Directors for approval and inclusion in decision-making.



MRG stakeholder classification

By degree of relevance

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

4.4 Our stakeholder model

Madrileña Red de Gas has a Stakeholder Model that is governed by the following principles:

- Value creation: we seek to bring value to stakeholders by developing a sustainable business model.
- Identification of needs and expectations, incorporating the most relevant ones into our strategy.
- Communicating our sustainability strategy, our social responsibility behaviours and our commitments to stakeholders.
- Channels and dialogue: Madrileña Red de Gas provides its stakeholders with the necessary channels to manage requests for information, opinions, complaints and claims, and establishes dialogue mechanisms to respond to their requirements and expectations.
- Continuous improvement: As part of our social responsibility management system, we establish

regular mechanisms for the evaluation and review of our stakeholder management model.

As part of the model, in 2021 we reviewed our stakeholder identification and relationship framework in depth. To this end, we carried out an analysis of the processes and a process of internal dialogue with the different units of the organisation. This analysis allowed us to gain in-depth knowledge about:

- The relationship between the groups and Madrileña Red de Gas: the reason for the relationship (the why).
- Our ability to have an impact on the groups (positive and negative) and vice versa, their capacity to influence decisions and results in Madrileña Red de Gas.
- Dialogue channels.
- An initial identification of expectations on the part of the groups and the mechanisms with which we at Madrileña Red de Gas respond to them.

Based on the influence and impact capacities we evaluate the criticality of the groups through the methodology systematised in the internal procedure of the management system “Stakeholder management”.

In 2023 we revised our supplier stakeholder definition, adding a classification and associated activities. This change allows us to segment critical suppliers from non-critical suppliers, a segmentation that results in clear differences in the relationship framework, as described in Chapter 7 “Responsible Supply Chain”.

4. Our Commitment to Sustainability

Classification of Madrileña Red de Gas stakeholders and identification of channels of communication and dialogue

Priority	Stakeholder	Related Units											Communication Channels																
		Legal Services	Finance	Risk Unit	Purchasing and General Services	Expansion	Network Operations	Field Operations	Centre of Excellence	Sistemas / Customer	Human Resources	Training	Email	Telephone	Online meetings	Face-to-face visits or meetings	Advisory Boards, Committees and Working Groups	Investor Channel	Call Centre	Mailbox	Website	Virtual Office	Complaints channel	WhatsApp	Ticketing	Administration Portals	Consumer Care Offices	Questionnaires	Google My Business
Criticism	Customers and users: Customers: LPG Marketers and Individuals Users: Individuals and companies.																												Inkolan Network - Marketing Actions - Postal Mailing
	Shareholders and investors: Institutional investors. Reference shareholders. Minority shareholders. Bondholders.																												GRESB Platform
	Administrations and Regulatory Bodies: Sector regulators. Market regulators. National and/ or supranational administration. Regional and local administration.																												Chat 112-forums- Transparency portal-SICSE- Official documents
	Employees: Active employees. Passive employees. Former employees. Workers' representatives. Pension fund participants representatives. OHS delegates.																												Internal channel employees: Welcome manual/ crime prevention policy, money laundering/training test. INCAWEB - Online training portals - JIRA application - Employee portal
	Suppliers: Strategic Suppliers. Collaborating companies. Critical Suppliers: Construction and maintenance of networks, periodic inspection, household operations, readings, emergencies, commissioning of receiving installations, manufacturer of polyethylene (PE) pipes, manufacturer of polyethylene (PE) fittings. Other Suppliers: Customer service, supply of materials, logistics operator, area operator, dismantling, project management, OCA, inspection and testing, field operations, engineering, consultancy, auditing, waste management, External Prevention Service, preventive resources, etc.																												Procurement Portal- METACONTRACTS- REPROACHILLES-Forums-INCAWEB-Supplier portals-EVICERTIA-VORTAL Platform-MOBILITY Tool-Contracts. Applications - JIRA Application - Technological tools - JIRA - Technology Tools Digital Contract Tools (ENERTIS) AVANTI Purchasing Portal
High	Market Agents and Professional Associations: Companies in the Energy Sector with which there is interaction via a common regulatory framework and participation in joint projects, such as Marketers, Generators/Producers. Special regime generators. Carrier (ENAGAS). Distributors. Operators. Business and professional associations in the sector.																												"AERCE digital platform. ACHILLES Platform. Assemblies. Conferences - Agreements - Sponsorships - Forums - ATR Channel (IOGAS)"
	Local communities: Affected municipalities and their citizens. Local companies. Vulnerable groups. Local partnerships.																												

4. Our Commitment to Sustainability

Classification of Madrileña Red de Gas stakeholders and identification of channels of communication and dialogue (cont.)

Priority	Stakeholder	Related Units										Communication Channels															Other		
		Legal Services	Finance	Risk Unit	Purchasing and General Services	Expansion	Network Operations	Field Operations	Centre of Excellence	Sistemas / Customer	Human Resources	Training	Email	Telephone	Online meetings	Face-to-face visits or meetings	Advisory Boards, Committees and Working Groups	Investor Channel	Call Centre	Mailbox	Website	Virtual Office	Complaints channel	WhatsApp	Ticketing	Administration Portals		Consumer Care Offices	Questionnaires
High	Agencias Aseguradoras: Empresas dedicadas al aseguramiento de personas, bienes y todo tipo de productos, incluidos los financieros, a cambio de una cuota o prima.																												Dossiers
	Analistas: Analistas financieros. Agencias de rating. Analistas no financieros.																												On-site and online audits with file encryption to maintain confidentiality. GRESB Platform
	Grupos Financieros: Bancos institucionales. Bancos comerciales.																												Virtual bank branches
	Socios de Negocio: Personas físicas o jurídicas con las que se comparte un proyecto empresarial concreto. Socios tecnológicos, financieros e industriales.																												Collaboration agreements and contracts - JIRA application
	Generadores de Opinión: Medios de comunicación tradicionales. Redes sociales.																												Social media - Press office - LinkedIn
Media	ONG y Fundaciones de carácter ambiental y social: Colectivos con actuación en el desarrollo social y territorial, así como de carácter ambiental y lucha contra el cambio climático.																												
	Organismos Académicos y de Innovación: Universidades, Centros de Investigación, etc.																												Online Training Portals. Face-to-face classes. Employment portal of the UMP and other universities

The detection of needs and expectations is carried out continuously through communication and dialogue via the channels established between the different organisational units of Madrileña Red de Gas and the stakeholders with which they have a relationship. Beyond the day-to-day, the Risk Unit periodically carries out a more in-depth analysis, with internal interviews to analyse the relationship with the groups and review the model. The periodicity is set at three years, and the next study will be conducted in 2025, together with the more in-depth review of materiality. We will also take advantage of this process to conduct in-depth interviews with stakeholders and assess their concerns in their relationship with the Company, expectations and needs, as well as their assessment of performance.

Beyond day-to-day business and materiality studies, especially with critical stakeholders, we conduct regular satisfaction surveys. In 2023, we conducted a new work climate survey of our employees, through an independent company. The survey has increased the percentage of participation (80%, an increase of 5%) and we have obtained positive satisfaction results, with 83% of participants being satisfied with the aspects included in the survey, as set out in the chapter dedicated to the people of the organisation.

With regard to the stakeholder group Customers, given our *raison d'être* they remain the target of our improvement projects. Among other improvement activities, we continue to focus on improving the virtual office by facilitating easy access to our customers' procedures and adding agility in the provision of the necessary documentation for customers and installers, thereby favouring the reduction of response times in services. Along the same lines, while maintaining our focus on improving customer service during commissioning, Madrileña Red de Gas has corrected small defects in old installations that would otherwise have forced the customer to make an unexpected financial outlay, at no cost to them. This also allows us as a distributor to reduce the cost of intervention by reducing the number of visits required for commissioning. In chapter 9 Social impact, we provide further information about our efforts in 2023 to address our customers' needs and improve their satisfaction.

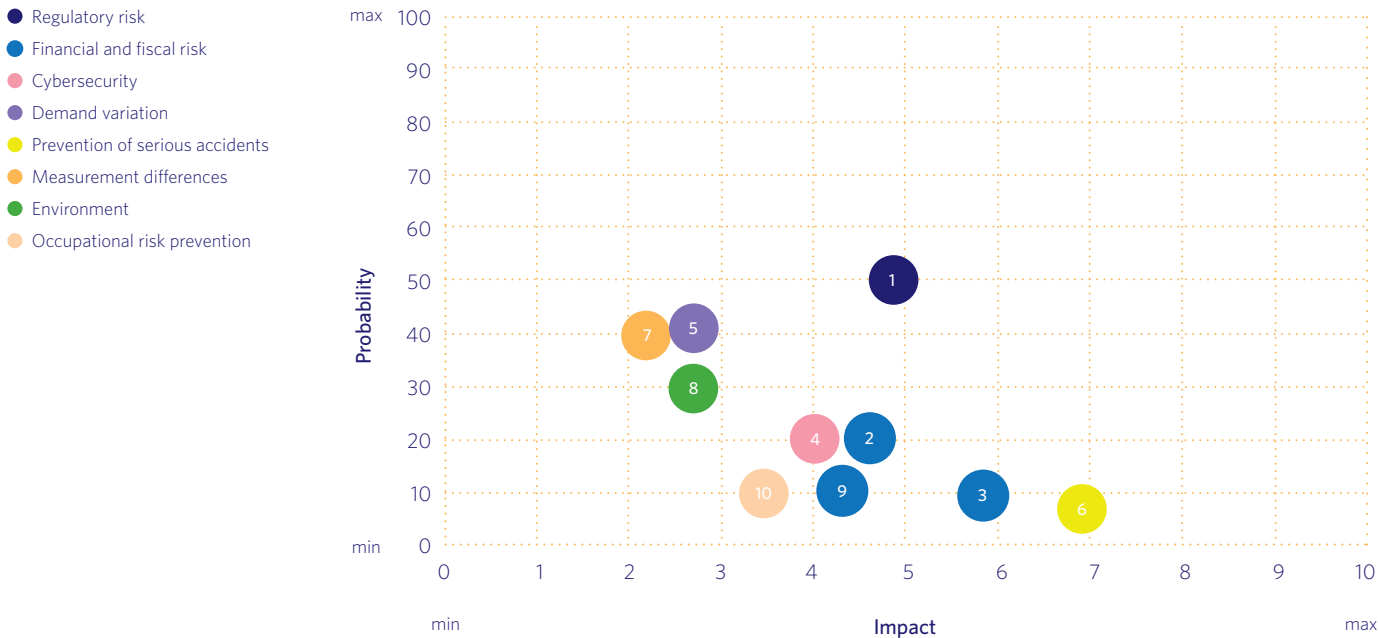
Finally, in this section we would also like to highlight the growing importance of the relationship with the group "Business Partners", as well as with "Market Agents and Industry Associations". The energy transition is a major challenge for us as a distributor, and we have to face it by adapting our networks and our services for the distribution

of renewable gases. This research and innovation effort is a journey we cannot undertake alone. For years, we have been working with companies and associations in the energy sector and other sectors, such as real estate and equipment manufacturers, on projects aimed at making this transition a reality. Projects that, little by little, grow and consolidate, and move on to phases in which collaborative work is fundamental. In the chapter on Risk Management, we set out in detail the importance and good results we are achieving in these joint projects.

As part of the alliances established to tackle the energy-transition process, we are also strengthening our relationship with "Academic and innovation organisations". Specifically, last November we signed a collaboration agreement with the Francisco de Vitoria University to jointly develop, implement, maintain and operate a renewable hydrogen storage and supply infrastructure in one or more buildings at the University. This interesting work is discussed in more detail in chapter 5. Another notable example is the collaboration with the Instituto de Ingeniería del Conocimiento (IIC), an expert in data analysis and Big Data technology, with which we collaborate with the aim of predicting the annual distribution of gas and better managing the service.

Risk Management 5

Corporate risk map of MRG, 2023



5 Risk Management

At Madrileña Red de Gas we understand and control the risks to which our organisation is exposed, obtaining a comprehensive vision and proactive management of these risks. In this way, we identify not only those events that generate risks, but also those that generate opportunities.

Consequently, and in accordance with our Risk Policy, at Madrileña Red de Gas we have a strategy for comprehensive, effective and proactive risk management.

Based on this, we establish the guidelines for action in the integral management of risks, which includes their identification, measurement and control within the tolerance ranges determined, generating value for decision-making related to business processes.

Consequently, and in accordance with our Risk Policy, at Madrileña Red de Gas we have a strategy for comprehensive, effective and proactive risk management

Our risk-management strategy is not limited to any one aspect or circumstance: it is a dynamic process, extending its scope to all strategic and operational aspects of the organisation on an ongoing basis over time.

Thus, for each organisational objective, we identify the key risks that may impede its achievement, subsequently evaluating all events identified from a double perspective: **Probability of occurrence and Total Impact (Economic Impact + Reputational Impact).**

The assessment process consists, therefore, of locating those events identified that pose a potential threat to the organisation’s Objectives and/or Reputation within our Risk Map, focusing our attention on the ten most material risks.

Compared to previous years, in 2023, the risk related to the new EU regulation for the reduction of methane emissions has appeared in this top 10 of our main risks, as we will see below, along with a new financial risk. However, as in previous years, and unsurprisingly, our biggest risk is regulatory risk.

Our Audit and Risk Committee is responsible for analysing these critical risks, ensuring that our risk exposure is consistent with the strategic positioning required at all times and recommending the development and implementation of specific Action Plans, and identifying Best Practices. This Committee comprises representatives from the Board of Directors of each of our four shareholders, several members of the Management Committee and the risk-management department.

Furthermore, in order to strengthen maturity in the use and analysis of data, and as a basis for analysing trends and potential risks associated with them, we have launched a programme to invest in a team of people to develop analytical and data-management skills. This programme aims to enhance the use of information in our company, focusing especially on its application for decision-making and other crucial aspects of our business operations.

5.1 Regulatory risk

Given that our business—the distribution of natural gas—is a regulated activity, one of the main risks to which our company is exposed results from continuous legislative changes and market restrictions, as well as changes in the distribution model.

Regulated Activity

Modification of the remuneration model for natural gas distribution, as well as intervention in the market (setting quotas, remuneration or other restrictions), are the main regulatory risks related to our business.

On 1 March 2023, as part of its functions of supervision of the energy markets, the National Commission for Markets and Competition (CNMC) published the calendar of regulatory Circulars that may have an impact on aspects of energy policy that are expected to be processed in 2023.

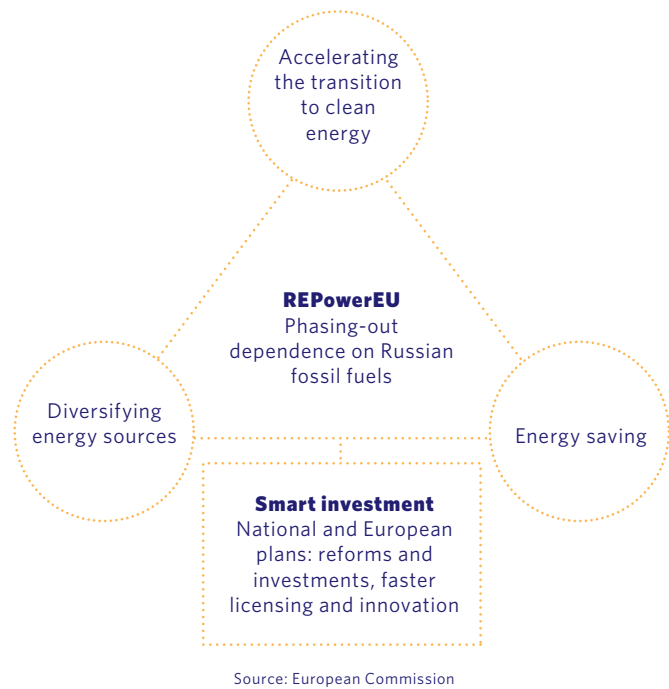
In this regard, Madrileña Red de Gas monitors these publications continuously and closely, adapting to new requirements and/or regulatory changes.

Decarbonisation and energy-transition policies

The common objective of the Member States of the European Union to decarbonise the economy by 2050 has led both the European Commission and the Spanish Government to establish increasingly ambitious measures at the regulatory level, with the firm intention of accelerating the energy transition.

Among these measures is the European Regulation 2023/435 establishing the REPowerEU Fund, which states that this independence is to be achieved in a manner consistent with the European Green Pact and the climate targets for 2030 and 2050.

This is in addition to the recently adopted “Net Zero Industry Act” proposal, which aims to strengthen the production ecosystem for zero-emission technologies.



Additionally, in March, the Member States approved the joint position on the so-called “Gas Package” on the future legislative framework of measures for the decarbonisation of the hydrogen and gas markets. The package, which is expected to enter into force in 2024, consists of two legislative proposals, namely a Regulation and a Directive, that lay down common rules for the internal markets in natural gas, renewable gases and hydrogen. The aim of this legislation is to design the transition of the gas sector towards renewable gases, in particular biomethane and hydrogen, with a view to achieving the goal of climate neutrality by 2050.

Madrileña Red de Gas is keeping abreast of all these new policies, objectives and measures, while at the same time

promoting actions within our organisation aimed at meeting our objective of reducing emissions, combating climate change and adapting to the energy transition, as set out in section 5.2 Climate adaptation, resilience and transition of this report.

Another regulatory change that significantly affects us, specifically in the area of methane-emission reduction, is the amendment of Regulation 2019/942, which establishes the European Union Agency for the Cooperation of Energy Regulators. Given the risk posed by this modification, Madrileña Red de Gas has assessed its potential economic impact, through pilot projects for the identification of gas leaks, as well as trying to get the regulator to recognise the potential costs as an increase in remuneration.

Furthermore, although its entry into force is taking some time, at Madrileña Red de Gas we are already actively working to reduce these emissions through our voluntary adherence to the United Nations OGMP 2.0 programme, the objective of which is to achieve a reduction in methane emissions, as detailed in the following section.

Reporting

Another of the changes that Madrileña Red de Gas must face is the new regulatory framework for Corporate Sustainability Reporting established by Directive 2022/2464 (CSRD). This new European legislation, which came into force on 6 January 2023, aims to standardise the sustainability information generated by companies.

Although its transposition into Spanish law is still pending, the reporting requirements established by the Directive will apply to our company as of 2026, when we present our Sustainability Report for the year 2025. Given the need to adapt to the new European Sustainability Reporting Standards (ESRS), our Sustainability Master Plan already includes actions aimed at diagnosing and adapting to future changes.

5.2 Climate adaptation, resilience and transition
Climate Risks and Opportunities

It is widely known and recognised that the continued emission of greenhouse gases will lead to further global warming, which could have catastrophic economic and social consequences. Due to these risks posed by climate change, in 2015 the well-known “Paris Agreement” was signed. This agreement established the need for a global response to these climate threats, joining efforts to limit the increase in temperature to 1.5°C above pre-industrial levels.

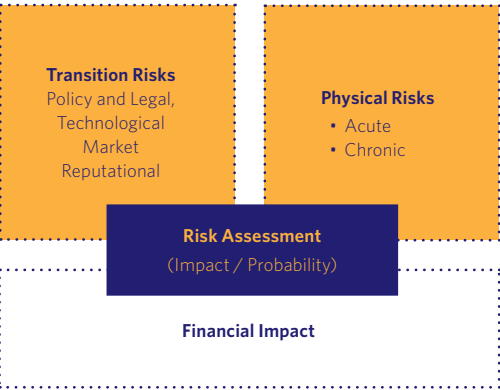
According to the World Economic Forum’s Global Risks Report 2023, which presents the results of the latest Global Risk Perception Survey (GRPS), the four most serious risks for the next ten years are environmental.

As the report highlights, the next decade will be characterised by environmental and social crises, driven by underlying geopolitical and economic trends. The “inability to mitigate and adapt to climate change” are considered the most important global risks for the future.

In light of the above, the potential threats derived from climate change are mainly manifested in two ways at Madrileña Red de Gas: those due to the regulatory changes that establish national and European emission- reduction targets, as we have seen above with respect to Regulatory Risks, as well as those derived from the physical impacts of climate change, such as the increase in temperature, which softens winters, and given that our main business is gas to homes and communities for heating and cooking, thus entailing a possible drop in demand for gas and a serious risk for our company.

Based on this, and using the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) as guidance, our methodology for climate risk analysis and assessment is based on two types of risks:





- Transition risks: The transition to a decarbonised economy may involve extensive policy, legal, technological and market changes in order to address mitigation and adaptation requirements. Consequently, these can pose different levels of financial and reputational risk to organisations.
- Physical risks resulting from climate change: these risks can be acute (tornadoes, hurricanes, floods, etc.) or chronic (temperature rise, sea level rise, etc.) and can have financial implications for organisations, as well as cause direct damage to their assets and indirect impacts on their supply chains.

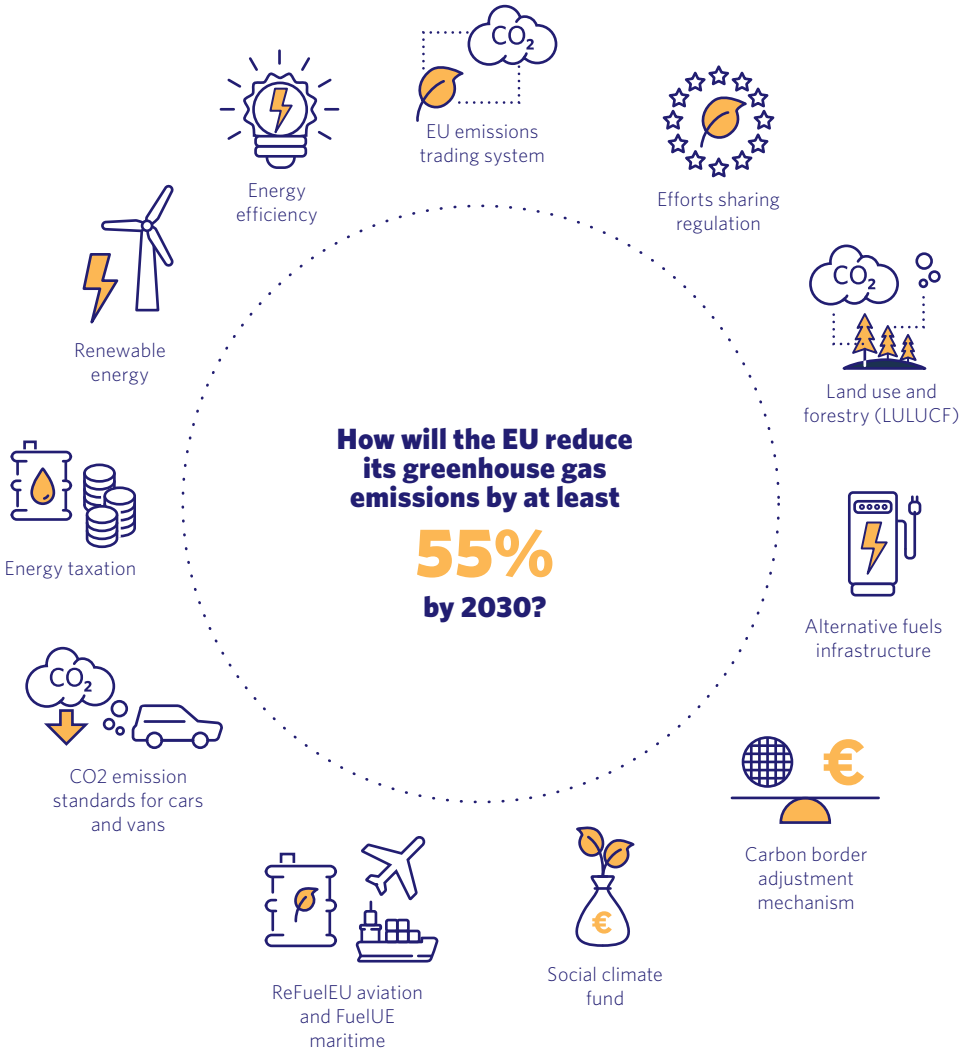
From the results obtained after carrying out our climate risk assessment, we can state that the overall result is a medium risk level for both perspectives.

While climate change brings with it risks as significant as the above, efforts to mitigate and adapt to climate change also create opportunities for organisations, e.g. more efficient resource management and cost savings, adoption of low-emission energy sources, development of new products and services, access to new markets and building resilience. In this regard, during 2023, we have been working on the assessment and analysis of these opportunities.

Path to neutrality: Reducing our environmental footprint
Achieving climate neutrality by 2050 is the main objective of the European Green Pact. In this regard, the European Climate Law enacts such a target, while setting a reduction in net greenhouse gas emissions by at least 55% by 2030 compared to 1990 levels as an intermediate objective. To achieve all this, all parts of society need to be involved.

Consequently, at Madrileña Red de Gas we have established our own long-term reduction strategy for our greenhouse gas emissions in order to achieve the emission

Package of measures Target 55



Source: European Commission/Ministry of Transport and Sustainable Mobility"

Madrileña Red de Gas is fighting against climate change by adopting specific measures to reduce greenhouse gas emissions and contributing to the achievement of the Sustainable Development Goals

OGMP 2.0 is a comprehensive emissions reporting framework for companies in the oil and gas industry that improves the accuracy and transparency of methane emissions reporting and links it directly to strategic mitigation actions

reduction targets agreed at European level, as well as the rest of the Community objectives related to climate change.

Madrileña Red de Gas is fighting against climate change by adopting specific measures to reduce greenhouse gas emissions and contributing to the achievement of the Sustainable Development Goals.

The basis of this reduction strategy is the annual measurement of our Carbon Footprint for Scopes 1, 2 and 3, accompanied by a reduction commitment as detailed in Chapter 8.2 of this report.

Global Methane Commitment

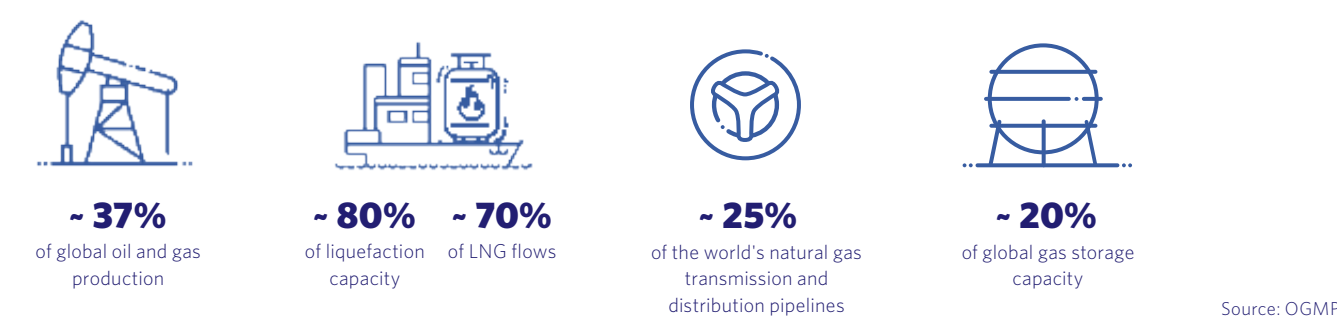
In line with our commitment to reduce emissions and combat climate change, in 2023 Madrileña Red de Gas joined the Oil & Gas Methane Partnership 2.0 (hereinafter OGMP 2.0), an initiative launched in 2020 by the United Nations Environment Programme (hereinafter UNEP) and which forms part of the European Commission’s Strategy for the Reduction of Methane Emissions.

OGMP 2.0 is a comprehensive emissions reporting framework for companies in the oil and gas industry that improves the accuracy and transparency of methane emissions reporting and links it directly to strategic mitigation actions.

Methane is the second most important greenhouse gas responsible for climate change after carbon dioxide. Indeed, methane’s ability to trap heat in the atmosphere is 86 times greater than that of carbon dioxide. Combating methane emissions is therefore crucial to achieving the 2030 climate targets and the goal of climate neutrality by 2050.

This is key to prioritising methane emission mitigation actions in the sector. If you can’t measure it, you can’t fix it. OGMP 2.0 requires companies to report their methane emissions from all sources, throughout their value chain, with an unprecedented level of accuracy and granularity,

OGMP 2.0 represents:



while providing them with the credibility to demonstrate real methane emission reductions to industry stakeholders.

OGMP 2.0 has more than 125 companies as members, with assets in more than 70 countries on five continents.

Governance structure of OGMP 2.0

Steering Group

The governing body of OGMP 2.0. It is made up of representatives of all member companies, as well as non-member companies, including the European Commission, the Environmental Defence Fund (EDF), the Clean Air Task Force (CATF) and UNEP.

The Steering Group, which makes decisions by consensus, is responsible for approving changes to the OGMP 2.0 reporting framework and governance structure, as well as validating the results produced by the technical working groups. It meets at least twice a year to discuss high-level issues relevant to OGMP 2.0, receive updates on the progress of the working groups and discuss OGMP 2.0 trends and achievements.

Advisory Group

The Advisory Group acts as an advisory body to the OGMP 2.0 Steering Group. Its main role is to provide the Steering

Group with recommendations on strategic issues related to OGMP 2.0 and to support business and government participation in the Partnership. Its sole objective is to provide advice on key issues. The Advisory Group meets quarterly.

The Advisory Group is chaired by UNEP and comprises nine members: six representatives of the Steering Group Company (two per segment), one representative of the European Commission (DG Energy), one NGO representative (OGMP 2.0 nonmember of the company) and one representative of UNEP.

Technical Working Groups and Mirror Groups

In addition to the Steering Group, technical working groups are established when specific guidance is needed, e.g. on reporting or quantification methodologies for specific sources and uncertainty.

The number of representatives of the working group is limited to approximately 10 business and non-business partners. However, all member companies are represented in one of the two mirror groups (one for upstream and one for midstream and downstream). Mirror groups provide an opportunity for all companies to participate at the technical level by submitting comments for the technical working groups to address.

OGMP 2.0 establishes five measurement levels for methane emissions reporting:

1

Emissions reported for a company at the asset or country level. For companies with **limited information**. Implies the submission of a consolidated **single emission value**. Emissions reported at this level **are not assigned to individual source categories or types**.

2

Emissions reported in consolidated and simplified source categories (based on the 5 IOGP emission categories and the 3 MARCOGAZ emission categories), generally using **generic emission factors**.

3

Emissions reported by detailed source type and using generic emission factors.

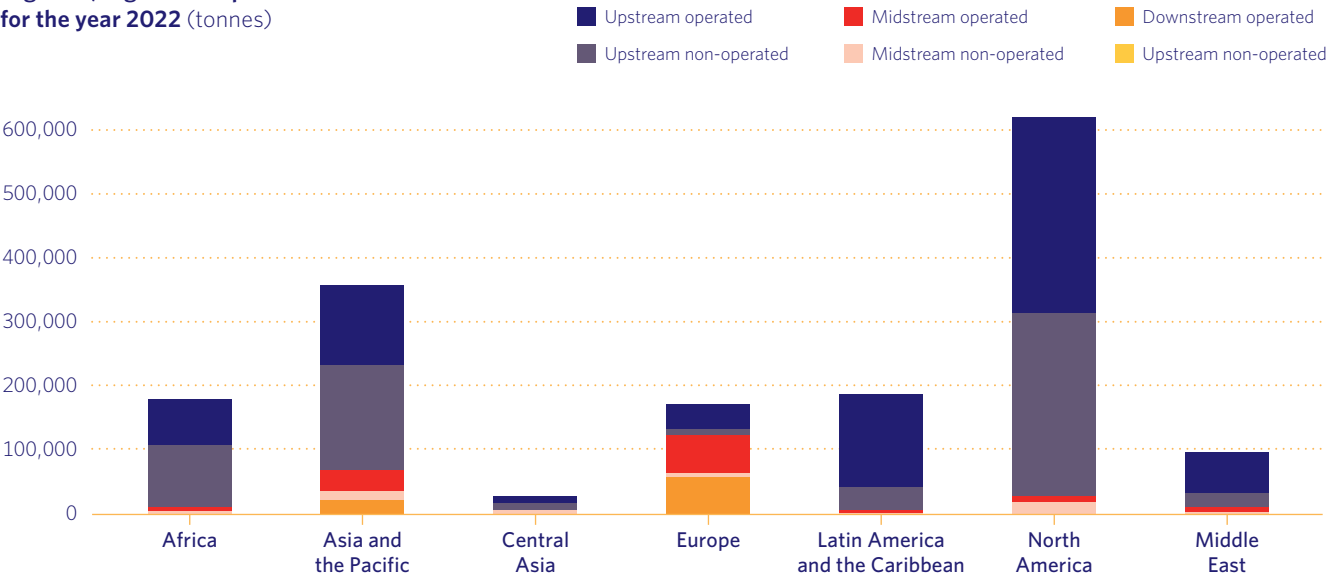
4

Emissions reported by detailed source type and using specific emission factors and activity factors.

5

In addition to the requirements of Tier 4, Tier 5 requires the use of complementary site-level measurements (measurements that characterise the distribution of emissions at the site level for a statistically representative population) in order to reconcile source- and site-level emission estimates, providing greater confidence in the reported emissions (measurements that characterise the distribution of emissions at the site level for a statistically representative population).

Total reported methane emissions by segment, region and operation of assets for the year 2022 (tonnes)



Source: IMEO

International Methane Emission Observatory (IMEO)

Data obtained through OGMP 2.0 is one of the key components of the [International Methane Emissions Observatory](#) (hereafter IMEO).

IMEO is a key initiative in the implementation of the [Global Methane Commitment](#), an effort led by the European Union and the United States that brings together more than 150 countries, with the aim of reducing global methane emissions by 30% by 2030. In this sense, IMEO promotes actions for methane reduction through the creation of an innovative database of empirically verified methane emissions. IMEO collects and reconciles data from multiple sources, including company reports through OGMP 2.0, satellites, scientific methane measurement studies and national inventories ([IMEO methane data](#)).

In this regard, IMEO launched the Methane Alert and Response System (MARS), the first global satellite-based detection and reporting system for major sources of methane emissions worldwide at COP27 (the 27th United Nations Climate Change Conference in 2022), thus enabling relevant stakeholders to act on these sources. In 2023, MARS has already reported more than 120 cases of major emissions on four continents.

OGMP 2.0 requirements

OGMP 2.0 member companies commit to report their methane emissions annually (Scope 1) using the most accurate methods and science-based measurement frameworks, rather than using generic emission factors.

The general requirements for OGMP 2.0 member companies are:

- Define and disclose a methane reduction target (either intensity or absolute).
- Present an implementation plan towards the Gold Standard.

- Report annually on methane emissions from operated and non-operated assets, updating the implementation plan if necessary.

In 2023, a total of 92 oil and gas companies reported their methane emissions data for 2022, including Madrileña Red de Gas.

In order to comply with the above requirements, although it is true that at Madrileña Red de Gas we defined reduction targets, which could be considered ideal reduction ambitions, as far back as 2018, in subsequent years, with the experience obtained in the carbon footprint results, we have made more moderate adjustments to these targets.

To achieve this General Reduction Target, we have defined specific targets in the assets operated by Madrileña Red de Gas as a downstream company, which contribute to the total emissions generated. Madrileña Red de Gas currently operates all its assets (there are no non-operated assets).

On the other hand, with respect to the measurement levels, the value of emissions generated in all our operated assets during the year 2023 has been reported at Level 3.

At Madrileña Red de Gas we have established an absolute General Reduction Target based on the methane emissions generated in 2022 (Base Year), which were 521,166 kg CH₄.

Progressively, by 2025, we will incorporate methodologies that enable measurement with Level 4, which may include the use of more accurate measurement technology, engineering calculations based on accurate information, use of methods (recognised reference standards and practices), amongst others. We estimate to be able to start reporting measurements with Level 5 from year 2026 onwards, given the complexity.

Furthermore, in line with the general requirements of OGMP o.2, and to achieve the reduction targets and measurement levels established, we have defined a



five-year Implementation Plan in which we set out the actions required to improve operational performance, the implementation period with the associated specific targets, if any, the area responsible for this implementation, the economic resources associated with the activity to be carried out and the degree of contribution or impact on the reduction commitment.

At present, we carry out inspections of the entire distribution network on a regular basis (every two years) given the impossibility of installing stationary measuring equipment along the distribution network. These inspections are carried out using highly sensitive portable mobile methane leak detection equipment, tracing 100% of our distribution network.

For this reason, during 2023, Madrileña Red de Gas has focused on the search for, and incorporation of, new technologies or alternatives for the detection, measurement and reduction of leaks, drawing up a Plan for the identification of alternatives for the detection and reduction of methane leaks, searching for and contacting possible suppliers that can offer a technology or alternative for determining and quantifying leaks in our distribution network, with the aim of reaching Level 4 measurement for the different sources.

Gold Standard badge

With regard to the Gold Standard, awarded by the OGMP annually, we have fulfilled the following requirements to obtain it:

- We have submitted an OGMP 2.0 compliant Level 1 (or higher) report for all in-scope assets.
- We have established an implementation plan per asset to reach Level 4/5 for all in-scope assets, starting from the date our company formally joined OGMP 2.0.

By fulfilling the two previous conditions, the company reached Gold Standard for the year 2023.

**Transforming the sector:
promoting and innovating in green energy**

As the energy sector is responsible for more than 75% of the EU’s greenhouse gas emissions, increasing the share of renewable energy is a key element in achieving the objective of reducing net greenhouse gas emissions by at least 55% by 2030 and becoming a climate neutral continent by 2050.

The war in Ukraine and its impact on energy markets has forced member states to take accelerated measures to reduce dependence on fossil fuels from Russia. Against this background, the REPowerEU Plan, published in 2022, aims to boost the sustainable production of biomethane, while setting ambitious targets for the production of renewable hydrogen, which is seen as a key factor in the replacement of natural gas, coal and oil.

In addition, to further accelerate the deployment of renewables, the revised Renewable Energy Directive (EU/2023/2413), which raises the EU’s binding renewable target for 2030 to a minimum of 42.5%, up from the previous target of 32%, with the aspiration to reach 45%, came into force in November 2023.

In this context, at Madrileña Red de Gas we firmly believe that it is possible to evolve from natural gas, in an economical, realistic and efficient way, towards the use of totally renewable energy sources such as biomethane and green hydrogen.

The combination of biomethane and renewable H2 could offer effective and sustainable solutions for the transition to cleaner and more environmentally friendly energy in the future.

In this respect, biomethane has already become a renewable transition energy that does not require conversion

of the installed condensing boiler fleet. In fact, they can run on biomethane, which does not generate CO₂ emissions, and are even prepared to use up to 20% green hydrogen, which is 100% renewable in origin.

Furthermore, these renewable gases can be distributed via the gas infrastructure already in service, with no need for significant investments entailing costs that would be passed on to consumers.

All of the above also represents an opportunity for the economic development of both the Community of Madrid and the country in general.

During the energy transition, biomethane production will have to be increased and, in this area, Spain still needs to install and operate more production plants to meet a demand that is clearly growing.

According to a study carried out in 2023 by the Spanish Gas Association (Sedigas) concerning the biomethane production capacity in Spain, the national production potential of this green gas is currently 163 TWh/year, which would allow around 45% of the national demand for natural gas to be covered. In addition, this would prevent the emission of 8.3 million tonnes of methane that would otherwise be released into the atmosphere naturally as a result of decomposition of the waste reused to generate it.

In this sense, the use of biomethane in the energy mix is essential to meet the established objectives of decarbonisation, providing us with greater energy independence from the outside world, while at the same time contributing to reducing the problems derived from current waste management.

At Madrileña Red de Gas, we are committed to this transition towards the use of gases of renewable origin as a fundamental measure to address the risks arising from climate change, as well as the way to reduce our

environmental footprint, as seen from the following initiatives and projects carried out during 2023.

Installation of a green hydrogen boiler for sustainable heating

With the aim of realising an installation to demonstrate the possibility of using a 100% hydrogen boiler, during the second half of 2023 we installed hydrogen combustion equipment at our facilities.

At Madrileña Red de Gas, we have installed a green hydrogen boiler at one of our sites to generate domestic hot water heated using a clean, safe and renewable fuel.

Installation has been carried out with the collaboration of Vaillant, Centralgas, Carbueros Metálicos and the Association of Companies in the Installations and Energy Sector (Agremia) at our Alcorcón operations centre.

The boiler is provided by the manufacturer Vaillant, has a power of 25 kW and is equivalent in size and operation to commercial natural gas models. The room where the boiler is located has been prepared as a rest room for our technical staff. The boiler covers the domestic hot water and heating needs of the room. The tap installed in the room allows access to hot water obtained from the combustion of hydrogen, while the radiator of the heating circuit is able to heat the room using this energy.

Inside the room, hydrogen is fed from the storage unit via a copper tube connecting the boiler to the hydrogen cylinders. These bottles (two in parallel) are located in a small room separate from the rest room. The bottles are stored next to the pressure-control panel and there are vents and direct access to the street.

The storage pressure (200 bar) is reduced to the boiler feed pressure (20 mbar) by means of several control stages. The hydrogen supply from the pressure-control system to the

boiler is carried out in accordance with current natural gas specifications and regulations.

Inspira Madrid

During 2023, we have continued to make progress in the Inspira Madrid hydrogen generation project, formed by three companies in consortium: Aliara Energía, Fotowatio Renewable Ventures Servicios España and Grupo Ruiz.

SPV Inspira Madrid Hidrógeno Verde S.L. was subsequently created to strengthen the commitment of these three companies, which have a 33.33% shareholding each. The environmental procedures necessary for implementation of the project were initiated through this company.

It should be noted that Inspira Madrid aims to promote renewable hydrogen as an alternative fuel and to face the challenge of the progressive decarbonisation of urban land transport. To meet this challenge, a green hydrogen production plant and a network of at least five refuelling stations will be developed.

European CEF Transport Programme

The project has been submitted to the European grant programme Connecting Europe Facility (CEF) Transport. The CEF programme is a key EU funding instrument for implementation of the European Green Deal and an important enabler towards the EU's decarbonisation targets for 2030 and 2050. It supports the development of high-performance, sustainable and efficiently interconnected trans-European networks in the fields of transport, energy and digital services. The CEF investments complete the missing links in Europe's energy, transport and digital backbone.

The CEF benefits citizens in all Member States by making travel easier and more sustainable, by strengthening Europe's energy security while allowing greater use of renewable

energy, and by facilitating cross-border interaction between public administrations, businesses and citizens.

In addition to grants, the CEF offers financial support to projects through innovative financial instruments such as guarantees and project bonds. These instruments create a significant multiplier effect in their use of the EU budget and act as a catalyst for attracting more funding from the private sector and other public-sector actors.

In particular, the CEF Transport is the financing instrument for implementing European transport infrastructure policy. Its objective is to support investments to build new, or rehabilitate and modernise existing, transport infrastructure in Europe.

The objectives of the Trans-European Transport Networks (TEN-T) policy foresee:

- Completion of the Core Network, structured around nine multimodal Core Network corridors, by 2030.
- Completion of the Global Network to provide accessibility to all European regions by 2050.

CEF Transport focuses on cross-border projects and those aimed at removing bottlenecks or bridging missing links in various sections of the Core Network and Comprehensive Network, as well as horizontal priorities such as traffic-management systems.

This programme also supports innovation in the transport system, in order to improve the use of infrastructure, reduce the environmental impact of transport, improve energy efficiency and increase safety. The budget of this mechanism amounts to EUR 25.81 billion.

For more information on CEF Transport, see the following link: https://transport.ec.europa.eu/transport-themes/infrastructure-and-investment/connecting-europe-facility_en.

Hydrogen auctions

In turn, the project has been submitted to the first auction under the European Hydrogen Bank, with initial funding of EUR 800 million from emissions trading.

This auction aims to support renewable hydrogen production in Europe by offering fixed premiums per kilogram of hydrogen produced to close the gap between the cost of production and the current market price.

The producers selected will receive subsidies and will be able to earn additional income from the sale of hydrogen on the market for up to ten years. Other types of State aid are prohibited in order to ensure a level playing field between projects. In addition, an “auctions as a service” mechanism is introduced to finance additional projects.

A second round of auctions is planned for 2024, through which the European Hydrogen Bank plans to encourage renewable hydrogen production and imports, unlock private investment and address initial investment challenges in the EU and beyond.

More information on the European Hydrogen Bank can be found at the following link: <https://www.miteco.gob.es/es/energia/hidrocarburos-nuevos-combustibles/hidrogeno/european-hydrogen-bank.html>.

Conversion of the grid and receiving installations from natural gas to hydrogen

As part of the Inspira Madrid project (see above) for the generation and consumption of renewable hydrogen in the municipality of Villanueva del Pardillo, Madrileña Red de Gas has promoted the implementation of an operational project for the conversion of natural gas networks to renewable hydrogen within the gas network of the town centre of this municipality.

The objective of the project is to define the operations to be carried out to transform the natural gas network to

renewable hydrogen in terms of both network modifications and use of the necessary resources

We have analysed the 36 kilometres of networks present in the municipality, and the 5170 installations it supplies, in detail to determine both the technical and economic feasibility of distributing 100% hydrogen. Other factors, such as peak hour consumption and permeability of network elements, have been considered to simulate a transformation of the entire network.

The results obtained show that reuse of the polyethylene network with renewable hydrogen is perfectly feasible, although it is true that some improvements would have to be made to the distribution network (replacement and insertion of new sectoring valves, network extensions, installation of vents, condemnation of leakage points and increase in the most penalised diameters in interior installations).

One of the most important factors to consider is the availability of elements such as meters, cooking appliances or installation safety elements. During development of the project, we consulted with manufacturers and commercial brands regarding real examples. We were able to undertake this project, with institutional support and regulatory backing, on a total budget of €12M and a timeframe of no more than one year.

Pryconsa Project

In 2022, an agreement was signed between Pryconsa, one of Spain’s leading housing developers, and our company to supply hydrogen to a newly constructed building and use it to cover heating and domestic hot water needs, thus taking a further step towards the decarbonisation of homes through the use of green hydrogen in the Spanish residential sector.

The project has continued to progress during 2023, and together with the firm Arup, the preliminary project for the first renewable H2 installation to generate heat and DHW

for 100 homes in the town of Valdemoro, studying the feasibility of the installation design, the design of the storage, the hydrogen-distribution system, the boiler room and the building, has been implemented.

Technical constraints and space limitations have reduced the feasibility of the hydrogen-storage solution. For this reason, we have chosen to study the on-site production of hydrogen by installing an electrolyser, channelling it from the outdoor plot to the central boiler of the development. At the same time, we are continuing to explore other options for storage plots.

Construction of the housing development is scheduled to begin in early 2024, although the engineering project is currently still under development.

CavendisH2 and Heat Pump Studies

During the 2023 financial year, Sedigas has worked on different studies concerning the feasibility of hydrogen and biomethane in the gas network and their comparison with electric heat pumps. Our company has participated in these studies, together with the other distribution companies.

- The first of these studies is CavendisH2, carried out with the consultancy BIP.

This study analyses the competitiveness and viability of renewable gases. It was concluded that renewable gases will be competitive in all consumption segments from 2030 onwards and will play a fundamental role in the energy transition in transport and electricity generation, consolidating themselves as the reference option from 2040 onwards.

It is noted that most infrastructures could run on up to 20% hydrogen, without requiring major adaptation efforts, while a pure hydrogen scenario will require higher investment. In terms

of material compatibility, the study using a probabilistic model indicates that more than 97% of the network should be suitable for hydrogen operation.

Considering all these costs, the CavendisH2 scenario proposes an alternative that would require an annual investment 22% lower than the High Electrification scenario, mainly due to a lower marginal cost of grid reinforcement and a lower marginal cost of retrofitting residential equipment. The scenario with higher penetration of renewable gases would imply less effort in terms of costs.

- The second study, conducted with Arthur D. Little, focused on heat pumps and the competitiveness of natural gas boilers with this system. The main conclusions drawn from the study are as follows:

- Condensing boilers, fuelled by renewable gases, are a solution that makes it possible to achieve the decarbonisation targets for buildings in Spain for 2030 and 2050.
- The fuel used give the “green colour” to a technological solution rather than the type of equipment (boiler or heat pump). Boilers are efficient and economical, and their renewable character depends on the fuel they use.
- Given the type of building and the average purchasing power of the population, decarbonisation using heat pumps will not be possible in Spain given that the investment required for the implementation of heat pump systems can exceed 90% of the average annual income of Madrid households.
- Promotion of the replacement of atmospheric boilers with condensing boilers, combined with development of the potential of

renewable gases in Spain, appears to be the most economically efficient and most likely to be successful alternative for the decarbonisation of Spanish households.

Connecting Biomethane Plants

As mentioned above, biomethane is emerging as one of the best solutions for transformation of the energy mix in the short term, as well as an essential element towards decarbonisation, while contributing to the development of the circular economy as a sustainable alternative to waste treatment.

Biomethane is a 100% renewable gas with a high concentration of methane, which is obtained from biogas produced from biowaste, energy crops, sewage sludge or organic household and industrial waste. As the chemical composition and energetic power thereof are very similar to natural gas, it can be used for the same purposes:

- Injection into the gas grid: mixed with natural gas for use in the heating and transport sectors.
- Electricity production.

In this context, during 2023 Madrileña Red de Gas received several formal requests to connect biomethane plants to our distribution network. One formal application has already been submitted and two are in the pipeline:

- Madrid East zone project: this is the most advanced project and is currently producing biogas. Injection of biomethane into the grid is expected in December 2025.

- Two projects in the south of Madrid: projects in the pipeline, pending official application for connection to the distribution network. Biomethane injections are expected in 2026.

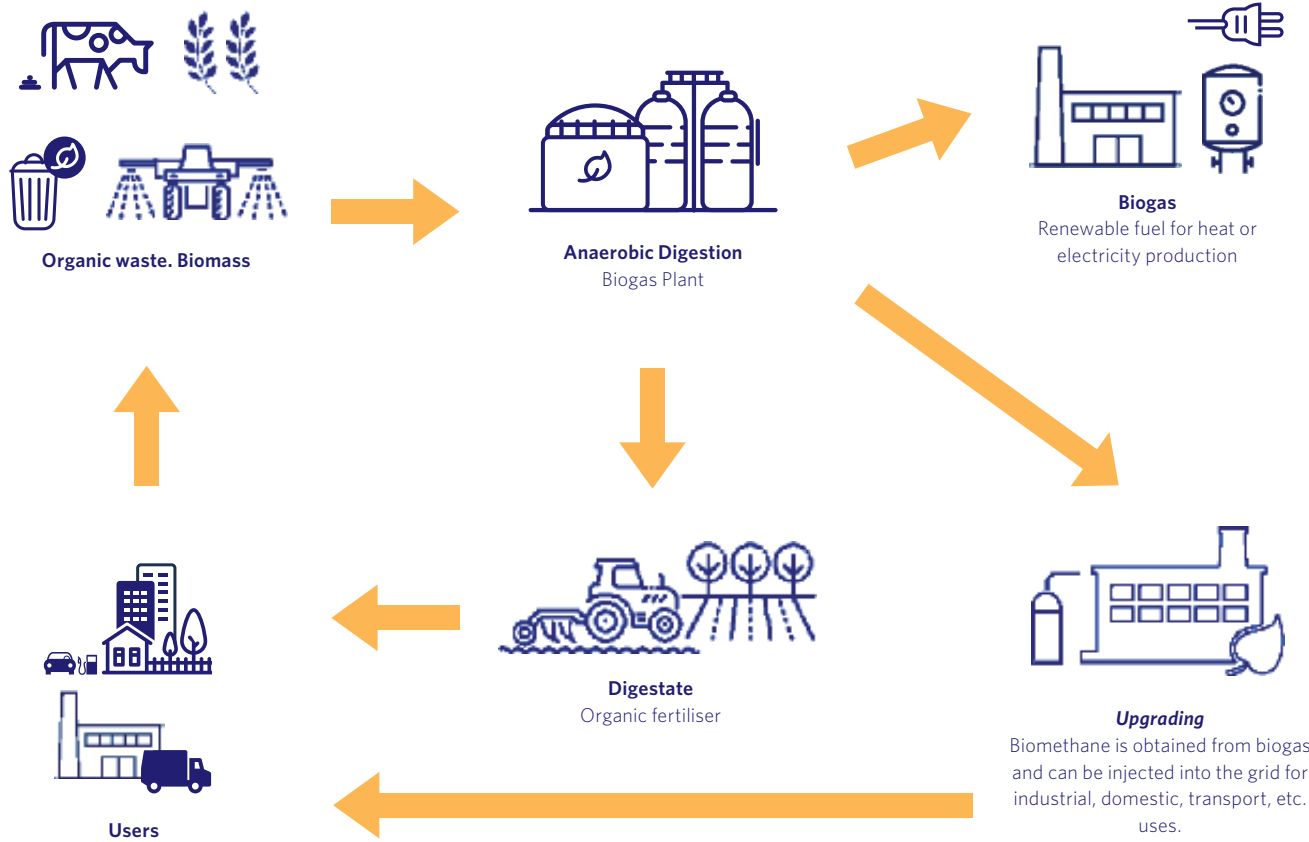
Madrileña Red de Gas also participates in the Sedigas committees on renewable gases, which include biomethane and hydrogen, collaborating in the procedure for connecting biomethane plants to the natural gas network.

Agreement with the Francisco de Vitoria University

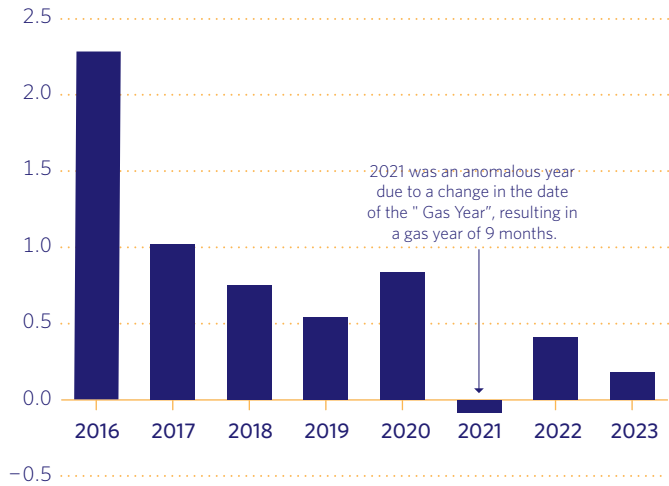
In November, we signed a collaboration agreement with the Francisco de Vitoria University to jointly develop, start up and subsequently maintain and operate a renewable hydrogen storage and supply infrastructure in one or several buildings at the University.

Developing and promoting Green Hydrogen is the objective of the agreement signed between the Francisco de Vitoria University and Madrileña Red de Gas to develop green hydrogen technology, from research to implementation and development

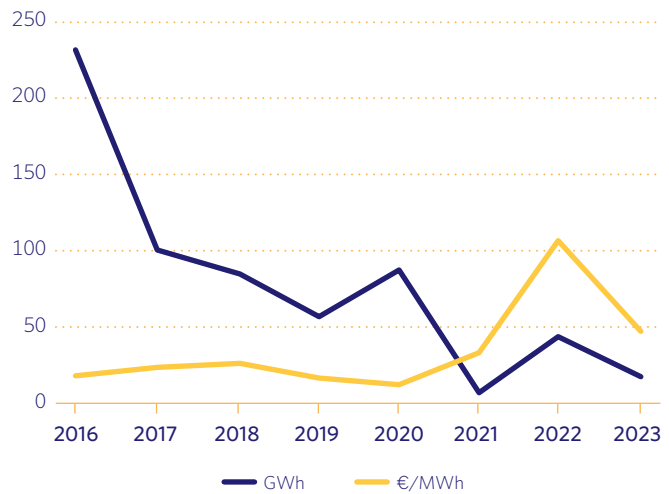
This agreement also seeks to promote the training of future professionals within the technical educational branches taught at this University. The great importance of hydrogen as an energy vector in the coming years will require the training of professionals with knowledge of the subject, thus allowing the project facilities to serve to increase this knowledge. At the same time, we also offer the opportunity for students from technical fields to do their internships in our company.



Unallowed gas losses (%)



Unallowed losses vs. gas price



5.3 Economic, financial and fiscal risk

The economic, financial and fiscal risks that we consider to have the greatest impact on our company during 2023, and have therefore been actively assessed and managed, are as follows:

- 1. Decrease in natural gas demand and consumption variations.
- 2. Higher cost of financing due to the prohibition of collateralisation.
- 3. Tax inspections.
- 4. Permanent loss of gas balance.

With respect to the above risks, Madrileña Red de Gas is considering several actions to promote demand for natural gas. In this sense, the risk assessment of a decrease in natural gas demand has been updated for the period 2023–2032 (until the end of the next regulatory period) to considering the risk of not reaching the base demand included in the business plan projections for the year 2023, as well as the demand-growth trends according to different scenarios.

We have also updated the risk assessment of higher financing costs due to the prohibition on granting guarantees in order to reflect the current situation derived from the new capital structure. This risk is now the potential increase in financing costs derived from the prohibition on granting guarantees established for Madrileña Red de Gas as a distribution company rather than non-compliance with the mandatory regulatory thresholds. Consequently, our objective is to have a more efficient financial structure that avoids debt subordination and allows for the lowest possible cost of financing.

In relation to the risk of permanent loss in gas balance, associated with structural commercial gas losses relating

to domestic customers (mainly due to fraud, anomalies and reduced access to detect malfunctioning gas meters), since we first identified this risk in our corporate risk map, we have made significant progress in mitigating its impact, through fraud detection campaigns, initially in the field, but also using predictive computer modelling to detect potential cases.

The financial impact of this risk is based on two components: the volume of unallowed gas losses and the price of gas used for settlement.

Prior to 2020, the gas market had experienced a long period of sustained low prices, which allowed our company to directly reduce the financial impact. However, from 2021 onwards, gas prices have been rising continuously, with higher volatility, and are affected by the current poor geopolitical scenario. As a result, although losses in 2022 were lower than ever, the high prices represented a similar financial impact to 2016.

We have now incorporated all best practices learned from fraud inspections into administrative and field controls in our daily processes. As a result, we have become a benchmark in the sector in terms of gas-waste reduction given the significant evolution of our company in recent years, as shown in the graphs above.

Finally, the risk related to tax audits is one of the risks assessed in our Annual Accounts Audit by an independent entity. Specifically, during 2023, the following risks were assessed through this audit process:

Significant Risks:

- Recoverability of non-current and intangible assets and goodwill.
- Inspections and tax contingencies.
- Recoverability of deferred tax assets.
- CNMC rulings and contingencies.

Other Risks:

- Recognition of regulated revenues.
- Impact of regulatory changes.
- Bilateral Advance Pricing Agreement (BAPA).
- Cancellation of controls by the administration.

As a result of the analysis of the above risks, no significant deviations were detected during the audit.

5.4 Risks related to information security and cyber security

As we are increasingly dependent on technology, we place greater value on the data and information we collect, store and manage. As a result, we are more vulnerable to security leaks and intrusions. Human error, orchestrated attacks by hackers and a malfunctioning of our systems could cause us operational, financial and reputational damage.

Consequently, for a comprehensive and effective management of these risks, we carry out annual analyses of these risks following a methodology based on ISO 27001, considering the catalogue of threats published by the National Cybersecurity Institute (INCIBE) and defining treatment plans for those risks that exceed the defined threshold.

In this way, periodic risk analyses are carried out with a focus on cyber security threats, vulnerabilities and risks affecting information security assets.

Information Security and Personal Data Protection

The protection of information and assets related to the distribution and contracting of natural gas is one of the main objectives of our company. Accordingly, through our Information Security Policy, we are committed to the some principles.

Accordingly, through our Information Security Policy, we are committed to the following principles:

1

Protect information adequately in any of the phases of its life cycle, in order to ensure its continuity, minimising damage and maximising business opportunities.

2

Preventing business interruption by protecting critical processes from disasters and severe downtime of information systems and ensuring their rapid recovery.

3

Preserving the dimensions of information security:

- Confidentiality
- Integrity
- Availability

Our Information Security and Personal Data Protection Management Model also contemplates interaction with our stakeholders through various channels:



In order to comply with the above commitments, at Madrileña Red de Gas we have an Information Security Management System, which we have implemented and certified in accordance with the ISO 27001 standard, the scope of which also includes our Personal Data Protection Management model. In this regard, during 2023, we have implemented several actions aimed at defining the action plan for the transition to the new version of this standard.

We have also improved the scorecard of management indicators by developing a first executive report on the Information Security System, following the philosophy and guidelines of the other types of Integrated Management System reports. This report covers incident management, physical and environmental security, compliance, supplier relations, asset management, communications security, operations security, human resources security and system process indicators.

With regard to Personal Data Protection, at Madrileña Red de Gas we guarantee the appropriate management of the legal rights of our stakeholders by compliance with current legislation and the definition of the means, structures and procedures to develop the principles established in our Personal Data Protection Policy.

Once again, in 2023, the most relevant activities we have carried out in the area of personal data protection management have focused mainly on the management of data subjects’ rights, incident management and query resolution.

As can be seen in the graph, the number of data-protection enquiries has increased by 78% compared to the previous year.

Similarly, we recorded 7 personal data protection incidents, none of them at the level of a security breach, the investigations of which revealed the need for improvements in the management and processing of personal data.

Information security in our supply chain

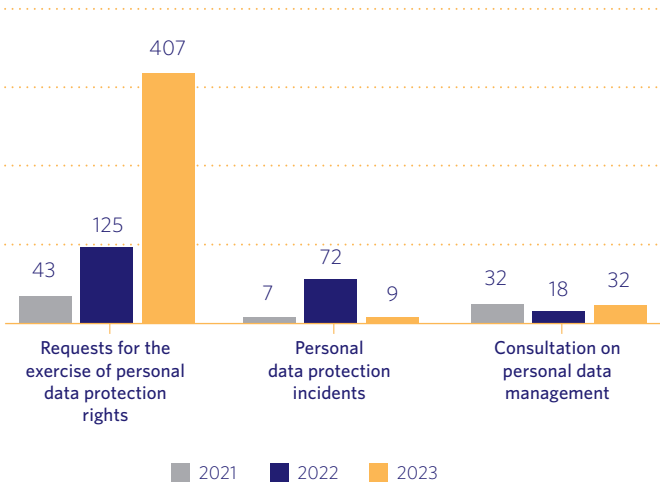
As detailed in Chapter 7 Supply Chain of this report, we work with a large number of suppliers and contractors for the performance of various services and activities, whether operational, development or maintenance, etc., who provide us with their technical capabilities and specialised knowledge for an adequate performance with regard to the customer and society in general.

Our Supplier Management Information Security Policy establishes the Principles and Commitments that our suppliers must comply with in relation to the treatment of information during their activities.

These principles and commitments are also fully integrated into our management model, via:

- The contractual clauses on information security and personal data protection, which cover aspects such as intellectual property, contingency plans, as well as financial penalties for technical breaches.
- The signing of confidentiality agreements.
- Our procurement portal, from which invoices and orders with suppliers are managed.
- Identification of the most sensitive suppliers from the point of view of information security, 17 of them being strategic for our company from this point of view.
- Actions concerning the coordination of business activities on data protection with data processors through meetings, unification of criteria and best-practice agreements.
- Monitoring the information security and data-protection performance of our supplier chain, through the information provided by our supplier pre-qualification portal on the maturity of their

Evolution of personal data protection activities



Our Supplier Management Information Security Policy establishes the Principles and Commitments that our suppliers must comply with in relation to the treatment of information during their activities

Cybersecurity Risk	Threat	Likelihood of being cyber-attacked and damaged as a result.
	Vulnerability	Degree of implementation of measures that prevent or mitigate the impact of an attack.
Privacy Risk	Threat	Probability of being inspected and sanctioned by the control body.
	Vulnerability	Degree of implementation of measures to avoid or mitigate the impact of an inspection.

privacy policies, as well as through the audit reports carried out by the same.

In this sense, the risk analysis carried out using our supplier pre-qualification tool allows us to assess the current status of our company based on a set of relevant regulatory frameworks and to present it as a legal rating. This analysis focuses on the assessment of the company in terms of privacy and cybersecurity.

During 2023, 46 of our suppliers have been assessed according to the above axes.

Application security

Madrileña Red de Gas does not carry out internal IT developments as all of them are outsourced. Thus:

- We have a procedure for the acquisition, development and maintenance of software, which defines the clauses that must be contained in service contracts, such as ownership of the source code developed, intellectual property rights, quality certification requirements, access rights for auditing and testing prior to implementation in order to verify the quality of the product.
- We carry out application testing, keeping track of the vulnerabilities detected.
- We have a general overview of critical applications in all business areas and an inventory of critical applications with regular reviews.

Valuation types and implications

A

Low Risk

The measures in place are sufficiently effective to mitigate the current threat.

B

Medium Risk

There are significant threats that need to be reviewed and additional measures must be added to avoid their potential impact.

C

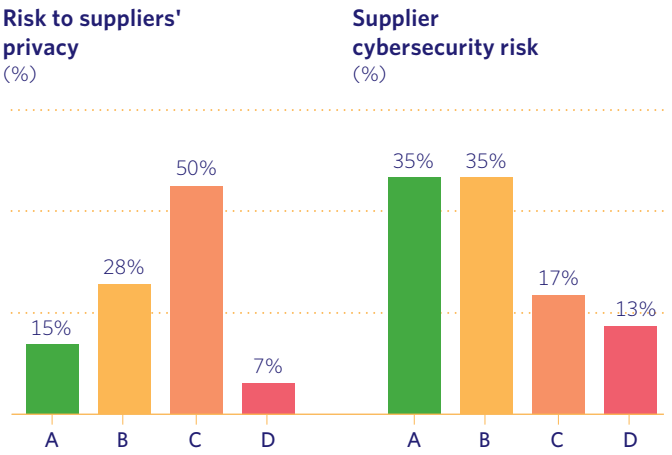
High Risk

The high likelihood of significant impacts requires immediate mitigation actions to avoid non-compliance and/or financial losses.

D

Very high risk

The measures in place are insufficient to prevent the current high degree of probability of non-compliance and/or financial loss.



Cybersecurity

The increase in remote working motivated by the Covid 19 crisis, the digitalisation of processes and the use of artificial intelligence, geopolitical conflicts, etc. are all recent events that have led to a marked evolution, increase and sophistication of cybersecurity threats and cyber-attacks.

Our Cybersecurity Operating Model allows for coverage of all aspects of cybersecurity in our organisation. In addition to the Head of Cybersecurity, supervision thereof is the remit of a Cybersecurity Committee.

The Cybersecurity Committee aims to guide and monitor policies, action plans and the dissemination of cybersecurity initiatives, meeting every two months, with the presence of the heads of each business line and representation from the OT environment.

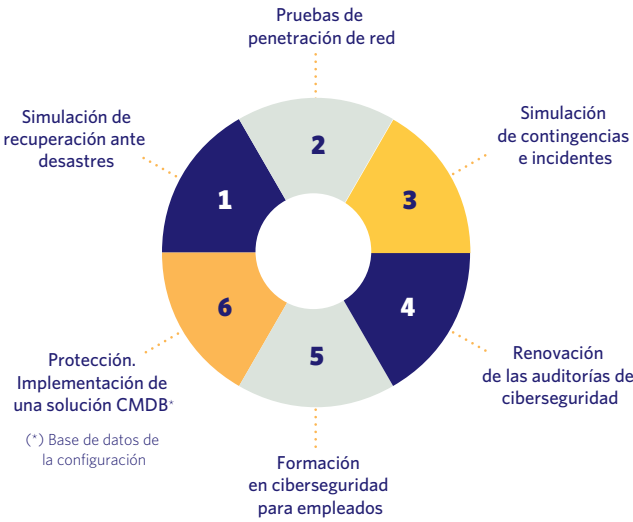
Based on the above, Madrileña Red de Gas has a strategy based on projects derived from annual evaluations. Our company's cybersecurity strategy is reviewed annually by way of a reassessment process. We also submit it to the Cybersecurity Committee and the Audit and Risk Committee, reporting on the status of the most relevant projects.

Disaster Recovery Simulation

The Disaster Recovery Plan at Madrileña Red de Gas aims to minimise the effects of a disaster on our company's functions, such that, in the case of any eventuality, it can quickly renew its functions, defining the processes, procedures and responsibilities during the service recovery flow.


During 2023, the simulation performed consisted of the recovery of our SAP system from a disaster, in the shortest possible time and with as few manual tasks as possible, for recovery of the service to the closest point to the disaster, thereby guaranteeing the integrity of the data.

Main challenges in cybersecurity, of our Annual Plan 2023



Our Cybersecurity Operating Model allows for coverage of all aspects of cybersecurity in our organisation. In addition to the Head of Cybersecurity, supervision thereof is the remit of a Cybersecurity Committee


Objetives of the test



External attacks

Carried out by attackers without any prior knowledge of the company.

- The aim is to obtain sensitive information, gain unauthorised access to company systems and hack into internal networks.



Insider attacks

Carried out from our facilities, via the internal network.

- The objective is to assess our defences against attackers located on the corporate network, such as disgruntled employees or an external attacker who has compromised an internal machine.



Wi-fi Attacks

Attacks through which we evaluate the security of the networks managed by Madrileña Red de Gas, especially those that provide access to the internal network, but paying attention to other auxiliary networks and their isolation from the corporate network.

Network Penetration Testing

Network penetration tests are techniques that Madrileña Red de Gas uses to identify, test and highlight security vulnerabilities by imitating an attack on our computer systems and/or our network.

Thus, by performing an external penetration test it is possible to determine the state of an organisation’s perimeter security, as well as the risks to which it could be exposed. This process attempts to demonstrate how far a malicious user could go, without having any knowledge of the organisation. The scope of this external penetration test was all systems published on the Internet concerning our company, without exception.

As a result of these network penetration tests, no critical risk vulnerabilities were identified in 2023.

Contingency and incident simulation: Crisis management

Madrileña Red de Gas has established a management framework to establish the response to a cybersecurity crisis situation. This framework consists, inter alia, of a Cybersecurity Crisis Management Committee and operational incident management procedures depending on the size and impact of the incident.

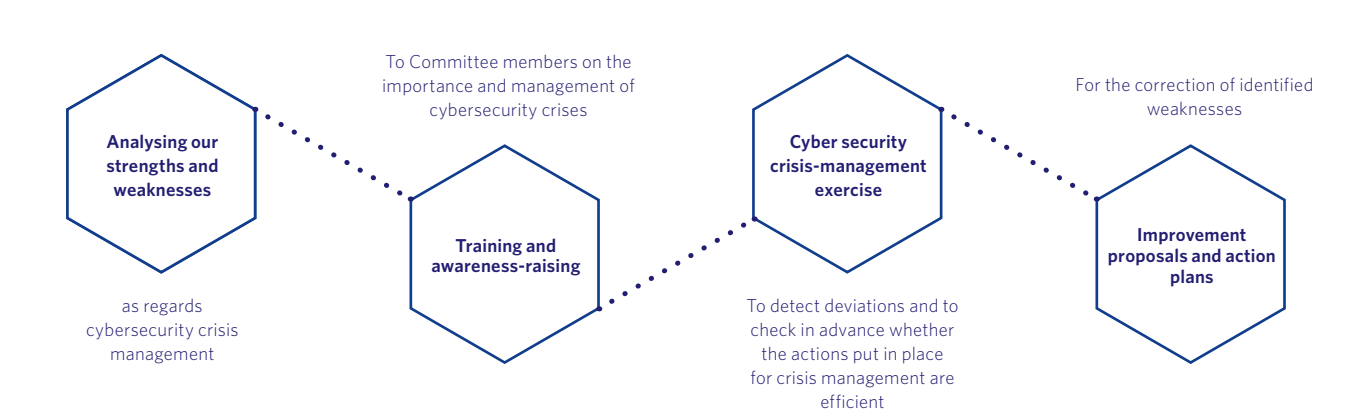
From August to October 2023, a series of activities were carried out to formalise the company’s crisis management structure and make the model more solid and mature.

Renewal of cybersecurity audits: Measuring our level of maturity

During 2023, Madrileña Red de Gas has reassessed its level of maturity in Cybersecurity based on Deloitte’s Cyber Industrial Strategy Framework (CISF) v2.0. In the case of the C2M² evaluation in the OT environment, this is carried out every 2 years, which means that it will take place during 2024.

Specifically, the CISF framework used to identify our security capabilities is based on four pillars.

The activities carried out focused on:



Traditionally, the most relevant security dimensions have been Governance and Protection, which explains why most organisations have a higher level of maturity in these domains.

The current trend is to assume that, despite the existing level of protection, organisations must be able to detect (Vigilance) security incidents and respond (Resilience) appropriately.

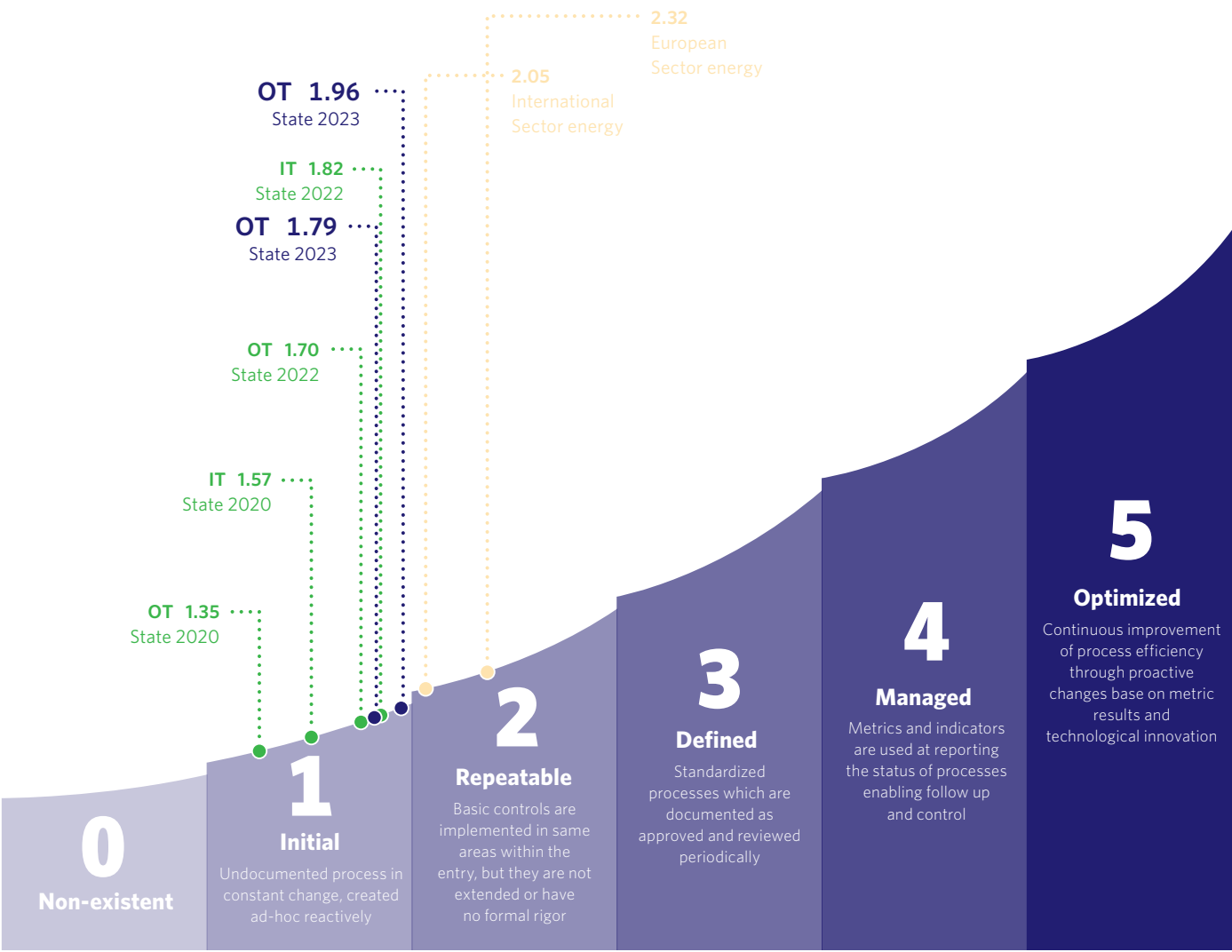
In addition, this framework has 5 maturity levels when quantifying the e-skills of our organisation. The evolution of maturity is logarithmic, rather than linear, and the associated costs are exponential. In fact, it requires a significant effort, large budgets, metrics and indicators to review security status, and a high level of management to achieve levels above 2.5. Consequently, according to Deloitte data, 99% of the companies analysed through this framework are at a maturity level of less than 3.5.

The results of the current Cybersecurity maturity level, compared to the last review in 2022, are shown below,

CISF framework used to identify our security capabilities is based on four pillars:

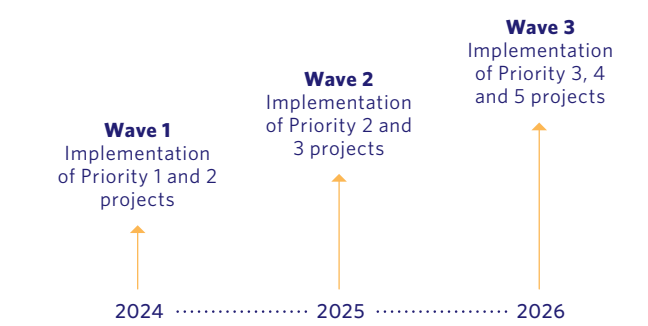
- Governance** to manage risks by putting in place governance structures to maintain and evolve security capabilities..
- Protection** against attacks by maintaining investments and enhancing measures to protect technological assets in IT and OT environments.
- Surveillance** of security events through monitoring platforms and emerging threats using multiple intelligence sources.
- Resilience** appropriate to the occurrence of a security incident, in order to limit its impact and ensure business continuity.

2023 Status
Current maturity level

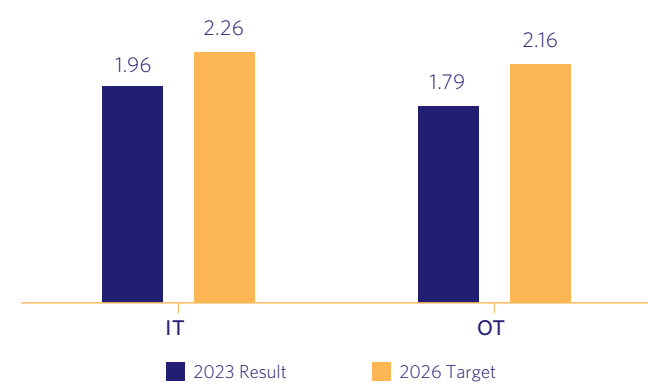


Cybersecurity maturity level results

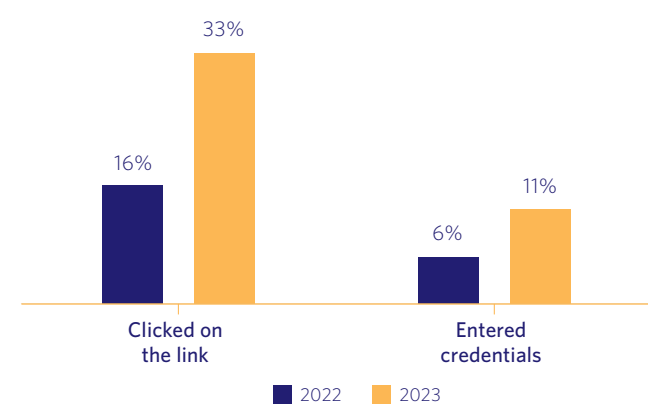




Targets for increasing our level of cybersecurity maturity



Results of phishing campaigns



highlighting the evolution in terms of surveillance and resilience capabilities.

Based on these results, and in order to continue on this path of improvement, during 2023 we have identified the level of maturity we aim to achieve in the coming years, as well as strengths and opportunities for improvement.

In this sense, we have established a new Cybersecurity Plan (2024–2026) in which we have defined the action plan that we must implement to progressively increase our level of maturity. The plan is structured on a priority basis, in three successive waves over the time period 2024–2026. Each of these waves includes projects belonging to the four different domains of Deloitte’s CISF v2.0 framework.

Training and awareness-raising

We have a specific Awareness Plan, which includes training in the area of Cybersecurity for all our employees that has been updated with extra content this past year. In addition, new hires are required to undergo cybersecurity training as part of their onboarding.

Thus, through our training platform, we have launched 10 information pills over the course of 2023, including:

- Security updates (Windows, Chrome, etc.).
- How to create complex passwords, using the password manager.
- Block endpoint.
- QR code recommendations.

In addition, once a year, phishing and vishing exercises are conducted to assess the user’s level of vulnerability to these attacks and various security information pills are sent out via email. In this regard, the awareness-raising actions we carried out during 2023 for the entire company were:

- 1 phishing campaign.
- 12 microlearning videos.

The aim of the phishing campaign is to make all our users aware of the real risk that exists and how easy it is for data to be stolen. Attacks on businesses, both large and small, are a daily occurrence, and the consequences can be disastrous.

The campaign consisted of sending an email informing that a document, specifically an employee discount catalogue, had been shared with us. To do so, we had to click on a link and enter our company email address and password.

The results of this campaign were slightly worse than the previous year, which may be due to a higher level of difficulty in this second campaign, simulating a more internal look and feel.

In any case, as seen above, our objective is to continue to increase the maturity of our system, which will lead to increasingly better results.

With regard to the microlearning videos, these covered different topics (ransomware, family cybersecurity, etc.), all aimed at reinforcing our employees’ knowledge and awareness of cybersecurity.

In addition to the above, cybersecurity behavioural guidelines are reinforced by the regular sending of alert emails to all our employees. These alerts present real cases of security incidents that have occurred in other companies, recommendations from administrations, etc., thereby reminding us of the general guidelines to avoid becoming a victim of cyber-attacks.

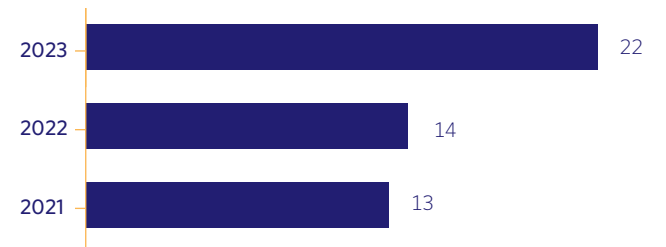
Cybersecurity events

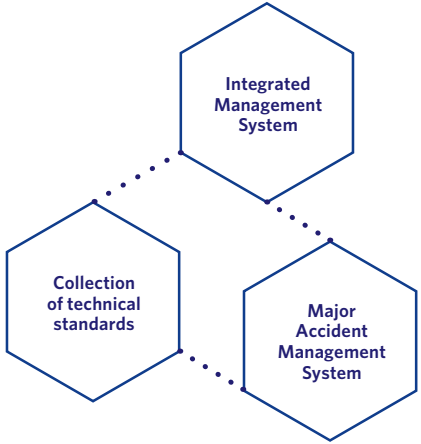
Madrileña Red de Gas keeps a record of all cybersecurity events. During this year, there has been an increase in the number of events detected compared to previous years.

In this regard, 18 of the 22 events recorded in 2023 were phishing attempts or suspicious files. There was also a case of a CEO impersonation, two attacks on servers with no consequences, as well as an incident reported by a supplier

who indicated that its systems had been breached by a cybersecurity attack but that the established protocols allowed its restoration with no adverse effects.

Number of cybersecurity events





5.5 Asset Integrity and Criticality
Accident Management

Madrileña Red de Gas is fully aware of the importance of preventing, assessing and controlling incidents and accidents that can seriously damage health and the environment, as well as the economy of communities and infrastructures.

The pipeline network for gas distribution is obliged to have the emergency measures established in article 20 of Law 31/95 on the Prevention of Occupational Hazards and in section 6.2. of point 6 of the ITC-ICG 01 “Installations for the distribution of gaseous fuels by pipeline of R.D. 919/2006 (Technical Regulation for the distribution and use of gaseous fuels and its complementary technical instructions)”

In addition, although with a phase-out target of 2024, we still have LPG plants to which the SEVESO III directive applies.

Over the years, we have documented and kept the necessary management systems for risk identification, risk prevention and emergency response up to date, in accordance with the different UNE-EN ISO standards for Management Systems and regulatory requirements.

Our performance has always been evaluated to ensure continuous improvement, seeking efficiency and especially effectiveness in our efforts to minimise risk and its consequences, safeguarding above all people, material assets and the environment, maintaining service and safety pressures on the networks and safeguarding the company’s image.

In line with this spirit of continuous improvement, in 2023 we can highlight the development of the Emergency Plans at a municipal level as a way of increasing the level of efficiency in the response to possible emergencies.

Municipal emergency plans

- Detailed description of the activity and the physical environment in which it takes place.
- Inventory and risk analysis.
 - Analysis of own and external risks.
 - Identification, quantification and typology of both own and external personnel with access to the facilities and areas where the activity is carried out.
- Inventory and description of self-protection measures and means: human, material, procedures and specific internal rules.
- Facilities maintenance programme: Preventive, corrective and safety inspections of risk installations.

Emergency action plan:

- Identification and classification of emergencies.
- Emergency levels.
- Identification of the personnel and teams that will carry out the emergency-response procedures.
- Action procedures (detection and warning, alarm mechanisms, response mechanisms, evacuation or containment, receipt of external assistance and post-emergency).
- Roles of individuals and teams.
- Identification of the person responsible for implementation of the Action Plan.
- Integration of the Emergency Plan into other higher-level plans.
- Implementation of the Emergency Plan: staff education and training, user information, signposting, etc.
- Maintaining the effectiveness and updating of the Emergency Plan: training and information recycling, means and resources replacement programmes, drills and exercises programme, and documentation review programme.

Elaboration of Emergency Plans for the municipal distribution network

In 2023, in addition to the emergency measures established in the occupational risk prevention systems, we have drawn up Emergency Plans at a municipal level in which all possible risks are included and evaluated following the criteria and structure established in the Basic Self-Protection Regulations of R.D. 393/2007.

Legally, there is no compulsory methodology to be adopted for the identification and subsequent risk assessment for this

type of installation, and it is possible to use different methods and degrees of systematisation for assessment of the risks involved. For these Emergency Plans, we have followed the criteria established in the Territorial Civil Protection Plan of the Community of Madrid (PLATERCAM) and, specifically, the Guide for the preparation of Municipal Territorial Plans, adapting the semi-quantitative risk-assessment method proposed therein to the type of scenario covered by our Emergency Plans.

(R) Risks = P (Probability) * V (Vulnerability)

The probability of explosion is assessed on the basis of the probability of the formation of explosive atmospheres and the probability of the presence and activation of ignition sources (criteria set out in our technical regulations on the basis of the applicable legal regulations).

The following parameters shall be used to calculate the Probability when assessing the elements and installations in the gas distribution pipeline network where there is no risk of explosion.

Technical documentation from MRG, as well as information available from different institutions of recognised prestige (Methodological Guides for Civil Protection, INSHT) and published plans for similar facilities, have been used to determine vulnerability. In particular, the document “Casos Prácticos de Análisis del Riesgo” (Risk Analysis Case Studies), published by the Directorate General of Civil Protection and Emergencies of the Interior Ministry and drafted by the Department of Chemical Engineering of the University of Murcia (2005).

The following probability table, which is to be applied in the risk assessment, is obtained by combining all these variables.

Probability of Explosive Atmosphere		Probability of ignition sources				
Classification into Zones	Very low	Low	Medium	High	Very high	
Zone 2	Unlikely	Unlikely	Possible	Likely	Quite likely	
Zone 1	Unlikely	Possible	Likely	Quite likely	Inevitable	
Zone 0	Possible	Likely	Quite likely	Inevitable	Inevitable	

Probability	
Value V	Criterion
5	Very low: Highly unlikely events that occur with a frequency of more than every 10 years.
12	Low: Somewhat likely events occurring at frequencies of 5 to 10 years.
20	Moderate: Events occurring at frequencies of 3 to 5 years.
35	High: Events of fairly frequent occurrence, between 1 and 3 years.
50	Very High: Very frequent event with a repetition frequency of less than one year.

Vulnerability	
Value V	Criterion
15	Very mild: Events that will produce minor material damage, and no casualties are foreseeable.
50	Mild: Assumable property damage event. Injuries likely, no fatalities foreseeable.
100	Moderate: Event with considerable material damage. Injuries and possible fatalities.
220	Serious: Event with serious material damage. Casualties and fatalities likely.
350	Very serious: Event with very serious material damage. High number of casualties and fatalities expected.

For identification and analysis of the own risks, we analyse those originating in the gas distribution pipeline network as a consequence of its operation, or of the activities carried out in it, and which may cause an emergency situation due to different scenarios.

Own risks

We have considered the following types of risks:

- Uncontrolled release of flammable product with ignition source and without ignition source.
- Risk of fire or vapour cloud explosion.
- Risk of fire due to electrical hazard in non-gas-fired elements.
- Risk of toxic cloud.
- Collapse.

We have used MRG's internal standards to identify and assess likelihood and vulnerability. In determining vulnerability, we have considered the possible presence of the public in the vicinity of the facilities.

Probability					
Type of Risk	Cause	Probability	Vulnerability		Risk
11 Fire (I) Vapour cloud explosion (E)	11.01 Leakage and presence of ignition source during network commissioning operations or pipeline outages.	Possible 12	I	Moderate 100	Medium 1200
			E	Moderate 100	Medium 1200
	11.02 Leakage and presence of ignition source during drilling.	Unlikely 5	I	Moderate 100	Low 500
			E	Serious 220	Medium 1100
	11.03 Leakage and presence of ignition source during variant commissioning operations.	Likely 20	I	Moderate 100	Medium 2000
			E	Moderate 100	Medium 2000
	11.04 Leakage and presence of ignition source due to clogging or ballooning.	Possible 12	I	Moderate 100	Medium 1200
			E	Serious 220	Medium 2640
	11.05 Leakage and presence of ignition source during decompression and inerting operations.	Likely 20	I	Moderate 100	Medium 2000
			E	Serious 220	High 4400
	11.06 Leakage and presence of ignition source during cap welding operations.	Unlikely 5	I	Moderate 100	Low 500
			E	Moderate 100	Low 500
	11.07 Leakage and presence of ignition source during charging operations up to one cap.	Likely 20	I	Moderate 100	Medium 2000
			E	Moderate 100	Medium 2000
	11.08 Leakage and presence of ignition source during maintenance operations on ancillary network elements.	Possible 12	I	Moderate 100	Medium 1200
			E	Serious 220	Medium 2640
	11.09 Leakage and presence of ignition source during replacement of infrastructure elements and replacement of fasteners.	Possible 12	I	Mild 50	Low 600
			E	Moderate 100	Medium 1200
	11.10 Leakage and presence of ignition source during replacement or maintenance operation of overhead or buried network valves.	Possible 12	I	Moderate 100	Medium 1200
			E	Moderate 100	Medium 1200

In the analysis of external risks we consider:

- The risks of nature on our facilities.
- Risks caused by third party installations as well as by third party works in the vicinity of our premises.
- The risks of intrusion and/or antisocial acts.

External Risks	<p>Natural Hazards</p> <p>The natural risks that may affect the gas distribution pipeline network are identified on the basis of the published Civil Protection Plans for the Autonomous Community, specifically:</p> <ul style="list-style-type: none">• Territorial Civil Protection Plan of the Autonomous Community of Madrid (PLATERCAM).• Emergency Civil Protection Plan for Forest Fires in the Community of Madrid (INFOMA).• Civil Protection Plan for Inclement Winter Weather in the Community of Madrid.• Action Plan in case of Floods in the Community of Madrid.• With regard to seismic risk, the classification by zones established in the NCSE-Q2 Standard (seismic-resistant construction standard), which establishes the basic seismic acceleration by zones and the application criteria, is considered.	<p>Work carried out by third parties</p> <p>There is the possibility of damage caused by third parties (public services, competent authorities of motorways or contractors, etc.) to the piping, equipment and installations of Madrileña Red de Gas’ gas-distribution network. Depending on the severity of the damage caused by third parties, hazardous situations that may give rise to an emergency situation (uncontrolled leakage of flammable product, with or without ignition source, risk of fire or explosion, toxic cloud, etc.) may arise. Preventive actions by public services, competent authorities of motorways or contractors, etc., as well as MRG, are essential to avoid them.</p>
	<p>Risks of intrusion and/or antisocial acts</p> <p>We analyse and control the risks caused by certain activities in the gas-distribution network by people or animals (damage to electrical installations, pipelines, etc.), and above all anti-social acts (theft, violence to property, sabotage, vandalism, acts of terrorism), which can have multiple consequences that can be very serious if they affect the most sensitive elements of the network.</p>	<p>Risks from external installations</p> <p>When passing through municipalities, the gas-distribution network may be affected by any incident originating in buildings, installations, land, or vehicles on traffic routes, depending on the characteristics of the accident and its seriousness.</p> <p>For Regulation and Measurement Stations and Metering Stations, we have identified and controlled all external installations that may represent a higher risk (located within 100m) and may require particular action measures.</p>

Emergency care in 2023

Our Emergency Control Centre (CCAU) has the necessary human and material resources to receive all emergency alerts and communicate them quickly, clearly and reliably to the teams in charge of responding to the alerts, 24 hours a day, seven days a week.

The notification of an emergency to the command line of the technical services concerned is always carried out in accordance with the Emergency Plan. The CCAU has a telephone system for dealing with emergencies, the calls to which are recorded and saved for two months. Our emergency intervention teams have the technical and operational knowledge to ensure they act correctly, both in the actions to be carried out in transmission and distribution networks and in receiving installations, as well as the occupational risk-prevention specifications related to these actions. The priority of a warning is given according to the level of risk that can be deduced a priori from the information collected on receipt of the warning. This is established in five levels (1, 2, 3, 4 and 5), ranging from immediate action to programmed action, depending on the level of risk or urgency established.

Subsequently, we carry out an analysis of the results and produce the Emergency Reports. This analysis allows for the assessment of response and operational times and serves to identify opportunities for improvement. In addition to these reports, periodic reports are issued, analysing weekly and monthly emergency care activity and calculating ratios that allow the quality of the service to be evaluated.

The analysis of our 2023 interventions, for priorities 1 and 2, shows that we clearly continue to meet our objectives. For priority 1 emergencies, 99.1% were attended in less than 1 hour, far exceeding our quality target of 30 minutes, with 96% attended in less than one hour.

Emergency care

	2021	2022	2023
Accumulated warnings P1	1,099	1,040	1,249
Accumulated warnings P2	5,393	3,987	4,410
Average T of attention P1 min	25	26	27
Average T of attention P2 min	43	39	37

P1: Alerts directly related to security are classified at this level, target time less than 30 minutes and never more than 60 minutes (except for special situations).

P2: This is how warnings are classified when the information gathered does not present an immediate risk, objective time of less than 60 minutes and never more than 2 hours.

In 2023, we have dealt with a total of 120 breakage notifications in our distribution network by third-party companies, whose resolution is immediate, for safety and environmental reasons, as mentioned above.

The average attention times were 39 minutes. This minimises the potential risk in an emergency situation. The emission of fugitive gas has been limited to 1.12 Gwh, with costs being recovered in virtually all cases.

From our emergency service, we have carried out a total of 9232 preventive actions, commissioned to optimise the available resources, such as rectification of leaks from monitoring, mapping anomalies, inspection of valves, inspection of meters, surveillance of third-party works, among others.

Finally, it is interesting to note that we have detected 72 frauds/manipulations in the emergency department when making emergency alerts.

**Sustainable
Business**



Net turnover (thousand €)

	2021	2022	2023
Distribution remuneration	145,756	133,110	119,709
Other non-regulated revenues	3,614	3,351	3,256
Other non-regulated compensation income	163	216	195
Other regulated revenues	19,432	17,491	16,762
LPG revenues	15,447	10,939	3,191
Revenue from non-regulated LPG	41	15	16
Total (thousand of euros)	184,453	165,122	143,129

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

Unregulated revenues are also services that are ancillary to the activity of natural gas distribution and whose prices are not regulated, such as those derived from operations carried out at end-users' homes and other ancillary services.

EBITDA (thousand €)

	2021	2022	2023
Operating result	106,285	96,874	84,175
Depreciation	31,514	30,420	29,460
Other results	698	1,123	460
Excess provisions	0	0	0
Loss, impairment and changes in provisions	−326	356	10
Indemnities	636	884	0
Charges for banking services	412	324	232
Impairment of goods, raw materials and others	0	0	0
Impairment and gains/losses on disposal of fixed assets	2,099	428	−6
	141,318	130,409	114,331

6.1 Creating shareholder value

Madrileña Red de Gas is working to ensure the economic profitability of our business and the correct financial performance, creating value for shareholders through responsible management that favours their investment commitment to the Company.

Faced with the current business risks described in Chapter 5, the company responds with ever more efficient processes and a committed and restless workforce, looking for innovative ideas. This resulted in only a slight decline in results, due to the decrease in revenues caused by the reduction in consumption caused by the increase in temperatures, the high price of gas and the penetration of new energy technologies.

Financial strength is an essential pillar of our strategy. The company has strong solvency and liquidity levels consistent with its investment grade rating, and the financial structure is efficient and long-term. In 2023, the gross debt amounted to 226.8 million euros maturing in 2027. The company also has a contingent credit line, amounting to 75 million euros, renewed until February 2027, aligned with the company’s real needs for the coming years. Flexibility in the dividend policy is another key feature that gives the company a better financial position.

The group’s debt is issued by MRG Finance, B.V. on the Luxembourg regulated market under an EMTN programme. This debt is rated investment grade (BBB-) by Standard and Poor’s and BBB (low) by the rating agency DBRS.

Looking at our figures for economic value generated and distributed, in 2023 we generated 45,075 (€ thousands) of distributed economic value, which is 56% lower than in 2022. The most significant figures underlying this decrease are the clear reduction in payments to capital suppliers together with the decrease in corporate income tax payments.

Balance sheet (€)

	2021	2022	2023
Administrative authorisations and other intangibles	751.0	751.0	751.0
Tangible fixed assets	318.1	294.9	279.1
Total fixed assets distribution network	1,069.1	1,045.9	1,030.1
Goodwill	57.4	57.4	57.4
Deferred tax assets	14.7	12.4	7.8
Other non-current assets	339.2	7.8	2.8
Current assets	34.5	35.5	47.1
Cash and banks	33.5	16.2	58.3
Total assets	1,548.4	1,175.2	1,203.5
Equity	432.8	752.8	789.2
Long-term debt with group	944.6	1.8	1.8
Deferred tax liabilities	79.9	92.0	100.7
Other non-current liabilities	36.1	260.2	258.2
Current liabilities	54.9	68.4	53.6
Total equity and liabilities	1,548.4	1,175.2	1,203,5

Annual data at December 31

Retained economic value

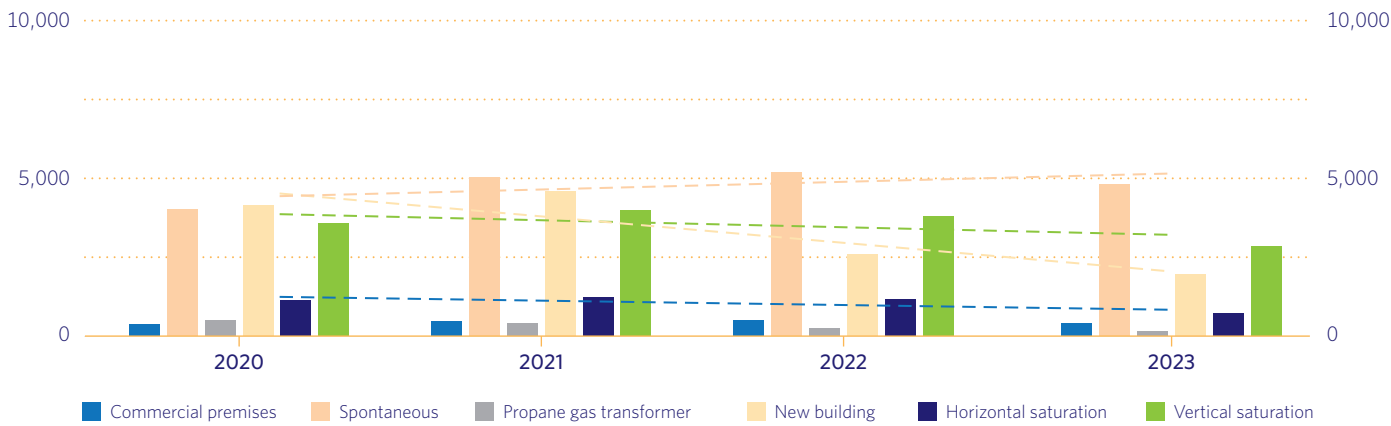
	2021	2022	2023
Net turnover	184,453	165,122	143,129
Financial revenues	16,073	91,221	473
Direct economic value generated	200,526	256,343	143,602
Procurement costs	−15,675	−8,415	−3,208
External services costs	−17,991	−17,997	−17,261
Costs for other results	−698	−1,123	−460
Operating costs	−34,364	−27,535	−20,929
Employee salaries and benefits	−10,263	−10,321	−10,123
Payments to capital providers	−27,682	−34,694	−7,849
Tax expenses and corporate tax payments	−9,469	−8,066	−6,174
Payments to government	−9,469	−8,066	−6,174
Community investments	0	0	0
Economic value distributed	−81,778	−80,616	−45,075
Total (thousand of euros)	118,748	175,727	98,527

Focusing on the economic value retained, a decrease of 56% compared to 2022 is also evident, mainly due to the significant reduction in financial income, which in 2022 was clearly above the usual trend.

For tax purposes, since 1 July 2015 the Company has been taxed under the consolidated tax regime as a subsidiary of Tax Group No. 474/15, the parent company of which is Elisandra Spain IV, S.L.

In addition to Elisandra Spain IV, S.L., as parent company, Elisandra Spain V, S.L.U., Aliara Energía, S.L.U., Aliara GLP, S.L.U. and Madrileña Red de Gas S.L.U. constitute the Consolidated Tax Group No. 474/15.

New connections per market - Trend



6.2 Expansion of our distribution network

Main trends

In 2023, Madrileña Red de Gas has remained faithful to the company’s values, making a strong commitment to business expansion, both from the point of view of investment in infrastructure with the construction of new networks, as well as in the acquisition of new supply points. We have also implemented numerous initiatives and projects that have led, as we have said, to excellent growth results.

Despite being a complicated period due to changes in consumption habits associated with the energy transition and high gas prices, we have maintained a positive balance in 2023 in the company’s net points growth.

This year we continued on the right track in terms of the number of new natural gas installations, both as a direct result of the commercial actions of the Expansion Department (11,091 new installations) and those brought into service as a

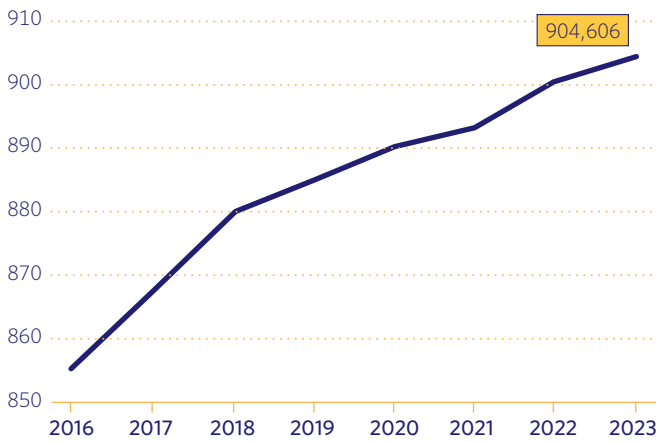
result of the project to transform propane installations (5177), giving a total of 16,268 new installations.

The emergence of new technologies and the requirements imposed for energy efficiency in new buildings marks the general evolution of the market.

This means a gradual decrease in new building registrations, while for the rest of the typologies the figures remain largely unchanged, largely due to the high volume of potential supply points we have, both for new installations and for replacement, and especially due to the significant commercial efforts we have made.

We are currently the growth leaders in Spain. In 2023, the CNMC (Comisión Nacional de Mercados y la Competencia) published the final results of the “Quarterly Reports on the natural gas market in Spain” for 2022. Madrileña Red de Gas has consolidated its position as the natural gas distribution company with the highest annual net growth.

Evolution of NG supply points (2016-2023)
(Thousands)



MRG growth trend in natural gas distribution

	NG network (km)	LPG network (km)	NG Supply points	LNG Satellite plants	LPG Satellite plants
2021	5,886.87	356.65	893,311	5	157
2022	5,904.37	155.99	900,911	5	128
2023	5,926.73	110.71	904,606	5	92

Note: Year-end data

According to the quarterly reports published by the CNMC corresponding to 2023, MRG has become the gas distributor with the most active supply points in the Community of Madrid (904,606).

We continue to extend the natural gas network to new municipalities while addressing our commitment to reducing LPG installations and networks by transformation. Looking at the comparative of the last three years, our growth trend in natural gas distribution is evident.

In 2023, investments totalled 13.3 million euros, slightly less than the 17.6 million euros in 2022. The company maintains the level of investment in its own networks and other projects. We have invested a total of 9.5 million euros, of which 6.5 million euros has been allocated to expansion of the natural gas distribution network as described in Chapter 9: Social Impact.

We are currently the growth leaders in Spain. In 2023, the CNMC (Comisión Nacional de Mercados y la Competencia) published the final results of the “Quarterly Reports on the natural gas market in Spain” for 2022. Madrileña Red de Gas has consolidated its position as the natural gas distribution company with the highest annual net growth

Our commercial actions

General savings campaigns for installation in dwellings:

In 2023, we began the year with the launch of new commercial campaigns to promote marketing with a specific focus on each market niche, aimed at driving new channels and the saturation of existing channels with an impact on each home with a specific offer of interest.

In this regard, we can highlight the following campaigns:

- For decentralisations with contributions of up to €800/supply point
- Multi-family installations with contributions of up to €550/supply point
- Single-family installations with contributions of up to €650/supply point
- We are committed to photovoltaic/aerothermal + natural gas hybridisation with contributions of up to €450.

Launch of new digital campaign on social networks

In 2023, we ran campaigns through the major networks Facebook and Instagram, targeting 37 municipalities in order to capture supply points in the horizontal saturation market.

Telemarketing Campaigns

During the first half of the year, we extended telemarketing campaigns to mobilise all potential supply points in the vertical saturation (VS) and horizontal saturation (HS) markets.

Media publication

During 2023, we undertook different dissemination actions through the media, highlighting:

- Advertorial in the magazine of the municipalities of the north of Madrid “AQUÍ EN LA SIERRA”.

- Report on green H2 in the sector magazine AGREMIA, together with advertising about MRG.

Advertising Dossiers

This year we have prepared advertising dossiers in order to reach niche markets that are difficult to access, such as LPG tanks owned by homeowners’ associations or boiler rooms with old and obsolete systems where the best energy solution is to individualise the system.

With the same intention, we have designed specific brochures for large consumer markets, aimed at business activity, with sales arguments to help our commercial channel.

MRG's new referral programme

During 2023 we have driven the new MRG referral programme, which went live at the end of June. The aim of this programme is to reward customers who successfully refer one of their contacts by giving them and their friend a gift.

By developing it internally in our company and not depending on a third party, the advantages it offers are endless as it is a customised process specifically developed for MRG, and fully integrated in which no data is shared with third parties: it is self-manageable, easy to configure and fully automated (Member Gets Member).

Associate stores network and other commercial actions

- We have expanded our network of associate stores with 12 new stores
- We have modernised our energy benchmarking tool

Actions in the New Build market

Although the trend in new buildings had already begun to change in 2022, during 2023 the consolidation of other solutions for the energy needs of buildings, such as aerothermal energy and geothermal energy, has become evident.

This year has confirmed how the predisposition towards renewable systems, especially aerothermal systems, has changed as well as the trend towards centralisation of boilers.

The Expansion Department has continued to work actively with housing developers, holding meetings with each of them to make them see that using a natural gas system is currently the gateway to Biogas or H2 in the future, and above all, promoting hybridisation between aerothermal energy and natural gas, focusing on important aspects such as improved energy efficiency, rating maintenance, lower life-cycle costs, reliability and improved service guarantee. In addition, we have launched a specific campaign in new construction with financial contributions to help developers.

Finally, we would like to highlight how, during the year, we have managed 17 third-party networks for future urban developments where, through the signing of a collaboration agreement with the land developers, we will build future networks prepared for renewable gases, thereby also providing access to future H2 networks. In total, we have installed 14.4 km of distribution networks to supply more than 3000 dwellings in the future.

Large Consumer Market Actions

Although we detail the significant actions in 2023 in this market in the chapter on Social Impact, we would like to point out in this section how we have managed to achieve the objectives we had set ourselves, achieving 397 new supplies, with an associated consumption of 180 GWH.

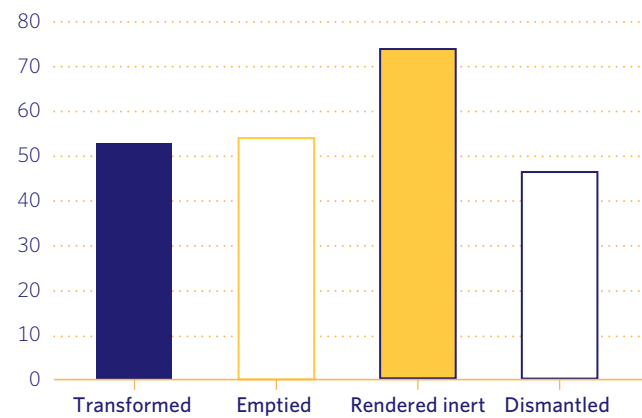
We are living in a risky situation due to regulatory changes and the confusion generated around them, in particular the new Energy Efficiency Directive 2023/1791, with erroneous interpretations that wrongly point to the banning of boilers that contemplate the direct use of gas from 1 January 2026. However, the good work of our commercial network, which has been able to clarify all doubts, and the energy efficiency of natural gas have allowed us to continue to gain the trust of our customers and to continue to grow.

LPG Market 2023

In the last financial year, the final phase of the project to transform more than 15,000 supply points was completed as planned for the years 2022 and 2023. This project facilitates access to cleaner, more continuous and reliable energy.

During 2023, more than 3,500 supply points have been converted to natural gas in the municipalities of Cubas de la Sagra, Griñón, Las Rozas de Madrid, Leganés, Moraleja de Enmedio, Móstoles, San Agustín de Guadalix, Sevilla la Nueva, Villanueva de la Cañada and Villanueva del Pardillo, leaving six of them free from propane gas (LPG).

LPG Operations



In 2023 we have earmarked more than 3 million euros to carry out the work of reusing and expanding networks, adapting and modifying facilities, converting equipment and decommissioning storage facilities.

In addition to this work, progress has continued to be made in the digitisation and automation of the processes of generating orders to be executed in the field and in resolving complaints, with a response time of less than 48 hours.

By 2024, we plan to convert more than 3000 homes to natural gas, which would complete the transformation of the municipalities of Leganés and Griñón and all the facilities where we currently have the feasibility of connecting to the Natural Gas network, as well as acting in the municipalities of Soto del Real, Miraflores de la Sierra and Los Molinos.

Commissioning marked by efficiency

In 2023 we have continued to focus on improving the processes linked to commissioning, implementing beneficial improvements for all participants: consumers, installation companies and Madrileña Red de Gas. Significant improvements have included:

- Given that, in many requests for termination of suppliers, the lack of accessibility to homes in time has an impact on the volume of new registrations, this year we have emphasised this management, speeding up the sending of disconnection teams in areas without access. This has allowed us to speed up and increase the volume of registrations, achieving a recovery rate of 14.43% of customers in this situation.
- During the same visit, we often correct small defects in old installations that would otherwise have obliged the customer to make an unexpected financial outlay, and we have assumed this cost. This action clearly helps us

to increase user satisfaction, but also allows us as a distributor to reduce the cost of intervention by reducing the number of visits required for commissioning.

- We continue to improve documentation management through the Virtual Office and by facilitating access to our installers.
 - Linking the dossiers created on the web to our systems in real time has allowed us to have full control of the information provided to the customer, reducing human errors regarding the availability of the CUPS provided to zero, as well as speeding up the inclusion of new points to such requests.
 - Having a good base set-up for the management of gas outages of common installations in cases where the installation needs to be extended has also allowed the process to be broadened to include cases where the installation needs to be modified. In this way, the company continues to focus on grouping together any procedures that installation companies have to carry out with Madrileña Red de Gas in a single space, thus reducing the times of these procedures and giving more visibility to the exact status of the process requested.
- We have also noticed that, in recent years, changes in regulations, municipal by-laws and the cost per square metre of land have led to an increase in the change of use of areas planned for commercial premises to dwellings. Such areas did not have a gas supply and now require one. This has led to an increase in document management in this regard, as the regulations are not the same for one use or the other, a fact that must be

considered for correct commissioning of the installations. Implementing the provision of this document via the web has allowed for greater traceability of these cases, communication between the parties involved in the process, as well as the unification of the documentation associated with the supply point.

- We continue to invest in digitalisation, with ongoing projects such as free access for installers to our potential supply points and distribution network, or inclusion of the document management of Large Consumer registrations in the Virtual Office.

Our efforts to promote the distribution of renewable gases

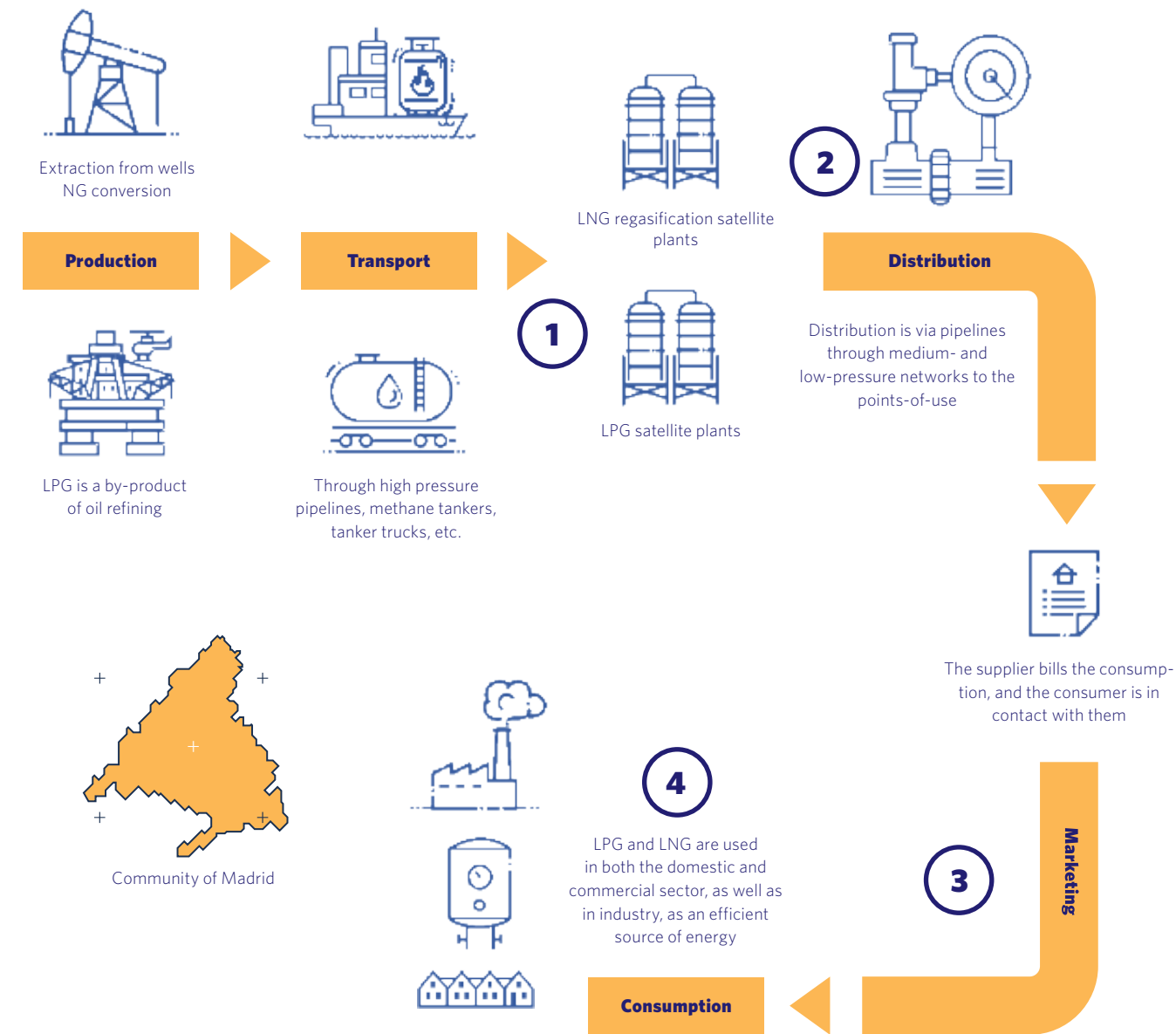
Although we detailed the efforts we are making as a company to face the risks and opportunities offered by the necessary energy transition, in our case linked to the distribution capacity of renewable gases (H2 and biogas), in chapter five, we felt it was important to emphasise this further in this chapter on Sustainable Business.

The future extension of the network and our ability to maintain a share of active supply points is linked to the development of our investment and technical capabilities in this line of innovation and development.

Supply Chain



Main activities in our supply chain



The main activities in our supply chain are all those related to the expansion of our distribution infrastructures, networks and assets, distribution systems and ensuring the supply of gas to users in the various municipalities in the Community of Madrid in which we operate.

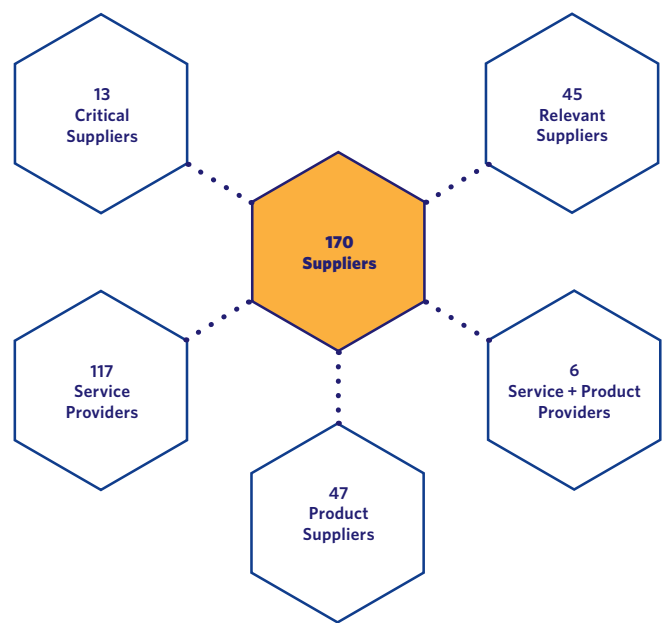
7.1 Our suppliers

In order to carry out the different activities in our value chain, we have a large number of suppliers, who are a key element in our processes. At Madrileña Red de Gas we consider:

- **Critical suppliers**
Those engaged in the following activities in our value chain: construction and maintenance of networks, periodic inspection, household operations, readings, emergencies, commissioning of receiving installations, polyethylene (PE) pipe manufacturers, polyethylene (PE) fittings manufacturers and meter manufacturers.
- **Relevant service providers**
These are not necessarily critical. Relevant services are those that are sensitive from a quality perspective as they require compliance with specific technical/legal conditions for performance of the work, most of which originate from current legislation. Consequently, these suppliers must be registered in our Business Activity Coordination tool.

With regard to the approval of our suppliers, in critical business processes we work with approved suppliers in order to obtain high levels of safety, quality, better deadlines and prices and respect for the environment in our operations.

Suppliers in 2023



In addition, relevant service providers who are also critical suppliers, and who intend to carry out any activity for Madrileña Red de Gas, must pass the initial assessment and approval stages.

In this regard, no new outsourcing processes have been carried out during 2023, nor have we had any major changes in our supply chain.

In 2023 we have worked with 170 suppliers of both products and services:

- 13 critical suppliers.
- 45 relevant suppliers, 9 of whom also classified as critical.

It should be noted that 80% of all purchases made during 2023 were with 24 main suppliers.

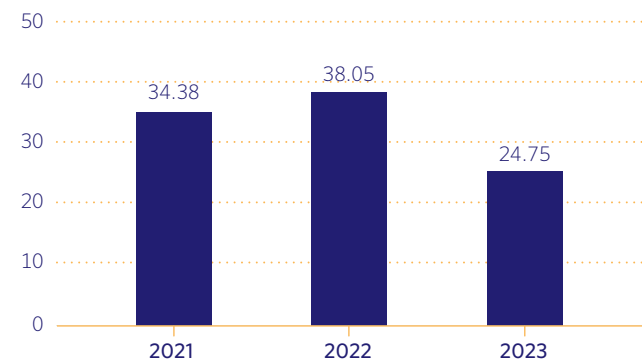
The total turnover during 2023 was close to 25 million euros.

Furthermore, at Madrileña Red de Gas we support and encourage our supply through suppliers close to the place where our significant operations are located, i.e. those located within the Autonomous Community of Madrid. In this way, in addition to securing supply, we help to achieve a stable local economy while maintaining community relations.

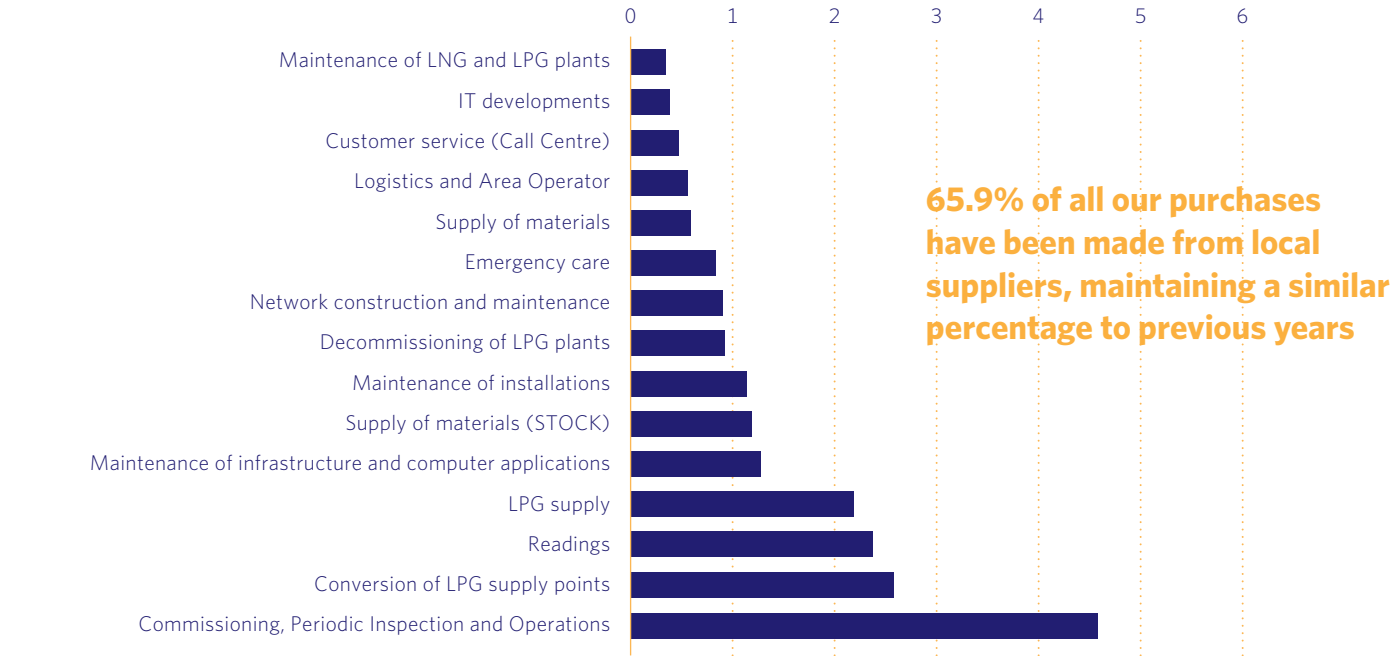
In this regard, of the 170 suppliers we have worked with during 2023, 112 are located in the Community of Madrid, that is to say: 65.9% of all our purchases have been made from local suppliers, maintaining a similar percentage to previous years.

With regard to the percentage turnover, during 2023 82% of all our purchases have been made from suppliers in the Autonomous Community of Madrid, thus promoting and strengthening local activity.

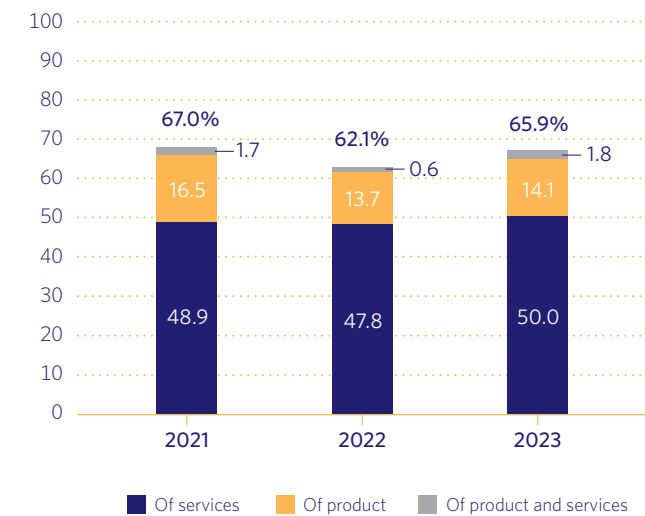
Total suppliers turnover (M€)



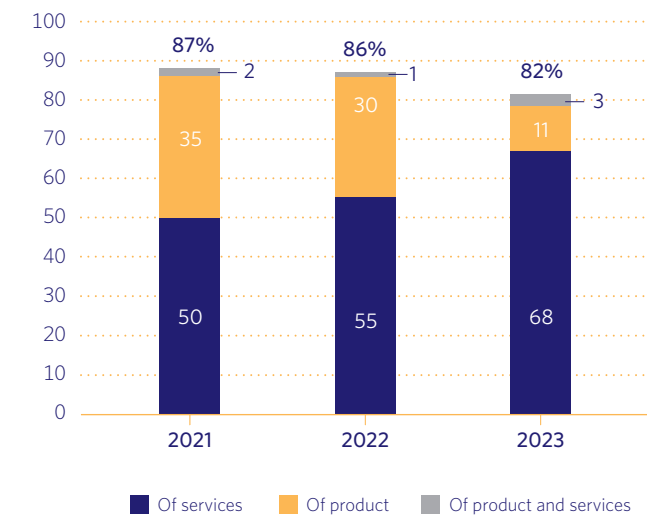
Main turnover activities (million euros)



Percentage of local suppliers



Percentage of local purchases



At Madrileña Red de Gas we guarantee that our suppliers maintain a commitment to respect and promotion of ethical values and sustainability in all areas of their organisation and activity, in accordance with the values and commitments set out in our Sustainability Policy

7.2 Sustainable management of our value chain

Madrileña Red de Gas is aware that sustainable practices in supply-chain management are becoming increasingly important. We therefore seek to manage our environmental, social and economic impacts and promote good governance practices throughout the life-cycle of our goods and services.

At Madrileña Red de Gas we guarantee that our suppliers maintain a commitment to respect and promotion of ethical values and sustainability in all areas of their organisation and activity, in accordance with the values and commitments set out in our Sustainability Policy.

Madrileña Red de Gas is committed to respecting and promoting Human Rights in all our operations, our value chain and in all the places where we operate, as stated in our Human Rights Policy.

With the aim of extending the principles of sustainability throughout our supply chain, this commitment is extended to our suppliers through the Sustainable Purchasing Policy

and the Code of Conduct for Suppliers, with which they are obliged to comply.

Thus, in order to fulfil the commitment to responsibility throughout the value chain, our suppliers must comply with the Responsible Business Principles set out in our Sustainable Procurement Policy, based on the deployment of core values: Integrity, Commitment, Transparency and compliance with Human Rights, especially those related to eliminating and preventing any form or modality of forced labour, guaranteeing in turn the rights of workers to exercise freedom of association or collective bargaining and decent employment, as well as the rejection of all types of child labour and respect for the rights of ethnic minority communities. None of our operations or suppliers are considered to be at significant risk of non-compliance with these rights.

Our contractual clauses establish the need for our supply chain to identify its potential and actual contributions to the Sustainable Development Goals of the United Nations 2030 agenda.

In addition to the above, the quality and safety of our services, the protection of the environment as well as the health and safety of our employees are basic pillars of our company, in accordance with which, amongst others, our Integrated Management System has been implemented and certified. In this regard, the activities of our suppliers are integrated into this System, assuming the commitments established by Madrileña Red de Gas, which are communicated and supervised during the conduct of their activities, as their own.

In addition, our suppliers, as well as their employees, have the possibility of making complaints, or resolving doubts or disputes, through the usual contact channels. All complaints are treated in strict confidentiality and secrecy.

ESG rating of our suppliers

Madrileña Red de Gas has an external supplier registration and pre-qualification tool available to authorised users of the participating companies. This tool provides an overview of the positioning of our suppliers in terms of Sustainability, as well as a comparison with other companies in the sector, by means of questionnaires in the following areas:

The assessment methodology is based on a score on a scale of 0 to 100 for each block, with the provision of the corresponding documentary evidence, obtaining an overall ESG score and classifying each supplier.

In relation to this assessment, as established in the current contractual clauses with our suppliers, Madrileña Red de Gas expects all its contractors to promote sustainability policies aimed at achieving the maximum sustainability score (Level A) in the suppliers’ portal.

In this context, during September we implemented an ESG Supplier Development Programme. The aim of this programme is to help our suppliers to improve their sustainability assessment by helping them to correct deviations and accompanying them in completing the questionnaires. Thus, in collaboration with a person in charge of the supplier registration and pre-qualification tool, we carried out the following activities:

- The identification of suppliers registered in the tool who are likely to participate in the programme. A total of 11 suppliers were selected.
- Sending communications to these suppliers with information about the programme and a proposal to participate in it.
- The holding of meetings with participating suppliers. A total of three meetings were held, at which the supplier’s answers in the ESG questionnaire were verified and evidence was requested to cross-check the information.

During 2023, 46 of our suppliers have been assessed according to the above axes (%)



Suppliers rated on sustainability



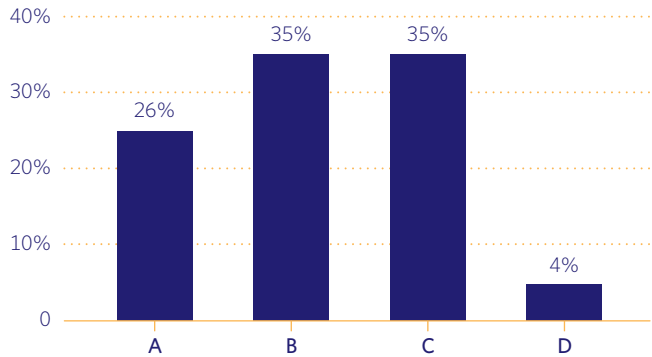
Critical suppliers rated on sustainability



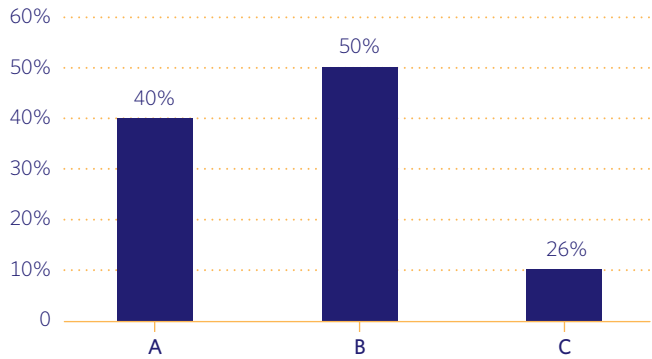
Relevant suppliers rated on sustainability

ESG Score	Evaluation	Category / Level
A+	95-100	Excelent “Platinum”
A	75-95	High “Gold”
B	50-74	Medium-High “Silver”
C	25-49	Medium-Low
D	0-24	Low

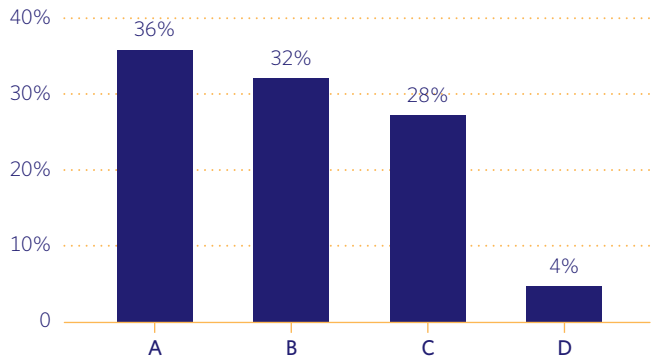
ESG rating for suppliers, 2023



ESG rating for critical suppliers, 2023



ESG rating for relevant suppliers, 2023



- The creation of an improvement plan based on the non-conforming requirements.

Following the programme, two of our suppliers improved their score from B to A.

At Madrileña Red de Gas, our goal is to promote the development and support of our suppliers to improve their ESG capabilities and minimise their risks, especially with regard to carbon footprint, circular economy, occupational health and safety and cybersecurity.

In addition to the above, the supplier registration and pre-qualification tool we work with also provides us with greater rigour and detail of our suppliers through documentation assessments and on-site physical audits, which are carried out by qualified assessors. These audits provide further validation of suppliers’ documented policies and processes in key areas such as quality, health and safety, sustainability, human resources and environment.

In this context, it should be noted that, during 2023, we have not registered any new suppliers, nor have we identified any suppliers with significant actual or potential negative environmental or social impacts.

It should also be noted that, in 2023, no complaints were received through the complaints channel regarding the supply

chain or the company’s procurement model, which is based on free competition, transparency, corruption management and equal treatment.

Promoting more sustainable procurement

Once again, as members of the Spanish Association of Purchasing, Contracting and Procurement Professionals (AERCE), we attended the most recent congress held on 28 June at IFEMA under the slogan “Transforming from Purchasing: It’s time”.

Technology and innovation, sustainability, leadership and talent were the protagonists of an agenda that highlighted the potential of Purchasing to lead the transformation that organisations have to face in a business environment in constant movement due to various factors, such as rising prices of raw materials, supply-chain disruptions, the need to innovate to differentiate ourselves, the difficulties in finding talent, or the growing pressure for organisations to incorporate sustainability criteria in their Purchasing practices.

AERCE is a non-profit professional association whose objective is to promote sustainable purchasing management to optimise costs and increase company productivity.

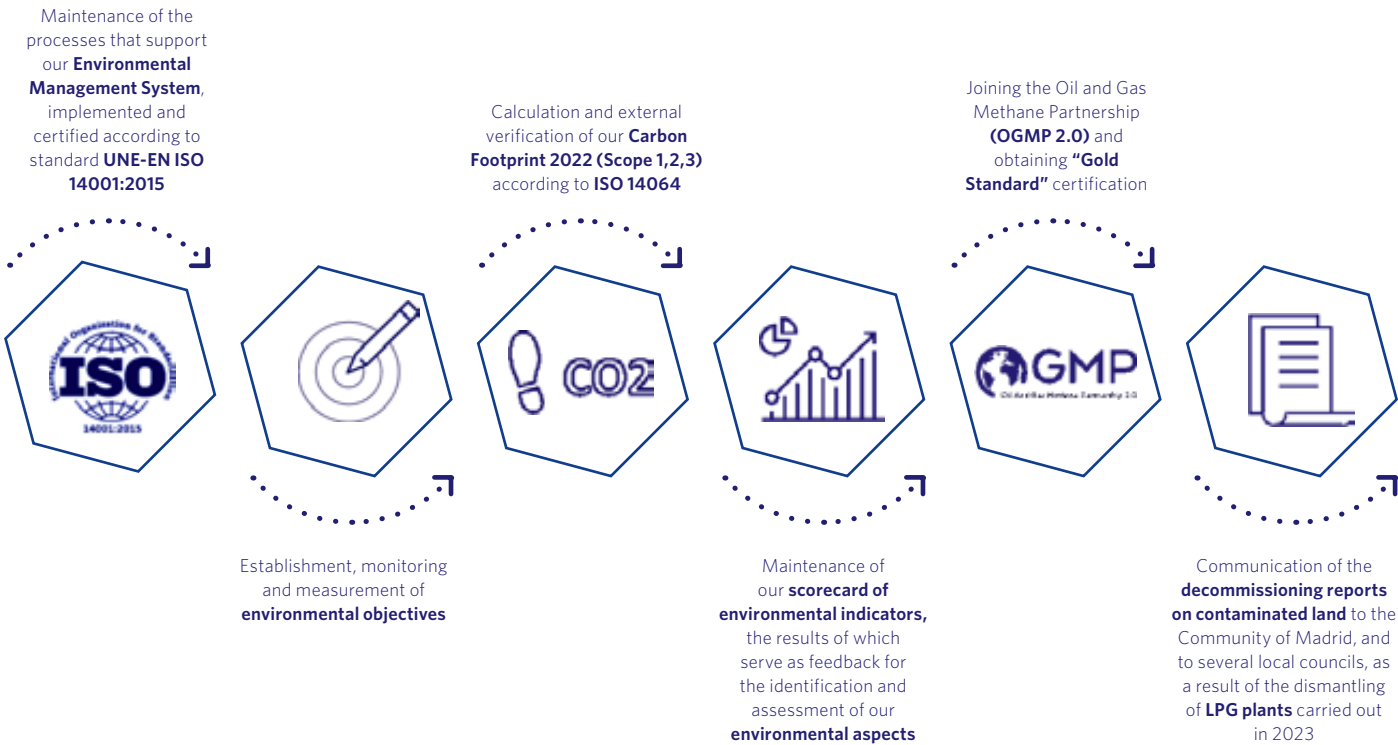
**Environmental
Impact**

8

8. Environmental Impact

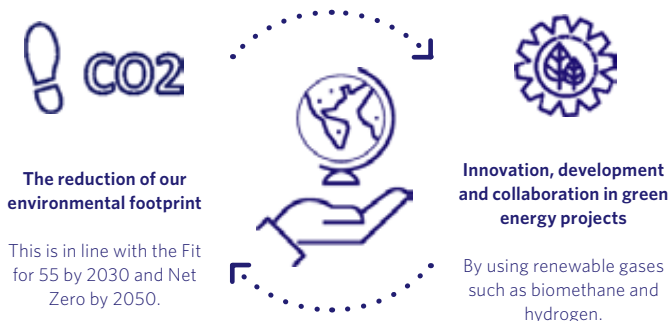
8.1 Our environmental performance

During 2023, our environmental performance has focused, amongst others, on the following activities:

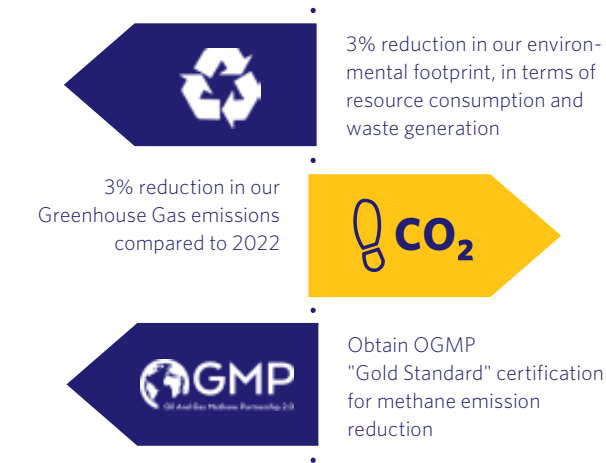


8.2 Impact on climate change

As has been discussed throughout this report, and in particular in Chapter 5.2 Climate adaptation, resilience and transition, at Madrileña Red de Gas we are facing the risks that climate change and the energy transition pose for us, through a commitment and a robust strategy.



Our climate change targets for 2023



Our objectives

At Madrileña Red de Gas, in line with our commitment to the fight against climate change, we have set some targets for the year 2023.

In relation to these objectives, and in general, at Madrileña Red de Gas we have managed to significantly reduce our electricity consumption, as well as reducing our total waste production by 47%. We have also reduced our Carbon Footprint by 51% and have been able to certify and obtain the Gold Standard seal awarded by OGMP 2.0.

Our carbon footprint

Once again, during 2023 we calculated the carbon footprint associated with our activities, including direct Greenhouse Gas (GHG) emissions (Scope 1), indirect GHG emissions from the generation of electricity purchased and consumed (Scope

The scope and limits contemplated for the calculation of our carbon footprint are as follows:



2), as well as indirect emissions occurring in the value chain (Scope 3).

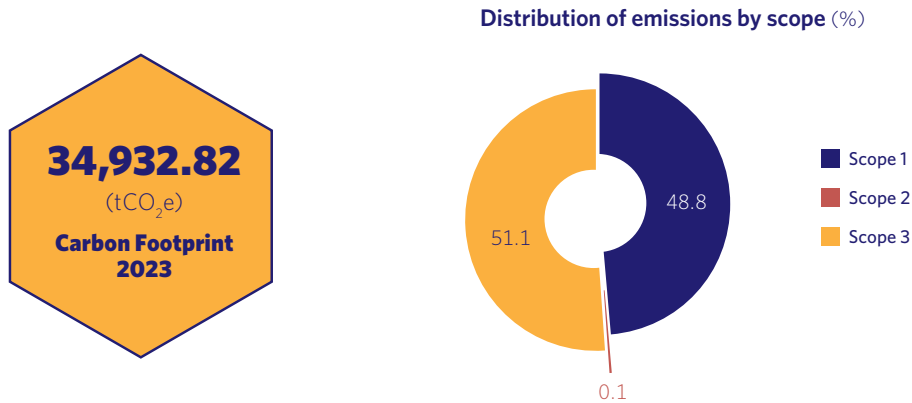
For this calculation we have taken into consideration the following benchmarks:

- Specifications of the standard ISO 14064-1:2019.
- GHG Protocol.
- Methodology EMEP/EEA and IPCC Guidelines for National Greenhouse Gas Inventories.
- Supporting documents prepared for the Registry of carbon footprint, offsetting and absorption projects, created by "Royal Decree 163/2014, of 14 March, which creates the registry of carbon footprint, offsetting and carbon dioxide absorption projects".
- Internal company procedures.

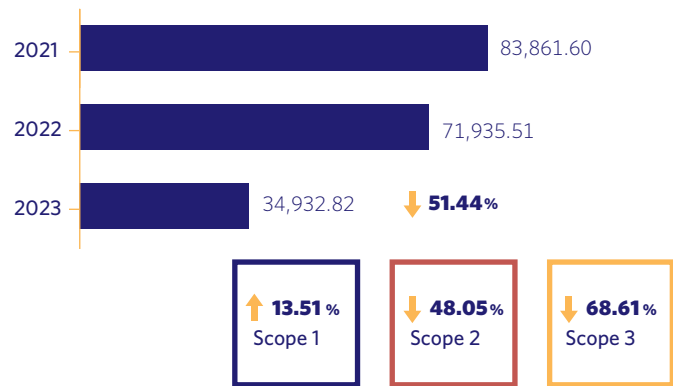
Inventory GHG emissions by scope and source type (tCO₂e)

	2021	2022	2023
Scope 1			
Combustion emissions from stationary sources	446.68	334.76	88.73
LNG vaporisation boilers	5.74	1.89	1.70
LPG vaporisation boilers	437.67	332.78	86.06
DHW boilers and generator set offices	3.26	0.08	0.96
Fugitive emissions through gas wastage	16,074.13	14,592.65	16,858.35
Intrinsic emissions (leaks in networks and service connections, IRC/IRI and PE permeation)	12,115.07	11,096.11	13,417.22
Operational emissions (leaks during maintenance, commissioning and cessation)	30.28	36.57	29.32
Incidental emissions (leaks due to third party damage and reported by notices)	3,928.78	3,459.97	3,411.81
Fugitive emissions of refrigerants from air-conditioning and refrigeration	0.00	0.00	0.00
Combustion emissions from mobile sources	78.98	89.42	98.83
NG-powered vehicles	57.17	61.64	63.76
LPG-powered vehicles	0.00	0.00	0.00
Petrol-powered vehicles, petrol hybrids, and petrol/NG support vehicles	21.81	27.79	35.07
Diesel-powered vehicles	0.00	0.00	0.00
Total Scope 1	16,599.79	15,016.84	17,045.91
Scope 2			
Electricity Consumption	66.10	97.31	50.55
Offices	24.16	47.54	22.09
Plants and MREs	41.94	49.77	28.46
Total Scope 2	66.10	97.31	50.55
Scope 3			
Indirect LCA emissions from fuels and traded gas (upstream)	51,559.19	38,041.98	11,362.12
Combustion in stationary sources	46.01	33.90	9.57
Combustion in mobile sources	20.22	22.94	25.37
Traded gas (upstream)	4,689.89	3,466.96	1,065.74
Traded gas (use)	46,803.08	34,518.17	10,261.44
Indirect travel	0.76	3.61	4.97
Fossil fuel vehicles	0.00	0.00	0.00

Inventory GHG emissions by scope and source type (tCO ₂ e)	2021	2022	2023
(Continued Scope 3)			
Electric vehicles	0.00	0.00	0.00
Train travel	0.76	2.46	2.33
Air travel	0.00	1.15	2.64
Indirect in itinere	56.27	81.75	80.11
Cars	53.45	78.00	76.28
Electric vehicles	0.00	0.23	0.25
Mopeds/Motorcycles	2.82	3.19	3.24
Metro/Train/Regional train	0.00	0.33	0.34
Bus	0.00	0.00	0.00
Transport and treatment of the waste generated	0.66	0.91	0.90
Transport of Non-Hazardous Waste	0.37	0.51	0.48
Hazardous Waste Transport	0.01	0.01	0.01
Treatment of Non-Hazardous Waste	0.25	0.34	0.32
Hazardous Waste Treatment	0.04	0.05	0.08
Procurement of goods and services	8,976.27	5,309.49	3,137.60
Transport due to customer facility check services	0.00	0.00	0.00
Customer IRC	6,602.54	13,383.63	3,250.66
Total Scope 3	67,195.71	56,821.36	17,836.35
Total Carbon Footprint	83,861.60	71,935.51	34,932.82



Absolute value of the Carbon Footprint (tCO₂e)



The GHGs included in the HC are CO₂, CH₄, N₂O, SF₆, NF₃, HFCs and PFCs. All results are reported in CO₂e, applying the Warming Potentials given in the IPCC Sixth Assessment Report.

As we can see from the above data, during 2023 we have managed to reduce our carbon footprint by 51.44% compared to the previous year.

Scope 2, relating to our electricity consumption, has been reduced by 48.05% compared to 2022 for the following reasons:

- We have proportionally redistributed the electricity consumption of our headquarters between the two companies that occupy it.
- We have decommissioned most of the LPG storage plants with boilers that need electricity to operate.

With regard to Scope 3 emissions, these have decreased by 68.61% compared to 2022 for several reasons:

- During the year 2023, the number of LPG supply points decreased by 47.93% as they were converted to natural gas, with a consequent reduction of distributed energy corresponding to LPG.
- Methane emissions due to natural gas leaks identified at customer sites have decreased by 75.62%.

Comparison with base year

Not applicable, as this is the second year of the calculation. As the base year corresponds to the sum of the emissions of the years 2021 and 2022, analysis of the evolution of the full carbon footprint with respect to the base year will be carried out when two consecutive two-year series are completed, so that comparable results are obtained.

Other carbon footprint indicators

	2021	2022	2023
Emission intensity per GWh of gas vehicles (tCO ₂ e)/GWh)	7.71	7.35	4.09
Emission intensity per km Network (tCO ₂ e)/km)	13.50	11.89	5.79
Direct GHG emissions			
Direct GHG emissions intensity (tCO ₂ e)/GWh)	1.53	1.54	1.99
Direct GHG emissions intensity (tCO ₂ e)/km)	2.67	2.48	2.82
Indirect GHG emissions from imported energy			
Indirect GHG emissions intensity from imported energy (tCO ₂ e)/GWh)	0.01	0.01	0.01
Indirect GHG emissions intensity from imported energy (tCO ₂ e)/km)	0.01	0.02	0.01
Fugitive CH ₄ emissions from the grid			
Emission intensity per m3 of gas vehicles (tCH ₄ /10 ⁶ m ³ GN)	0.62	0.62	0.82
Emission intensity per km Network (tCH ₄ /km Red)	0.09	0.09	0.10

Finally, we would like to note that, with regard to the results of the calculation of our carbon footprint for the previous year, we once again registered it with the Spanish Office for Climate Change (OECC), obtaining the CALCULO seal referring to 2022, in turn registering the corresponding reduction plan.

Other air pollutants

Below, we show the emissions of atmospheric pollutants from both stationary combustion stations and our fleet of vehicles.

For the calculation of emissions in stationary sources, we apply the EMEP/EEA (EMEP/EEA Air Pollutant Emission Inventory Guidebook) methodology, calculating emissions based on fuel consumption and emission factors for the different pollutants, both of which depend on the technology used.

On the other hand, the methodology used to calculate combustion emissions in mobile sources is based on that set out in the Technical Report of the European Environment

Other atmospheric pollutants (kg)

	2021	2022	2023
SO _x	2.95	2.56	2.14
NO _x	293.34	223.25	80.82
PM _{2.5}	3.43	2.65	1.31
PM ₁₀	3.43	2.65	1.31
Lead (Pb)	0.00222	0.00251	0.00347
Mercury (Hg)	0.00071	0.00053	0.00014

Agency: COPERT IV (Computer Program to Calculate Emissions from Road Transport), based on the application of emission factors for the different pollutants classified by vehicle type, category (Euro standards) and fuel used.



- Less waste, less pollution
- Less use of finite raw materials
- Less expenditure, by using fewer resources
- Better use of resources by giving them a second life

8.3 Resources and the circular economy

Madrileña Red de Gas is committed to making the most of its resources and trying to give a new life to the waste we generate, in line with the 7 R's of the Circular Economy.

Resources

Within the framework of our Integrated Environmental Management System, Madrileña Red de Gas has an established system for controlling and monitoring the consumption of resources, with the aim of guaranteeing their adequate management in our work centres and industrial facilities (natural and energy resources) and in the vehicles of our fleet (fuel consumption).

As can be seen from the above results, while the water and fuel consumption of our fleet has remained similar to the previous year, the electricity consumption of our buildings and facilities, as well as our paper consumption, has decreased significantly.

Regarding the decrease in electricity consumption, as mentioned above in the carbon footprint section, as expected, as the number of LPG plants belonging to our company decreases, the consumption associated with them also decreases. Moreover, with regard to paper consumption, every year we make more progress in the digitalisation of our processes, which translates into a considerable reduction in the amount of paper consumed.

Waste Management

To guarantee compliance with this commitment to the circular economy, and within the framework of our Integrated Environmental Management System, we have specific procedures for the correct management of waste.

Thus, whenever possible, actions are carried out with a focus on:

- Applying techniques and alternatives that prevent waste generation.
- Reduction of the amount of waste generated at source.
- Internal or external recovery of waste (reuse or recycling).

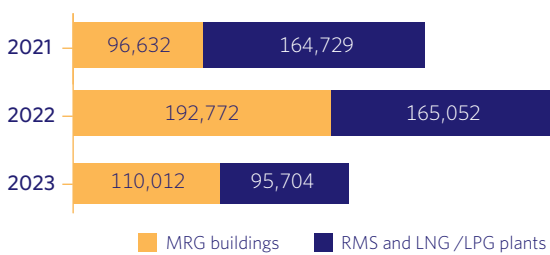
The temporary storage of waste in our facilities is carried out in a controlled manner, especially waste that may constitute a degradation hazard for the environment.

In addition, as a general philosophy, we try to ensure that those activities carried out by our contractors contemplate the management of all waste generated during provision of the service in order to ensure maximum simplification of

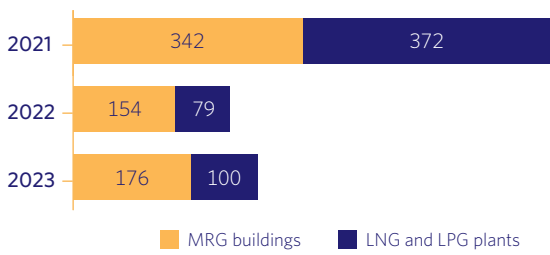
Resource Consumption

	2021	2022	2023
Electricity (kWh)			
Buildings	96,632	192,772	110,012
LNG and LPG plants and MREs	164,729	165,052	95,704
Water (m³)			
Buildings	342	154	176
LNG and LPG plants	372	79	100
Paper (kg)			
Office paper and packaging	4,413	4,927	1,075
Fuel			
Petrol (L)	1,311	3,067	2,015
Natural Gas / NGV (kg)	20,709	20,738	21,004

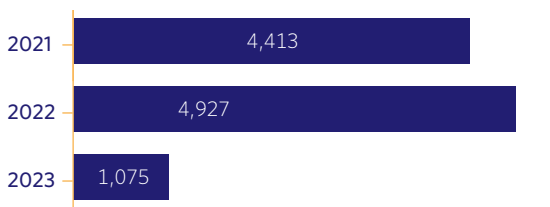
Consumption of electricity (kWh)



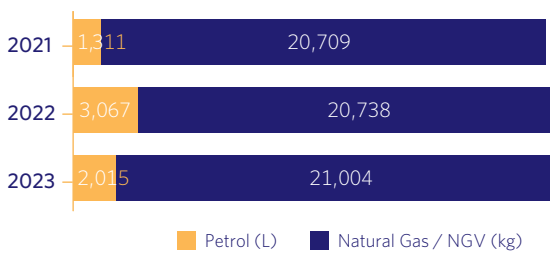
Consumption of water (m³)



Consumption of paper (kg)



Consumption of MRG vehicle fleets



management. To this end, we include appropriate contractual clauses in contracts, and we require our suppliers to be legally authorised to do so.

With regard to the main waste that may be generated at our facilities (regulating and metering stations, LNG and LPG plants), this is mainly due to maintenance operations, e.g. grease, contaminated rags, used filters etc.

As can be seen from the data, the generation of Hazardous Waste increased during 2023 mainly due to the collection of Waste Electrical and Electronic Equipment (WEEE) that we have been generating in recent years.

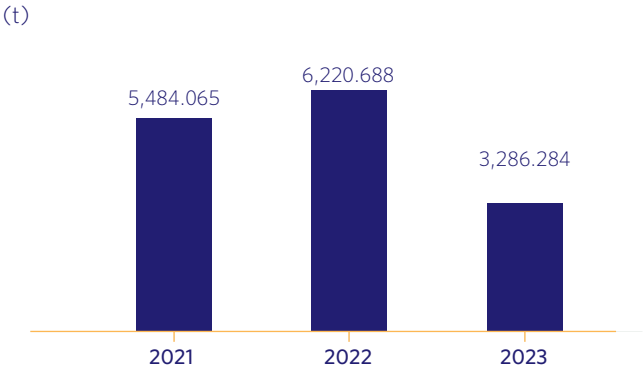
With regard to Non-Hazardous waste, during 2023 we dismantled a total of 37 LPG plants (63 tanks), 23 more than in the previous year, with the consequent generation of waste derived from this activity. It is worth mentioning that, during 2023, we have produced, and registered for the first time on the website of the Autonomous Community of Madrid, the Annual Report of Hazardous Waste Producer, as established by Law 7/2022 on waste and contaminated soils for a circular economy.

With regard to the overall total of waste generated, as we can see, we have produced 47% less waste compared to the previous year, mainly due to the sharp decrease in the generation of Construction and Demolition Waste as a result of a lower number of works in the expansion activity.

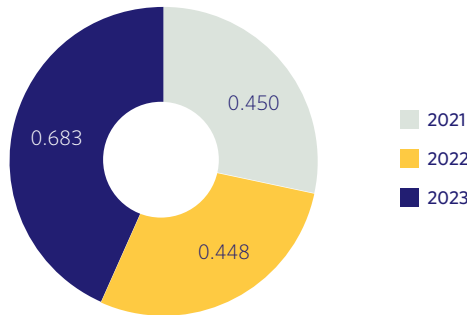
Generation of hazardous and non-hazardous waste at MRG

	2021	2022	2023
Hazardous waste (t)			
Contaminated plastic containers	0.162	0.379	0.360
Contaminated metal containers	0.221	0	0
Contaminated rags	0.014	0.021	0.032
Aerosols	0.044	0.038	0.037
Filters	0	0	0
WEEE	0	0	0.234
Alkaline batteries	0.009	0.010	0.012
Others (fluorescent bulbs, toner...)	–	–	0.008
Total hazardous waste	0.450	0.448	0.683
Non-hazardous waste (t)			
Demolition waste	217	85	453
Construction and demolition waste	5,233	6,089	2,789
Meters	33,615	46,240	43,310
Scrap, drums	0	0	0.291
Total non-hazardous waste	5,483.615	6.220,240	3.285,601
Total waste	5,484.065	6.220,688	3.286,601

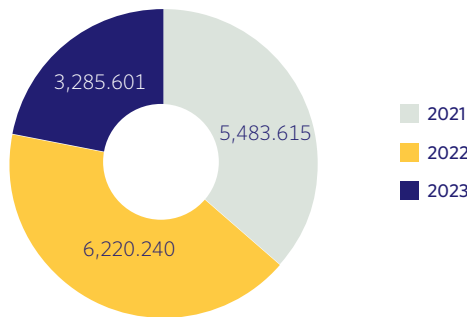
Overall waste generated



Generation of hazardous waste (t)



Generation of non-hazardous waste (t)



Hazardous waste

	2021	2022	2023
Waste for valuation (t)	0.450	0.438	0.683
Waste for elimination (t)	0	0	0
Waste for valuation (%)	100	100	100
Waste for elimination (%)	0	0	0

Non-hazardous waste

	2021	2022	2023
Waste for recycling (t)	250.6	131.240	496.601
Waste for elimination (t)	5,233.0	6,089.0	2,789.0
Waste for recycling (%)	4.570	2.110	15.111
Waste for elimination (%)	95.430	97.883	84.868

LPG plants in protected spaces or areas of high ecological value

Plant name	Municipality	Floor area m²	Protected spaces	SCI / SCA	SPA
Cantos Altos	Collado Villalba	95	Parque Regional de la Cuenca Alta del Manzanares (Regional Park of the Upper Basin of Manzanares River)		
Coop. de viviendas la Marazuela	Las Rozas de Madrid	92		Manzanares River Basin	
Urb. La Hacienda de la Marazuela	Las Rozas de Madrid	40			
Urb. La Candela	Talamanca de Jarama	76		Basins of the rivers Jarama and Henares	Cereal fields of the rivers Jarama and Henares

Special Areas of Conservation (SACs) are Sites of Community Importance (SCIs) designated by the Autonomous Communities, in which the conservation measures necessary to maintain or re-establish the natural habitats and/or populations of the species for which the sites have been designated, at a favourable conservation status, are applied.

Special Protection Areas for Birds (SPAs) are those territories designated for the conservation of wild bird species, included in the European Directive on the conservation of wild birds ("Birds" Directive).

8.4 Biodiversity

Madrileña Red de Gas is fully aware of the risks involved in the loss of biodiversity, such as the reduction and disappearance of species or the degradation of ecosystems. However, the presence of our facilities in protected areas or areas of high ecological value is very limited, as they are generally urban facilities.

We currently have 92 LPG satellite plants and five LNG plants that supply gas to homes where the distribution network does not reach. Of these, by the end of 2023, four LPG plants are located in protected areas or areas of high ecological value (none in the case of LNG).

If we compare the number of installations in special areas of conservation with the previous year, the number has decreased considerably. This is because, during 2023, we decommissioned 10 of the plants located on these sites.

By 2023 we had reduced the number of LPG installations located in protected areas or areas of high ecological value by 71%, amounting to a total of 1,398 m² of reclaimed area.

All dismantling activities have a Project Manager, 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.

In turn, at Madrileña Red de Gas we take data and, where appropriate, samples for drafting of the mandatory

By 2023 we had reduced the number of LPG installations located in protected areas or areas of high ecological value by 71%, amounting to a total of 1,398 m² of reclaimed area

Contaminated Soil Closure Report. These reports are submitted to the Competent Authority of the Community of Madrid, which issues an administrative resolution on the matter.

On the other hand, and in relation to possible environmental damage associated with our facilities, we are subject to the obligations established in the Environmental Liability Law (Law 26/2007), among which are the communication of the existence of environmental damage or the imminent threat of such damage to the competent authority, as well as the adoption of measures for prevention, avoidance and repair.

Social Impact 9

Investment (million euro)

	Investment in network extension	Network maintenance and digitisation
2021	13.1	5.0
2022	14.0	3.6
2023	9.5	3.8

Network evolution (km)

	Natural Gas network	LPG network
2021	5,886.87	356.65
2022	5,904.37	155.99
2023	5,926.73	110.71

During 2023 we have made very significant progress in bringing natural gas to new municipalities

9.1 Reliable and secure access to energy

As a gas distributor in the Autonomous Community of Madrid (CAM) since 2010, year after year we have invested in the construction of new networks, thereby increasing the number of municipalities and districts with access to natural gas. In the same vein, we continue to advance in our commitment to the process of transforming the supply of liquefied petroleum gas (LPG) to natural gas, thanks to the expansion of our network.

Our infrastructure investment in 2023 was 13.3 million euros, down slightly from 17.6 million euros in 2022. The company maintains the level of investment in its own networks and other projects.

In network expansion, investment amounted to 9.5 million euros, of which 6.5 million euros were earmarked for the expansion of the natural gas distribution network and 3 million euros for the LPG to natural gas conversion plan.

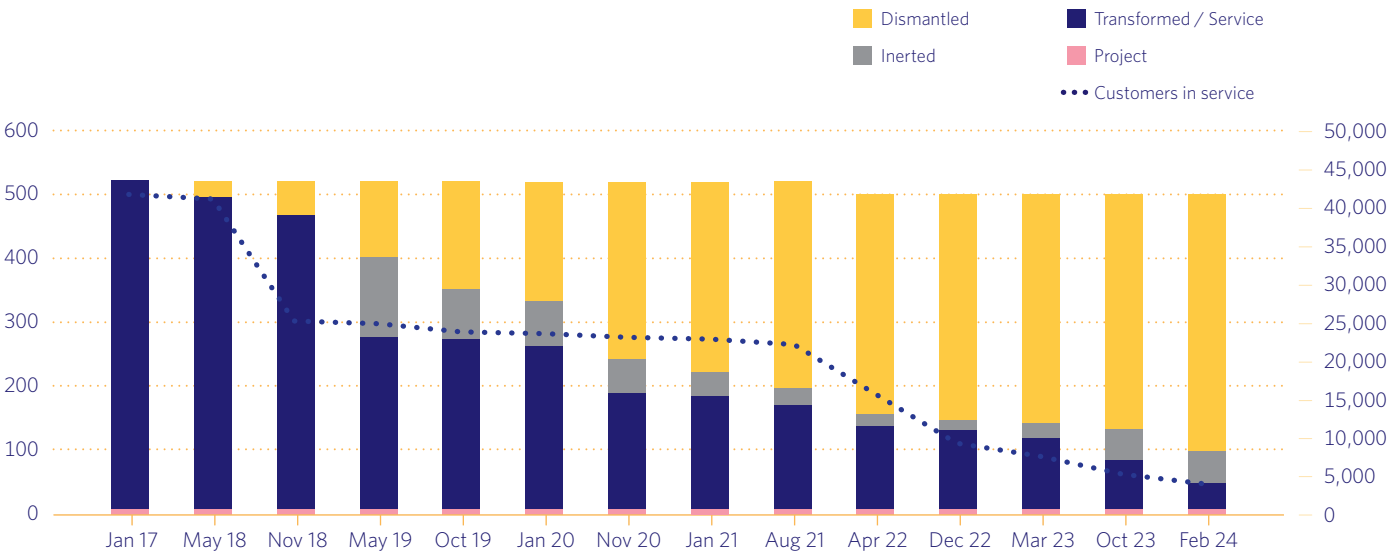
Outside of expansion investment, the figures remain at a comparable level to the previous year (3.8 million in 2023 compared to 3.6 in 2022) and are oriented especially towards network maintenance and, therefore, security and reliability of supply, together with fraud prevention, digitalisation and the development of information systems, with the aim of achieving cost efficiency and improving the quality of customer service.

Looking at our commitment to increasing the natural gas network and phasing out LPG plants, the evolution is clear.

The graph shows our gradual efforts in the transformation process towards natural gas since the phasing out and dismantling of the satellite LPG plants.

Our aim is to improve the quality of life of citizens and the possibilities for economic growth in the areas of impact of the CAM, providing industry and commerce with access to a highly efficient fuel, through a continuous and reliable supply. This will be compatible with their efforts to reduce their

State GLP plants and no. customers service MRG



carbon footprint as it is a cleaner gas, which in a simple way opens the door to the future entry of renewable gases, as we have already explained in chapter 5 of this report.

During 023 we have made very significant progress in bringing natural gas to new municipalities.

As a result of this effort, in the first half of 2024 we will start to supply the municipalities of Casarrubuelos and Miraflores de la Sierra. We are also in the final phase of the procedures for the installation of our infrastructures in the municipalities of: Los Molinos and Moralarzal (we hope to obtain them in 2024) and we have authorisations from other municipalities in the Community of Madrid, including El Boalo, Collado Mediano, Becerril de la Sierra and Navacerrada, at different stages of processing.

This year we have held meetings with the town councils of Casarrubuelos, Moralarzal and El Boalo. In these

presentation meetings, we explain our way of working, how we will approach the works, how we will reach customers, the commercial activity that will be carried out and, of course, how we will facilitate access of their residents to the new supply, giving them information about the technical/ economic offers that we will make to them. We will also explain the advantages of a new energy alternative from which they can benefit.

In 2023, in the municipality of Casarrubuelos we started the commercial surveys that will allow the best programming in deployment of the natural gas network in the town. Residents have expressed great interest in having this supply, and we have also made progress in working with the municipal authorities to ensure the necessary coordination to minimise any inconvenience to them.

Impact on the economic development of municipalities: boosting industry and commerce

If we focus on the positive impact on economic development in our area of influence, an interesting example in the year 2023 can be found in the pharmaceutical industry. The versatility of natural gas makes it an ideal energy source for all stages of the production process, especially temperature control, drying and sterilisation, while at the same time supporting efforts to minimise the carbon footprint by maintaining efficiency in these processes. This year, a pharmaceutical company that uses our service started up new warehouses in Tres Cantos, in the region of Madrid, to expand the production of orals and injectables, for which it incorporated two new steam boilers, as part of its objective to double the production of generic medicines.

Another interesting example is a bakery in Alcalá de Henares, a company founded in 1955, which in June 2017 suffered a major fire affecting one of its main production halls. Despite this tragedy, since then they have been reclaiming the land of the burnt warehouse, implementing more modern processes and using the latest technology. They currently produce 250,000 loaves of bread every day, which are distributed throughout Spain. To achieve this production, they have incorporated new natural gas furnaces, which have a high regulation capacity and allow for a rapid rise in temperature.

Natural gas also remains key in catering and small trades such as self-service laundries and hairdressers, where a continuous and uninterrupted supply is key to their business. This year there have been 240 new registrations of commercial premises.

In the social sphere, the Agencia Madrileña de Atención Social is gradually incorporating this energy into its centres for the elderly. Thus, in 2023 it remodelled and fitted natural gas for all its uses (heating, hot water, kitchens and laundry)

to the so-called Gran Residencia located in the district of Carabanchel.

9.2 Reliability and continuity of supply

In order to adequately meet the needs of users, it is vital to ensure that this access to energy is secure and the supply is reliable, without any interruption.

To this end, we have an annual maintenance plan, which complies with the general regulations in force and MRG’s internal standard, together with a demanding network renewal plan.

We would also like to highlight our process of updating the network mapping, a key element for the efficiency of our maintenance processes, and especially for safety in the event of emergencies, as well as to avoid accidents. This year, we have worked on updating the mapping of seven municipalities and added two more: Collado Mediano and Casarrubuelos.

We also highlight our efforts to modernise communications with the Control Centre. We have removed all the old Datalogger devices we had installed, replacing them with modern Remote Terminal Units (RTU) with continuous communication, thus improving the operability of the system.

We have also eliminated all switched telephone network (PSTN) lines, and our remotes now communicate via 3G or 4G modem, or via ADSL.

We have also improved the communication of the surveillance cameras installed. Currently, the cards installed communicate via 4G and are located in a VPN so that communication and image speed have been improved.

During 2023, all preventive maintenance of the planned ERM communication systems has been carried out correctly and, in addition, mobility has been implemented for remote management orders for both preventive and corrective maintenance.

In 2023, we will continue to carry out 100% of the maintenance plan on the 6037 km of our gas network, auxiliary facilities, the five satellite LNG plants and 92 existing LPG plants by carrying out more than 11,000 scheduled actions.

Preventive maintenance of networks and service connections is based on three operations: monitoring of network traces, monitoring of works and systematic detection of leaks.

We have managed the correct functioning of the regulation systems at their different pressures:

- carrying out the corresponding regulatory monitoring of the gas network, including the air-tightness control of 3318 km of the gas network,
- operating more than 7000 valves to check their correct functioning, performing about 1000 painting/cleaning actions on network elements and
- carrying out about 6903 measurements on the equipment, ensuring the cathodic protection of steel tubing.

In addition, the necessary renovations, meshing and corrective actions have been carried out to maintain the safety conditions in the network and guarantee the supply in the natural gas and LPG networks, replacing materials such as steel, cast iron and/or copper with polyethylene piping.

to provide a better overview of the balances in the ERM consumption areas.

Finally, it should be recalled that our approach to emergencies in 2023 is described in Chapter 5, specifically as regards developing our management to address asset integrity and critical incident management.

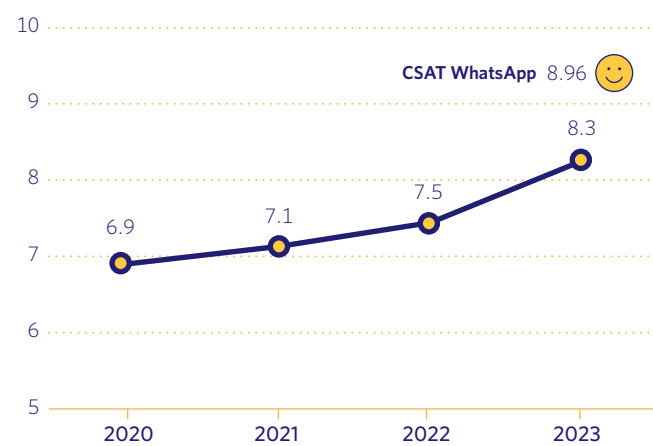
9.3 Customer and end-user focus

After five years of initiatives aimed at improving the customer experience, and despite the situations suffered in recent years such as Covid or the war in Ukraine, and its significant impact on the energy sector, we continue to grow in customer service.

We are proud to have achieved an average customer satisfaction score of 9 on our WhatsApp channel, as well as an overall score of 8.3 across the company, thanks to the high level of service in all our channels and operations, and especially with the changes in the periodic inspection service and the improvements in communication from our WhatsApp channel.

We remain unbeatable on Google My Business, with more than 11,000 reviews and an average rating of 4.0. This was

CSAT evolution



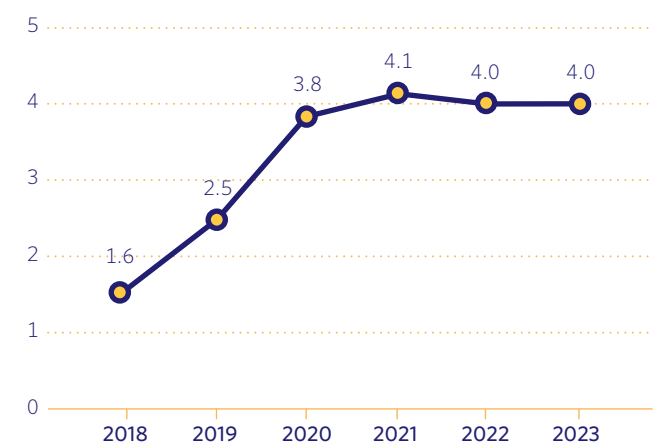
achieved in the face of an unprecedented increase in the volume of contacts from our customers, mainly due to billing and reading issues in the face of high gas prices in the winter of 2023.

Thanks to all the improvements implemented in all our processes and operations with a focus on customer experience, and the quality of all our customer service channels, we maintain the best Google My Business rating in the sector.

This year we have updated our Consumer Care Code and published it on our website: <https://madrilena.es/quienes-somos/>.

This Code enables users to know and understand the services we provide, our responsibilities and commitments, and details when and how to contact us through the various channels. Moreover, we continuously update

Evolution of the average GMB rating



content on our website, with practical tips, videos and answers to frequently asked questions to help consumers in their relationship with us, to manage and communicate their needs, as well as to optimise their energy consumption.

The analysis of our user/consumer actions and services during 2023 showed good results.

Whether at the end of a call centre call, a WhatsApp conversation, a Virtual Office (OV) procedure, or after any of our procedures have been carried out in the field, Madrileña Red de Gas carries out a satisfaction survey to evaluate the mechanisms and resolution measures.

Every 15 days, these assessments are followed up as a formula for continuous improvement. Among other analyses, we obtain the CSAT (Customer Satisfaction Score or the score that measures customer satisfaction with the process).

Our functions as a Distributor for Users/Consumers:

- Periodic Inspection (PI).
- Reading and Measuring.
- Emergency Care.
- Customer service on own distribution processes.
- Commissioning of consumers' installations connected to their distribution networks.
- Domestic operations such as cut off for non-payment and subsequent reconnection.

Thanks to all the improvements implemented in all our processes and operations with a focus on customer experience, and the quality of all our customer service channels, we maintain the best Google My Business rating in the sector

Since the beginning of the campaign, the volume of inspections carried out has been above the established target, ending the year with a 98% success rate (160,028 inspections)

For 2023, these are the ratings obtained (ranging from 1 (lowest) to 10 (highest)):

- CSAT Call centre: 7.8
- CSAT WhatsApp: 8.6
- CSAT OV: 7.4
- CSAT Periodic Inspection process: 8.4
- CSAT process Home Operations: 6.9
- CSAT process Meter readings: 8.1

Periodic Inspection

In 2023, we have continued to build on our achievements in 2022 regarding Periodic Inspections, again meeting our targets, and our processes have been optimised to improve on this trend.

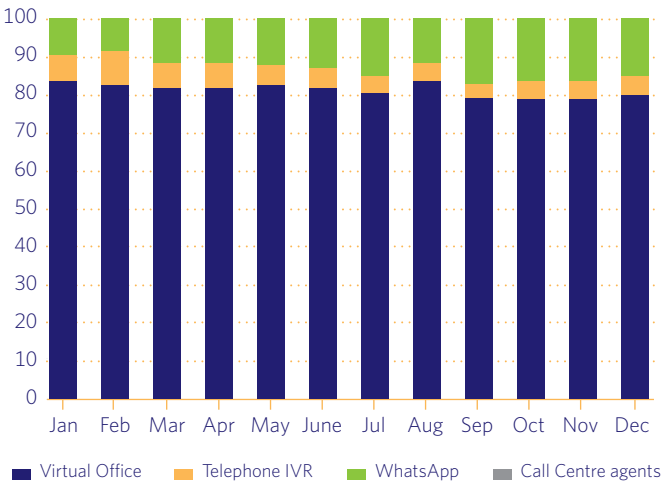
Since the beginning of the campaign, the volume of inspections carried out has been above the established target, ending the year with a 98% success rate (160,028 inspections).

In addition, during 2023 we have decided to include the metered volume for installations that had pending meter revision in the Periodic Inspection process and thus detect and remedy anomalous meter situations. We have achieved an 85% success rate in the metered volumes, detecting and remedying 1.06% of incidents.

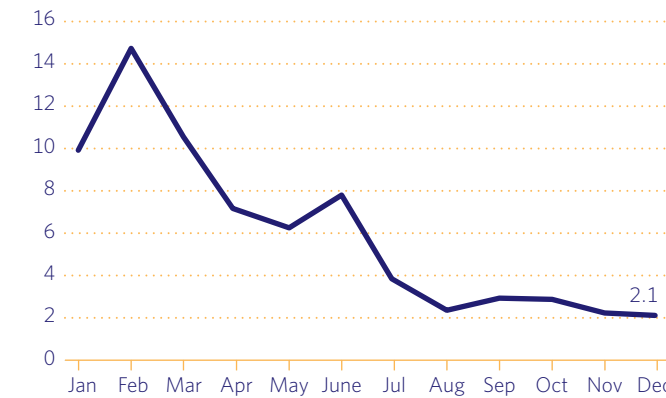
Some of the details that enabled us to achieve success in the campaign were:

- Communication with our customers through the different channels provided, adapting the interaction in the different channels to the needs expressed by customers in the complaints and suggestions process
- During inspections, when there are defects, our technicians explain the problem and the steps

Evolution of the percentage of readings per channel in 2023 (%)



Claims from the reading process in 2023 (%)



Household operations

	2021	2022	2023
Terminations at customer’s request	92%	90%	93%
Terminations for non-payment	66%	67%	78%
Cuts	75%	75%	76%
Reconnections	91%	92%	96%

- to be taken by the consumer to remedy them in detail
- We send reminders of deadlines to send us the Justifications of Correction of Anomalies (JCA).
 - This year we have closed almost all complaints for periodic inspections within the established deadline, achieving 99.53% of closures within one day.
- These efforts are enabling us to achieve very good results:
- We have increased the number of Anomaly Correction Justifications received before issuing the cut-off notice (94%, compared to 68.68% in 2021 or 81.89% in 2022).
 - Our field quality rating is 99%.
 - The score given to us by our customers in the surveys carried out was 8.4 for the service throughout the year.

Readings

The key to improving reading processes has been early communication with customers and, above all, the channels and options through which customers can provide us with information.

Using various channels, such as emails, WhatsApp and our own website, we notify and provide instructions and educational videos so that consumers understand the importance of meter readings and how they can provide us with that information.

In addition, we take the opportunity to raise customer awareness of the need to take a real reading at least once a year and of the convenience of billing real readings whenever possible.

Specifically, in the customer-facilitated reading process, the channels chosen are:

- Virtual Office (VO): 80.16%.

- WhatsApp (WS): 15.51%.
- Telephone through IVR (voice-over): 3.94%.
- Calls to call-centre agents: 0.24%.

We have reduced the percentage of customers with no real reading in one year from 3.25% of distributed customers to 2.26%, thereby also reducing customer complaints related to readings and the company’s loss balance.

In a gas environment with price risk and greater attention paid by end customers to their consumption and natural gas bills, Madrileña Red de Gas has managed to reduce the number of complaints that customers send us through different channels.

As can be seen, in the winter of 2023 we received a high number of complaints about readings as a result of consumers’ misgivings about high bills due to the high price of gas at that time. However, prompt attention and resolution, including when a review of the meters was necessary, allowed service satisfaction levels to continue to grow.

Working together in the organisation to “provoke” less hesitation from the end customer in all processes has led to improved results as regards meter-reading. Some notable changes in the process include:

- Easy correction of estimated readings when changing supplier
- Activation of changes of supplier with a deadline for the customer to facilitate their reading.
- More information on the chronology of the readings and also on the result of the reading that will be invoiced by the supplier.

One positive initiative in this regard is the installation of remote metering for a large number of customers who are not legally obliged to do so. This proposal allows a better

control of consumption, and therefore has a direct effect for us on the shrinkage balance ratio and direct benefits for the consumer by allowing them to opt for the capacity-based billing method (Art. 26 point 4 of Circular 6/2020 of 22 July of the National Commission for Markets and Competition) with advantages, such as:

- Hourly consumption register, adjustment of their consumption
- Economic benefits due to tolls applied on the basis of the billing method.

Household operations

We have experienced one of the best years in terms of success rates, which were 96% for reconnections and 93% for terminations at the customer’s request.

These values are the result of excellent data-collection work in the field, increasing the percentage of appointments made and the exhaustive weekly monitoring of our partner companies.

We also highlight the processing of complaints, where we have never fallen below 98% processed in one day.

In the field, we have had a quality-control rate of around 99% throughout the year, with no alarming cases detected.

We would also like to highlight that in IRC (Common Receiving Installations) Maintenance, we have not delayed any commissioning for more than 48 hours this year.

In conclusion, we can proudly state that, thanks to all the initiatives and improvements carried out, our customers are more satisfied every day as we obtained a score of 6.9 in the surveys compared to 6.4 in 2022.

Complaints and claims management

Within the framework of our efforts to provide the best and most agile customer service possible, a fundamental way to improve our services is to deal with claims, complaints and

whistleblowing in an effective manner. Madrileña Red de Gas has defined a process that we have included in our general procedure, which we reviewed in 2021 to adapt it to the options provided by new technologies.

In addition, our Consumer Care Code (updated in 2023) allows users to find the channels to contact us and how to use them.

Our Centre of Excellence Dept. is responsible for ensuring that the customer service process is managed correctly at a transversal level throughout the Company, although each Business Unit (including the Corporate Divisions of Expansion, Systems and Domestic Operations, Emergencies, Network Operations and Finance) is responsible for dealing with any type of request that cannot be handled either by the call centre or automatically through any of the other active customer-service channels.

The Centre of Excellence Dept. is also in charge of processing files from Official Bodies regarding claims, complaints and irregularity reports, centralising both the collection of information and proposing solutions for each case.

In the case of possible environmental impacts rather than service demands, the Centre of Excellence refers them to the units responsible for their resolution based on their type, in accordance with our Communication procedure.

The incoming channels for complaints are varied, ranging from our telephone service (Call Centre), registration through IOGas for those managed by the commercialisation companies, our generic mailbox for customer service, the Virtual Office (via the website), the WhatsApp channel and written letters (both official and from the customer), all of which are registered in SAP.

The channel that has tended to be used most often by customers is the telephone channel via the Call Centre, where the customer is served using different IVR (Interactive Voice Response) options. Most of these requests can be resolved

immediately thanks to the automation of responses using decision trees.

However, the WhatsApp channel has gained in importance during 2023 given that Madrileña Red de Gas considers that this channel can reach more types of users, both digital and those who are less experienced in that area, achieving an average weight in communications of 46% vs Call Centre + WhatsApp in the last quarter of 2023.

As with the Call Centre, the WhatsApp channel also includes a decision tree that allows the user to manage their request in a simple way, and to automate that request in a high percentage of cases, such as being able to facilitate the meter reading by providing a photograph or to modify an appointment for an already scheduled Periodic Inspection (average for last quarter of 2023: 64% of all conversations).

In our Virtual Office, we have clearly improved the handling of complaints through the introduction of simplified menus, which allow the user to navigate through the complaints section in a simple way, depending on the request they want to process.

During 2023, we continued to work on “Customer Journeys”, which allow a detailed analysis of those complaints that may present greater difficulty. With this procedure we aim to achieve a review of our processes, minimise negative impacts on service and increase customer satisfaction, establishing action plans for them with the different Business Units, and carrying out subsequent monitoring to check that the actions implemented have managed to reduce the possible incidents detected in the processes.

We also have a customer communications system in place, which aims to maintain continuous communication and provide a comprehensive service to customers.

Complaints and claims resolution

Information period	Complaints received	Received / 100,000 users	Complaints resolved	Resolved / 100,000 users	% Resolved same or next day	% Resolved in 8 weeks	% Visit compliance
Q1 2021	9,154	1,002	9,033	989	95%	100%	100%
Q2 2021	6,575	720	6,482	710	98%	100%	99.8%
Q3 2021	5,100	558	5,100	558	99%	100%	99.9%
Q4 2021	6,277	686	6,273	685	94%	100%	100%
Q1 2022	9,434	1,032	9,432	1,032	98%	100%	99.5%
Q2 2022	8,716	959	8,715	959	96%	100%	99.1%
Q3 2022	9,349	944	8,544	940	97%	100%	99%
Q4 2022	11,586	1,248	10,838	1,192	88%	97%	99%
Q1 2023	20,570	2,265	15,520	1,709	70%	97%	99%
Q2 2023	14,880	1,639	14,541	1,602	87%	100%	99.7%
Q3 2023	9,163	1,010	9,065	999	90%	100%	99.3%
Q4 2023	8,308	914	8,304	914	89%	100%	99.4%

The different engagements we have in place for the different gas-distribution processes are (data 2023):

- Communications throughout the Periodic Inspection process: 1,217,517.
- Communications throughout the meter reading process: 3,825,148.
- Communications related to requests made by customers through the Call Centre, Virtual Office and Sales Companies, their follow-up and resolution: 389,036.
- Communications associated with requests processed by suppliers on behalf of customers, such as supply registrations, contract cancellations, changes of supplier and ownership, etc.: 164,827.
- Other communications where customers need more information about the process that is related to us: 1,011,988.

Our Centre of Excellence carries out a daily control of the requests (complaints, requests for action and requests for information) that have been registered in the system in order to control the closure thereof. We compile the monitoring KPIs for both the service provided in the call centre and WhatsApp on a monthly and quarterly basis, and when a

need is identified, we prepare and submit ad hoc reports on relevant complaints, which allows us to redirect service errors and improve our processes on a continuous basis.

The Madrileña Red de Gas website has a section on commitment with our customers, where we present the complaint indicators and the commitment actions to resolve the most frequent reasons for them. A selection of the top 5 complaints by volume and typology from the last quarter is always shown, along with the reasons for the complaints and the solution we offer or the stage of the analysis process they are in:

9.4 Fostering positive impact and social action

Beyond the impact that our facilities have on the socio-economic development of the Autonomous Community of Madrid as a result of the arrival of gas, it seems relevant to recall in this chapter the distributed economic value that we have reflected in section 6.1. of the report. In 2023 we have generated 45,075 (thousands of euros) of distributed economic value, of which 20,929 (thousands of euros) have been payments to suppliers, 66% of which are local.

Seeking this generation of value, and in line with our social commitment, since 2019 we have been working with the FUNDACIÓN CEE PRODIS. This Foundation works to support and promote the inclusion of people with intellectual disabilities. It mainly carries out invoice printing, notification

of periodic inspections and recoveries for us. This enables these people to have paid work, facilitating their social inclusion. In 2023 we have contracted services worth €15,414.

With the same objective, we contracted ILUNIÓN LIMPIEZA Y MEDIO AMBIENTE, a company belonging to the ONCE Group, whose aim is to facilitate the workplace integration of people belonging to vulnerable groups, for the cleaning services we require. This year we have contracted services worth €44,326.

We also continue to collaborate financially with the Fundación Española de la Energía, a non-profit foundation belonging to the public sector that contributes to the development of regional energy policy in the European framework.

Finally, we would like to point out that in our Sustainability Master Plan 2023-2026 we have defined lines of work and actions focused on improving our capacity for positive social impact, the fruit of which we will be able to see in future reports:

- Increase dialogue with, and participation of, the populations affected by our actions.
- Establish a social action strategy aligned with our interests and activity, through a rapprochement and collaboration with NGOs and social/ environmental organisations, promoting corporate volunteering.

10

People



Data for year-end 2023, without taking into account partial retirees (two male employees).
All our employees work in the same region, the Community of Madrid.

Madrileña Red de Gas is fully aware that our employees are the driving force behind our success and give value to the company, and that they allow us to meet our objectives.

This is why at Madrileña Red de Gas we guarantee decent, quality work for our employees, offering them the opportunity to have a productive job with a decent income, offering them security in the workplace and social protection for their families, as well as better prospects for personal development and social integration.

In addition, thanks to the work, effort and commitment of each of our employees, we have an unbeatable team.

10.1 Our human capital

The evolution of the main magnitudes listed above over the last few years is shown below:

As can be seen from the graph, our workforce has followed a stable line in recent years, reaching 123 employees at year-end 2023 (without considering the two partial retirees at that date).

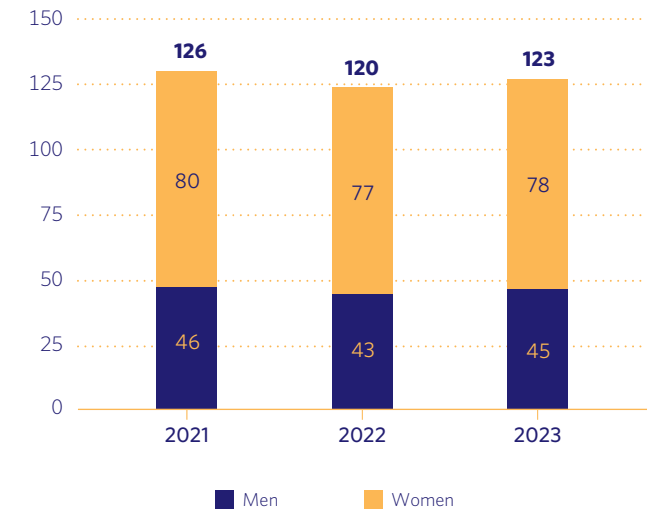
10.2 Labour relations

Madrileña Red de Gas promotes the hiring of our professionals through stable contracts, which is why 97.6% of the Madrileña Red de Gas workforce is employed on a permanent contract. Furthermore, in terms of working hours, 96.7% of the workforce has a full-time contract, 0.8% has a part-time contract and 2.4% has requested a reduced working day. The latter two groups mainly comprise women.

The proportion of senior executives in our significant operating locations is 0.8% of all full-time employees, namely our Chief Executive Officer (CEO), the only senior executive of our company, who is permanently based in the Madrid region.

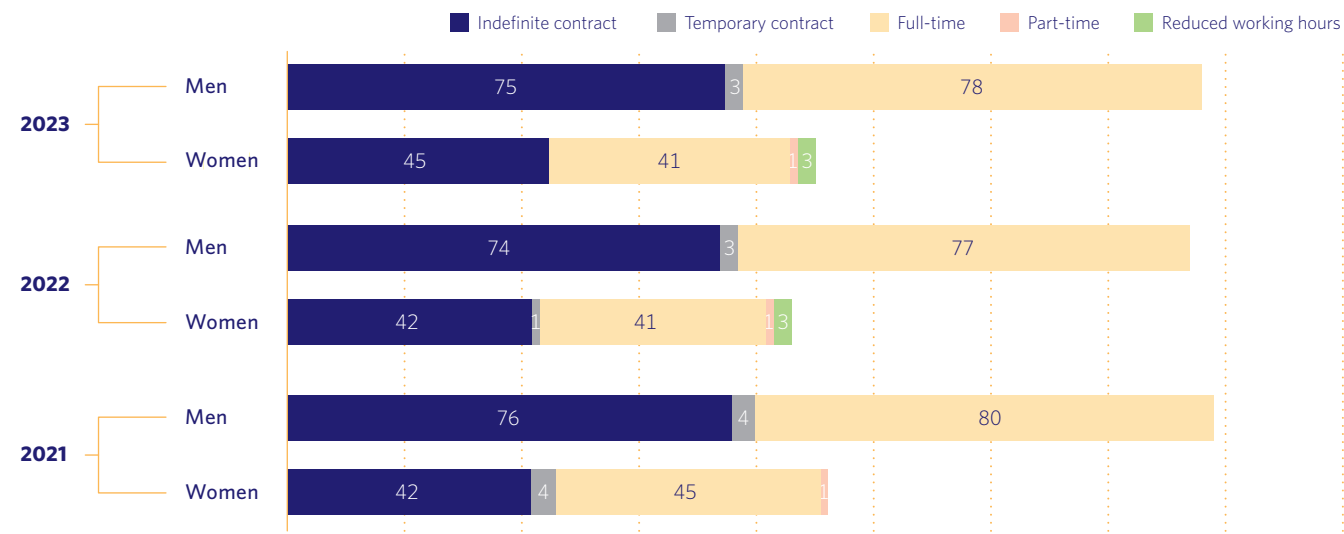
A respect for labour rights is fundamental to our commitment to our employees, therefore we encourage negotiations as an important means of improving their

Evolution of our workforce



Note: Not including partial retirees.

Types of contract and working hours



Note: Not including partial retirees

working conditions and labour relations, as well as full freedom of association.

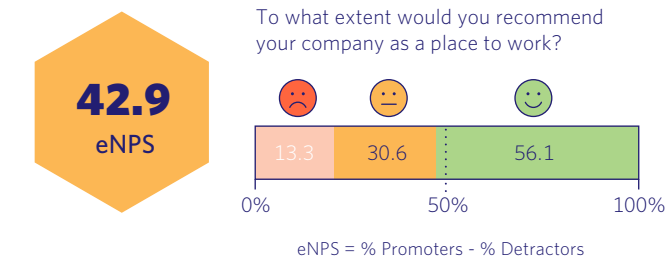
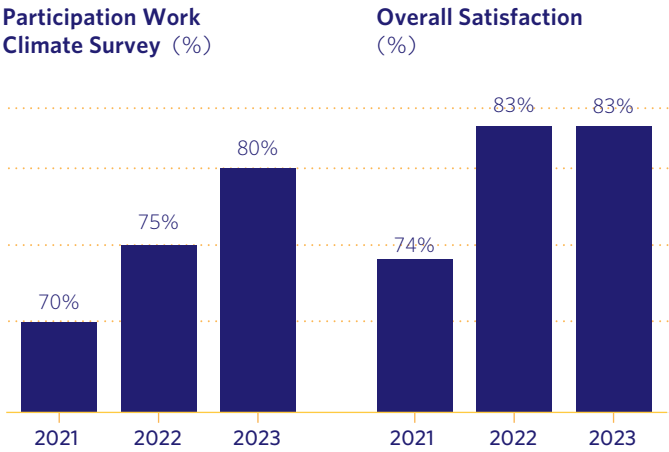
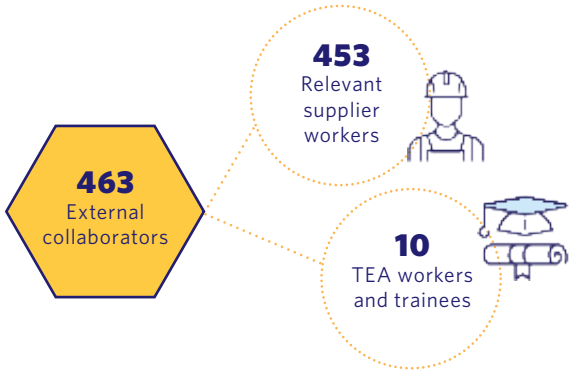
In this respect, the working conditions and terms of employment of 28.4% of our workforce (excluding partial retirees) are regulated by a collective bargaining agreement. The remaining 71.6% is governed by the Workers’ Statute, and is also governed by special conditions negotiated with the worker when they join the company.

In the event of any significant operational change, the communication of this process to our employees and their representatives is usually made at least two weeks in advance, and in any case, in compliance with any legal requirements. If this change is a result of collective bargaining, these changes are specified in the collective bargaining agreement, including the established notice periods.

Workers who are not employees

As mentioned in Section 7 Supply Chain, a large part of our company’s activity is carried out by our suppliers. As such, all employees who carry out relevant work for Madrileña Red de Gas are registered in the tool we use to coordinate business activities (CAE), where we control compliance with the requirements necessary to carry out such work. At the end of 2023, there were 748 workers registered in this tool.

Other types of workers who are not employees and whose work is controlled by Madrileña Red de Ga include temporary workers from employment agencies and the interns who carry out practical training in our company. In this respect, in 2023 we employed six interns and four people from Temporary Employment Agencies (ETTs).



Detractors: those who would recommend their company on a scale of 0 to 6 points.
Passive: those who would recommend their company on a 7 to 8 point rating.
Promoters: those who would recommend their company with a score of 9 and/or 10 points.

10.3 Work climate and well-being

Work Environment Survey

During 2023 we conducted a new Work Climate Survey to gather information on well-being and work engagement in our company. Unlike the surveys carried out internally in the past, this time it was carried out by an external company, thus giving the process an expert and independent technical view.

Participation was record-breaking, reaching 80% in 2023, thus ensuring that the results of the analysis are more robust. The overall satisfaction level was 83%, the highest level ever achieved, along with that for 2022.

When asked “To what degree would you recommend your company as a place to work?” (Employee Net Promoter Score, eNPS), a metric commonly used to measure the degree of commitment and loyalty of employees to their company, Madrileña Red De Gas obtained an almost excellent score of 42.9.

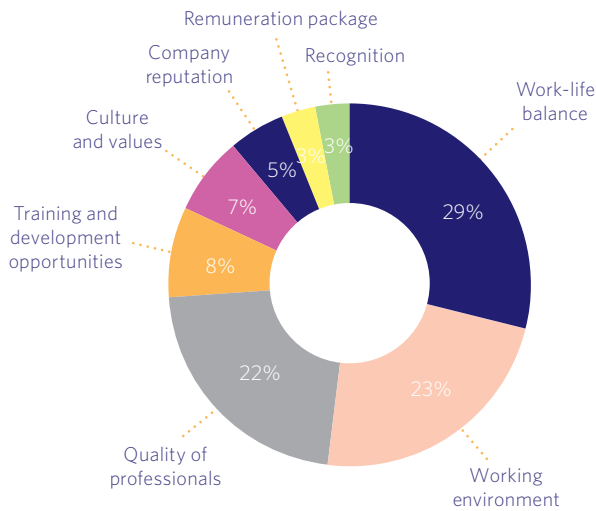
By requesting more detailed information, it has been possible to detect strengths and areas for improvement, to obtain information about the reality and needs of our company, as well as to understand the experience of our employees by demographic groups (by area, gender, or by age or seniority group).

The balance between personal and professional life, the working environment and the quality of the staff are the three aspects most valued by our employees.

Team-building

In 2023, we wanted to further strengthen interdepartmental relations by offering all staff two different team days throughout the year. Activities were carried out in groups comprising employees from different areas. The activities were aimed at encouraging teamwork and demonstrating that the tasks of each of the teams add up to more than they do separately.

<div>1</div> <div>Identification with MRG</div> <div>Pride of ownership, purpose, willingness to go the extra mile</div>	<div>2</div> <div>Customer</div> <div>Understanding needs, customer satisfaction.</div>	<div>3</div> <div>Professional development</div> <div>Taking initiative, considering one's own opinion, opportunities for learning and growth.</div>	<div>4</div> <div>Management</div> <div>Fostering employee relations, equal opportunities, understanding of professional issues, communication levels, long-term vision.</div>
<div>5</div> <div>Brand image</div> <div>Image among customers, suppliers and the general public.</div>	<div>6</div> <div>Innovation</div> <div>Effort to innovate, implementation of innovative improvement plans, promotion of innovation by the company.</div>	<div>7</div> <div>Organisation</div> <div>Knowledge of the company's functions and organisation, code of ethics, involvement in the company's successes, working environment.</div>	<div>8</div> <div>Recognition</div> <div>Remuneration, recognition mechanisms, non-financial mechanisms.</div>
<div>9</div> <div>Managers</div> <div>Work-sharing, feedback, availability of managers, personal contact, shared achievements, shared knowledge.</div>	<div>10</div> <div>Telework</div> <div>Telework model.</div>	<div>11</div> <div>Teamwork</div> <div>Promotion of inter-departmental relations, promotion of cooperation, team attitude, personal feeling when working in a team.</div>	<div>12</div> <div>My work</div> <div>Knowledge of my objectives, understanding of my roles and responsibilities, autonomy.</div>
<div>13</div> <div>eNPS</div> <div>Level of recommendation of Madrileña Red de Gas as a place to work.</div>	<div>14</div> <div>What I value the most</div> <div>Aspects I value most about working at Madrileña Red de Gas.</div>	<div>15</div> <div>What I would improve</div> <div>Aspects that I would improve at Madrileña Red de Gas.</div>	<div>16</div> <div>Open question</div> <div>Extra comments.</div>

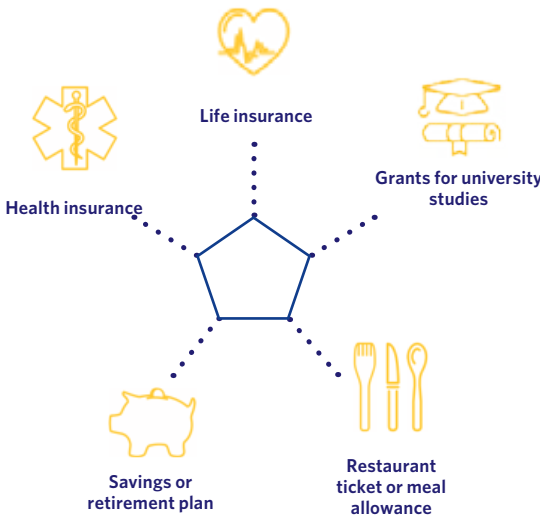


This message, together with the special event offered at Christmas, was highly valued by our staff, as reflected in the open questions of the working climate survey mentioned above.

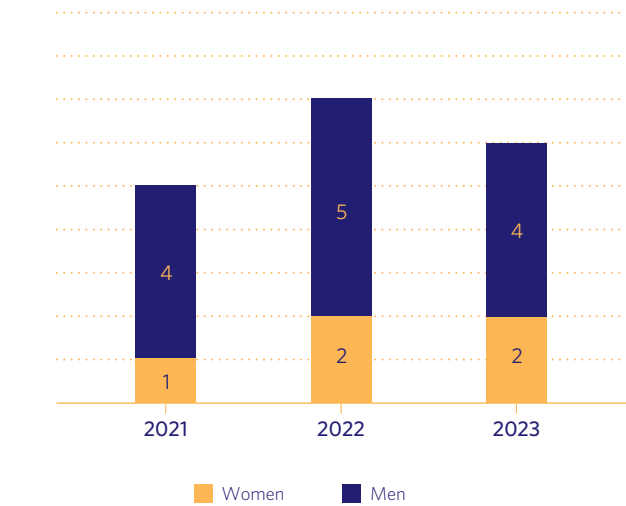
Welfare measures

Madrileña Red de Gas continues to offer initiatives to promote the well-being of our employees at work, with the aim of achieving a healthy working environment in which employees feel satisfied and have a good quality of life.

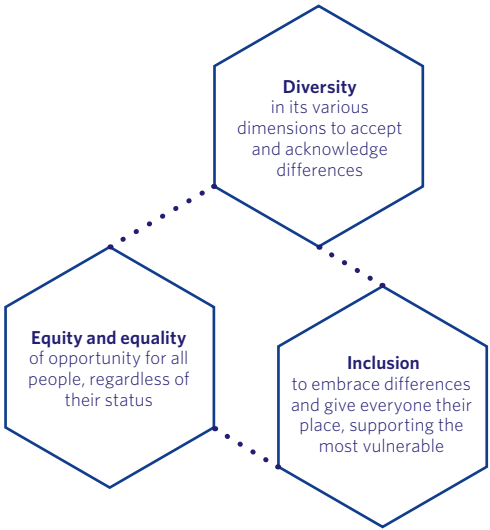
With regard to savings and retirement plans, Madrileña Red de Gas makes contributions to these plans for all our employees, which range between €40,000 and €78,000 from the organisation's general resources, and there is no specific fund for this purpose. These contributions depend both on the employee's salary and their negotiations with the entity, ranging from 1.5% to 9% of the salary.



Childcare Permission



Return to work rate = 100% in 2021, 2022 and 2023
Retention rate = 100% in 2021 and 2022 and 2023



10.4 Reconciliation of personal and professional life

Madrileña Red de Gas is committed to promoting measures to promote rest time at the end of the working day, recognising the right to digital disconnection as a fundamental element to achieve a better organisation of working time in order to respect private and family life, improve the reconciliation of personal, family and working life, and contribute to optimising the occupational health of our employees.

In this regard, in 2023, following negotiations with our social partners, our Policy on Digital Disconnection was agreed and implemented. This policy establishes the necessary measures to ensure that all our employees can exercise their right to digital disconnection, as a guarantee of respect for their rest time, as well as their personal and family privacy.

Furthermore, Madrileña Red de Gas continues to be committed to remote working as one of the main measures for a good work-life balance and talent retention, which, as we have been able to verify through the working climate survey, is what our employees value most. However, in order to maintain interdepartmental communication and relations, we encourage a hybrid working model, taking advantage of both options.

With regard to leave requested for childcare, in 2023 six of our employees took parental leave, four of them men. Indeed, since these data were first collected, the number of paternity leaves has exceeded the number of maternity leaves every year.

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

10.5 Commitment to Diversity, Equity and Inclusion

Diversity, Equity and Inclusion are values that MRG fully supports to allow us to advance as an inclusive company, attract the best talent and adapt to change, among many other benefits.

To ensure compliance with these values in our company, we work towards continuous improvement in equality, diversity and work-life balance through our Equality Plan 2022-2026.

The 2023 financial year was the year in which the supervision of our Equality Plan 2022-2026 was consolidated by implementation of the Equality Plan Monitoring Committee, which is applying the 35 action measures that were agreed with our social partners, including:

- Measures to promote communication, such as publication of vacancies, awareness-raising campaigns, reminders of rights and permissions
- Others that promote transparency with our social partners, such as information on promotion ratios, selection, training, leave, etc.
- Elaboration of a Guide on Gender Violence, as well as a Guide on Inclusive Language. On this last point, we have adapted the name of each job by using inclusive language.
- Measures that promote gender equality through internal promotions, selection and training, offering equal opportunities.

In addition, in order to promote actions to raise awareness of the importance of maintaining a working environment that respects the freedom and dignity of people and to promote values of equality between women and men among our employees, during 2023 the Protocol for the Prevention of Harassment at Work, Sexual Harassment and Sex-Based Harassment was approved, and training in this regard was provided to the entire workforce.

Hiring and Recruitment

- Ensure equal treatment and opportunities, eliminating horizontal and vertical segregation.

Occupational classification and promotion

- Occupational classification ensuring non-discrimination on the basis of gender.
- Access for women to all positions where they are under-represented.
- Ensure equality in promotion to the workforce.

Occupational classification and promotion

- Achieving a good detection and analysis of need.s
- Equal opportunities in education and training.
- Adaptation to the job after long-term sick leave.

Compensation

- Reduce the pay gaps identified in the pay audit.

Working conditions, work-life balance and joint responsibility

- Guarantee the exercise of work-life balance rights, irrespective of gender.

Under-representation of women

- Gender perspective in the different professional categories.
- Equality officer and a monitoring committee.
- Balanced representation of male and female workers.

Awareness raising and communication

- Inform and raise awareness of non-sexist language among all staff.
- Ensure that the members of the equality committee are adequately trained.

Prevention of sexual and gender-based harassment

- Ensure a safe working environment free from sexual and gender-based harassment.

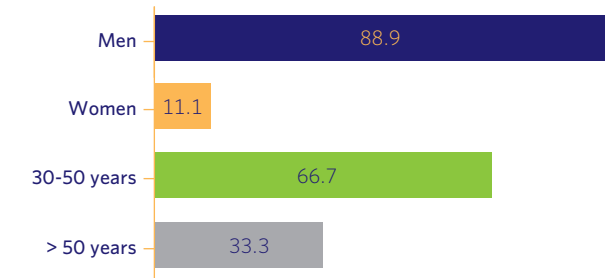
Gender-based violence

- Raising staff awareness and collaboration in campaigns against gender-based violence.

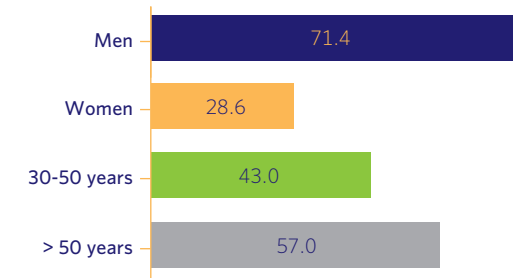
Occupational health

- Implement the gender perspective in occupational health and risk prevention.

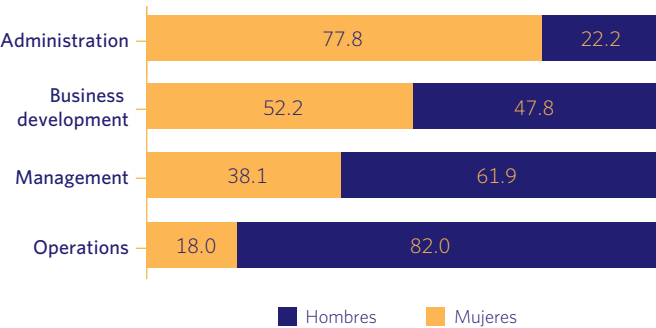
Diversity of the Board of Directors (%)



Diversity of the Steering Committee (%)

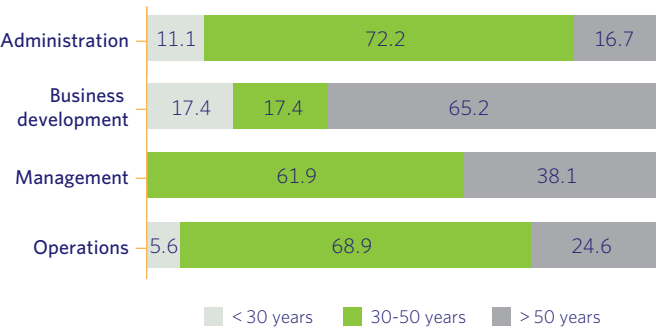


Job category by sex (%)



Note: Not including partial retirees

Job category by age range (%)



Note: Not including partial retirees

years, there have been no cases of discrimination in our company.

Diversity in governing bodies and employees

Aware of the need to continue working on equality, and given the historical masculinisation of the sector in which we operate, our efforts in the evolution of our workforce, in internal promotions and in our firm commitment to talent management as a key to success are evident.

With regard to our employees, we indicate below the percentages by gender and age group within each job category in 2023.

With regard to Diversity and Inclusion, at Madrileña Red de Gas we have continued our commitment to the incorporation of under-represented groups. Thus, in recent years, we have included over 50 such people in our workforce, with one of these joining the company in 2023.

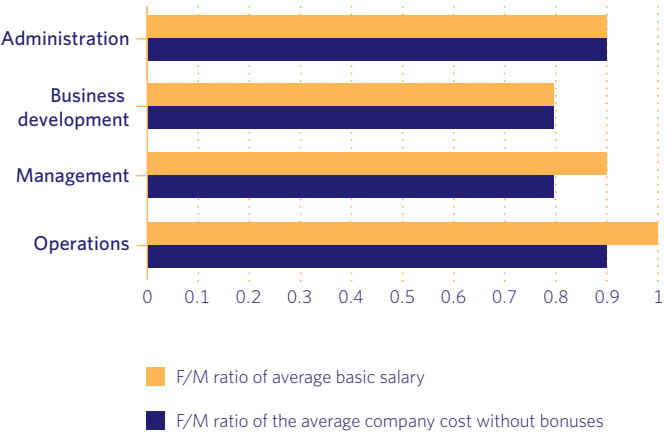
With regard to nationality, 3.25% of the workforce comes from another country. By categories, 9.1% of management comes from another country, with this percentage being 2% for the non-Spanish staff in all other categories combined.

Remuneration

As mentioned in Chapter 3 Good Governance, Ethics and Transparency, the remuneration policies of all our employees are in line with good corporate governance practices, in accordance with the provisions of Article 7 of Royal Decree 902/2020, and we carried out a remuneration audit in accordance with the Equality Plan (2022–2026). Consequently, a corresponding action plan has been established in the “Remuneration” block, which is monitored during follow-up of the Plan.

In addition to the above, it should be noted that in our salary policies, special focus is placed on competency-based and objective-based remuneration, as well as on years of experience and job category.

Ratio of basic salary and remuneration F/M



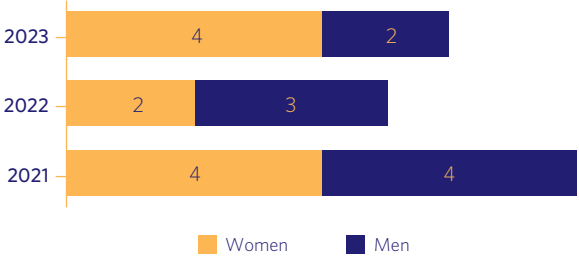
To analyse pay equity between men and women, the ratio of women’s pay to men’s pay is calculated, taking into account both the fixed salary and the company cost, without considering additional remuneration (overtime, mileage and allowances), and the average for women versus men for each job category is compared.

For those employees who have reduced working hours or are partially retired, their full-time equivalent has been calculated.

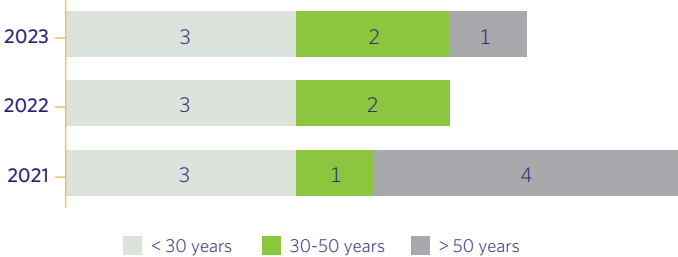
In 2023, the annual total compensation ratio for the highest paid person was 5.2 times the median for all other employees. The ratio of the percentage increase in total annual compensation for the highest paid person to the median of all other employees was 1.0. The company cost of each employee was taken into account for this calculation, and the full-time equivalent was calculated for employees with reduced working hours or partially retired.

No employee is paid on the basis of minimum wage rules.

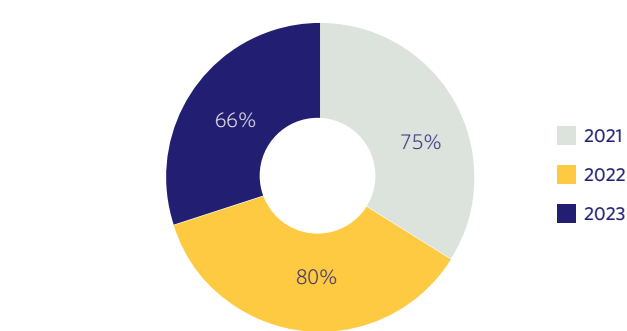
New hires by sex



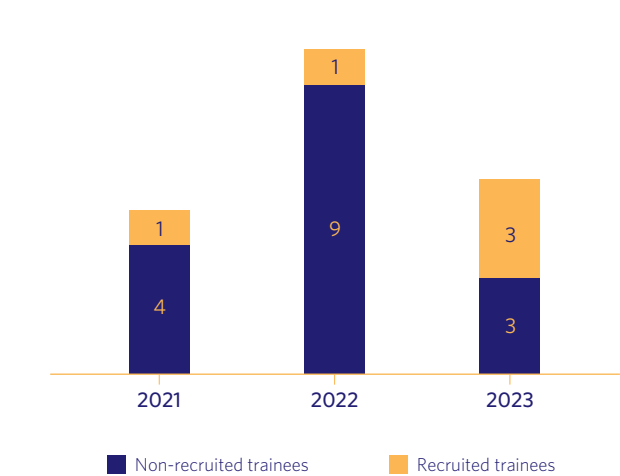
New hires by age range



New hires with a university degree



Evolution of our workforce



10.6 Talent management

Attracting talent

The process for selecting and incorporating new profiles demanded by our activity, which is constantly adapting to market changes, is a constant challenge for the company. Consequently, at Madrileña Red de Gas we have opted for multi-skilled, agile and flexible profiles in line with the demands of the sector.

This transformation is evident in the profile of our employees, which has become more efficient, versatile and with an ability to learn and an interest in facing new challenges and responsibilities.

The FY2023 recruitment rate was 4.9% (four women and two men). Of these six new recruits, three came from our scholarships.

During the reporting period there was no staff turnover. Turnover rate is a measure of good selection and promotion policies. The fact that we had a voluntary turnover ratio and unwanted turnover ratio of 0% in the financial year 2023 underlines the high level of employee satisfaction.

In addition, in recent years, between 60% and 80% of new recruits have been university graduates.

Furthermore, as we are fully aware of the importance of incorporating new talent into our company, Madrileña Red de Gas has been promoting internships for young people with different profiles for many years by way of agreements with different universities in the Community of Madrid.

Thus, since the beginning of our activity, we have incorporated a total of 54 interns, 22% of whom have subsequently joined the company. In 2023, six young people started their internships with us, and three of them were hired.

Talent development

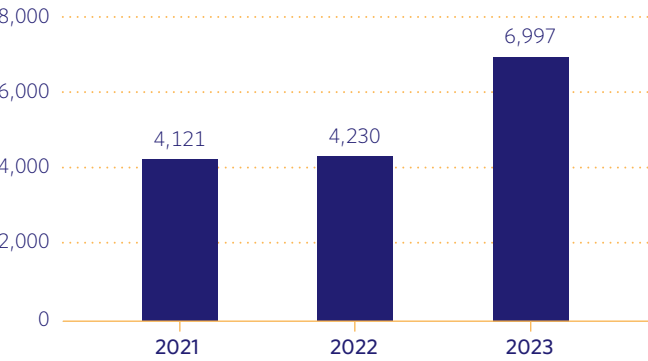
In today’s changing and complex world, it is becoming increasingly important to strengthen and develop all the skills and competences that allow us to tackle the challenges that we face on a regular basis as effectively as possible. At Madrileña Red de Gas we consider it to be vitally important to articulate various initiatives and create work spaces with which to guarantee the growth of all our professionals.

As such, during 2023, we launched a new development project called “I want to get to know you better”, focused on participating in a process of self-knowledge that has provided us with information on the strengths and opportunities for improvement of the participants’ professional profile and, therefore, to articulate various initiatives and actions with which to continue growing within their individual development plan.

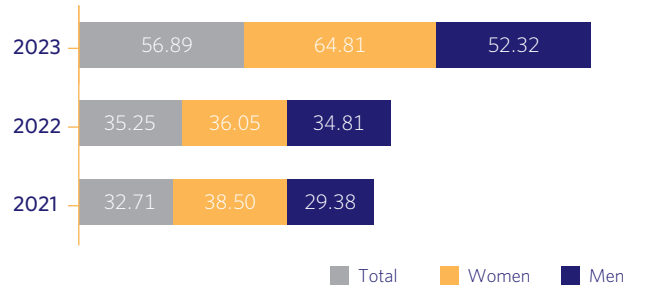
In addition to talent management via training, which we will see below, at Madrileña Red de Gas we are also committed to the professional development of our staff. As a result, 13 of the 22 people in the management category (Heads of Department and Directors) have been promoted internally in recent years.

Finally, and as a milestone in our intellectual-capital database, or “Knowledge Stock”, we have published the “MOOGLE” tool, created in Power BI, which includes the knowledge of our employees and allows us to give it value. In addition, we can identify people with specific knowledge, which is one of the main objectives of this tool. Additionally, the Knowledge Stock database has allowed us to link the descriptions of each job with its training needs.

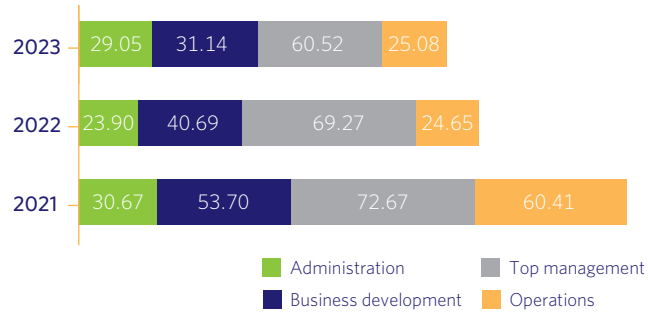
Training evolution
(hours)



Average time of training according to gender (h)



Average time of training according to job category (h)



Note: Excluding partial retirees.

Training

To face the constant need to adapt to market changes, at Madrileña Red de Gas we use talent management as a key element through the application of our annual Training Plan. Implementation of this Plan allows us to respond to all the training needs that arise as a result of the evolution of our company and the growth of our professionals.

During this exercise, the initiatives and reflections presented at the previous year’s round table “Road to the future” were consolidated. This has highlighted our company’s firm commitment to training in Hydrogen and Fuel Cells, a training action that has required 2400 hours.

In addition, the “Evoluciona” initiative, which strengthens the relationship between departments, has been carried out on two occasions during 2023 by the Expansion and Network Operations Directorate.

During 2023, we delivered 6997.45 hours of training, or an average of 56.89 hours of training per employee. Of the total number of hours taught in 2023, 2916.53 hours were received by women and 4080.92 by men.

The increase in total and average training hours with respect to previous years is due to the fact that, as mentioned above, in 2023 we have opted for Hydrogen training, which has involved 150 hours of training activity by 16 people.

With regard to other specialties, we would like to highlight Equality training, mainly that related to the Protocol for the prevention of sexual harassment and harassment for reasons of sex; training actions in Cybersecurity (maintaining the attractive format of the capsules) or training in Prevention of Occupational Risks and Languages, which continue to be of major importance in our company.

In total, during 2023, we carried out 52 training actions.

With regard to regular performance and career-development appraisals, all our employees receive a

personalised performance appraisal by way of personal interviews with their managers at least once a year. This supports the personal development of each employee while contributing to competence management and the development of human capital within our company.

In addition to the above, in the case of new hires, the Human Resources department carries out personalised monitoring, both with the new recruit and with their direct manager, during the first year, analysing aspects such as their adaptation, learning ability, relationship with colleagues, etc. After the probationary period of the newly hired person, which varies from 2 to 6 months depending on the profile, their direct manager evaluates whether the candidate has passed the probationary period.

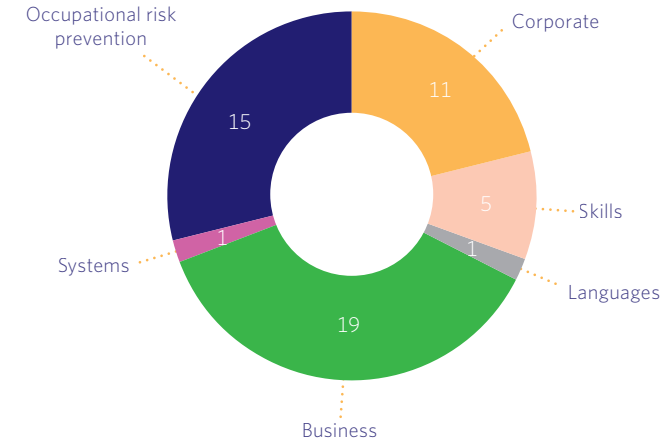
10.7 Occupational Health and Safety

Madrileña Red de Gas is aware of the importance of providing our employees with a safe working environment, anticipating the occurrence of events that may cause damage or injury to their health.

In order to comply with the above principles, Madrileña Red de Gas has an Occupational Health and Safety Management System, implemented and certified under the UNE-EN ISO 45001:2018 standard, with a scope that encompasses our entire workforce, work centres, contractors and subcontractors and activities of our organisation.

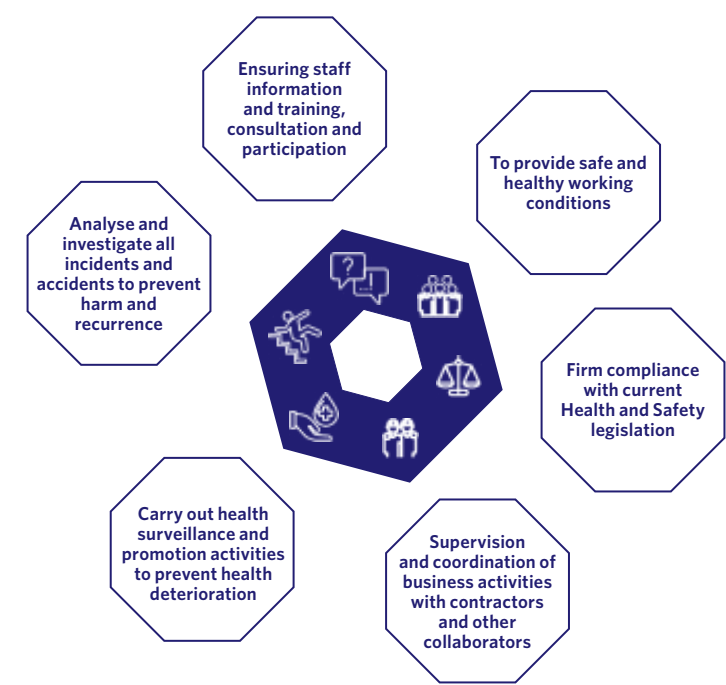
Furthermore, in order to guarantee compliance with the preventive obligations required by Law 31/1995 on Occupational Risk Prevention, and in accordance with Royal Decree 39/1997, which approves the Prevention Services Regulations, Madrileña Red de Gas relies on the services of an External Prevention Service as an organisational method for the prevention of occupational risks.

Number of training operations per speciality



	Hours	Participants
Corporate	1,127	960
Skills	605	54
Languages	730	49
Business	4,049	63
Systems	16	1
Occupational risk prevention	471	115

Consequently, through our Industrial Safety and Occupational Risk Prevention Policy, we are committed to the following principles, amongst others:



Consultation and participation

Madrileña Red de Gas guarantees the consultation and participation of our workers in preventive matters as part of their right to effective protection in terms of Health and Safety at Work.

In addition, our employees are the main source of information on aspects that can be improved in terms of occupational risk prevention. Therefore, in addition to being a right, consultation and participation helps to improve Health and Safety conditions at work, thereby favouring the involvement of all personnel and, therefore, the integration of health and safety throughout the organisation.

In this sense, at Madrileña Red de Gas we provide the mechanisms, time, training and resources necessary for the consultation and participation of our workers.

Thus, we provide timely access to clear, understandable and relevant Occupational Health and Safety information through the internal collaborative documented information environments and, where appropriate, through regular written submissions or reports prepared for this purpose.

We also guarantee adequate consultation and participation of our workers through workers’ representatives or prevention delegates. In addition, our Health and Safety Committee is the joint and collegiate body for participation in occupational risk prevention. The operating rules and functions of the Prevention Delegates and the Health and Safety Committee are established internally.

Three meetings of the Health and Safety Committee, at which the most relevant issues related to occupational

risk prevention, such as the occupational accident rate, the Health and Safety Management System certification audit and training in prevention, were monitored were held during 2023.

Hazard identification and risk assessment

Madrileña Red de Gas considers the identification of hazards and the evaluation of occupational risks to be essential instruments for guaranteeing the correct and efficient management and application of our Risk-Prevention Plan.

Our Risk-Prevention Plan involves the implementation of a culture of prevention at all levels of the company, aimed at assessing and minimising the risks to the health of our workers that their work activity may cause.

In this hazard-identification and risk-assessment process, we consider the nature of the activity in general, the characteristics of the jobs existing in our company and of the workers who may perform them, taking into account the existing or foreseen working conditions.

This identification and assessment are updated when working conditions change and, in any case, is reviewed whenever necessary in the event of any harm to health. In this regard, during 2023, our External Prevention Service conducted interviews with our staff and visited our work centres (the head offices in Pozuelo and the warehouse in Alcorcón) in order to collect data and update both the occupational risk assessments and the emergency plans for both centres.

Main Industrial Safety and Health and Safety actions

During 2023 we have carried out numerous actions related to the management of both Industrial Safety and Occupational Health and Safety in our company.

Main actions

We have continued to work on the preparation of the Emergency Plans for the municipal distribution network, as described in Chapter 5.5, most of which have been finalised.

In relation to the Transport of dangerous goods by road (ADR), we have carried out annual visits to the facilities, and in March we presented the Annual Report on Dangerous Goods.

In 2023, we have continued to prepare the Explosion Protection documents, with a reduction in the volume of reports issued with respect to previous years given the decrease in the number of LPG plants (most have been dismantled, and transformation of the remaining plants is planned for 2024).

In terms of clothing, collective protection and personal protective equipment (PPE), we have continued to promote good practice in the periodic external review of rescue tripods, safety harnesses and other elements of the ensemble.

We also maintain a direct channel of communication with our personal protective equipment and specialised clothing suppliers, thereby facilitating access to information on new materials and equipment coming onto the market. An example of this is the switch of safety footwear to carbon-neutral certified products.

During this period we have also dealt with queries related to the means madeavailable to staff, regarding their characteristics, renewal and/or replacement.

As is the case every year, we have reported the necessary information to the General Directorate of Industry of Madrid on the situation of the LPG plants affected by R.D. 840/2015.

We have collaborated with Sedigas in preparation of the LPG Guidelines promoted by this sectorial association, with special emphasis on the sections referring to safety and management of occupational risk prevention in the different environments.

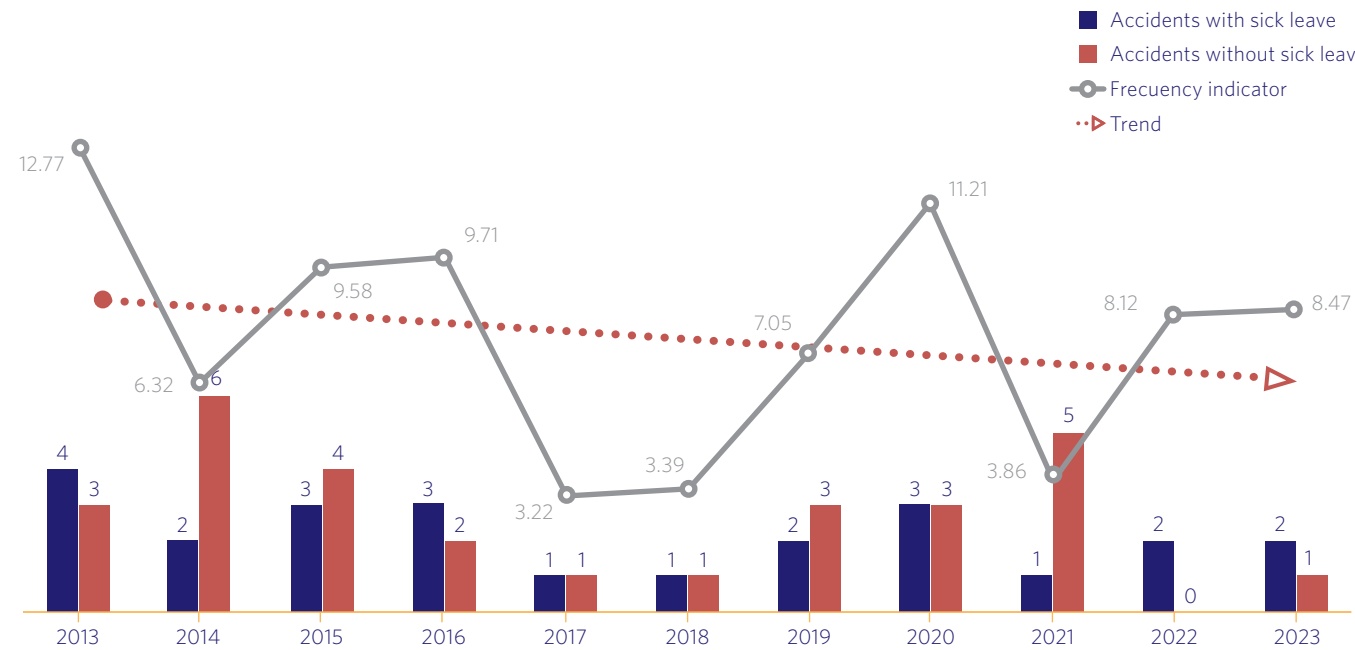
Accidents in the workplace among MRG staff

	2021	2022	2023
Accident with leave not "in itinere"	1	2	2
Accident without leave not "in itinere"	5	0	1
Accident with leave "in itinere"	0	0	1
Accident without leave "in itinere"	0	0	0
Frequency index	3.86	8.12	8.47
Severity index	0.20	0.95	0.94
Incidents	0	0	1
Occupational diseases	0	0	0

Accidents in the workplace among MRG's contractors

	2021	2022	2023
Accident with leave not "in itinere"	0	0	0
Accident without leave not "in itinere"	0	3	1
Accident with leave "in itinere"	0	0	0
Accident without leave "in itinere"	0	0	0
Frequency index	0	0	0
Severity index	0	0	0
Incidents	37	46	101
Occupational diseases	0	0	0

Evolution of the number of accidents not in itinere at Madrileña Red de Gas during the last 10 years



Frequency rate: number of accidents with sick leave not in itinere per million hours worked.
Severity rate: number of sick leave days for accidents not involving sick leave in itinere per 1000 hours worked.

At the end of 2023, the following occupational accident figures had been recorded for both our staff and the staff of contractors who carried out activities for us in that period.

Since the beginning of our company's activity, there have been no accidents with major consequences or fatalities, and no occupational diseases derived from performance of the work been detected in either our personnel or in the personnel of contractor companies that have carried out work activities for us.

With regard to the most common causes of occupational accidents in our company, although in previous years these were related to overexertion, in 2023 three of the four occupational accidents recorded were related to traffic vehicles.

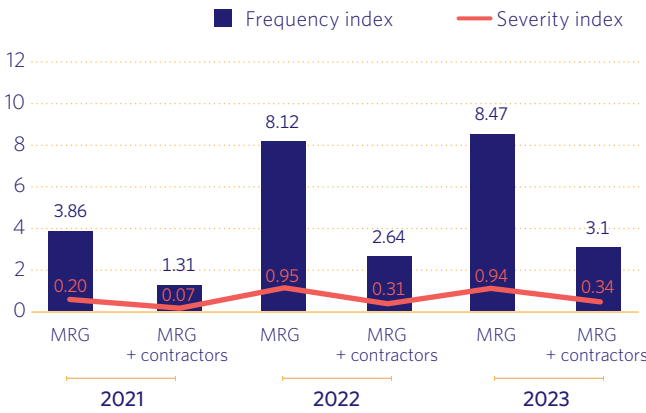
With regard to incidents, most of which are recorded by our contracting companies, these are usually due to tripping, poor ergonomic habits, minor cuts, blows with objects, or even aggression by third parties.

Every accident is a lesson for us, and we must obtain the best and most amount of information possible from its investigation.

Madrileña Red de Gas investigates all accidents, even those that have not caused injuries to workers (incidents), in order to eliminate the causes that triggered the event and thus avoid its repetition, taking advantage of the experience to improve the health and safety conditions of our company.

We also report accidents to the labour authorities, in accordance with current legislation, and we provide statistical information on our accident rate to the Sector association (SEDIGAS).

Accumulated frequency and severity index of MRG



Every accident is a lesson for us, and we must obtain the best and most amount of information possible from its investigation

Coordination of business activities

As mentioned above, Madrileña Red de Gas has a large number of contractors and subcontractors who carry out a large part of our activities, some of which are very important for our business.

That is why we have specific control measures in place, through which we demand and monitor the compliance of all workers with the work procedures and safety measures of our organisation, guaranteeing their health and safety at all times.

In addition to the activities in which we carry out this Coordination of Activities every year, during 2023 we carried out actions in the central buildings that have required Coordination of Business Activities; for example, in the project carried out to install and commission the hydrogen boiler in the warehouse.

IT tool for the control of contracts and subcontracts documentation

Madrileña Red de Gas has an IT tool for control of contract and subcontract documentation for different activities and work centres.

At the end of the year, the platform had 748 contractor/subcontractor workers registered and 8636 documents required, with a high level of compliance. It should be noted that the documents required by the tool include both those in the field of occupational risk prevention, such as requirements included in contracts, or other issues, such as occupational employee training.

The heads of the contractors in the operational units have access codes to the IT tool, which allows them to consult it and request the documentation missing from the application. In addition, our Risk Management Unit also carries out controls of the documentation provided in the tool, requesting those that are found to be missing from the contractors. Likewise, the Purchasing

Department issues subcontracting authorisations for those subcontractors that have previously been checked for compliance at a documentary level by the Health and Safety Coordinators, thus establishing a filter prior to work on site.

These documentary checks are supplemented by direct field supervision, whereby the effective implementation of a large number of preventive measures, as well as the correctness of the documentation provided, is checked.

Operational control visit registration software tool

Madrileña Red de Gas has made an IT tool for recording operational control visits available to the personnel who carry out such visits.

This IT tool centralises all the information in one place, making it easier for our staff to search for information.

During this period, a total of 111 operational monitoring visits have been carried out.

We also have several engineering companies acting as Health and Safety Coordinators (hereinafter, HSCs) in various activities, which, for the time being, have not been included in the IT tool. These HSCs report their activity via monthly reports. In addition, the HSCs that respond to emergency notifications also issue a report of the notification made. Specifically, in 2023, there were 50 emergency calls to which the HSCs responded.

Health surveillance and promotion

With regard to the health monitoring of our employees, at Madrileña Red de Gas we carry out a systematic evaluation of their health status every year, based on the risks inherent to their job and identified in their risk assessment. This process is carried out by health personnel with technical competence, training and accredited capacity from our External Prevention Service.

Thus, during 2023, a total of 96 (periodic and initial) medical examinations were carried out, with the results being totally confidential and restricted to the employees themselves.

Our company also offers our employees a range of voluntary health promotion services and programmes that address significant non-work related health risks.

These initiatives include the Medical Insurance offered to our employees, as we saw in Chapter 10.3 Work climate and well-being, the implementation of flu vaccination campaigns (in which 11 of our employees were interested), as well as the Early Colorectal Cancer Detection Programme, aimed at our staff from the age of 50 onwards.

Health and Safety Training and Information

During 2023, we have continued with our commitment to the training of our employees on Industrial Safety and Occupational Health and Safety, covering the different groups of the company. In this regard, we have a specific Training Plan in both areas.

This plan is drawn up on the basis of a detailed analysis of the training activities we have established for each job position, as well as the training our employees have already received in previous years, thus establishing the necessary or recommended actions to be carried out during the year.

This analysis is a strategy that we consider fundamental for correct detection of the training needs of the different collectives that make up our company. This ensures planning, which is essential in order to optimise the courses.

We have also diversified the types of training to include face-to-face courses (with or without internships), courses via computer platforms (online courses), or courses through video meetings. The latter two facilitate training for a larger number of employees, which has brought us considerable advantages, such as the reconciliation of family life or even the reduction of emissions by avoiding travel.

The courses carried out during 2023 were as follows:

- Riesgos y Medidas Preventivas en Oficinas
- Teletrabajo
- Plan de Emergencias. Criterios de Actuación Personal Designado
- Prevención de Riesgos para Trabajos en Campo
- Planes de Emergencias de las plantas GLP
- Seguridad en Acceso y Trabajos en Recintos Confinados
- Manejo de carretillas elevadoras
- Seguridad Vial en el Entorno Laboral
- Curso de Violencia de Terceros
- Primeros Auxilios

With regard to information actions, during 2023 we have collaborated with our private insurance fund, distributing various triptychs on different topics related to Occupational Health and Safety prepared by them. These included leaflets related to occupational hazards in pregnancy, road safety recommendations, as well as working at high temperatures.

In addition, we have drawn up the following internal action protocols, which facilitate the monitoring of compliance:

- Internal action protocol on Maternity protection, which is an adaptation of “the Guidelines for risk assessment and maternity protection at work”, produced by the National Institute for Safety and Health at Work (INSHT).
- Protocol for Outdoor work with an orange or red weather warning for high temperatures, which reflects the new Royal Decree-Law 4/2023, on the prevention of occupational hazards during episodes of high temperatures, among other aspects.

About the Report



11.1 Reporting principles

This is the third annual report published by Madrileña Red de Gas. It corresponds to 2023 and was published in June 2024.

This report has been prepared in accordance with GRI Standards, especially the Universal Standards GRI 1: Fundamentals 2021, GRI 2: General Contents 2021 and GRI 3: Material Topics 2021, the applicable Thematic Standards in accordance with our material topics, and the Sector Standard GRI-11 Oil and Gas Sector 2021.

The principles for the preparation of this report, as set out in GRI Standard 1: Fundamentals 2021, are described below.

Accuracy

The information contained in the report has been checked and is sufficiently detailed to enable an assessment to be made of the impacts caused by the activities carried out by Madrileña Red de Gas.

All information provided covers the reporting period and its evolution over the last three years (2021, 2022 and 2023).

Balance

The information presented fairly represents the positive and negative impacts of the organisation, without bias. Trends are also presented to show the evolution of the different themes over time.

The priority of each topic is evident in the level of detail for each aspect.

Clarity

The information is presented in a way that is accessible and understandable, structured in the form of tables and diagrams and including graphical information to simplify reading and comprehension.

Comparability

The information provided allows analysis of the changes that have occurred in the company over time, as well as analysis of the impacts with respect to other organisations.

Completeness

The information provided is sufficient to be able to assess the impacts of Madrileña Red de Gas during the reporting period.

Sustainability context

The report has been prepared based on the materiality review conducted in 2023, considering the internal and external sustainability context, together with the voice of our stakeholders. The structure and contents present the impacts of Madrileña Red de Gas on the axes of sustainability: society, the environment and the economy, together with the policies, strategy and actions that we are carrying out, always within the framework of our commitment to sustainable development.

Punctuality

It covers the activities of Madrileña Red de Gas in the period from 1 January to 31 December 2023, and is expected to be published annually.

Verifiability

The information collected is recorded, compiled and analysed in a way that ensures its accuracy and quality, thereby ensuring application of the reporting principles outlined above.

The contact point for questions relating to this report and the information presented is: sostenibilidad@madrilena.es

11.2 Information update

- With regard to the type of working hours in the 2022 and 2021 reports, we consider “short-time workers” to be included in “full-time” workers. However, in order to avoid misinterpretation, we have decided to present the data separately for all years, as shown in Section 10.1 Our human capital. (GRI 2-7 Employees 2021)
- During calculation of the ratio of total annual compensation and the ratio of the percentage increase of the highest paid person in the organisation to the median of all employees, this is the first year in which the Management category is included in the calculation of both ratios. (GRI 2-21 Annual total compensation ratio 2021)
- With regard to the amount of non-hazardous waste generated during the previous year (2022), due to a transcription error, a total of 4240 tonnes was reported, when the correct value should be 46,240 tonnes. This error has already been corrected in this report, as have the calculations associated with it. (GRI 306-3 Waste generated 2020)
- With regard to the nationality of our workforce, the value of 5% published for the year 2022 also included employees who, although born outside Spain, already have Spanish nationality. We believe it is more convenient not to consider these cases within this percentage, so in section 10.5 Commitment to Diversity, Equity and Inclusion in governing bodies and employees, we show the data corresponding to 2020, 2021 and 2023 considering this criterion. (GRI 405-1 Diversity of governance bodies and employees 2016).

11.3 GRI Content Index

Declaration of use	Madrileña Red de Gas S.A.U. has prepared this report in accordance with the GRI Standards for the period from 1 January 2023 to 31 December 2023. The Board of Directors of Madrileña Red de Gas, as the highest governance body, has reviewed and approved this report through its chairman and representative.
GRI 1 used	GRI 1: Fundamentals 2021
GRI Sector Standards	GRI 11: Oil and gas sector 2021

GRI standard/ Other source	Contents	Location	Omission	Ref. No. for GRI sector standard
General contents				
GRI 2: General Content 2021	2.1 Organisational details	p. 8		
	2.2 Entities covered by sustainability reporting	p. 186		
	2.3 Reporting period, frequency and point of contact	p. 186		
	2.4 Updating information	p. 187		
	2.5 External verification	pp. 204, 205		
	2.6 Activities, value chain and other business relationships	pp. 126, 127, 128		
	2.7 Employees	pp. 164 ,165 ,166		
	2.8 Non-employee workers	pp. 166, 167		
	2.9 Governance structure and composition	pp. 14, 15, 16, 17, 20, 21, 22		
	2.10 Appointment and selection of the highest governance body	p. 16		
	2.11 Chairperson of the highest governing body	p. 16		
	2.12 Role of the highest governance body in overseeing the management of impacts	pp. 18, 19, 20, 30, 44, 45		
	2.13 Delegation of responsibility for impact management	pp. 18, 19, 20, 21, 27, 30, 31, 32, 67		
	2.14 Role of the highest governance body in sustainability reporting	pp. 18, 19, 20, 21		
	2.15 Conflicts of interest	pp. 31, 32		
	2.16 Reporting critical concerns	pp. 33, 34, 40, 41, 158, 159, 160		
	2.17 Collective knowledge of the highest governance body	pp. 18, 19, 20, 38, 39		
	2.18 Performance evaluation of the highest governing body		Information not available. There is currently no procedure in place to evaluate the performance of the highest governance body in overseeing the management of the organisation's impacts on the economy, the environment and people. In 2023, proposals have been presented and analysed within the Board to improve the process of evaluating its performance, through internal self-assessment and external verification to be undertaken in future years.	

Colored cell indicates something that does not apply. This is only applicable to the columns "Omission" and "Ref. no."of the GRI Sector Standard.

GRI standard/ Other source	Contents	Location	Omission	Ref. No. for GRI sector standard
(cont.) GRI 2: General Content 2021	2.19 Remuneration policies	pp. 22, 23		
	2.20 Process for determining remuneration	pp. 22,23		
	2.21 Total annual compensation ratio	p. 173		
	2.22 Sustainable development strategy statement	pp. 4, 5		
	2.23 Commitments and policies	pp. 26, 27, 28, 29, 30, 40, 41 https://madrilena.es/sostenibilidad/		
	2.24 Mainstreaming commitments and policies	pp. 26, 27, 130		
	2.25 Processes for remedying negative impacts	pp. 154, 155, 156, 157, 158, 159, 160 https://madrilena.es/compromiso/		
	2.26 Mechanisms for seeking advice and raising concerns	pp. 33, 34, 40, 41, 70, 71, 72, 73, 130, 131, 158, 159 https://www.canaldedenuncias.com/es/madrilena		
	2.27 Compliance with legislation and regulations	p. 26		
	2.28 Membership of associations	pp. 90, 91, 92, 93, 94, 133, 161, 179		
	2.29 Approach to Stakeholder Engagement	pp. 40, 41, 47, 68, 69,70, 71, 72, 73, 74,75, 98,151, 154, 157, 158, 159, 167, 168, 178, 179		
	2.30 Collective bargaining agreements	p. 166		
Material topics				
GRI 3: Material topics 2021	3-1 Process for determining material issues	pp. 44, 45, 46, 47		
	3-2 List of material items	p. 48, 49		
Ethics and compliance				
GRI 3: Material topics 2021	3-3 Management of material issues	pp. 25-40		
GRI 409: Forced or compulsory Labour 2016	409-1 Operations and suppliers with significant risk of cases of forced or compulsory labour	p. 130		11.12 Forced labour and modern slavery

GRI standard/ Other source	Contents	Location	Omission	Ref. No. for GRI sector standard
GRI 414: Social evaluation of suppliers 2016	414-1 New suppliers that have passed selection filters according to social criteria	p. 132		11.12 Forced labour and modern slavery
GRI 205: Anti-corruption 2016	205-1 Operations assessed for corruption-related risks	pp. 34, 35, 36, 37 38		11.20 Anti-corruption
	205-2 Communication and training on anti-corruption policies and procedures	pp. 38, 39		
	205-3 Confirmed cases of corruption and actions taken	p. 33		
Sustainability governance				
GRI 3: Material topics 2021	3-3 Management of material issues	pp. 15-25, 44-47, 64-76		
GRI 2: General Contents 2021	2.9 Governance structure and composition	pp. 14, 15, 16, 17, 20, 21, 22		
Own	Letter from the President	pp. 4, 5		
Own	Sustainability Master Plan	pp. 64-67		
Climate adaptation, resilience and transition				
GRI 3: Material Topics 2021	3-3 Management of material issues	pp. 81-95		
GRI 201: Economic performance 2016	201-2 Financial implications and other risks and opportunities arising from climate change		Incomplete information. No information is available on the costs of measures taken to manage risk or opportunity. An attempt will be made to collect this information for the next report.	11.2 Climate Adaptation, Resilience and Transition
GRI 305: Emissions 2016	305-5 Reduction of GHG emissions	pp. 137-140		
Own	Adherence to the Emission Reduction Initiative: OGMP 2.0	pp. 84-89		
	Green energy promotion and innovation projects	pp. 89-95		
Asset Integrity and Critical Incident Management				
GRI 3: Material Topics 2021	3-3 Management of material issues	pp. 108-113		
GRI 306: Effluents and waste 2016	306-3 Significant spills	No significant spills have occurred during 2023.		11.8 Asset integrity and critical incident management
Own	Evolution of emergency care times	p. 113		

GRI standard/ Other source	Contents	Location	Omission	Ref. No. for GRI sector standard
Cybersecurity				
GRI 3: Material Topics 2021	3-3 Management of material issues	pp. 97-107		
Own	Developments in Personal Data Protection activities	p. 99		
	Information Security in our supply chain	pp. 99, 100		
	Maturity level assessment based on Deloitte's CyberIndustrial Strategy Framework (CISF) v2.0	pp. 102-106		
Economic and financial risks				
GRI 3: Material Topics 2021	3-3 Management of material issues	pp. 96, 97		
Own	Annual audit of accounts	p. 97		
Regulatory risks				
GRI 3: Material Topics 2021	3-3 Management of material issues	pp. 79, 80		
GRI 2: General Contents 2021	2.28 Membership of associations	pp. 90, 91, 92, 93, 94, 133, 161, 179		
Own	Adherence to the Emission Reduction Initiative: OGMP 2.0	pp. 84-89		
Economic and financial value creation				
GRI 3: Material Topics 2021	3-3 Management of material issues	pp. 116, 117		
GRI 201: Economic performance 2016	201-1 Direct economic value generated and distributed	pp 116, 117		
Own	Net turnover (thousands of €)	p. 116		
	EBITDA (thousands of €)	p. 116		
	Balance sheet at 31 December 2023 (M €)	p. 117		
Distribution network development and extension				
GRI 3: Material Topics 2021	3-3 Management of material issues	pp. 118-123		

GRI standard/ Other source	Contents	Location	Omission	Ref. No. for GRI sector standard
GRI 203: Indirect economic impacts 2016	203-1 Investments in infrastructure and supported services	pp. 150		
Own	2023 registrations by type of market	p. 118		
Own	Evolution of natural gas supply points	pp. 119		
GRI 3: Material Topics 2021	3-3 Management of material issues	pp. 153-161		
Own	% Implementation of Maintenance Plan	p. 152		
	Number of communications with the client	p. 159		
	Management and number of complaints and claims	pp. 158-160		
	Evolution of customer satisfaction indexes: CSAT (Customer Satisfaction Score) and GMB (Google My Business)	pp. 154-155		
Extending ESG criteria to the supply chain				
GRI 3: Material Topics 2021	3-3 Management of material issues	pp. 130, 131, 132, 133		
GRI 409: Forced or compulsory Labour 2016	409-1 Operations and suppliers with significant risk of cases of forced or compulsory labour	p. 130		11.12 Forced labour and modern slavery
GRI 414: Social evaluation of suppliers 2016	414-1 New suppliers that have passed selection filters according to social criteria	p. 132		
GRI 407: Freedom of association and bargaining collective 2016	407-1 Operations and suppliers where the right to freedom of association and collective bargaining may be at risk	p. 130		11.13 Freedom of Association and Collective Bargaining"
GRI 408: Child Labour 2016	408-1 Operations and suppliers with significant risk of child labour cases	p. 130		
GRI 308: Environmental assessment of suppliers 2016	308-1 New suppliers that have passed selection filters according to environmental criteria	p. 132		
	308-2 Negative environmental impacts on the	pp. 130, 131, 132, 133		

GRI standard/ Other source	Contents	Location	Omission	Ref. No. for GRI sector standard
GRI 414: Social evaluation of suppliers 2016	414-1 New suppliers that have passed selection filters according to social criteria	p. 132		
	414-2 Negative social impacts on the supply chain and measures taken	pp. 130, 131, 132, 133		
Emissions, pollution and combating climate change				
GRI 3: Material Topics 2021	3.3. Management of material issues	pp. 136-141		
GRI 302: Energy 2016	302-1 Energy consumption within the organisation	pp. 143	Information not available. An attempt will be made to collect this information for the next report.	11.1 GHG emissions
	302-2 Energy consumption outside the organisation			
	302-3 Energy intensity			
GRI 305: Emissions 2016	305-1 Direct GHG emissions (Scope 1)	pp. 137-140		11.1 GHG emissions
	305-2 Energy-related indirect GHG emissions (Scope 2)	pp. 137-140		
	305-3 Other indirect GHG emissions (scope 3)	pp. 137-140		
	305-4 Intensity of GHG emissions	p. 141		11.3 Emissions to air
	305-7 Nitrogen oxides (NO), sulphur oxides (SO) and other significant air emissions	pp. 141		
GRI 416: Customer health and safety 2016	416-1 Assessment of health and safety impacts of product or service categories	p. 177		
GRI 305: Emissions 2016	305-5 Reduction of GHG emissions	pp. 137-140		
Own	Adherence to the Emission Reduction Initiative: OGMP 2.0	pp. 84-89		
	Green energy promotion and innovation projects	pp. 89-95		
Energy access and economic impact				
GRI 3: Material Topics 2021	3.3. Management of material issues	pp. 150-153		

GRI standard/ Other source	Contents	Location	Omission	Ref. No. for GRI sector standard
GRI 201: Economic performance 2016	201-1 Direct economic value generated and distributed	pp. 116, 117		11.14 Economic impacts
GRI 202: Market presence 2016	202-2 Proportion of senior executives recruited from the local community	p. 165		
GRI 203: Indirect economic impacts 2016	203-1 Investments in infrastructure and supported services	p. 150		
	203-2 Indirect economic impacts significant	p. 150		
GRI 204: Procurement practices 2016	204-1 Proportion of expenditure on local suppliers	pp. 128, 129		
Occupational safety and health				
GRI 3: Material Topics 2021	3.3. Management of material issues	pp. 177-183		
GRI 403: Health and safety at work 2018	403-1 Occupational health and safety management system	p. 177		11.9 Health and safety at work
	403-2 Hazard identification, risk assessment and incident investigation	pp. 179, 181, 182		
	403-3 Occupational health services	pp. 182, 183		
	403-4 Workers' participation, consultation and communication on health and safety at work	pp. 178-179		
	403-5 Training of workers on occupational health and safety at work	pp. 183		
	403-6 Workers' health promotion	pp. 182, 183		
	403-7 Prevention and mitigation of impacts on the health and safety of workers directly linked through business relations	pp. 181, 182		
	403-8 Workers covered by an occupational safety and health management system	p. 177		
	403-9 Work-related injuries	p. 180-181		
	403-10 Occupational diseases and illnesses	p. 181		

Applicable GRI Sector Standards topics considered non-material		
GRI Sector Standard	Topic	Explanation
GRI 11: Oil and Gas Sector 2021	11.17 Indigenous peoples' rights	Given MRG's scope of action, the Autonomous Community of Madrid, where even its suppliers are mainly local, we consider that there can be no material impact.
	11.19 Unfair competition	As Madrileña Red de Gas' business is regulated, unfair competition would be directly linked to corruption.
	11.21 Payments to governments	Considering the regulations that apply to MRG in Spain, we would again be talking strictly about corruption.
	11.22 Public policy	Spanish legislation does not allow direct promotion of public policies by private companies. As in the two previous requirements, this would be a case of corruption.

Applicable GRI Sector Standards topics considered not material, but relevant		
GRI Sector Standard	Topic	Explanation
GRI 11: Oil & Gas Sector 2021	11.4 Biodiversity	Following the dual materiality assessment and prioritisation process, according to our methodology, these topics proposed by the GRI 11 sector standard: Oil and Gas Sector 2021, and initially identified as relevant, have not turned out to be material for Madrileña Red de Gas.
	11.5 Waste	
	11.6 Water and effluents	
	11.7 Closure and rehabilitation	
	11.10 Employment practices	
	11.11 Non-discrimination and equal opportunities	
	11.15 Local communities	
	11.16 Land and resource rights	
	11.18 Conflict and security	

11.4 External verification

To ensure compliance with the principles and guidelines specified by GRI and that the information contained herein is accurate, this report has been externally and independently verified by the auditing and certification entity Bureau Veritas S.A., with the secretary of the Audit and Risk Committee, representing the highest governing body, participating actively in this process.

This entity declares the conformity of this sustainability report with the principles and guidelines specified in the GRI Standards and the reliability of the information contained herein.



Bureau Veritas Certification





Bureau Veritas Certificación

declares that has performed the assessment of the

Madrileña Red de Gas S.A.U.

Sustainability Report 2023

Regarding the structure, content and source of information and as a result of this assessment **Bureau Veritas** concludes that:

- The content of the information is based on and supported by data and records verified as true. Likewise, the information, its treatment, calculations, graphs and associated information have been timely checked and verified according to the procedure established by Bureau Veritas Certification
- The traceability and relevance between basic information and report content is adequate.
- It is in accordance with the IN-COMPLIANCE option of the requirements and principles established in the Guide for the preparation of Sustainability Reports in its version "GRI Standards 2021" and its "Sector standard GRI-11 Oil and Gas sector 2021 "prepared by the Global Reporting Initiative (GRI)

Accordingly, **Bureau Veritas Certification** establishes that it has carried out the verification according to the GRI Standards 2021 methodology and its "Sector standard GRI-11 Oil and Gas sector 2021 "prepared by the Global Reporting Initiative (GRI) methodology, for the 2023 Sustainability Report of MADRILEÑA RED DE GAS S.A.U.

Signature: Rut Ballesteros Gil

Lead Vericator
Social Responsibility Corporate
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