



SUSTAINABILITY REPORT 2021

A NEW MODEL
OF 100%-RENEWABLE ENERGY
COMPANY



This report outlines Capital Energy's contribution to the United Nations' 2030 Agenda, to show how the company contributes to achieving the Agenda's Sustainable Development Goals. After reviewing the various goals to which it contributes, the company explains its contribution in the relevant sections. It also presents the link between the company and its activity and the pillars of the World Economic Forum's 'Measuring Stakeholder Capitalism' report.



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1 Strategic conversation: the present and future of energy

Juan José Sánchez, CEO of Capital Energy, reflects on the company's performance last year and focuses the future approach on the challenges and opportunities facing the organisation and its sector.

What do you consider to be the main challenges and opportunities in the current industry context and what is the company's role with respect to these issues?

The current situation evidences the urgency of transitioning to a sustainable energy model, one of whose main pillars must be the security of supply at competitive and affordable prices. In Spain, all the necessary factors and ingredients are in place to achieve this: renewable resources, territory, a robust power grid, a top class industrial value chain, talent, capital, leading developers, etc.

Progress in the short term is a challenge involving shared responsibility to be able to address the main obstacles: efficiency in administrative paperwork and mitigation of social opposition by aligning interests with those of the territories, thereby ensuring a green and fair energy transition. Other major challenges also come into play, such as the current geopolitical tensions, which are pushing commodity and raw material prices higher, as well as the inflation and supply chain difficulties we are currently seeing.

In 2022, the events in Ukraine remind us of how important it is to drive this energy transition swiftly and to strengthen energy independence, it being imperative to have an increasingly renewable electric power generation mix. In the short and medium term, this involves the massive rollout of mature technologies such as wind and solar photovoltaic and the

fast-tracking of opportunities linked to the integration and manageability of these, as well as energy storage. And this is where Capital Energy contributes differential value as a pillar of this transformation, because of our both our technological portfolio and our geographic reach, with a presence throughout the Iberian Peninsula.

The economic and social crises and the uncertainty unleashed by COVID-19 persisted in 2021, and, beyond decarbonising, we cannot forget the lessons learned in the pandemic with regard to the need to leverage the industry to reduce inequalities. Energy must be one of the pillars on which to build the post-COVID growth model, in keeping with the principles of the Global Compact, the United Nations' 2030 Agenda and national plans and commitments in this regard.

It would be very costly to fail to effect the energy transition, which must be green and fair, reconciling the contribution to the steady decarbonising of the economy, by development of renewable energies, with the promotion of economic and social development in the rural environment, something that will help mitigate the depopulation that is plaguing a number of territories and to which we are extremely committed due to the footprint of our project portfolio.



1 Strategic conversation: the present and future of energy

Since you mention this aspect related to the problem of depopulation and the existing gaps in rural territories, how does Capital Energy frame its contribution?

In the current context, social approval to operate is becoming increasingly important and is actually one of the key factors for project viability, but this awareness is not new to Capital Energy.

The commitment to sustainable development is part of the company's DNA and the contribution to the development of the areas where we operate is one of the pillars of our Sustainability Strategy. Our goal is to be a good neighbour in the areas where we operate and to contribute to the community's well-being. With this in mind, we launched our Territories Project in 2021. This initiative will channel a portion of the proceeds from each wind or solar farm for reinvestment in the local community where they are located, for projects with an impact on the community, defined through processes of open dialogue with the various local stakeholders. The first framework partnership agreements were signed at the end of 2021, and in 2022 the number of participating municipalities has been increasing apace, evidence that the perception and acceptance of Capital Energy projects is improving.

However, this is not our only means of contributing to local communities. We work with the municipal governments where our wind and solar farms are located to create job banks, which are made available to our contractors for use during the construction phase, and we support companies that boost the local economy through strategic, industrial and/or commercial agreements that make a tangible contribution to strengthening the domestic industrial fabric and growing employment. In this regard it is worth highlighting the recent agreement in Castilla y León with Emobi Industries and Sodical for the re-industrialisation of the Bierzo area.

Looking back over the year, how would you sum up 2021? What milestones would you highlight?

It has certainly been an intense and challenging year, marked by several very important milestones that represent a turning point in our journey. I would underscore our leading role in the two renewable bidding processes of this year 2021, at which we were awarded 35% of the total capacity auctioned.

One of the most exciting occasions—and a key event not only of the year, but of our history as a company—was the inauguration of Las Tadeas, our first operational wind farm, located in Castilla y León.

In terms of other phases of our value chain, on the development side it is worth highlighting the progress in the required regulatory processing for our entire project portfolio thanks to the drive and commitment of the teams involved. This has resulted in key operating figures such as the 6,621MW with public consultations completed in 2021, the 501 MW that have received environmental impact statements (EIS)—including the first two projects with EIS in Portugal—and the 1,777 MW of access obtained during the year.

In terms of construction, we are involved in four projects located in the regions of Asturias, Andalusia and Extremadura: Buseco, Loma de los Pinos, La Solana and El Barroso, which are expected to enter operation in 2022. In 2022, we have commenced construction of the Ayamonte wind farm.

Furthermore, thanks to the launch of the retailing arm at the end of 2020, we will achieve our strategic objective of being present throughout the entire renewable energy generation value chain. During the year, Capital Energy took an active role in arranging supply agreements with several organisations, such as Statkraft, ADL BioPharma, and Atlético de Madrid. In 2022, with the aim of maximising resource efficiency, we have decided to shift the strategic focus of the retailing arm, focusing its activity on establishing agreements with large customers.

Another critical aspect to continue to make this project possible is funding. Although we had prepared for an IPO in 2021, current market conditions have led us to back-burner this idea. We will continue to harness alternative funding mechanisms. In 2021 and already in 2022 we have closed significant deals in this regard, such as the bonds subscribed by the French asset manager Eiffel (for €70 million), the corporate loans with the Ontario Teachers' Pension Plan (for €130 million), the two project finance agreements with Sabadell (worth €45 million), etc.

None of this is or would be possible without the people who make up our team. In 2021, our workforce increased by 39.5% compared to 2020, and at year-end we employed 392 outstanding professionals in their respective disciplines. The aim of growth is to respond to the organisation's needs in various business areas in order to advance in the fulfilment of our strategy.



1 Strategic conversation: the present and future of energy

As you mentioned, in 2021 the company commenced its journey in terms of operations, but it has also made progress in terms of its thinking about entering new businesses. How do you see the future in the short term?

Considering the portfolio's maturity, our goal for the next two years is to strengthen our position as a major player and become one of the largest builders of assets.

In this regard, we are also taking the first steps as part of our commitment to build offshore wind farms and we have signed several strategic collaboration agreements with shipyards in the Canary Islands with the aim of drawing up a plan to identify the supply chain services that are required to meet the needs arising from the future construction of offshore wind farms in the Canaries.

Energy generation is unquestionably the cornerstone of our business model and we aim to harness its full potential. Accordingly, the company is exploring ways to maximise its value through the development of adjacent businesses related to energy storage, green hydrogen, telecommunications and data centres, among others.

When discussing these technologies, I would also like to emphasise that Capital Energy is committed to innovation so as to lead the energy transition and our vision is to contribute to creating a sustainable society and economy through renewable energy, the entrepreneurial ecosystem and the company's in-house innovation.

We will continue pursue this path, promoting projects such as those we are already undertaking in connection with smart storage (AlICE and IA4BAT) and exploring the opportunities presented by green hydrogen, as we have done this year in the PROMETEO and HYSTORENEW projects. Our commitment is and will remain firm, as evidenced by our membership of Hydrogen Europe since last year and our association with and sponsorship of the Hydrogen Industry Sectoral Agenda. Furthermore, our corporate venturing vehicle, Capital Energy Quantum,

which was named 'Best Corporate' at the Startup OLÉ 2021 Awards, acts as a catalyst through its energytech startup portfolio. Capital Energy Quantum is part of the company's strategic commitment to generate a network of expertise and talent in the energy market, while helping to consolidate the company's transformation into a customer-focused company and improving the efficiency of the core business in the short and medium term.

As the economy becomes increasingly digitalised and technologies such as 5G increase its penetration, we aim to leverage Capital Energy's footprint to drive an enabling platform for connectivity infrastructure in environments where others do not reach (passive sites and other edge infrastructure, etc.), providing them not only with renewable energy, but also with competitive energy through self-consumption mechanisms and making use of every last kilowatt generated. In addition, and in keeping with this vision of the company as a connectivity enabler, Capital Energy registered with the Spanish National Markets and Competition Commission (CNMC) as a telecommunications operator at the end of 2021.

.... What about in the longer term? How do you see Capital Energy?

Capital Energy's business plan through 2025 envisages future growth that will be possible thanks to the maturity and diversification of the already-consolidated portfolio. Before 2021, our business plan was highly focused on design and development as a launchpad, but, as I said before, this year has been a turning point and from now on the company's strategy will have to focus more on construction and operation, as a natural consequence of the business's maturing.

We are very mindful that, in order to succeed and deliver on our business plan, we must afford our design, construction and operational practices the capabilities and digital assets that will enable them to gain efficiency and expediency. Hence, within the framework of our Digital Strategy, various projects have

been launched throughout the organisation, the materialisation of which during 2022 will be key to the deployment of the business plan. But we have not focused solely on the development of these digital assets; we have also worked on the definition of scalable platform organisational models geared towards efficiency, agility and organisational flexibility and on the creation of a digital company culture that enables new ways of working by equipping employees with skills and capabilities in this dimension.

However, our ambition and goals do not end here, since it is in our essence to clearly aim to be a part of the solution to global challenges and contribute to the objectives of decarbonising, sustainable development and the structuring of territories. Capital Energy is ready to take a leading role in the renewable energy sector, with all the magnitude that this implies, and we will do so by leveraging our hallmarks: the excellence of our professionals, innovation, sustainability and digitalisation.

As a company, our sights are set on the future, but our feet are very much in the present (people and territories included), and we are confident that we can live up to our stakeholders' expectations of us, demonstrating that we fulfil our commitments in every step of the way.



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Capital Energy: leading the transformation with a positive impact

Presence in 44
provinces in Spain
and 11 districts in
Portugal

Inauguration of the
company's first wind
farm in Castilla y León,
Las Tadeas

> 29 GW
In wind
and solar projects
(assets and under
development)

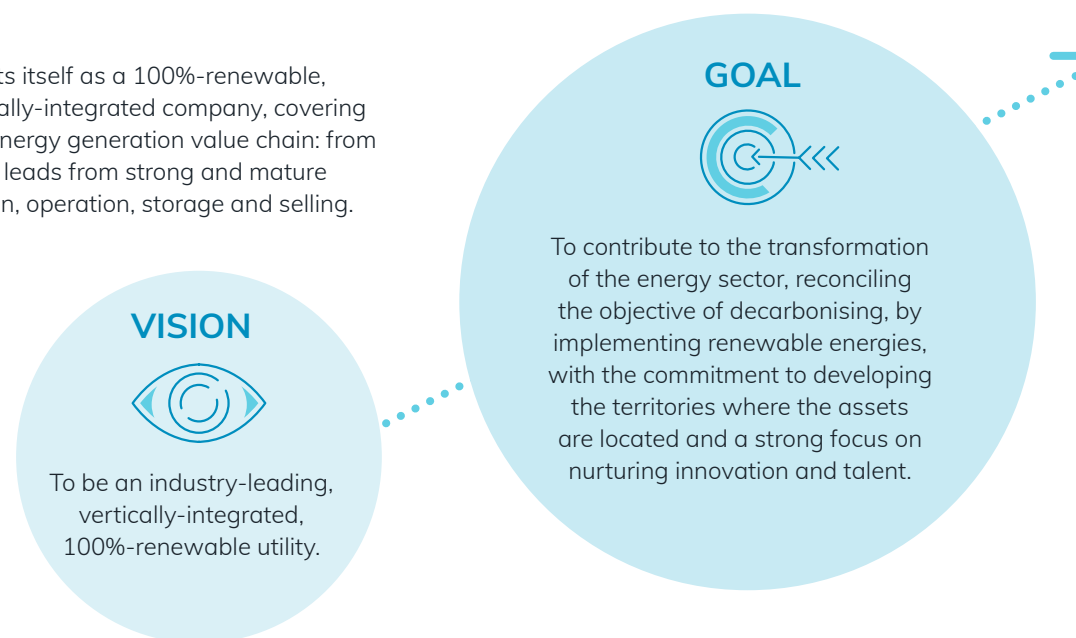
A central role in
the two renewable
energy bidding
processes in 2021

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Purpose, vision and values

Capital Energy presents itself as a 100%-renewable, sustainable and vertically-integrated company, covering the entire renewable energy generation value chain: from development, where it leads from strong and mature position, to construction, operation, storage and selling.



The company's contribution to the 2030 Agenda:

Target 7.1: "Ensure universal access to affordable, reliable and modern energy services".

Target 7.2: "Increase substantially the share of renewable energy in the global energy mix".

Target 8.2: "Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high-value added and labour-intensive sectors".

Target 9.2: "Promote inclusive and sustainable industrialization and, by 2030, significantly raise industry's share of employment and gross domestic product, in line with national circumstances, and double its share in least developed countries".

Target 9.4: "Upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities".


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What do we do? Our business model

Capital Energy is committed to transforming the energy sector by being present throughout the entire renewable energy generation value chain. Its business model has evolved in keeping with the company's ambition to achieve a positive impact in all its activities and throughout the entire value chain, thus making it a regenerative company.


The company's value proposition: to generate clean energy while supporting people during the change




Development

Leader in the development of renewable energy projects.


It has the largest independent platform for renewable energy projects under development in the Iberian Peninsula.


More information 



Construction


Construction and commissioning of renewable energy generation projects.


More information 



Asset operation


Integrating various services for asset operation, from asset management, including infrastructure operation and maintenance, to energy management.


More information 



Energy storage


It promotes innovative initiatives in technologies that will be pivotal in the coming years, bringing manageability, flexibility and diversification to its portfolio and enabling the current energy system to evolve.


More information 



Energy supply


It describes itself as a new, independent and sustainable energy supplier that brings the 100%-renewable electricity it generates to businesses in the communities where it operates.

More information 




QUANTUM

It identifies and invests in startups that will set future trends in energy services and customer-orientated solutions, sustainable mobility, digital utility, optimising renewable energy operation and energy storage.



GREEN HYDROGEN

Focused on the production of green hydrogen from renewable energies to contribute to decarbonising industry, mobility and cities, while at the same time maximising the use hours of the renewable resource.



TELCO AND DPCS

Communications infrastructure rollout, to set up capacities to provide connectivity to the territories, as well as the installation of data centres.

What makes Capital Energy different

100%

A 100%-green company, with no legacy of brownfield projects



A firm commitment to sustainability and the green and fair energy transition



A vision of integration of the entire value chain



A unique asset portfolio in terms of scale and maturity (technological and geographical mixes)



Stand-out talent



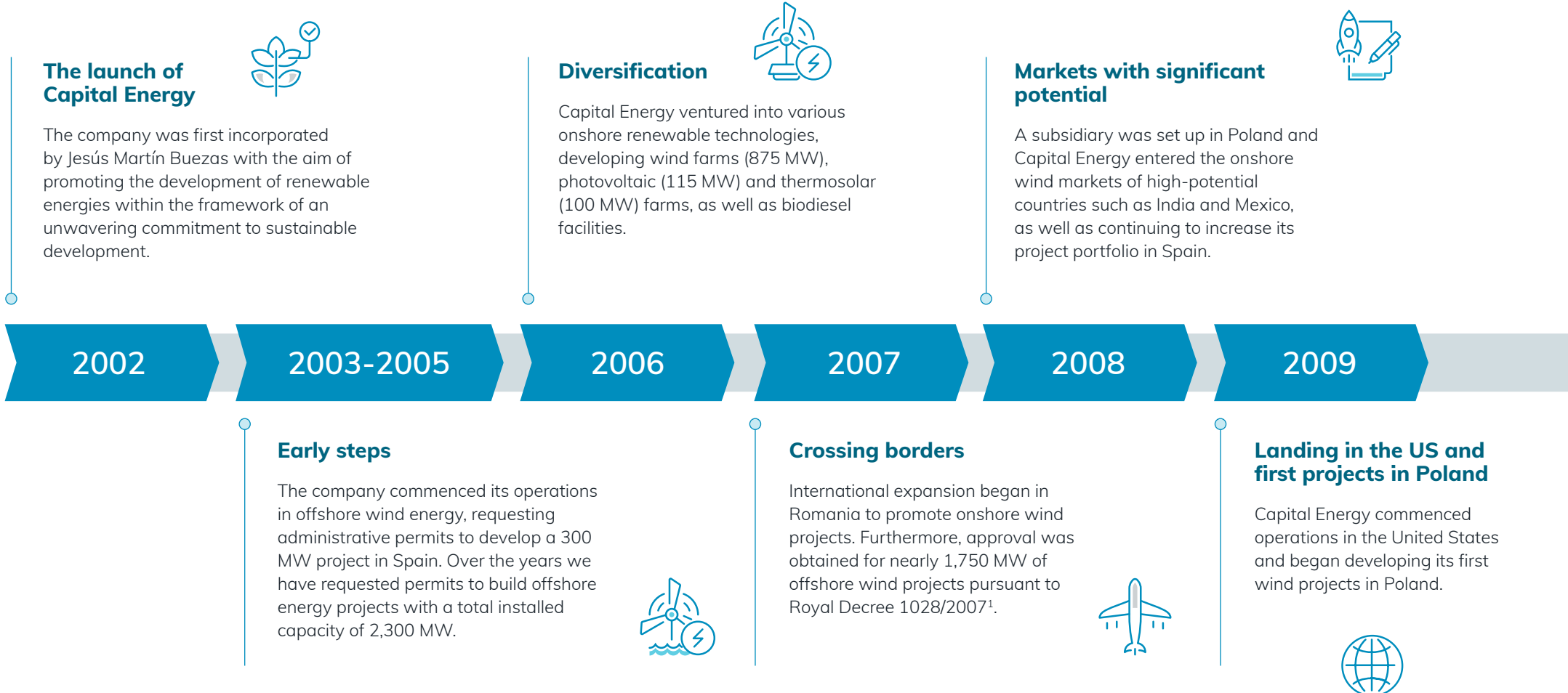
A digital native, innovative and agile company

Our journey so far: 20 years of history and main milestones in 2021

Our commitment to 100%-green energy

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¹ RD 1028/2007, of 20 July, establishing the administrative procedures for processing permit applications for electricity generation facilities in Spain's territorial waters.

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Focus on Spain



Capital Energy changed its strategic direction: divesting its international assets to focus on the Spanish project portfolio.

One of the leading renewable energy developers in the Iberian Peninsula



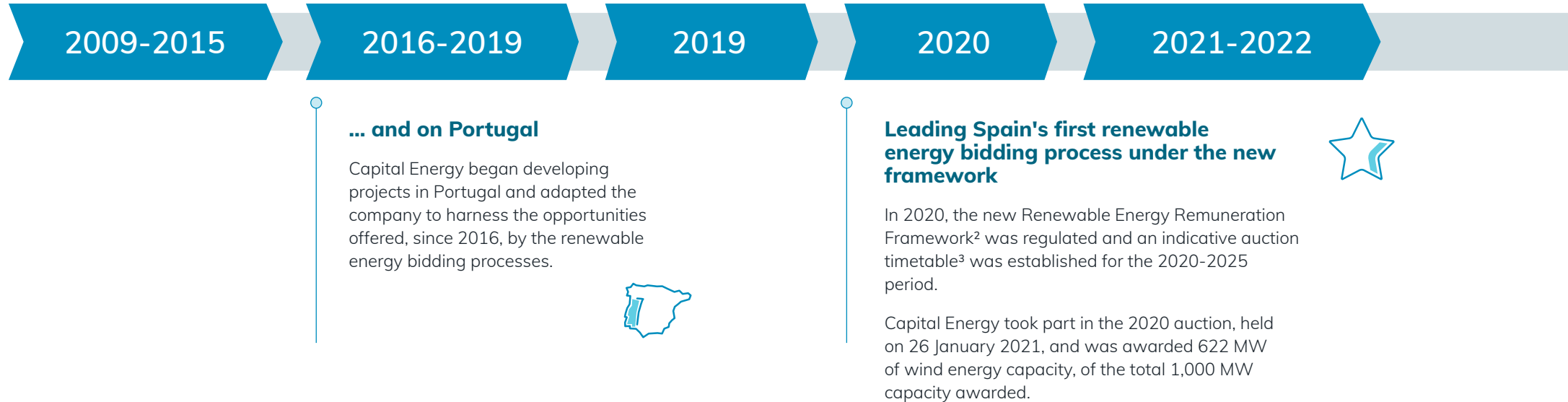
With more than 350 projects at various stages of development, Capital Energy became one of the leading renewable energy developers, including both wind and solar farms, in the Iberian Peninsula.

100%-renewable and vertically-integrated



Capital Energy unveiled its new business plan, aimed at making it the first 100%-renewable and vertically-integrated energy company.

In this connection, in October 2021, Capital Energy played a leading role in Spain's second renewable energy bidding process, where it was awarded around 1,550 MW (1,540 MW of wind and 8 MW of solar capacity), equivalent to half of the total capacity auctioned.



2 RD 960/2020, of 3 November, regulating the economic framework of renewable energies for electric power generation facilities.

3 Ministerial Order TED/1161/2020, of 4 December, regulating the first bidding process mechanism for awarding the remuneration framework for renewable energies and establishing an indicative timetable for the 2020-2025 period.

More information on: the website



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Main milestones in 2021

Inauguration of the company's first wind farm in Castilla y León, Las Tadeas



This renewable asset, located in the province of Palencia, has an installed capacity of 39 megawatts (MW). The 11 wind turbines of Capital Energy's first operational wind farm will be capable of supplying clean energy to around 52,000 homes and will avoid almost 55,000 tonnes of CO₂ emissions per year. In addition, Las Tadeas will have an economic impact on the regional and local coffers, as well as through the lease contracts, of more than €330,000 per year.

Capital Energy signed its first three PPAs in Spain with Statkraft, Europe's largest renewable energy provider.



The agreements, spanning a term of up to 10 years, cover the sale of all energy produced by Capital Energy's three wind farms with a total installed capacity of 126 megawatts (MW).

The Power Purchase Agreements (PPAs) signed with Statkraft enables the Spanish company to continue strengthening the financial structure of its three most mature renewable projects, located in Castilla y León, Asturias and Andalusia.

Capital Energy was voted Best Company to Work For in Asturias in 2021



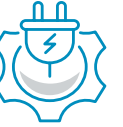
Following a rigorous process that included a global employee survey, a cultural audit and an assessment of benefits, policies and best practices, the company obtained this certification as a trusted organisation that attracts and retains talent.

Launch of the Territories Project



The company's Territories Project combines its commitment to decarbonising and transforming the energy model with its desire to foster the development of communities, relying on local talent and strengthening the industrial and business fabric of each area. Through this initiative, Capital Energy reasserts its ultimate aim, which is to become a strategic ally of the regions, boosting job creation, social well-being and innovation.

Supply of renewable energy to Atlético de Madrid



The two companies, which last July signed an agreement whereby Capital Energy became an official sponsor of the top-tier soccer club, have agreed that the company will supply 9.5 GWh of renewable energy to all Atlético de Madrid's facilities over the next three seasons. Thus, the company will be responsible for supplying clean electricity to the Wanda Metropolitano stadium, the sports complexes in Majadahonda and Alcalá de Henares, the club's Foundation and its official stores in the Madrid region, thereby avoiding around 3,800 tonnes of CO₂ emissions.

Approval of the first innovation projects at the national level



During 2021, the final resolutions were received concerning innovative projects submitted in 2020 and 2021 to major national bodies, such as the Centre for Technological Development (CDTI), the Institute for Energy Diversification and Saving (IDEA) and RED.ES.

This is a significant milestone for Capital Energy as it will help the company to develop high-value projects, with flagship research centres such as IKERLAN or IMDEA, in the fields of storage, green hydrogen and digital, notably including ALICE and IA4BAT.

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Capital Energy Quantum invests €2 million in the Klima energy transition fund



This transaction will enable the company to collaborate with companies with high growth potential in key decarbonising vectors, such as green hydrogen, energy efficiency, battery development, digitalisation and the improvement of electric power grids.

Quantum aims to identify a portfolio of EnergyTech startups in the Iberian Peninsula with the potential to transform the energy sector, reach agreements and invest in them over the next five years.

Strategic alliance with biotech company ADL BioPharma



Capital Energy will supply 61,000 MWh of clean energy per year to ADL BioPharma's facilities over the next five years. Furthermore, pursuant to a framework agreement (MoU), the two companies are already exploring a range of collaboration opportunities related to the supply of green energy and innovative solutions in the fields of circular economy and fair transition in Castilla y León.

Capital Energy commences construction of four renewable assets



The company commenced construction of its first wind farm, Buseco, located in Asturias and scheduled to come on stream in the first half of 2022, with an installed capacity of 50 MW.

Located in the province of Cádiz, the El Barroso wind farm will have an output capacity of 21.6 MW. The Loma de los Pinos wind farm, located in Seville, will have an initial capacity of 38.5 MW, and the La Solana wind farm, in the province of Cáceres, will have an installed capacity of 20 MW.

The launch of all these projects will imply a total investment of more than €118 million, outlaid over the course of 2021 and 2022.

The Ministry for the Ecological Transition and the Demographic challenge (Miteco) issued a favourable Environmental Impact Statement (EIS) for the La Herrera wind farm



After passing this important administrative milestone, the project now enters the final stage of formal processing, with only the preliminary administrative authorisation and construction permit still to be obtained, which will enable it to apply for the works and installation permit. La Herrada will have an installed capacity of 51 MW, supplying clean energy to around 56,000 households.

Two project finance agreements signed with Banco Sabadell for €45 million



This financing will be used for the first wind farms the company has commenced building: Buseco in Asturias and Loma de los Pinos in Andalusia. These facilities are scheduled for commissioning in the first half of 2022 and have long-term power purchase agreements (PPAs) in place.

Quantum named Best Corporate at the Startup OLE 2021 Awards

Capital Energy's corporate venturing vehicle, Capital Energy Quantum, was named Best Corporate 2021 by Startup Olé. Thus, not only does the fund underscore the importance and the pivotal role of the combination of innovation and green transition in the Capital Energy Group's business strategy, but it also positions itself as a benchmark energy fund in the field of renewables in the Spanish ecosystem barely a year after its launch.

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Committed to building offshore wind farms



The company has signed its fourth strategic collaboration agreement (MoU) in the Canary Islands, specifically with the Maritime Cluster of the Canary Islands (CMC), whose main objective is to draw up a joint plan to identify the supply chain services required to meet the needs arising from the future construction of offshore wind farms in Canary Island waters. The term of agreement spans five years and may be extended.

Capital Energy signs a €130 million corporate loan



Capital Energy has arranged a €130 million loan with European credit manager Incus Capital and the Ontario Teachers' Pension Plan (OTPP).

The financing, which has a duration of four years, will allow the company to further develop all business areas within the framework of its 100%-renewable and vertically-integrated project.

Strategic alliance with Google to drive the digitalisation of Capital Energy's business



Based on joint innovation and joint investment, this collaboration will enable Capital Energy to fast-track the achievement of its strategic goals within the dimensions of digitalisation and sustainability.

Within this framework, the aim is to seek new digital approaches to the problems facing the company's core business, notably including solutions focused on data capture and processing that provide a centralised and democratised view of the information, streamline decision-making and maximise the value generated by the company's industrial assets.

French asset manager Eiffel subscribes two Capital Energy bond issues for a total of €20 million



Eiffel, through its bridge financing vehicles, has already invested €70 million in the company's bonds. This will enable Capital Energy to develop a 194 MW portfolio corresponding to the wind farms located in Castilla y León (Soria), Castilla-La Mancha (Albacete) and Andalusia (Huelva), plus a solar plant, with an installed capacity of 8 MW, located in Castilla-La Mancha (Cuenca).

Incorporation of the Capital Energy Foundation to boost its contribution to sustainability



In December 2021, the Capital Energy Foundation was launched. The Foundation will focus on three main areas: social action and cooperation, training and research, and climate change, sustainability and environmental protection.



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Strengthening the company's leadership: a central role in the 2021 renewable energy bidding processes



Award of 622 MW in the first bidding process of the Renewable Energy Remuneration Framework and 1,550 MW in the second

In 2021, Capital Energy was awarded 622 MW of wind capacity in the first bidding process held under the new remuneration framework, which implies a share of more than 60% of the total wind capacity auctioned and more than 20% of the overall capacity auctioned. In the second bidding process, held in October 2021, Capital Energy was awarded around 1,550 MW (1,540 MW of wind power and 8 MW of solar power), equivalent to half of the total capacity auctioned. Following these two bidding processes in 2021, a total of 6,158 MW have now been awarded (2,902 MW of photovoltaic technology and 3,256 MW of wind technology), of which Capital Energy won 35%.

In this context, Spain has set ambitious goals in connection with the development of renewable energy in its proposed Integrated National Energy and Climate Plan (PNIEC in Spanish) 2021-2030, which involves the installation of around 5,000 MW/year of new capacity over the next decade. The aim is to reach 74% of electric power generation using renewable sources by the end of this decade, which will help avoid one out of every three tones of greenhouse gas currently emitted. To achieve these goals, the PNIEC proposes, among other measures, to hold these bidding processes, and establishes a tentative calendar through 2025 that would imply the addition of more than 3,000 MW/year.

Furthermore, these auctions will allow direct savings in electricity bills thanks to a dual effect: they imply the entry of new renewable capacity that displaces plants with higher generation costs, which could reduce the marginal price, and it receives remuneration below the current marginal market price.

This allocation of capacity will have a direct revitalising impact on the economy and job creation, estimated in respect of direct, indirect and induced jobs considering the entire value chain and the life cycle of the facilities – from project design to the future decommissioning of the farms. Based on the capacity awarded to Capital Energy in the two 2021 bidding processes, this results in 22,438 direct jobs, 27,623 indirect jobs and 11,047 induced jobs¹.

For more information, see the impact reports of each bidding process, publicly available at: Ministry for the Ecological Transition and the Demographic Challenge



¹ Direct employment – associated with the manufacturing, installation, operation and decommissioning phases of Capital Energy projects.

Indirect employment – associated with the supply chain responsible for covering the direct needs of Capital Energy projects.

Induced employment – generated upstream as a result of income expenditure by direct and indirect employees.

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In 2022...

Capital Energy cements its position as a developer and operator of telecommunications infrastructure



At the end of 2021, Capital Energy applied for registration with the Spanish National Markets and Competition Commission (CNMC) as a telecommunications operator. The rollout of telecommunications infrastructure will enable Capital Energy to provide capacities to ultimately offer connectivity in the territories, thereby helping to reduce the digital gap in rural communities.

In line with the digitalisation of the economy and the penetration of technologies such as 5G, Capital Energy will also deploy edge micro-data centres to nurture new sustainable business models that are underpinned by digital capabilities.

Start of construction of the Ayamonte wind farm (Andalusia)



Capital Energy has commenced the construction of the Ayamonte wind farm in Huelva, which will have an installed capacity of 34.8 MW, enabling the organisation to build on its business development in Andalusia.

The commissioning of this wind farm will imply an investment of around €36 million for the company.

Strategic agreement to drive the re-industrialisation of El Bierzo



Also in early 2022, Capital Energy signed a strategic agreement with Emobi Industries and Sodical, Instituto Financiero de Castilla y León, to drive the re-industrialisation of El Bierzo, making renewable energies the backbone of the economic, social and business revitalisation of a district significantly affected by the closure of mines and thermal power plants.



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Challenges ahead

2021 was a year shaped by the post-COVID transition, with significant changes not only in the social dimension, but also, as a result, on the economic and regulatory fronts.

There have been changes in social sensibilities as a result of the uncertainty, the supply chain crisis, inflation or rising energy prices in Spain, where electricity hit a record €393.67/MWh on 23 December. This situation has unleashed a deep-rooted crisis of trust in various institutions with regard to climate action and social issues, according to the latest [Edelman Trust Barometer](#).

The latest report by the World Economic Forum (WEF), the “Global Risks Report 2022”, also cites mounting worldwide concern, primarily with respect to climate risks, social divisions, livelihood crises and mental health deterioration.

This scenario reveals a number of interrelated trends that present opportunities and challenges in the short, medium and long term for the business environment, but also for society as a whole.



Decarbonising the economy, the fight against climate change and sustainable recovery



Sustainable financing



Innovation and new energies



Digitalisation



Biodiversity and natural capital



Circular economy



Social inequality



Diversity and nurturing human capital

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Decarbonising the economy, the fight against climate change and sustainable recovery

On the global front, in February 2022 the Assessment Report of the United Nations Intergovernmental Panel on Climate Change ([IPCC](#)) was issued, revealing that action on climate change is increasingly urgent. Furthermore, according to the World Economic Forum (WEF), the effects of climate change will pose the most severe risk in the next ten years. All of this was discussed at COP 26 from 31 October to 12 November in Glasgow, Scotland, when the need for a systemic change was highlighted to accelerate the global transition to a zero carbon emissions economy, which must focus, among other things, on hydrogen and on nature-based solutions, as well as all the advances necessary to reach net zero in time.

This change will only be possible if there is greater transparency regarding how climate risks are managed in the corporate dimension, where the Task Force on Climate-Related Disclosures (TCFD), created in 2017 by the Financial Stability Board (FSB), plays a key role. The TCFD establishes recommendations structured around four thematic areas: governance, strategy, risk management and metrics and goals, which provide a uniform framework in connection with the financial impact of climate change-related risks.

In Europe, the renewable energy sector is expected to receive significantly increased support as a result of the various initiatives aimed at driving the transition to a sustainable economy and achieving carbon neutrality goals by 2050, most notably:

- [The European Climate Law](#) which, having been passed by the Parliament on 24 June 2021, sets a target of a carbon neutral Europe by 2050, as well as a legally binding intermediate target of reducing greenhouse gas emissions by at least 55% by 2030 with respect to 1990 levels.
- [The European Green Deal](#), with an earmarked investment of €500 billion through 2027 in projects aligned with the EU's goals.

In Spain, with the aim of helping to achieve the decarbonising goals, the following mechanisms are in place:

- [The Integrated National Energy and Climate Plan](#), which envisages the development of renewable energies in Spanish territory with a view to attaining an energy output of 161 GW by 2030. Of these, around 24% (39 GW) will correspond to solar photovoltaic installed capacity and 31% (50 GW) to onshore and offshore wind power facilities, in accordance with the [Spanish National Plan for Adaptation to Climate Change 2021-2030](#).

- The Long-Term Strategy for a Modern, Competitive and Carbon-Neutral Spanish Economy by 2050 ([ELP 2050](#))
- [Law 7/2021, of 20 May, concerning climate change and the energy transition](#), which responds to Spain's commitments as a member of the European Union and a signatory of the Paris Agreement, and sets the roadmap for achieving climate neutrality no later than 2050.

In order to ensure that this energy transition is conducted fairly, Spain has launched the Renewable Energy Economic Framework for Electricity Production Facilities. Supplementing this framework will be the Fair Transition Agreements, which propose comprehensive actions to maintain and create activity and employment, as well as the Expressions of Interest, which identify the key energy projects to achieve this transition.

With a view to ensuring a sustainable recovery from the COVID-19 health crisis, the Next Generation EU Recovery Fund was set up, in addition to domestic measures, notable among which is the Economic Recovery, Transformation and Resilience Plan "[España puede](#)" (the "Spain Can" Plan), involving €69,500 million to boost the ecological transition, digitalisation, gender equality and social and territorial cohesion.

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Sustainable financing

In May 2018, the European Union published the Action Plan on Financing Sustainable Growth, in order to re-direct capital investment flows towards sustainable projects, include ESG risks in financial risk models and foster transparency and a long-term vision in financial activities.

In keeping with this vision, the European Green Deal, approved in December 2019, includes a €1 trillion sustainable investment plan to be executed between 2020 and 2030.

The need to define what is and is not considered to be sustainable resulted in the work on the [sustainable finance taxonomy](#), drawn up by the European Commission's Technical Expert Group on sustainable finance.

- The [Taxonomy Climate Delegated Act \(2021/2139/UE\)](#) allows the determination of how much an activity contributes to climate change mitigation or adaptation. Since 1 January 2022, this Delegated Act is directly applicable in all European Union member states.
- The [Commission Delegated Regulation \(EU\) 2021/2178](#) of 6 July 2021 establishes the technical standards to define economic activities as sustainable from an environmental standpoint, and specifies the methodology for the presentation of information to be disclosed by undertakings.

- On 3 August 2021, the Platform on Sustainable Finance's Technical Working Group (TWG) published a draft report concerning the preliminary recommendations technical screening criteria for the four non-climate environmental objectives established in the EU Taxonomy Act. It is expected to be approved at the end of 2022.

Furthermore, as the next steps in determining which activities are sustainable beyond the strictly environmental focus, in February 2022 the [final report](#) on the social taxonomy was approved, including criteria aimed at businesses that, through its products and services and the practices that transversally have foster human rights at companies, produce a positive social impact.



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Innovation and new energies

In June 2020, the European Union presented the [Hydrogen Strategy](#) with which it aims to decarbonise the industry, transport, electricity generation and energy efficiency of buildings, by promoting the development of renewable hydrogen produced primarily from wind and solar energy. Between 2020 and 2024, the European Union will support the installation of at least 6 GW of renewable hydrogen electrolyzers and the production of at least one million tonnes of green hydrogen. To help execute this strategy, the Commission has launched the [European Clean Hydrogen Alliance](#), of which Capital Energy is a member.

In Spain, the Cabinet, at the behest of the Ministry for the Ecological Transition and the Demographic challenge (MITECO), in 2020 approved the [hydrogen roadmap](#), a commitment to renewable hydrogen research, development and applicability.

In addition to hydrogen storage, the European Union is committed to the [integration of energy systems](#) to connect energy sectors with a view to building a more circular and efficient energy system, and to [renewable offshore energy](#).

In 2021, Spain launched [The PERTE](#) strategic plan for Renewable Energies, Renewable Hydrogen and Storage, with the aim of impacting on the transformation of the country's productive fabric to afford Spain the tools to and instruments with which to tackle the energy transition with its own capacities. This Plan establishes that almost 40% of investment will be used for the ecological transition, and it is the fourth strategy project within the framework of the previously announced Recovery, Transformation and Resilience Plan. Moreover, in February 2021, the [Energy Storage Strategy](#) was approved, to ensure the transition to an emissions-neutral economy.

To effectively integrate renewable energies in the system, Spain has developed the [National Self-Consumption Strategy](#) with renewable energy sources, [the roadmap for the development of offshore wind energy and marine energy](#).



Digitalisation

Digitalisation is a cornerstone of the recovery and is presented as an opportunity for resilience in the European Union and its member states. At least 20% of the funds from the [Recovery and Resilience Mechanism](#) are expected to be devoted to the digital transformation.

On 9 March 2021, the European Commission presented a vision and avenues for the [digital transformation of Europe](#) between now and 2030, with the focus on skills, governments, businesses and infrastructure.

In Spain we highlight the definition of the [Spanish Digital Agenda 2025](#), which earmarks €11 billion for fostering measures aimed at digitalising SMEs, the public administrations and digital competencies of the citizenry as a whole between 2021 and 2023.

Moreover, it is worth underscoring the [National Digital Competencies Plan](#), over a time frame of 2021-2027, which distinguishes seven lines of action and a total of sixteen measures, aimed at improving digital competencies across seven different dimensions, among others, encompassing digital inclusion and closing the digital gender gap.

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Biodiversity and natural capital

Globally, as a result of the need to address risks and opportunities in relation to natural capital, in June 2021 the Task Force for Nature-related Financial Disclosures ([TNFD](#)) was launched, in collaboration with various agents from the tertiary sector and companies in order to resolve financial institutions' requirements in connection with information, metrics and data to enable them to better understand their risks, dependencies and impacts on nature. Further progress is expected in 2022, driven on the one hand by business and financial institutions' interest in assessing nature-related risks and opportunities, and on the other hand by global framework agreements on biodiversity, intensified regulatory response, and new nature-related guidelines and standards.

In Europe, the [2030 Biodiversity Strategy](#) establishes the path to recovery by means of various preventive and mitigating measures and with the commitment to protect at least 30% of the Earth's land surface area and 30% of its marine surface area and to integrate riparian corridors as part of a truly coherent Trans-European Nature Network.

This strategy will unlock €20 billion for measures to protect biodiversity and establishes, among other goals, the planting of 3 billion trees by 2030.



Circular economy

The European Union is working to transform the economy of its member states from linear to circular, for which purpose it has defined a specific [strategy](#) in this regard. The [Circular Economy Action Plan](#) includes measures for sustainable products, providing reliable information to consumers on product durability and reparability, and minimising waste, and it focuses on key sectors such as batteries and vehicles, energy, electronics and ICT, etc. The circular economy is also a part of the [European Green Deal Action Plan](#), with the goal of modifying production and consumption habits as the priorities for achieving carbon neutrality by 2050. These efforts have yielded a new concept for advancing on a new productive model:

The 7 Rs: redesign, reduce, reuse, repair, renew, recover and recycle.

In Spain, the Spanish Circular Economy Strategy, "[Circular Spain 2030](#)", and the Law on [Waste and Contaminated Soil for a Circular Economy](#), the text of which was approved in December 2021, lay the groundwork for building a new circular model.



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Social inequality

Globally, according to the [WEF](#), the pandemic has increased inequality across the board. Against this backdrop, the example that best illustrates this global divergence is that of COVID-19 vaccination: at present, in the 52 poorest countries, only 6% of the population has been vaccinated. This crisis unleashed a notable impact on the activity of countries and businesses; and has jeopardised the supply of vital resources like energy, water and food. This has hampered progress towards the [Sustainable Development Goals](#) established in the 2030 Agenda.

In 2020, the European Union updated the [European Pillar of Social Rights](#) defining a social rights action plan with milestones through 2030 relating to improving inequality in the dimension of employment, education and poverty in the territories.

In order to make further headway in this area and to foster sustainable business behaviour throughout global supply chains, in February 2022 the European Commission approved the Directive of the European Parliament and of the Council on Corporate Sustainability Due Diligence, amending [Directive \(EU\) 2019/1937](#). Companies will be required to identify and, where necessary, prevent, address or mitigate adverse impacts of its activities on human rights and the environment in order to drive the green transition and protect human rights in Europe and beyond.

At the national level, [Spain 2050](#) was launched, aimed at outlining a model for the country in 30 years' time. Among other challenges, it is proposed that, from now until 2050, Spain must significantly reduce its levels of income inequality and poverty, and mitigate its opportunity gaps in spheres such as education, in order to revive its social lift.



Diversity and nurturing human capital

The gender pay gap stands at 16% in the European Union and 14.2% in Spain. To reduce this business and economic inequality, the European Union has launched a [European Gender Equality Strategy 2020-2025](#) focused on reducing the wage gap and increasing the number of women in management positions.

At the national level, equality in companies will have to be enshrined in specific plans that respond to concrete regulations in this regard. But the challenge for companies goes further, and includes the design and implementation of equality plans that respond, not only to regulatory requirements, but also to a widespread demand among all their stakeholders.

Gender equality and diversity are being included as recommendations in good governance codes as well as in the surveys that investors and analysts conduct at companies to assess the confidence they are capable of generating going forward. Hence, the [CNMV Good Governance Code of Listed Companies](#) includes guidelines on equality and recommends having 40% of directors of the least represented gender in 2022.

In July, [Law 10/2021](#) was approved, with the aim of creating a general Europe-wide framework concerning remote working conditions and combining the needs for flexibility and security of companies and its employees.

More information in "Ethics and Compliance" and "Climate Change and Energy"



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Pioneers in our approach to society and to the challenges in the market

Society is increasingly aware of the need to move towards sustainable models, that reduce the impact of business activities and promote a rational use of increasingly limited natural resources. Customers, users, investors, employees and society as a whole demand new approaches to management from businesses, incorporating a holistic vision and a commitment to transparency, as well as actively listening to the various stakeholders' expectations.

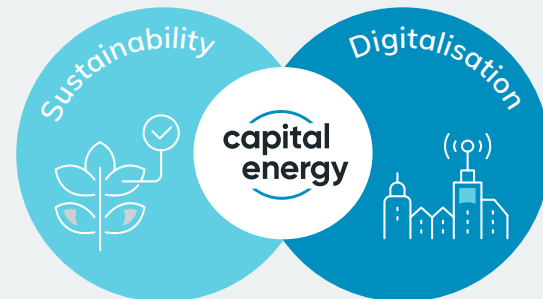
These models will be shaped by the energy transition, focusing on renewable energies and reducing emissions, in which distributed generation, smart grids, self-consumption, storage, interoperability between assets, aggregators, new energy vectors and uses, etc. will play a key role.

This new energy model will be more efficient and sustainable, but also much more complex in its operation if it is to address the most acute challenges, such as the transition from a centralised to a decentralised generation model, the emergence of a new relationship model with increasingly proactive end customers (prosumers) and

distribution grids that will require a major transformation to incorporate distributed generation without compromising on efficiency and resilience. This transition will require the use of new digital assets: data, artificial intelligence, virtual and augmented reality, blockchain, sensorisation and robotisation, etc. This is where Digitalisation plays a key role, enabling this model to be deployed and operated, but placing people at the centre to provide an adequate response to their demands.

Against this backdrop, Capital Energy is committed to making sustainability and profitable growth compatible, through digitalisation and technology as key enablers, and from the outset it has proposed to manage both disciplines within a single function.

This approach to sustainability management and digitalisation sets us apart from the rest of the market and makes for synergies with a strong innovative component in the service of the green and fair energy transition.



By jointly managing both disciplines under a single umbrella, Capital Energy is agile in driving innovation and can adapt to a continuously-evolving environment with greater efficiency, transparency and traceability of processes, while maximising integration across the entire value chain.



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Sustainability as the cornerstone of Capital Energy's business model

Consistent with the commitments adopted in the United Nations 2030 Agenda, and mindful of the company's key role in the transition to a low-carbon economy, Capital Energy is committed to a sustainable development model.

SUSTAINABLE DEVELOPMENT GOALS

In 2022, the company **joined Forética** and will play an active part in the Climate Change, Social Impact and Transparency, Good Governance and Integrity clusters with the aim of pooling best management practices to foster continuous improvement.

Forética shares the approach that Capital Energy has implemented, whereby digitalisation is the main pillar on which progress towards sustainable development models rests.



Commitment to sustainable development through the Spanish Global Compact Network

Since 2020, Capital Energy has been part of the Spanish Global Compact Network, with the aim of reinforcing its commitment to actively contribute to a green and fair energy transition, taking into account corporate sustainability in its broadest sense.

"This year again, our sense of responsibility has been embodied by our drive for continuous improvement to align all our operations with the Ten Principles of the UN Global Compact on behaviour and action in the areas of human rights and business, labour standards, environment and anti-corruption."

Our dialogue and collaboration with the Spanish Global Compact Network allows us to make daily progress on the sustainability roadmap and further cements our commitment to contribute to the fulfilment of the 2030 Agenda".

Juan José Sánchez
CEO



Esta es nuestra **Comunicación sobre el Progreso** en la aplicación de los principios del **Pacto Mundial de las Naciones Unidas**.

Agradecemos cualquier comentario sobre su contenido.

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For more information on the consultation exercise see the materiality analysis in "About this report".



Proper management of this key aspect is essential to ensure that business goals are met while also meeting stakeholders' expectations of Capital Energy's management model.

Elements of Capital Energy's 2021-2025 Sustainability Strategy

Within the framework of this firm commitment, at the end of 2020 Capital Energy defined its **2021-2025 Sustainability Strategy**, with the aim of guiding its activities to have a positive impact on society and on the environment in which it operates, responding to stakeholders' expectations concerning the management of environmental, social and good governance aspects.

This Sustainability Strategy was defined after consulting the main business areas and key external stakeholders in the sector, with the aim of identifying the most salient aspects for a company like Capital Energy, now and in the future, and defining the company's priorities in terms of sustainability, allowing Capital Energy to continue integrating sustainability into its daily operations.

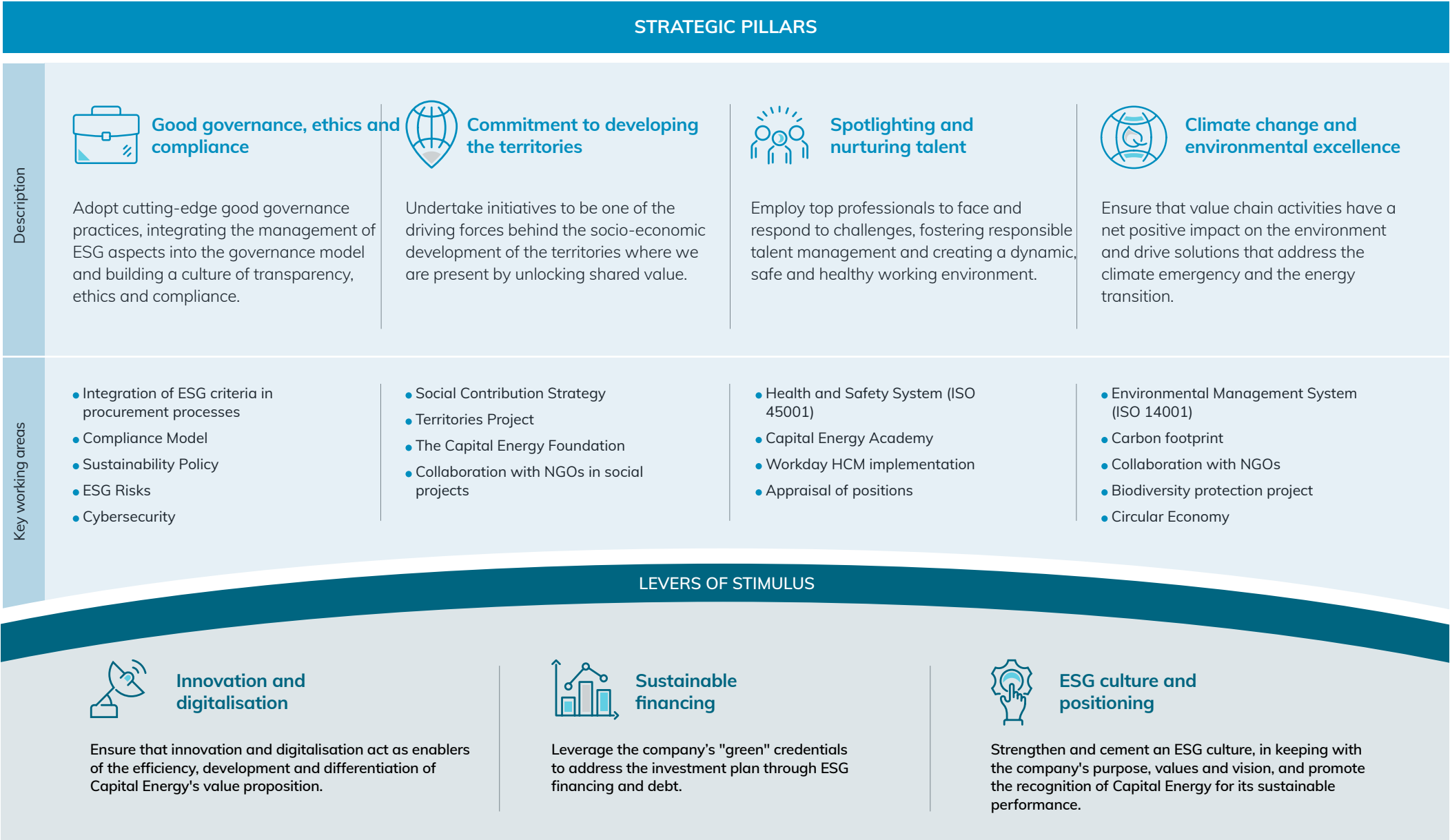
The seven elements that make up the company's Sustainability Strategy offer different opportunities and those priority actions to be materialised together with specific goals, performance indicators and identification of the departments responsible for its implementation.



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The following are the main areas of work in sustainability over the course of 2021, which are described in detail throughout this report.



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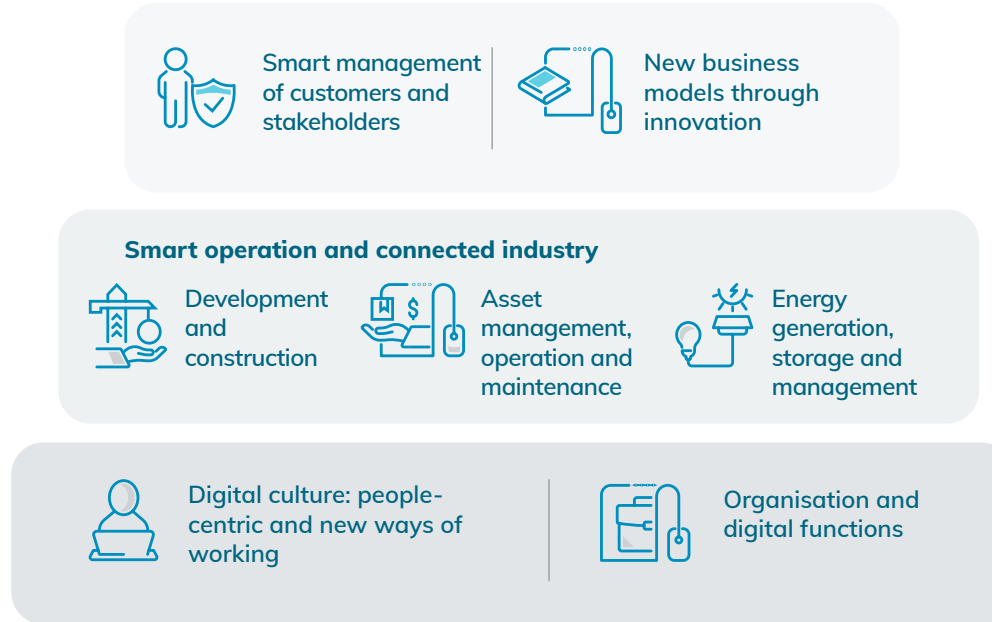
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Digitalisation at the core

With the aim of becoming a benchmark in sustainability and leading the energy transition in Spain, Capital Energy has defined and implemented an ambitious Digital Strategy to roll out the business plan at the necessary speed.

The strategy was designed on the basis of the initial analysis of Capital Energy's digital experience (Forrester methodology) and allowed the company, together with the foremost experts in the industry and using best practice benchmarking, to establish the roadmap to meet its needs and objectives.

The focus of Capital Energy's **digital strategy** covers the following key areas:



Four enabling capabilities have been pinpointed for integration in the various business units, working collaboratively to achieve the company's objectives.



Axes of Capital Energy's Digital Strategic Plan

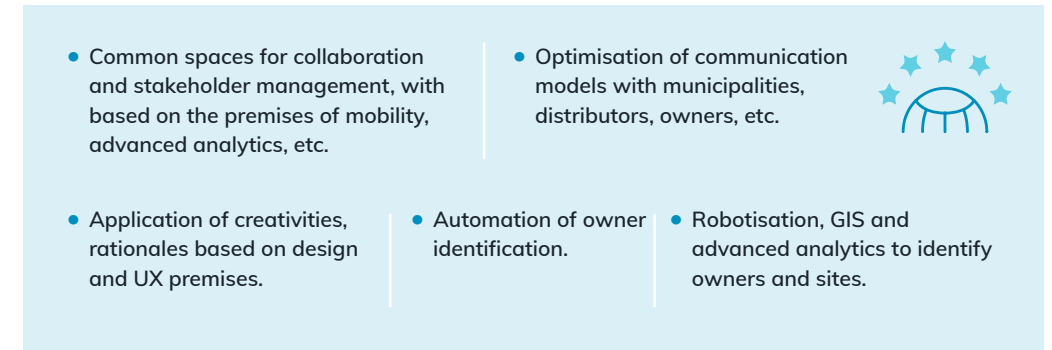
1 Smart management of customers and stakeholders

The experience of customers and professionals alike is key to developing the company's strategy and to creating and harnessing value. Thus, Capital Energy has focused its efforts on placing customers, both internal and external, at the centre of all services and considerations.

In 2021, the company analysed its relationships with its various stakeholders, applying a strategic design and customer experience approach (i.e. customer journeys) to the different businesses, focusing on the promotion of renewable energy generation assets and energy sales, which represents an innovative approach in this part of the value chain.

This analysis led to the adaptation of products, channels (website and app) and systems, improving the experience and accelerating key operations for the company.

The best example is the digitalisation of the stakeholder relationship model in development management, with a focus on land identification and management. Work here is already at an advanced stage in the conceptualisation of various initiatives.



Ambition going forward: to strengthen the application of customer-centricity principles with all stakeholders involved in the business plan.

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2 Digital culture: people-centric and new ways of working

Creating a culture that enshrines the values and behaviours of digital companies, training professionals in specific skills and capabilities associated with this environment, and establishing new ways of working are paramount assets for Capital Energy.

During 2021, a number of training actions were conducted to deploy those assets, as well as using the development of the projects themselves as a context for the dissemination of digital methodologies. Furthermore, less hierarchical and more flexible operational models are proposed to allow for rapid decision-making and implementation.

- Capital Academy internal training programme - specific sessions on Digital, Data, Design & Experience and Agility.

- On-the-job training through the deployment using agile methodologies of different projects, such as the digitalisation of key processes in infrastructure development, or devising systems for the retailing arm.



Ambition going forward: to promote a digital culture, values and knowledge through new formats for awareness, communication and training.



3 Smart development and construction

Strengthening an infrastructure and asset development and construction area that will boost efficiency and speed in the development of assets is key to implementing the company's business plan.

To fast-track this implementation, projects were executed in 2021 from various angles and focusing on different stakeholders, pivoting on different digital capabilities rolled out through two main avenues:

A. Data- building digital assets that contribute significant value upstream in the company's value chain, resulting in a better understanding of the ecosystem within the framework of the business plan and greater visibility for expedient decision making.

- Market intelligence project, which leverages natural language processing techniques (artificial intelligence) to capture the status of the projects being developed by the various players throughout the territory, harvested from public consultations, allowing us to make strategic decisions to prioritise the development of energy farms.
- Artificial intelligence-based asset oriented to identify, from published information, the available access points and network capacity for the development of the facilities.

B. Design & Experience- launch of a major project aimed at more efficiently managing the relationship with landowners, based on field research to ensure a full understanding of needs and expectations, with a view to devising solutions that create shared value.

As part of this project, Capital Energy is already implementing initiatives to improve the landowner experience and accelerate the leasing of land, paving the way for building the company's infrastructure.



Ambition going forward: to extend this approach to all relevant actors throughout the entire Capital Energy value chain.

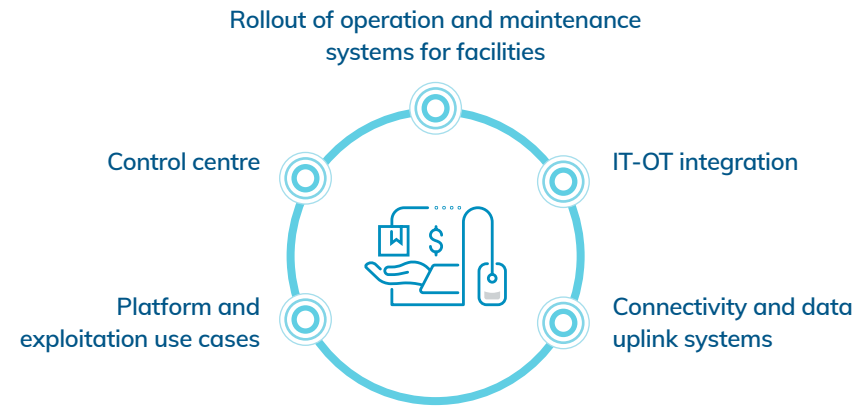
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4 Asset management and smart operation and maintenance

Building a smart, efficiency-driven, digital asset management and operation practice that is integrated with energy generation and management, without any acquired legacy (either technological or process-related), is a key competitive advantage for Capital Energy.

In 2021, the company defined the Asset Management Digital Operating Model as well as the roadmap for capacity deployment, in accordance with the commissioning of the facilities.



This strategic exercise will furnish Capital Energy with state-of-the-art capabilities of the market in the future, which will translate into a cutting-edge, resource-efficient practice with a direct impact on the bottom line and business plan.



Ambition going forward: to build capacities by leveraging the recurrent entry of assets into operation, with the Data area playing a key role in both the short and long term (operation of the portfolio as an integrated system through the different platforms implemented). This approach uses cutting-edge techniques, such as AI imaging, vibration analysis, etc., to optimise the assets' bottom line.

5 Smart energy generation, storage and management

The development of a smart, digital energy generation, storage and management practice aimed at maximising company profitability is one of the pillars of disruption projected to affect the energy sector in the next few years.

In 2021, the Digital Energy Management Operating Model was defined. This is key to the execution of Capital Energy's business plan, enabling effective adaptation to regulatory requirements (such as inclusion in the European continuous intraday market). This model and roadmap comprise the deployment of Front, Middle and Back Office energy management systems and capabilities, the import of external data, the predictive models for market decision making and the platform and use cases (automation of trading, algorithmic trading, etc.) for harnessing the available data.

This strategic exercise will furnish the company with state-of-the-art capabilities in the future, which will translate into a cutting-edge practice that maximises the return on energy traded in the markets, with a direct impact on the bottom line and business plan.



Ambition going forward: development of the necessary capabilities for the hybrid management of the company's infrastructure platforms, from energy storage, generation of other energy vectors and placement of the different products in the markets while maximising profitability, etc.



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6 Organisation and digital functions

Building an agile native organisation with digital capabilities and functions is at the core of the company's DNA.

During 2021, Capital Energy has worked on the design and implementation of platform organisational models that scale naturally with the projected growth of the company, seeking efficiency, agility and organisational flexibility. This consideration not only has an impact on those operations where it clearly provides a competitive advantage, but also leads to new ways of doing things being devised in consolidated areas such as finance and procurement, where operations, processes and support tools are being adapted to implement the company's service platform approach.

- Rollout of digital HCM solution (Workday) for the digital management of the people area.

- Rollout of the corporate Intranet, to enable and foster internal company communication.

- Rollout of tactical solution in the Procurements area.



Ambition going forward: Deployment of solutions that help the company's corporate management and promote the exploitation of data through a cross-cutting platform across all areas that avoids the formation of silos.

7 New business models through innovation

Driving innovation is one of Capital Energy's pillars, both through continuous improvement and disruptive approaches, with the ultimate goal of becoming a platform company.

In 2021, Capital Energy worked on the development of new business models that synergise with the company's plan and help accelerate its implementation, in which the generation of new revenue streams is a pivotal premise.

Thus, as part of our digital and sustainable value proposition, it is worth highlighting the creation of two new associate arms in the digital sphere, namely telecommunications infrastructures and data processing. These businesses allow us to generate shared value with society, providing green energy and also the capacity for socio-demographic development, closing digital divide in the territories where we operate, etc.



Ambition going forward: to incubate new products, services and business models by means of concept and pilot tests.



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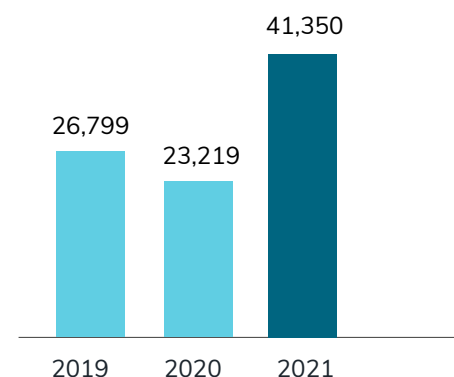
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Business performance in 2021: what we have achieved

Key business figures

[GRI 2-6, 418-1, 201-1]

Operating income* (€ '000)



* Included as sales: Net revenues + Corporate sales + Other operating income

Net profit or loss 2021 (€ '000)



Income tax* (€ '000)

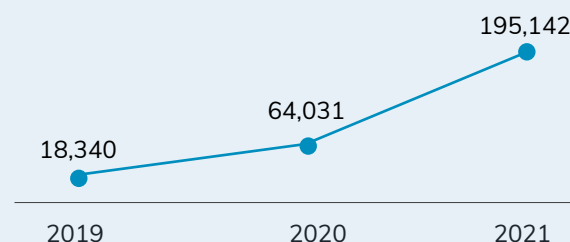


*Corporate taxes in accordance with the annual financial statements

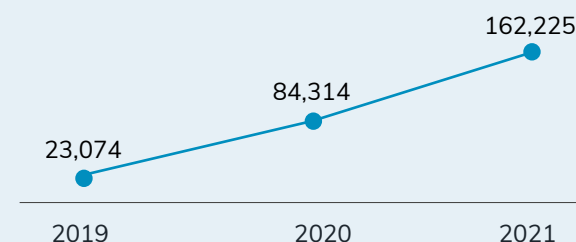
Economic performance (€ '000) [GRI 201-1]

	2019	2020	2021
Direct economic value generated	26,912	24,754	41,350
Net revenues	1,822	741	36,492
Other operating income	574	2,957	1,074
Proceeds from asset sales	24,516	21,056	3,784
Economic value distributed	6,901	17,778	79,644
Supplies	-	16	30,611
Personnel costs	1,425	7,554	16,494
Other operating expenses	4,047	7,991	19,468
Amortisation and depreciation and impairment losses	1,429	2,217	11,741
Other expenses	-	-	1,330
Economic value withheld	20,011	6,976	(38,294)

Evolution of total investment (€ '000)



Fixed assets (€ '000)



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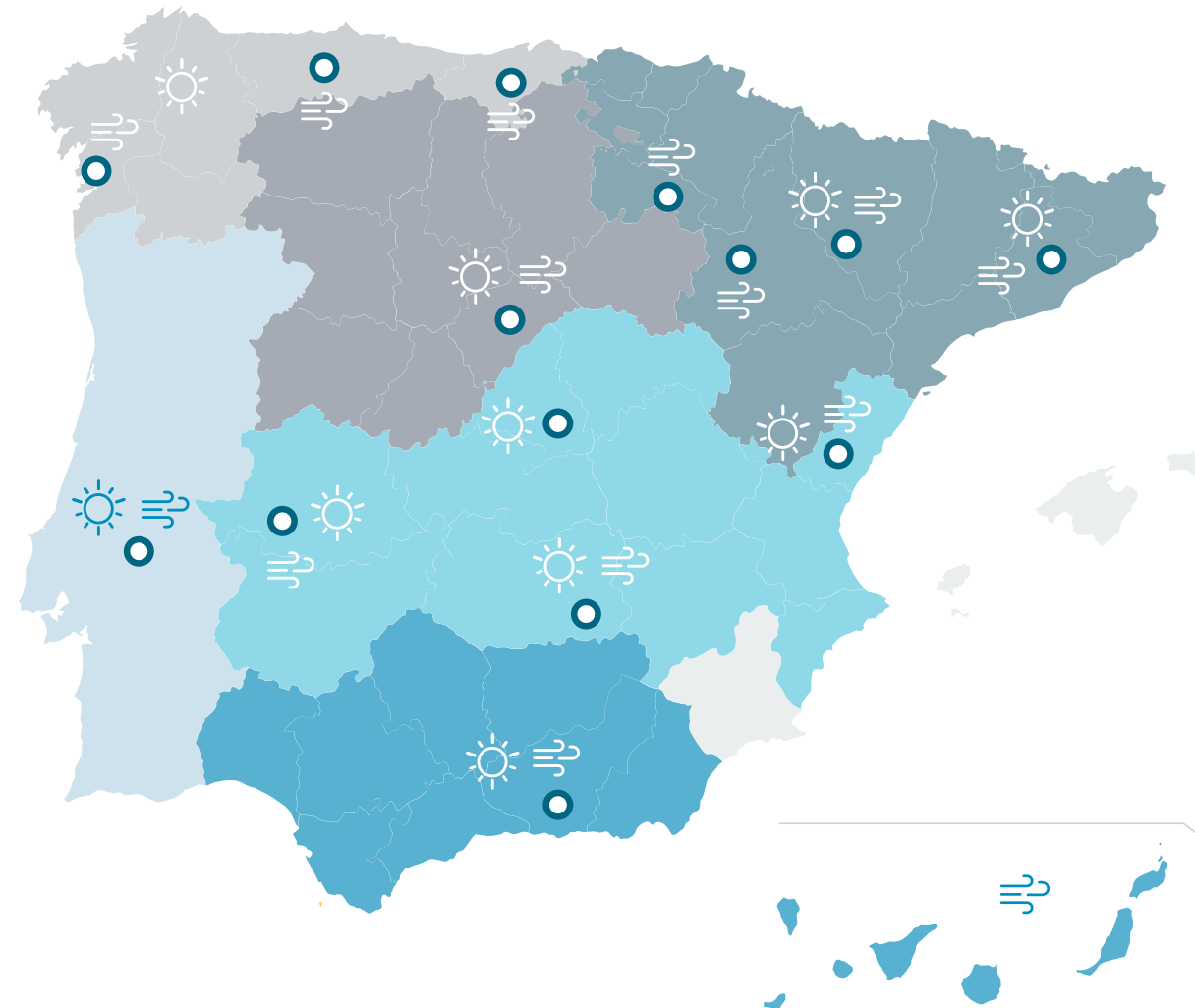
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A portfolio of renewable projects on the way to maturity

Capital Energy has a stand-out portfolio due to its technological and geographical diversification, with a presence in 44 Spanish provinces and 11 Portuguese districts. It has more than 29 GW of wind and solar projects – active or under development.

At a local level, Capital Energy projects are present in more than 1,000 municipalities, with a sufficient degree of capillarity to promote projects on a day-to-day basis thanks to its network of 16 offices in the Iberian Peninsula.

Details of the projects in Spain and Portugal¹



Northern Area

⇒ 3,334 MW
☀️ 24 MW

South-Central Area

⇒ 1,993 MW
☀️ 5,576 MW

North-Western Area

⇒ 2,275 MW
☀️ 1,189 MW

Southern Area

⇒ 1,572 MW
☀️ 1,225 MW

North-Central Area

⇒ 5,607 MW
☀️ 4,370 MW

Portugal Area

⇒ 2,132 MW
☀️ 78 MW

Presence planned or shareholding



P. Vasco Solar

Shareholding in the EKIAN plant

¹ Figures as at end of February 2022.

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Development

In 2021, Capital Energy continued to make progress in processing official permits for all its projects in the different regions, with a particular focus on measures to support the development of the local business fabric.

The following milestones are worth noting:

- In November, the authorisation applications for the La Vega, Albares and Cruz photovoltaic plants, the first renewable assets in the Madrid region, entered the public consultation phase. The plants, located in the municipalities of Fuenlabrada, Humanes de Madrid, Parla, Pinto and Torrejón de Velasco, will have a combined installed capacity of 305 MW and its commissioning will involve an investment of more than €126 million.
- In December 2021, the Ministry for the Ecological Transition and the Demographic challenge (Miteco) issued the Environmental Impact Statement (EIS) for the La Herrera wind farm (located in Albacete, Castilla-La Mancha). Thus, this Capital Energy wind farm, with an installed capacity of 51 MW, will supply around 56,000 households in Castilla-La Mancha with clean electricity.
- In December, the Andalusian regional government approved the construction of a 10.7 MW photovoltaic plant on the land where our first Andalusian wind farm, Loma de los Pinos, will be located, making this our first hybridisation project.

In 2022, Capital Energy has signed a strategic agreement with Emobi Industries and Sodical, Financial Institute of Castilla y León, to promote the reindustrialisation of El Bierzo initially through the acquisition of wind towers and with future plans to include other key components of the renewable industry. This agreement will position renewable energies as the backbone of the economic, social and business revitalisation of a region strongly affected by the closure of mining and thermal power plants.

In addition, under the terms of the agreement, new avenues of collaboration will be explored as part of our commitment to sustainability. These include signing future renewable power purchase agreements (PPAs) and implementing self-sufficiency, storage and green hydrogen solutions in the industrial centres, facilities or factories of the Bierzo enterprise, as well as initiatives linked to the development and implementation of activities to foster the circular economy and fair transition.

Key operating figures

6,621 MW
with public consultations
completed in 2021

501 MW
with Environmental Impact
Statement in 2021

First
2 projects
with Environmental Impact
Statement in Portugal: Zonda
and Carlinga

1,777 MW
of new accesses obtained in 2021



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Construction

Key operating figures

241 MW
in operation and construction

+ 1.1 GW
in the construction pipeline in 2022

The company is in the midst of executing various projects for its commissioning, notably including:

Buseco (Asturias)

The civil works for the Buseco wind farm have been completed and the wind turbines are in the commissioning phase, with the expectation that the farm will be operational in the first half of 2022. This wind farm's 10 wind turbines will supply clean energy to almost 54,000 households and avoid more than 51,600 tonnes of CO₂ emissions every year.

In the course of the logistical work related to the construction of Buseco, our first wind farm in Asturias, in partnership with Siemens Gamesa we pioneered the use of three blade lifters (a first in Europe) to vertically transport the blades that will be fitted to the wind turbines at this renewable facility, which will also be the most powerful in the Principality, with a unit capacity of 5 MW.

The use of this method minimises the environmental impact associated with the transportation of these parts, in keeping with both companies' sustainability strategies and its commitment to protecting biodiversity.

More information at:



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Construction

Loma de los Pinos (Andalusia)

This renewable asset, located in the province of Seville, will have an installed capacity of 38.5 MW and its development will involve an investment of more than €36 million. It is scheduled to be commissioned in mid-2022.



More information at:



La Solana (Extremadura)

In 2021, Capital Energy began building its first photovoltaic plant in Cáceres, which will have an installed capacity of 20 MW and whose construction will entail an investment of more than €13 million. It is expected to be commissioned in the second quarter of 2022.



More information at:



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Construction

El Barroso (Andalusia)

This renewable asset, located in the province of Cádiz, will have an output capacity of 21.6 MW and its development will involve an investment of more than €30 million. It is scheduled to be commissioned at the end of 2022.



More information at: 

Ayamonte (Andalusia)

In 2022, Capital Energy commenced the construction of the Ayamonte wind farm in Huelva, enabling the organisation to build on its business development in Andalusia.

The wind farm, which will have a capacity of 34.8 MW, will have six wind turbines capable of generating more than 78,000 MW of clean energy per year, creating more than 100 direct jobs at the peak of its construction.



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Construction



A commitment to offshore wind

In 2021, the company has signed three strategic collaboration agreements (MoUs) with ASTICAN, HIDRAMAR and ZAMAKONA YARDS shipyards to use its port facilities, as well as the different services they provide, to address the needs arising from the future construction of offshore wind farms in Canary Island waters.

In addition to this commitment, an agreement was signed the Maritime Cluster of the Canary Islands at the end of 2021 to promote offshore wind power in the archipelago, aimed at identifying the supply chain services required to meet the needs arising from the future construction of offshore wind farms in Canary Island waters.

These five-year, extendable collaboration agreements cover, among other things, the manufacture of floating foundations, the assembly of foundations and turbines, the storage of all types of component parts, the transportation of people and materials, and the construction of the operation and maintenance base.

This initiative responds to Capital Energy's commitment to the development of the territories where operates and underscores its ongoing interest in the Canary Islands, which it considers strategic for the development of offshore wind energy in Spain.

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Asset operation

Inauguration of the first operating wind farm: Las Tadeas

In 2021, the company reached a milestone: the inauguration of its first operating wind farm, Las Tadeas, located in Palencia (Castilla y León).

This facility has an installed capacity of 39 MW and its development entailed an investment of around €40 million. The 11 wind turbines of this wind farm supply around 138,000 MWh of clean energy per year, equivalent to the consumption of almost 52,000 homes in the region, and also avoid the annual emission of around 55,000 tonnes of CO₂ into the atmosphere.

Notably, this wind arm has an annual economic impact on regional and local coffers and on employment, generating around 220 jobs in the construction phase. In the current operation and maintenance phase, it has led to the creation of 10 permanent jobs for local professionals, as well as providing work for local companies.



More information:



Energy storage

As the electricity generated becomes more renewable, it must be accompanied by new management solutions such as energy storage or active demand-side management.

Given the unpredictable nature of renewable energies—energy is produced when there is wind or sun—Capital Energy aims to promote storage solutions that contribute to providing stability to the electricity network operation and that guarantee quality electricity supply to end users, supporting them throughout to address the changes, needs and new models of the renewable energy transition.

More information in the section on Innovation at the service of society.



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Energy supply

With the launch of its retailing arm at the end of 2020, Capital Energy achieved its strategic objective of being present throughout the entire renewable energy generation value chain. The company has positioned itself as a benchmark supplier bringing 100%-renewable electricity to both corporate and other kinds of customers. Over the course of the year, Capital Energy has managed to secure a number of power purchase agreements (PPAs).

In 2022, in order to maximise the efficacy of its resources, Capital Energy has decided to shift the strategic focus of the retailing arm, focusing its activity on establishing agreements with large customers and withdrawing from the retail supply of electricity to residential customers.

A look at the agreements reached in 2021

	The company has signed its first three PPAs in Spain with Statkraft, Europe's largest renewable energy provider. The agreements, spanning a term of up to 10 years, cover the sale of all energy produced by Capital Energy's three wind farms with a total installed capacity of 126 MW.
	Capital Energy has agreed a 5-year electricity supply contract with ADL BioPharma whereby it will supply 61,000 MWh per year of power to the Leon-based biotech company's facilities during that period.
	This agreement involves the supply of energy from 2024 onwards to that company's aluminium plant in the municipality of San Cibrao (Lugo) for a period of 10 years (876,000 MWh per year).
	The company will supply renewable energy (9.5 GWh per year) to Atlético de Madrid for the next three years, managing the supply of the Wanda Metropolitano stadium, the Wanda Sports City in Majadahonda, the Wanda Alcalá de Henares Sports Centre, the Atlético de Madrid Foundation and the club's official stores in the Madrid region.
During 2021, Capital Energy signed partnership agreements with 52 sales channels, enabling organic growth in the SME and Residential customer portfolio. Of these, 36 corresponded to Indirect Channels (SMEs) and 16 to Telesales (Residential).	



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Energy supply

Some key sales figures in 2021

The retailing arm’s operations have involved establishing a listening mechanism to periodically gauge customer satisfaction and provide them with a service based on customer-centric principles. Capital Energy has defined its customer satisfaction model based on the Net Promoter Score (NPS) method, which enables it to measure the service’s capacity to generate promoters (as opposed to detractors).

It has also made channels available to its customers to file complaints and claims.

Customer satisfaction

80.15 % NPS at Capital Energy retailing arm
42 % NPS at Green Power Supply

Complaints and claims mechanisms

100 complaints were resolved.
1 complaint received at Capital Energy Comercializadora (retailing arm)
115 complaints received at Green Power Supply

Customer services ratios

First Call Resolution

95.3 % NPS at Capital Energy retailing arm
93.4 % NPS at Green Power Supply

Resolution time

484 seconds at Capital Energy Comercializadora (retailing arm)
604 seconds at Green Power Supply

Calls answered within 30 secs

59.6 % At Capital Energy Comercializadora (retailing arm)
67.4 % At green power supply

Disconnections due to non-payment

Capital Energy Comercializadora (retailing arm)

27 residential customers disconnected from the grid
23 customers reconnected in the 30 days immediately following their disconnection

Green Power Supply

757 residential customers disconnected from the grid
594 customers reconnected in the 30 days immediately following their disconnection

Privacy and customer data [GRI 418-1]

The protection of privacy and compliance with Data Protection standards are of paramount concern to the organisation.

Capital Energy takes all necessary technical and organisational measures to guarantee personal data security and prevent data from being altered, lost, processed or accessed without authorisation, considering the state of the technology, nature of the data and risks to which they are exposed. The company’s privacy policy covers the responsibilities, purposes and rights in relation to data processing for both users of the website and active customers.

Moreover, the company provides its customers with two contact channels with regard to these issues: derechosinteresados@capitalenergy.com and dpo@capitalenergy.com

In 2021, two complaints were received in connection to data protection, which were registered and managed in accordance with the procedure established by Capital Energy for managing formal complaints.

More information:



2 Based on responses in 2021 from 912 promoters; 72 neutral customers and 64 detractors.
3 Based on responses in 2021 from 11,890 promoters; 4,659 neutral customers and 2,705 detractors.

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Core business plan and future prospects

[GRI 2-6, 2-23]

Capital Energy's business plan through 2025 envisages future growth that will be possible thanks to the maturity and diversification of the already-consolidated portfolio. Before 2021, its business plan was focused on design and development as a launchpad, but from this year on the company's strategy will focus primarily on construction and operation, as a natural consequence of the business's maturing. With this approach, the organisation aims to strengthen its position as a major player and become one of the largest builders of assets in the next two years.

Against this backdrop, energy generation is the cornerstone of the business and that's why the company is exploring ways to maximise its value through the development of adjacent businesses related to energy storage, green hydrogen, telecommunications and data centres, among others.

Likewise, in keeping with its comprehensive vision of sustainability as applied to the business, Capital Energy strives to continue generating a positive impact through its relationships with the value chain.

8.7 GW

with access permits granted

241 MW

in operation and construction

15 GW

of the portfolio in advanced development

2,170 MW

awarded in the 2021 auctions

+ 1.1 GW

in the construction pipeline in 2022

2.3 GW

contracted

(622 MW of wind power in the first renewable energy bidding process, 1,548 MW in the second, and 130 MW of PPAs signed)

Track record and short-, medium- and long-term objectives



Short-term

Mature portfolio, build and commission projects



Medium-term

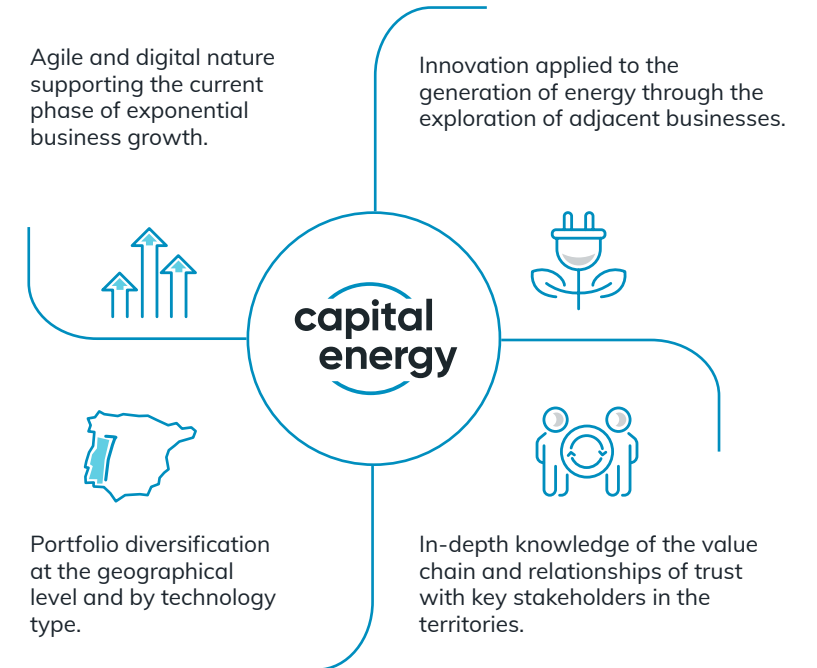
Asset operation, energy management and vertical interaction



Long-term

Consolidation as the flagship utility in the Iberian Peninsula

Key elements for driving the business plan through 2025



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Sustainable financing as an enabler

Sustainable financing is one of the drivers identified in Capital Energy's 2021-2025 Sustainability Strategy. Mindful of the potential of this area, the company continues to strive to harness its status as a "green" company to respond to its investment plan through this kind of vehicle.

Since 2020, Capital Energy has been working to ensure its gradual alignment with the requirements of market analysts and investors, which, in the current context, focus increasingly on integrating non-financial performance and risks in the models for analysis. Within the European framework, this trend has become especially significant in the development of the EU Taxonomy for Sustainable Activities, which will enable capital flows to be re-channelled towards activities that help achieve the 2050 climate neutrality goals in 2050 established by the European Union.



Sustainability Strategy

The working plan for the company's 2021-2025 Sustainability Strategy contains certain measures aimed at continuing to mature the performance in this dimension:

- alignment of the activity with the European taxonomy for sustainable finance,
- definition of theoretical frameworks for capturing funds based on ESG criteria, and
- rollout of an observatory of ESG analysts and requirements of capital suppliers.

Key operations in 2021



Financing of the La Solana photovoltaic plant

- Project finance worth €7.03 million was secured for the La Solana photovoltaic plant (Extremadura), which has an installed capacity of 20.2 MW, scheduled to enter into operation in the second quarter of 2022.



Financing of the Buseco wind farm

- In February 2021, project finance worth €21.85 million was secured for the Buseco wind farm (Asturias), scheduled to enter into operation in the first half of 2022.

After signing a Power Purchase Agreement (PPA) for this project in July 2021, a €3.15 million extension of tranche B of the project finance was arranged.



Financing of the Loma de los Pinos wind farm

- The company has secured project finance worth €21.9 million for the Loma de los Pinos wind farm (Andalusia), with an installed capacity of 38.5 MW, scheduled to enter into operation in the second half of 2022.



Bond issue subscribed entirely by Eiffel Investment Group

- In 2021, Capital Energy issued a €50 million, 18-month bond, subscribed entirely by the asset manager Eiffel Investment Group, through its bridge funds. Capital Energy will use these funds for five facilities that are currently in different phases of development: four wind farms and one photovoltaic plant which, together, account for 170 MW of installed capacity: the wind farms, which together account for 148 MW, are located in Asturias, Castilla y León and Andalusia, while the solar farm, with an installed capacity of 20 MW, is located in Extremadura.

In December 2021, the asset manager subscribed another bond issue, this time amounting to €20 million. On that occasion, it expressed an interest in subscribing another, €30 million issue in 2022 (uncommitted funds).

Consequently, Capital Energy will be able to develop a portfolio of 194 MW corresponding to the wind farms located in Soria (Castilla y León), Albacete (Castilla-La Mancha) and Huelva (Andalusia), plus a solar farm, with an installed capacity of 8 MW, located in Cuenca (Castilla-La Mancha).



Corporate financing with Incus Capital and Ontario Teacher Pension Plan

- A corporate loan worth €130 million was arranged with European investment specialist Incus Capital and Ontario Teachers' Pension Plan (OTPP) to develop the company's strategic plan.

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Innovation at the service of society

Innovation at the service of society

Capital Energy is committed to innovation to lead the energy transition. The company’s aim is to develop as a digital native company that drives this transformation for the future of the energy sector and towards a sustainable economy.

Its vision is to contribute to creating a sustainable society and economy through renewables, energy storage, green hydrogen, the entrepreneurial ecosystem and the company’s in-house Innovation.

Pillars of innovation at Capital Energy



Energy storage



Corporate venturing



Green hydrogen



In-house innovation



Energy storage

For Capital Energy, storage is the main lever for the energy transformation, thanks to the solutions it provides in terms of the flexibility and stability of the electric power grid.

Consequently, the company is committed to developing projects with sustainable energy storage technologies to ensure the integration of renewable energies in the power system, thereby guaranteeing the supply of quality energy to customers.

These technologies allow energy to be stored for later use. In the case of renewable energies, produced when it is windy or sunny, Capital Energy aims to store energy when production is at its highest, to be used when demand is at its peak.

Furthermore, the company is committed to inverse pumped hydro storage, based on involving local areas seeking to generate a positive socio-economic and environmental impact. Accordingly, Capital Energy is currently developing 8 inverse pumped hydro storage projects across the Peninsula, including the “Odollo PHR”, a newly built dam on the Cabrera river (León) that provides the electricity grid with storage and flexibility.



Boosting renewable energies



Guaranteeing quality energy supply



Demand management and flexibility

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AliCE, Capital Energy’s smart storage solution

Capital Energy secured the backing of the Centre for Industrial Technological Development (CDTI) to develop this smart storage project, which will receive an investment of around €1 million, of which the CDTI will finance approximately 80%.

AliCE, a tool whose development is expected to be completed in mid-2023, will optimise the size and operations of storage systems so as, among other matters, to respond efficiently to peak demand for electricity consumption. By compiling and analysing the available data, the idea is to also collaborate in laying the regulatory groundwork for storage usage in residential, industrial, renewable generation and grid settings.

This tool will be developed in collaboration with technology and research centres such as IKERLAN (belonging to the Mondragón Group) and IMDEA Energía (a foundation set up by the Madrid regional government).



Capital Energy combines energy storage with artificial intelligence in IA4BAT

The company is developing “IA4BAT” with a view to demonstrating how its system of renewable asset management and storage works, based on artificial intelligence (AI), which optimises operations with the electricity market through the mass processing of variables to forecast market supply and demand, the available sources of renewable electricity generation and battery storage. This project will continue in 2022 in partnership with IKERLAN.

The company works with universities, research centres, technology centres and enterprises to promote research and development projects in new energy storage technologies and new applications. A combination of expertise in regard to the technology and relationships with the main players in the sector enable the company to scale and select the projects in accordance with the end-customer’s requirements.

The “SICEH: Storage in Capital Energy Headquarters” project, launched in 2020, analyses the business model for this technology at residential and retail scale and its main milestone was the installation of batteries at the Oviedo, Albacete and Madrid offices.



Green hydrogen

Capital Energy is committed to the production of green hydrogen based on renewable energies to contribute to decarbonising industry, mobility and cities, at the same time maximising the use hours of the renewable resource.

Green hydrogen is an energy vector produced from renewable energies as a result of the water electrolysis process, and it is a key factor for decarbonising industry. In this regard, Capital Energy offers competitive decarbonising solutions in accordance with customers’ needs based on the construction, design and operation of renewable hydrogen production assets for various applications: raw materials in industry, energy vector in mobility, energy generation in industry, among others.

	Energy system decarbonisation
	Sustainable mobility
	Applications in Large-Scale Industry
	Domestic and retail use

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Exploring the opportunities of green hydrogen

“HYSTORENEW” is a project that Capital Energy will conduct in connection with energy storage, using hydrogen with a view to enhance decarbonising and integrating renewable technologies.

This will help address the need for daily energy storage, boosting energy security, availability and flexibility and maximising the performance of the facilities. Among its various advantages is that it will be possible to store hydrogen as a renewable energy vector in the natural gas system and enhance its consumption in industrial and transport applications.

This project was presented to the Centre for Industrial Technological Development (CDTI) within the framework of the CIEN projects, will be carried out in collaboration with businesses, SMEs and research centres and is scheduled to launch in 2022.

Mindful of the role of hydrogen in the transformation of the sector and the economy, Capital Energy supports and promotes research and development projects in the hydrogen value chain, collaborating with universities, research and technology centres and enterprises, including belonging to “Hydrogen Europe”, which fosters research and dissemination on this aspect throughout Europe.

In Spain, the company is among the fourteen organisations sponsoring the “Hydrogen Industry Sectoral Agenda”, an initiative led by the Spanish Hydrogen Association. Capital Energy is also a member of the latter association.



[More information](#) 

Capital Energy is involved in the European project “PROMETEO: Hydrogen production by mean of renewable resources in high temperature Solid Oxide Electrolysers”

The company is involved in the European project “PROMETEO: Hydrogen production by mean of renewable resources in high temperature Solid Oxide Electrolysers”. This three-and-a-half year project brings together a consortium of 8 industrial partners from 4 European countries: Spain, Italy, Switzerland and the Netherlands.

The main challenge in Prometeo is to optimise the coupling of the Solid Oxide Electrolyser (SOE) with two intermittent renewable sources: electricity from renewables (PV, wind, or variable grid power) and high-temperature solar heat from Concentrating Solar (CS). The integrated system aims to increase efficiency, flexibility and reliability of the electrolysis, while minimising the production costs for hydrogen.

A prototype is being developed that will be used in a demonstrator of a Capital Energy photovoltaic facility in the province of Cuenca, where the results obtained in the research will be tested and validated. These tests will be conducted over the course of 2024 and will last 6 months.

Capital Energy's role includes the definition and study of the various business models, including the management of renewable resources and grids, and off-grid applications and the validation of the project by in-house personnel and together with the rest of the project partners.

The hydrogen produced in the PROMETEO project will be used to research its use in gas grid injection and in the manufacture of “green ammonia”.



[More information](#) 

2 Capital Energy: leading the transformation with a positive impact

- > Purpose, vision and values
- > What we do Our business model
- > Our journey so far: 20 years of history and main milestones in 2021
- > Challenges ahead
- > Pioneers in our approach to society and to the challenges in the market
- > Business performance in 2021: what we have achieved
- > Core business plan and future prospects
- > Innovation at the service of society



Corporate venturing: Capital Energy Quantum

In keeping with its values and its strategic goals, one of the company’s objectives is to help drive the entrepreneurial ecosystem in the energy sector, with the focus on Spain and Portugal and with plans to expand further on the international stage, identifying and investing in startups that will set future trends in energy services and customer-orientated solutions, sustainable mobility, digital utility and optimising renewable energy operation and energy storage.

To help achieve this, in 2020 the company created Capital Energy Quantum, a corporate venturing vehicle endowed with €20 million to invest between 2020 and 2025.

Capital Energy Quantum aims to create a portfolio of energytech startups with the potential to transform the energy sector, combining partnering with startups (venture client) with direct investment (venture capital) and building new businesses (venture building).

In 2021, this vehicle was named “Best Corporate” by the Startup Olé initiative.

Capital Energy Quantum’s main future linchpins

- Client-focused solutions
- Digital & data-driven utility
- Sustainable mobility
- Smartgrids & storage
- Renewable generation

Capital Energy Quantum is part of the company’s strategic commitment to generate a network of expertise and talent in the energy market, while helping to consolidate the company’s transformation into a customer-focused company and improving the efficiency of the core business in the short and medium term.

To oversee this vehicle, the company set up a committee to act as an independent body with the powers to adopt certain decisions in connection with its strategy. Moreover, this committee may make decisions in connection with the implementation or execution of the Business Plan and the budget approved to fulfil the goals established by this initiative.

Quantum has worked on devising a new line of action which it will activate over the course of 2022 and which implies launching Open Innovation challenges in specific regions of Spain to support local ecosystems, in keeping with the Group’s territorial strategy.



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Capital Energy Quantum in figures

Partner	Investor
Gamification of sustainable behaviours	Hybrid storage solutions
System for unbundling electricity consumption	Pan-European late-stage energy transition fund
Smart charging devices to improve the user experience at point of sale	Photovoltaic pavement able to produce 100%-renewable energy
Blockchain technology applied to the certification of the source of renewable energy	
Virtual reality to enhance O&M at wind farms	

More information

€3 M Total invested

3 Companies on the portfolio

5 Pilot tests performed



Investment in the Klima energy transition fund

Through Capital Energy Quantum, the group has invested €2 million in the Klima Energy Transition Fund, the business fund managed by Alantra in partnership with Enagás.

The investment will enable Capital Energy to explore various options for collaboration with companies in the Klima corporate ecosystem that present high growth potential in key vectors for the ecological transition, such as green hydrogen, energy efficiency, battery development, digitalisation and the improvement of electric power grids.

More information



Investment in HESStec

Founded in 2018, this startup from Andalusia has secured a round of financing amounting to €2.3 million involving Elewit, Capital Energy Quantum and Ric Energy.

HESStec has developed a ground-breaking energy management system and hybrid storage solutions which, with the help of the capital increase, will be able to take a step forward in its bid to become a global benchmark and supplier of such solutions.

More information



Investment in Solum

Quantum has participated in the seed round of Solum, the Andalusian startup that has developed the first ever photovoltaic pavement, to generate renewable energy in an urban setting.

This alliance is part of the company's commitment to use innovation and collaboration with stand-out startups, such as Solum, as levers to transform the energy sector, thus accelerating the much-needed decarbonising of the economy.

More information

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In-house Innovation

Capital Energy aims to foster the digital mindset and technological experimentation of its professionals, making these values a lever for executing its business plan. We are implementing our digital strategy that covers the company's entire value chain, rolling out initiatives based on the main enabling technologies in the industry (big data and analytics, cloud computing, cybersecurity, automation and robotisation, incorporation of augmented and mixed reality, IOT, additive manufacturing, and so on) and strengthening the conjunction of technology with people, promoting a "customer-centric" approach throughout.

The projects are drivers of the company's cultural approach, from design through to the implementation phase, and are tackled using disruptive methodologies. These are conceptualised in a cross-cutting and collaborative way using "service design" principles, development is managed through agile frameworks based on pilot tests and MVPs, increasing the value of the product through iterative cycles. Training of key company personnel drives digital maturity and skills.

This is one of the digitalisation axes of the "Digital Strategic Plan" that cuts across the entire company and is key to executing the business plan as a lever for creating competitive advantage.



Non-stop innovation

Focused on efficiency and maintaining market leadership.



Ground-breaking innovation

Aimed at creating new products and business models that represent a new paradigm and a source of new value for society.



In addition, the company has secured strategic alliances with prestigious suppliers such as Google, which will accompany the company in its data strategy, and it has created specific areas as new digital businesses in charge of deploying new business models and services that revolve around our infrastructure, such as Data Centres and Telecommunications.

Capital Energy wants to provide society both with existing technology and solutions and with those that will be developed in the future to complete its vision.

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Projects submitted to calls for proposals in Spain and at the European level

In 2021, Capital Energy presented three financing applications for projects amounting to a total of €11,095,825.



ReLiGHT

Recycling lithium-ion batteries for green hybrid technologies



Objective

To demonstrate the circularity of large-scale Li-ion battery-based storage systems. The project will develop a 5.6 MW/11.2 MWh system that will use 100% of the lithium-ion batteries of end-of-life vehicles in the electromobility sector. Once its first useful life is over, these products will be given a second lease of life for integration in renewable plants to provide flexibility and various services to the electricity grid.



ORCHESTIA

Edge data centre federation and orchestration system for cloud services



Objective

To develop an artificial intelligence-based technology to orchestrate a cloud based on a distributed, scalable and open network of nationally located and powered CPD infrastructures in renewable energy generation facilities.



SOPHIA

In-house process optimisation system using artificial intelligence



Objective

To design and develop a scalable system that integrates artificial intelligence technologies to optimise management during the planning, promotion and commissioning of renewable energy generation facilities.

Meanwhile, the “TRUCK2WIND” project, submitted to the first “Innovation Fund - Small Scale” call for proposals, has been selected by the European Commission (EC), together with eight other European projects, to receive project development assistance (PDA) managed by the European Investment Bank. The EC is thus trying to resume this project, which in its view has proved to be very interesting and innovative. The project aims to demonstrate the industrial robustness and high performance of hybrid energy storage technology as one of the most cost-effective alternatives to conventional storage systems, helping to increase the share of renewable energy.

More information on Capital Energy’s sustainable innovation on its website



3

Aligned with best practices

3 Aligned with best practices

- > Corporate governance
- > Ethics, compliance and risk management
- > Responsible supply chain



Approval
of General
Compliance
Policy

83.9%
of employees trained in
compliance

Focus on
growing local
employment

Procurement
procedures taking
into account ESG
criteria

Corporate governance

[GRI: 2-9, 2-10, 2-11, 2-12, 2-13, 2-14, 2-15, 2-16, 2-17, 2-19, 2-20, 2-23, 2-29, 3-3]

3 Aligned with best practices

- > Corporate governance
- > Ethics, compliance and risk management
- > Responsible supply chain

The company's contribution to the 2030 Agenda:



Target 16.6: "Develop effective, accountable and transparent institutions at all levels"

Associated World Economic Forum competitiveness pillar:



Governance principles

Capital Energy's **Compliance Model** applies to all its subsidiaries, and was approved by its Board of Directors in 2019.

This model stems from its commitment to national and international best practices in good governance, compliance, business ethics and social responsibility, and is based on the principles of ethics, behaviour and transparency set forth in the General Compliance Policy, the Code of Ethics and Conduct, the Anti-Corruption Policy and other internal rules and procedures of Capital Energy.

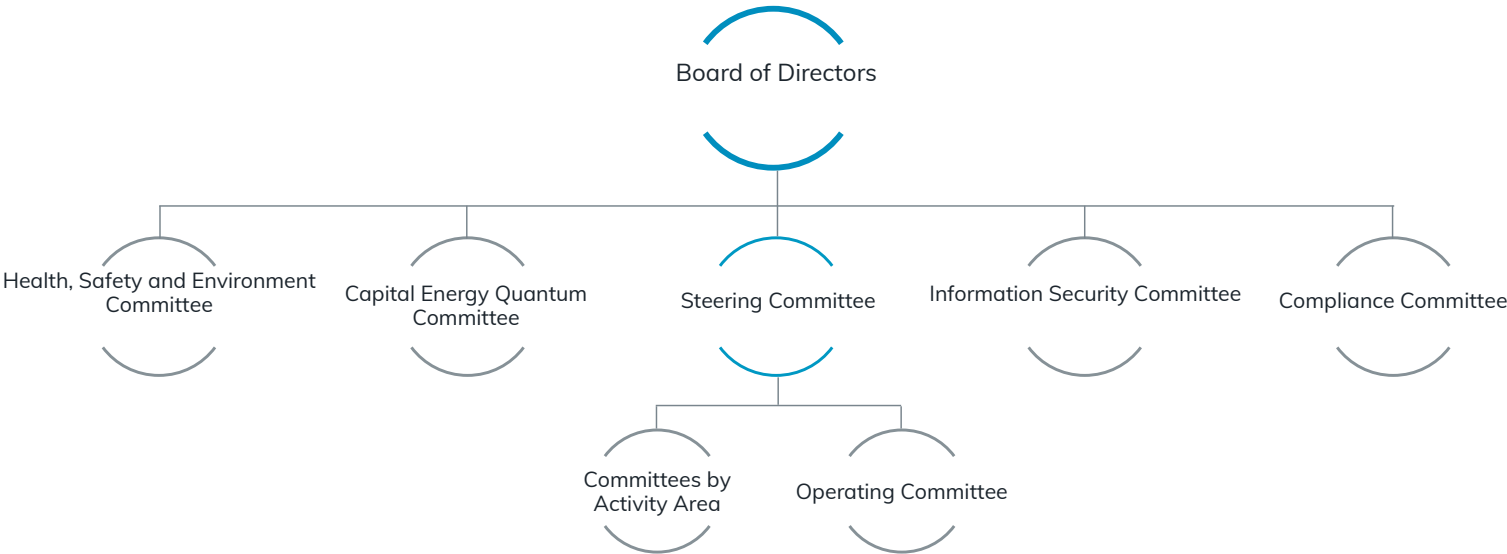
The purpose is to ensure compliance with the legislation and ethical principles established by the Board of Directors in the company's activities and its relations with stakeholders, thereby guaranteeing the long-term sustainability of the business model and the creation of relationships based on trust.

Board of Directors and committees: structure, functions and responsibilities

The Board of Directors is Capital Energy's main decision-making body and it is advised by various Committees.

Among the matters within its purview are: approval of budgets, policies, procedures, Business Plan, strategy, oversight, risk management, investments and approval of internal policy documents.








At present, the Board of Directors has various committees that report to and advise it on the matters assigned to them.



3 Aligned with best practices

- > Corporate governance
- > Ethics, compliance and risk management
- > Responsible supply chain

What functions does each committee perform?

BODY	FUNCTIONS
 Steering Committee	<ul style="list-style-type: none"> • It has the power to make certain investment, project development and other business decisions. • The business units report directly to the Steering Committee which in turn answers to the Board of Directors, to ensure the adequate implementation and execution of the company's business plan, budget and strategy determined by the Board of Directors, as well as their periodic review and monitoring.
 Compliance committee	<ul style="list-style-type: none"> • Responsible for ensuring that members of Capital Energy and third parties comply with policies, procedures, protocols and internal systems. • It oversees compliance with the Code of Ethics and Conduct and the Anti-Corruption Policy, and its application by the company and its main suppliers and partners.
 Health, Safety and Environment Committee	<ul style="list-style-type: none"> • The Health, Safety and Environment Committee is an advisory and coordinating body that monitors the company's various Health, Safety and Environment activities. • It coordinates Health, Safety and Environment matters and proposes improvements in this regard.
 Capital Energy Quantum Committee	<ul style="list-style-type: none"> • The Capital Energy Quantum Committee is an independent body with powers to make certain decisions related to the Venture Capital business unit strategy. • It oversees and controls the activity carried out by this business unit.
 Information Security Committee	<ul style="list-style-type: none"> • The Information Security Committee is an independent body that advises on the company's cybersecurity matters. • It is responsible for the oversight and integration of information security in the operational processes.
 Operating Committee	<ul style="list-style-type: none"> • This Committee brings together the company's different activity areas in order to coordinate its common needs. • The objectives established by Management are monitored through this Committee.
 Committees by Activity Area	<ul style="list-style-type: none"> • Committees by Activity Area are advisory committees in which each area of activity can outline matters of importance to the Company. • The aim is to share knowledge and issues of interest among the different areas that make up the organisation.

The composition of the Board of Directors' Committees is based on the **principles of transparency and independence**, respecting diversity and guaranteeing the professionalism and experience of their members.

In addition, Capital Energy has an **internal audit function**, whose foremost duty is to oversee the control systems and its proper implementation by means of the audit plan. The Management Control department, in which this function is located, may require audits to be carried out on such matters as it deems necessary.

In 2021, a series of audits were carried out in various areas, such as health and safety, financing, powers of attorney and digital certificates and guarantees, with the ultimate aim of ensuring a consistent application of the company's procedures and remedying any deviations.

3 Aligned with best practices

- > Corporate governance
- > Ethics, compliance and risk management
- > Responsible supply chain

Ethics, compliance and risk management

[GRI: 2-23, 2-26, 2-15, 406-1]

The company's contribution to the 2030 Agenda:



The mechanisms and policies defined by Capital Energy to ensure a culture of compliance and ethical conduct contribute to:

Target 16.b "Promote and enforce non-discriminatory laws and policies for sustainable development".

Associated World Economic Forum competitiveness pillar:



Governance principles

Integrity, transparency, compliance and ethics are the guiding principles of Capital Energy's business. The Code of Ethics and Conduct covers these aspects and supplements them with a comprehensive system of standards, corporate policies and internal protocols.

The **Code of Ethics and Conduct** serves as a reference to establish the framework of values, culture and principles for action governing the behaviour of all the company's professionals and it therefore applies to everyone in the group. The main aspects covered are as follows:

- Commitment to our customers
- Commitment to innovation and technological development
- Compliance with the law
- Environmental protection
- Human capital
- Commitment to the community and its development
- Transparency and integrity of financial information

The Code of Ethics and Conduct enshrines the company's commitment to regulatory compliance, anti-corruption, environmental protection, sustainability and health and safety.

In line with these guidelines and with a view to extending Capital's commitment to the entire value chain, the **Code of Conduct for Suppliers** has been defined and approved, considering its adoption and compliance essential for working with the companies that form part of the Group.

In addition, the **Anti-corruption Policy**, supervised by the Compliance Committee, is binding upon all members of the Group and governs relations with third parties in all areas of the business.

The Anti-Corruption Policy is founded on Capital Energy's commitment to the values and principles set out in the Group's Code of Ethics and Conduct, which project an unequivocal message of rejection and "zero tolerance" towards any conduct that involves illegality act, and strictly prohibit any form of corruption.

Training in compliance for all employees with regard to the company's policies.



3 Aligned with best practices

- > Corporate governance
- > Ethics, compliance and risk management
- > Responsible supply chain

The following are some of the principles included in the Policy:

- Outright rejection of any form of corruption in both national and international business.
- Transparency in public and private relations with third parties.

In December 2021, evidencing the continuous improvement of the Compliance Model, the Governing Body approved the first version of the **General Compliance Policy**, enshrining the Company's commitment to legal compliance, due diligence and risk management.

This Policy aims to define the commitment of the Capital Energy Group and its Board of Directors to an ethical business culture, as well as to the active management of regulatory compliance in general and crime prevention in particular. The principles established by the Policy are as follows:



- Legality, understood as respect for and compliance with current legislation.
- Due diligence, understood as the need to obtain and analyse information for adequate decision-making.
- Risk management, prioritising those cases that may entail greater risk for the organisation or the company in general.

In 2022, the Board of Directors and the Compliance Committee are in the process of reviewing the procedures and policies that make up the Compliance Model, evidencing Capital Energy's commitment to continuously improving the model to identify opportunities to enhance the organisation's compliance performance.

As part of the organisation's compliance culture, during the year, Capital Energy has made an effort to apprise its staff of the policies and compliance mechanisms in place at Capital Energy in order to ensure that all members of staff are aware of the procedures and conduct expected of them in the performance of their duties.

At the time of writing this report¹, this training programme had been completed by 83.9% of Capital Energy's staff.

Capital Energy also has a whistleblower channel for notifying or reporting possible irregularities or breaches of the controls and standards provided in the Code of Ethics and Conduct, the Anti-Corruption Policy and other internal policies and regulations applicable to the company's operations.

This channel can be used by professionals and members of the Group, other interested parties who have a contractual relationship with Capital Energy (agents, customers, suppliers, etc.) and any stakeholder, via e-mail: denuncias@capitalenergy.com.

As in 2020, no complaints related to human rights or corruption were received through this channel.



¹ At 20 January 2022, 329 people had completed the training.

3 Aligned with best practices

- > Corporate governance
- > Ethics, compliance and risk management
- > Responsible supply chain

Corporate policies

[GRI: 2-23, 2-26, 2-15, 406-1]

In addition to the ethics and compliance framework, Capital Energy has a body of corporate rules, policies and procedures that help the organisation to conduct its business in accordance with current legislation, in keeping with the company's values and in line with market best practice in sustainability. Capital Energy is committed to implementing, disseminating and regularly reviewing all of these corporate documents.

Some of the key policies are:

Sustainability Policy

It sets out the principles of action to:

- Comply with legal requirements and commitments acquired by the company in environmental, social and/or corporate governance matters.
- Set objectives to meet the targets defined by the Sustainable Development Goals.
- Encourage sustainability practices through its sustainability strategy.
- Responsibly manage the risks and opportunities arising from our activity.
- Ensure that human rights are protected.
- Foster an optimal working atmosphere for the company's employees.
- Ensure that innovation and digitalisation act as enablers to generate opportunities.
- Extend the commitment to sustainability throughout the company's entire value chain.
- Establish relations with third parties on the basis of ethical, honest, reputable and transparent behaviour.
- Foster information transparency with stakeholders.



Environmental Policy

It is established as a reference framework to ensure compliance with applicable environmental legislation, the contribution to decarbonising, the management of environmental impacts and the protection of biodiversity.



Health and Safety Policy

It is established as a reference framework to avoid work-related accidents, injuries and health deterioration, to promote a preventive culture associated with robust health and safety practices, generating a safe working environment for people who carry out their activities at, or on behalf of, Capital Energy.



Quality Policy

It is established as a reference framework to ensure quality in the company's operations and to continuously improve the group's activities and its quality management systems.



Human Rights Policy



It is established as a framework for the company's commitment to human rights, as provided in national and international legislation and also taking into account European and international treaties and business standards in this connection.

Some of the key policies are:



- Conflict of Interest Policy
- Flexible working hours policy and daily recording of working hours
- Policy of ID checks regulating the risks that might enter into conflict with the Group's Compliance Policy
- Policy on the Use of Digital Systems and Devices, covering risks linked to cybersecurity
- Whistleblower Channel and Internal Investigations Procedure

More information in the **Good Governance and Our Employees** section of our website.



3 Aligned with best practices

- > Corporate governance
- > Ethics, compliance and risk management
- > Responsible supply chain

Risk management

[GRI 3-3]

The identification, assessment and mitigation of risks enables Capital Energy to improve its potential response to them and to take a pro-active and preventive approach to developing management systems. Capital Energy's **risk management** and **control framework** is grounded on the generally accepted international reference frameworks COSO and ISO 31000, identifying, analysing and assessing each risk, on the basis of which it has defined its internal control system and the supervisory and monitoring activities that enable it to mitigate those risks.

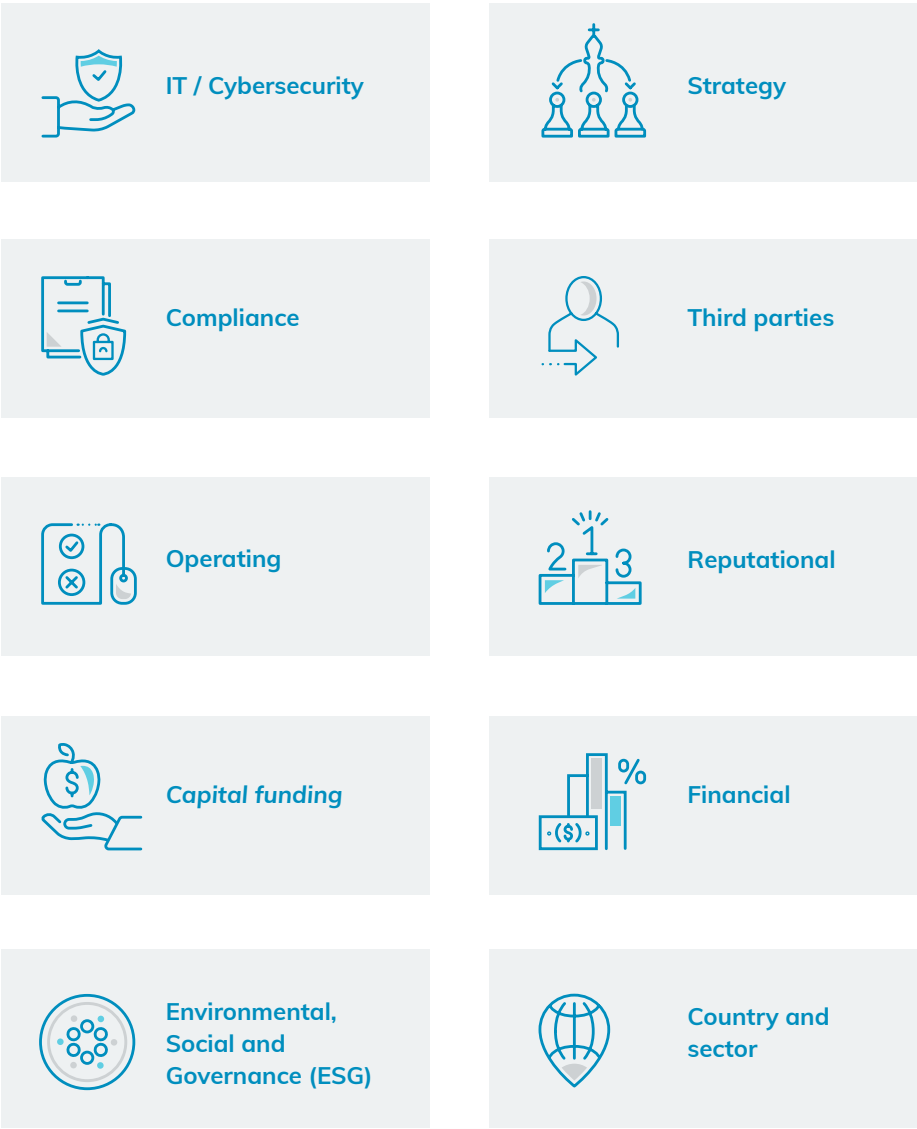
In 2021, the company's **new risk map** was designed and defined as a result of the external context and the challenges posed by the development and growth of the business and the corporate maturity of Capital Energy. As part of this strategic reflection exercise, the organisation calculated the estimated impact and probability of occurrence for each of the risks identified, drawing up two heat maps: one for inherent risk and the other for residual risk. Capital Energy expects to continue to mature this analysis through 2022.

An overview of the key ESG risks for Capital Energy

According to the '**Global Risk Report 2022**' by the World Economic Forum, climate change events and cybersecurity failures are among the most critical risks globally over a 0-5 year time frame.



Broad categories of risks considered by the new approach:



3 Aligned with best practices

- > Corporate governance
- > Ethics, compliance and risk management
- > Responsible supply chain



Climate risks

Climate change risks – both physical and transitional – directly affect Capital Energy's business and can arise as a result of non-compliance with regulatory requirements and a lack or absence of measures to respond to national and European decarbonising and net zero commitments, as well as lack of preparedness for adequate adaptation and mitigation of climate change impacts.

Physical risks

Physical risks can cause one-off events (acute hazards) or long-term changes (chronic hazards) in weather patterns.

- **Acute:** are those caused by natural disasters, such as increased severity of extreme weather events like cyclones, hurricanes and floods, heat waves, etc.
- **Chronic:** long-term changes in weather patterns (e.g. Rising sea level or temperature) that can lead to permanent changes in climatic conditions.

Risks of transition to a low-carbon economy

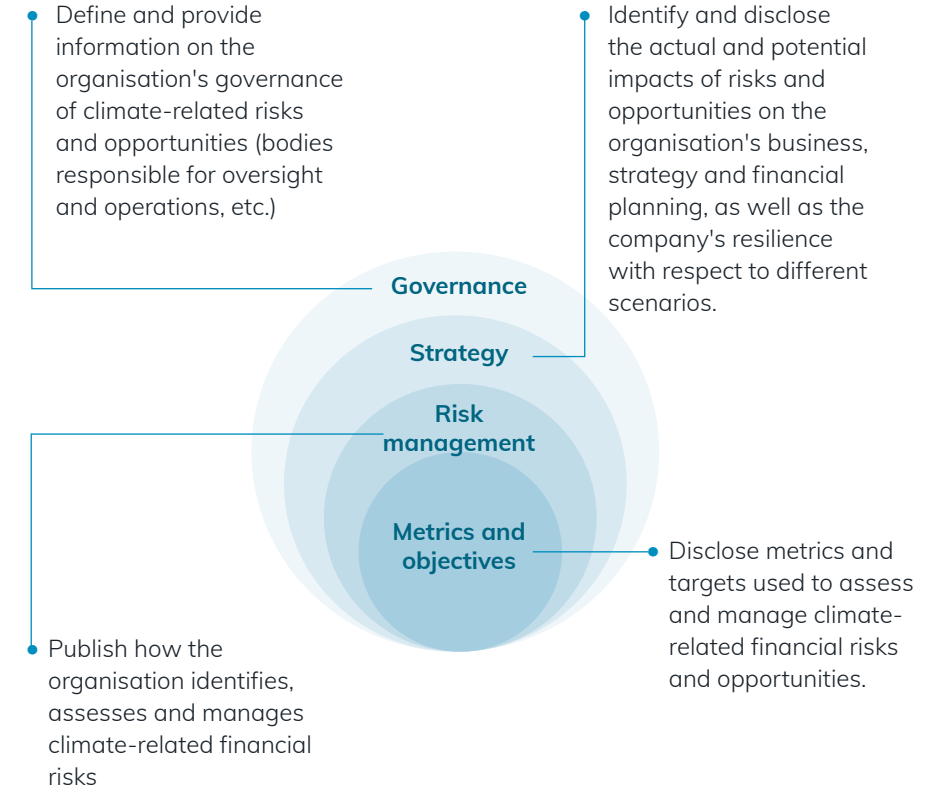
- **Regulatory:** policy measures that seek to limit actions that contribute to the adverse effects of climate change or policy measures that seek to foster adaptation to climate change. Also the increase in climate-related litigation.
- **Technological:** deriving from the development and use of emerging technologies such as renewable energies.
- **Market:** changes in supply and demand for certain raw materials, products and services.
- **Reputational:** linked to changing stakeholder perceptions of an organisation based on its contribution to the transition to a low-carbon economy.

The recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) as the starting point



Sustainability Strategy

In 2022, Capital Energy will work on the diagnostic of its current performance with respect to the pillars of the Task Force on Climate-related Financial Disclosures (TCFD). Based on the TCFD diagnostic, it will identify physical and transition-related risks for analysis and coverage and analyse the opportunities arising from climate change.



For more details, see the sections on challenges ahead and climate change and energy [↗](#)

3 Aligned with best practices

- > Corporate governance
- > Ethics, compliance and risk management
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Cybersecurity risks

To a greater or lesser extent, all Capital Energy's processes and operations are based on an intensive use of technology, both physical and digital. This dependency, compounded by the COVID-19 pandemic and current geopolitical issues, exposes the company to a number of risks, which, if materialised, could disrupt its operations, cause damage to assets, jeopardise people's safety, or expose the company to sanctions or liability (including criminal liability) vis-à-vis third parties.

The risks related to the materialisation of cyberattacks or security breaches for the company are mainly related to ransomware, malware, data threats, e-mail attacks, threats to system availability and integrity, and threats to the supply chain.

Cybersecurity risks not only affect the governance of companies, but can also have an impact on the social and environmental dimensions.



Governance

Exposure to the risk of severe damage to operating assets, with the resulting impact on companies' results, valuation and brand image.



Social

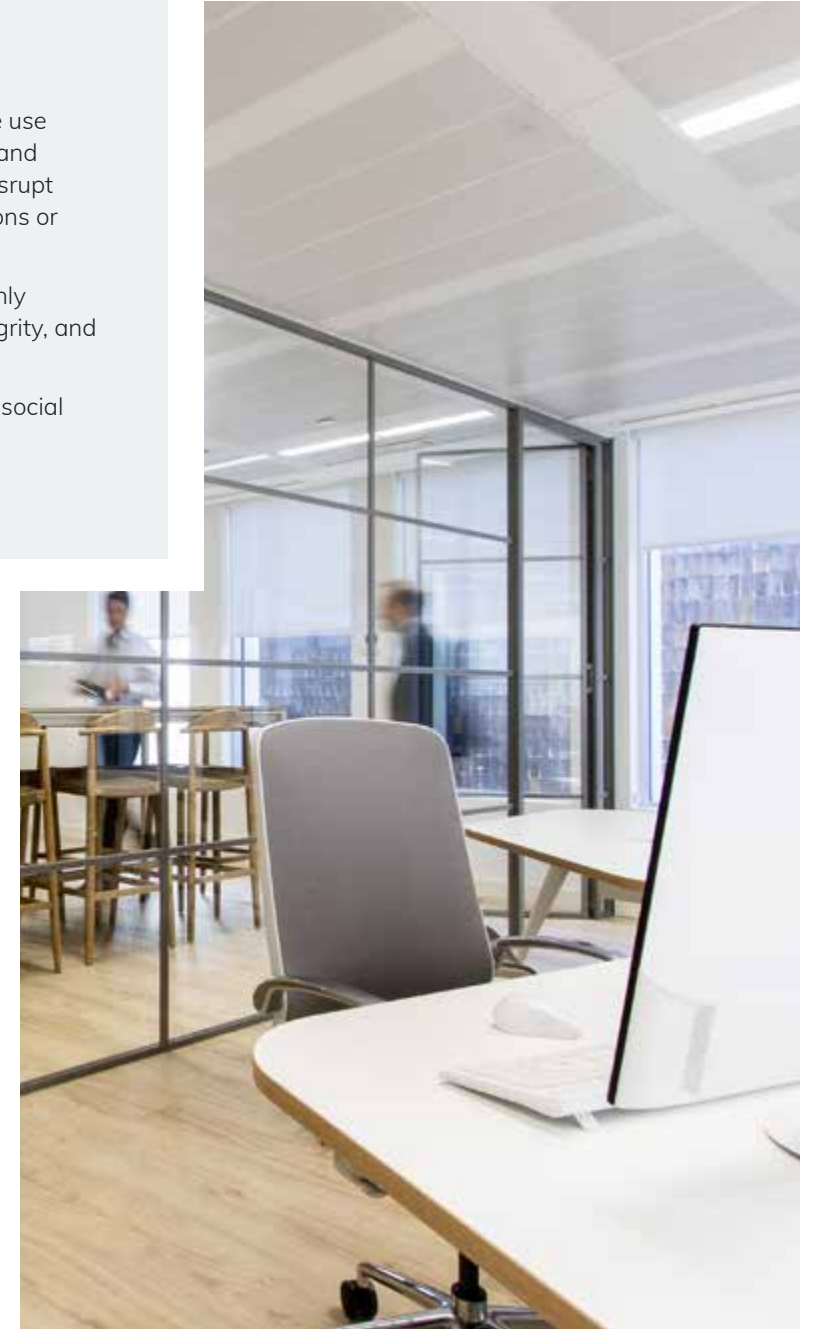
Exposure to reputational damage associated with a loss of trust from customers, employees and other stakeholders, as well as potential legal implications in case of security breaches and access to personal data.



Environmental

Exposure to environmental damage as a consequence of attacks on organisations' operational control and environmental management systems (e.g. hacking resulting in a leak or environmental accident).

Demand for transparency from companies regarding the protection systems they have in place in this regard, in order to prevent possible breaches and mitigate their effects should they occur.



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- > Corporate governance
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Mindful of the growing importance of this aspect, Capital Energy has defined three pillars on which to combat cybersecurity risk:



Governance

Cybersecurity governance model based on a full understanding of the technological risks to the business, regulatory compliance, the development of common policies and standards, with a clear allocation and distribution of roles and responsibilities, transferring responsibility for cybersecurity to the various business areas, under the coordination and supervision of the recently created Cybersecurity Committee.



Cybersecurity culture

Promotion of a strong cybersecurity culture across all areas of the company, ensuring that all employees, at every level of the organisation, are aware of their cybersecurity responsibilities and are able to minimise the impact of this risk.



Resilience

Continuous adaptation and recovery from adverse situations, such as a successful cyberattack. For this purpose, three layers of action have been defined, supported by the use of cybersecurity technologies, management and operational processes, together with qualified human input.

As part of the risk control and management system, Capital Energy has an insurance policy against cyberattacks (cyber-insurance).

Key aspects of the management of this risk in 2021

- Capital Energy has a Digital Strategic Plan, which is complemented by a Security Master Plan.
- The Security Master Plan takes as a reference: NIST, FIPS, ISO 27001, Royal Decree 43/2021 on security of networks and information systems.
- Implementation of a Monitoring Service for the prevention of cyberattacks (includes e-mail monitoring, which mitigates the risk of cyberattacks that could enter via *(phishing, ransomware and other kinds of malware)*).
- Behavioural guidelines to ensure that all employees make appropriate use of electronic devices and IT equipment. Capital Energy has an internal Policy on the use of digital systems and devices.
- 360° diagnostic of Capital Energy's security.
- Implementation of two-factor authentication for all users and in critical systems to prevent possible identity theft.
- Implementation of the automatic Endpoint Detection and Response (EDR) platform against advanced attacks.
- Implementation of the global principle of "Security by Design" to ensure that cybersecurity issues are taken into account in the early design stages of projects (minimisation of vulnerabilities) and that any project being developed in the company focuses on cybersecurity issues from the early design stages, in order to iron out potential vulnerabilities before production situation.
- Implementation of an armoured Backup Plan for all environments and end devices, supported by an IT Recovery Plan against Ransomware attacks.
- Threat Intelligence exercises, conducted in late 2020, to detect information leaks.
- Definition of strategy, secure communications architectures and access to our industrial infrastructures.

3 Aligned with best practices

- > Corporate governance
- > Ethics, compliance and risk management
- > Responsible supply chain



Key actions in 2022

- Holding of the first Cybersecurity training and awareness programme for the entire workforce, which will include dissemination initiatives, simulated Phishing campaigns and ad-hoc training for technical groups or those groups exposed to certain risks.
- IT Service Continuity Plan, which allows the recovery of critical services as quickly as possible in the event of any incident that prevents the availability of the technology that underpins the business processes (this aspect is included in the company's Business Continuity Plan)

Main indicators of the monitoring service

In 2021, Capital Energy did not record any instances of non-compliance with physical standards or cybersecurity rules or regulations.



1,072,687
e-mails received



121,246
spam mails rejected

2,445 cyberattacks avoided:



1,760
phishing events blocked



685
viruses neutralised

Since in August 2021 implementation began of EDR (Endpoint Detection Response), the protection system that provides continuous monitoring and analysis of endpoints and the network, the company has detected 35% more security events in the network.



14,893
events detected



731
actions blocked by antivirus software



5,236
events detected by EDR²



1,209
firewall detections



2,929
web protection actions



4,788
files blocked

² Figures at the end of November 2021.

Responsible supply chain

[GRI: 2-6, 204-1, 308-1, 413-1, 414-1]

3 Aligned with best practices

- > Corporate governance
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- > Responsible supply chain

The company's contribution to the 2030 Agenda:



- **Target 8.2:** "Achieve higher levels of productivity of economies through diversification, technological upgrading and innovation, including through a focus on high-value added and labour-intensive sectors."
- **Target 7.2:** "Increase substantially the share of renewable energy in the global energy mix by 2030."
- **Target 17.10** "Promote a universal, rules-based, open, non-discriminatory and equitable multilateral trading system under the WTO including through the conclusion of negotiations within its Doha Development Agenda."

Associated World Economic Forum pillars:



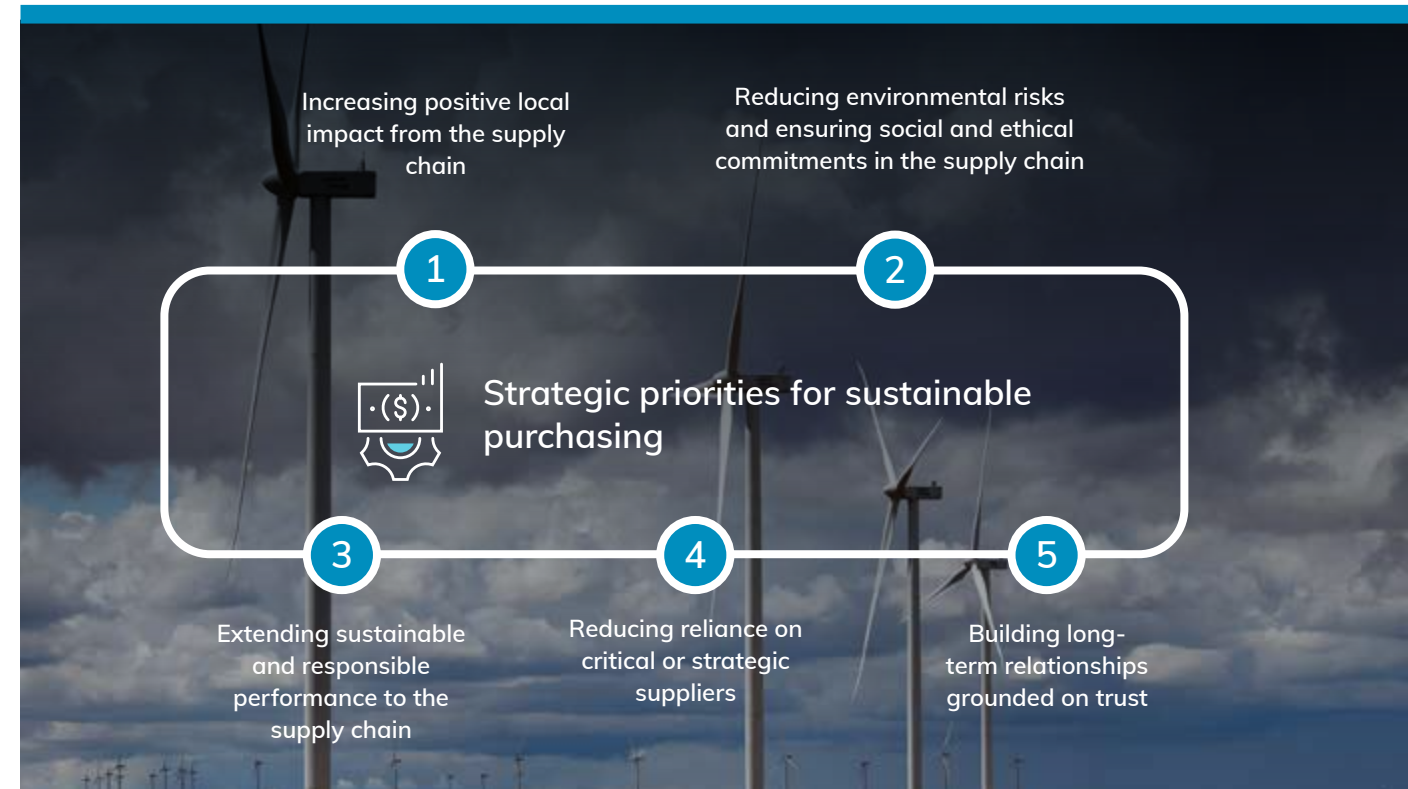
Governance principles



Prosperity

Suppliers are allies in the company's aim to contribute to the transformation of the energy sector by driving the green and fair energy transition. They are therefore an essential part of the company's operations and value chain.

One of the pivotal actions of Capital Energy's Sustainability Strategy 2021 - 2025 is to **extend internal commitments and standards to the entire value chain**. Accordingly, work is continuous in the following key areas:



3 Aligned with best practices

- > Corporate governance
- > Ethics, compliance and risk management
- > Responsible supply chain

Local impact

Capital Energy sees suppliers as key to making a greater impact on the local environment through joint action.

90% of the company's contracts are with suppliers located in the national territory, thus reinforcing its local commitment. This proximity approach also upholds the company's environmental commitment by avoiding, for example, atmospheric emissions from travel.

To boost local employment, Capital Energy is working in the following areas:

- **Local procurement:** local procurement capacity as one of the criteria assessed in tendering, approval and framework agreement processes. Furthermore, suppliers are asked for information on the type of services and professional profiles that would be recruited locally, to help channel demand to local groups. Subsequent to awarding the contract, the fulfilment of these commitments will be monitored as part of the supplier evaluation process and the outcome will be taken into account for future contracts.
- **Employment exchanges:** Capital Energy offers municipal governments the creation of employment exchanges for use by suppliers and contractors to meet local hiring needs.

Capital Energy and its commitment to national industry

The LM Wind Power plant in Les Coves de Vinromà (Valencia, Spain) will manufacture the blades of the wind turbines for three wind farms that Capital Energy is building in Andalusia: Loma de los Pinos, in the Seville town of Lebrija; El Barroso, in the Cadiz municipality of Jerez de la Frontera; and Ayamonte, in Huelva.

The fact that these wind turbine components are manufactured in Spain is an express request from Capital Energy as a sign of its strong commitment to national industry.

LM Wind Power currently employs 750 people.

The three wind farms that the company is building in Andalusia will have a combined capacity of 88.5 MW and its General Electric Cypress wind turbines will be capable of supplying around 248,000 megawatt hours (MWh) of clean energy per year, equivalent to the consumption of around 100,000 homes in the region, while avoiding the emission of more than 98,000 tonnes of CO₂ every year.

The commissioning of Loma de los Pinos, which was the first of the three projects to come into operation, has led to the creation of 220 jobs during construction, and is expected to provide stable, quality employment for eight local professionals during the operation and maintenance phase.

More information at:



Supplier management at Capital Energy in figures

At close of 2021...



1,010
Suppliers

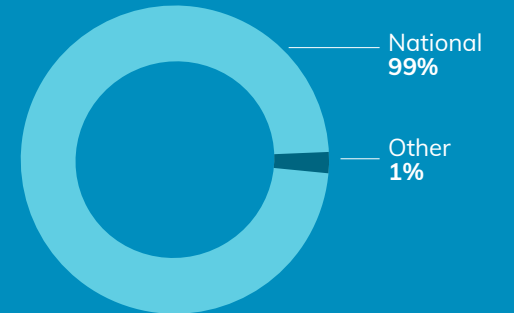


90%
Local suppliers¹

Total spending on suppliers

€154.72
million

% expenditure by geography



¹ Capital Energy sees local as national.

3 Aligned with best practices

- > Corporate governance
- > Ethics, compliance and risk management
- > Responsible supply chain

A responsible approach to supplier management

Capital Energy's **Supplier Code of Conduct** has been in place since 2020, and seeks to establish the minimum commitments and behavioural guidelines expected of its suppliers in the course of their professional activity. This code applies to all Capital Energy suppliers, irrespective of the nature of the goods or services they offer and irrespective of their nationality and the place where the services are provided. Capital Energy's suppliers therefore have an obligation to know and comply with the principles and commitments that the company expects of them.

The main behavioural guidelines contained in the document are as follows:



1 Compliance with the law and reputable professional conduct



2 Fight against corruption



3 Working conditions: respect for human dignity and human rights; promoting equal rights and opportunities



4 Environmental protection



5 Protection of the corporate image and reputation



6 Confidentiality

Furthermore, in addition to adhering to the company's Supplier Code of Conduct, for supplier contracting, Capital Energy has General Procurement Terms, in line with the provisions of the Code.

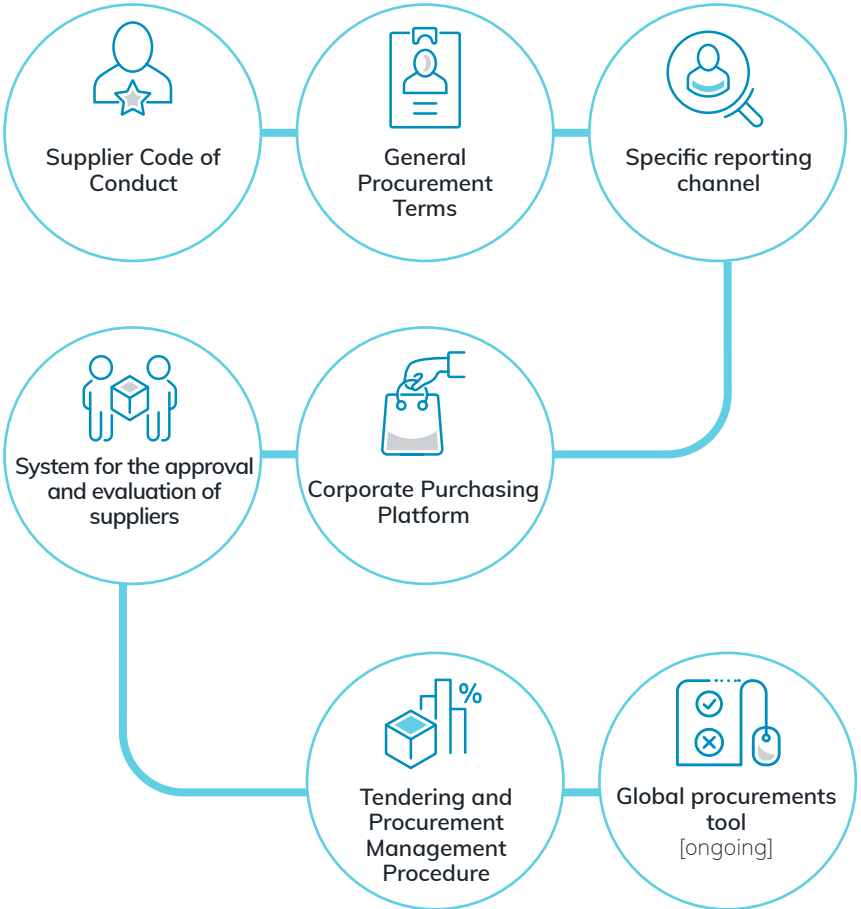
To help ensure suppliers understanding and comply with the Code, Capital Energy makes a whistleblower channel available to its suppliers: denuncias.proveedores@capitalenergy.com.

As in 2020, no enquiries or complaints were received through this channel in 2021.

More information at:
the Supplier Code of
Conduct



Management mechanisms



3 Aligned with best practices

- > Corporate governance
- > Ethics, compliance and risk management
- > Responsible supply chain

Procurement Procedure

In 2021, the company approved its **Tendering and Procurement Management Procedures**. These procedures will govern the calling, launching, monitoring and awarding of tenders for all procurements made by Capital Energy. The aim is to ensure that the products and services procured meet the specified requirements in accordance with the best technical, economic, service and environmental conditions, and that suppliers are properly selected and evaluated.

Capital Energy's supplier evaluation process is based on the availability of quality and management certificates, as well as certifications regarding safety, health, environment and data protection.

What does each one involve?

ISO 9001	Is the international standard for quality management systems.
ISO 14001	Allows companies to demonstrate its commitment to environmental protection through the management of environmental risks associated with its activities.
ISO 27001	Is an international standard for the assurance, confidentiality and integrity of data and information, as well as the systems that process it.
OHSAS 18001 / ISO 45001	Is the international standard for occupational health and safety management systems, designed to protect workers and visitors from occupational accidents and illnesses.
ISO 50001	Aims to maintain and improve an organisation's energy management system.

In 2021, the company has worked on defining new approval processes that specifically take into account environmental, social and good governance criteria, allowing it to consider the performance of its suppliers in terms of transparency, environment, health and safety, capacity to stimulate the local economy, human and labour rights, social contribution and corporate governance, among other factors.

This standardisation will enable the company to develop a supplier register that serves as a validation tool for supplier contracting and evaluation. This system will allow the company to:



Conduct ongoing supplier recruitment and evaluation processes.



Foster relationships with local suppliers, reducing operational risk and ensuring better service delivery and execution times.



Identification of the needs and expectations of the company and suppliers in relation to the services to be provided.

To test the functionality and operability of this new system, the tender for the EIBOP Framework Agreement was used as an initial pilot test. This project is in the final awarding phase and places a specific emphasis on the capacity for direct contracting, as well as for goods and services, of the suppliers who submitted their service proposals.



3 Aligned with best practices

- > Corporate governance
- > Ethics, compliance and risk management
- > Responsible supply chain

In 2021, the company developed and implemented a tool for the management and approval of procurement requests, which culminated in October of that year with its launch. Implementation of this tool has primarily resulted in:



Improving the efficiency and agility of the procurement process.



Digitalising the process, allowing greater control and predictability of expenditure.



To optimise expenditure, as a result of knowledge and centralised management thereof.

Capital Energy is also currently rolling out its **Global Procurement Platform**, which will be a major milestone in terms of responsible supplier management and the integration of sustainability and digitalisation in this process.

Its implementation, scheduled for 2022, will allow the company:

- To provide a structured vision of procurement, incorporating best practices through an efficient and transparent system.
- To establish centralised procurement processes that help control spending, minimise risks and monitor service and compliance.
- To improve and optimise the relationship with suppliers through the Supplier Portal.
- To foster collaborative work between purchasing units, business units and suppliers themselves.
- To improve knowledge of suppliers: support in selecting those that best meet specific needs and implementing approval processes consistent with our requirements.
- To diversify procurement strategies, naturally and productively combining traditional methods with those offered by procurement platforms.



3 Aligned with best practices

- > Corporate governance
- > Ethics, compliance and risk management
- > Responsible supply chain

Supplier health and safety

[GRI 403-2, 403-8, 403-9, 403-10]

Capital Energy's health and safety commitment extends to all companies in its value chain through the Code of Ethics and Conduct for suppliers. Moreover, specific health and safety clauses are included in the contracts, detailing the obligations of contractors and subcontractors to comply with the company's health and safety requirements.

Accordingly, all Capital Energy contractors must have a Health and Safety Plan for the work sites and must designate specific persons to supervise the working conditions and thus ensure alignment with the standards set by the company. In the event of accidents or incidents, suppliers must immediately notify the Site Management or the Health and Safety Coordinator.

To ensure compliance with these requirements, Capital Energy requests regular monitoring meetings with suppliers, as well as monthly health and safety reports. Capital Energy also reserves the right to conduct or request health and safety audits or inspections and, in the event of non-compliance, appropriate action will be taken.

For more information on the audits carried out, see the Ethics and Compliance section.



Health and safety indicators for suppliers and contractors

In 2021, there were no serious injuries or fatalities due to accidents or work-related injuries among Capital Energy's suppliers and contractors. There were only two minor accidents.

Work-related injuries in 2021 (suppliers and contractors)

Number of deaths resulting from a work-related injury	0
Number of work-related injuries with serious consequences (not including fatalities)	0
Number of recordable work-related injuries	2
Corresponds to a Recordable Work-Related Injury Rate*	8.67

* Recordable work-related injury rate = $\frac{\text{Number of recordable work-related injuries}}{\text{Number of hours worked}} \times (1,000,000)$



4

Human capital: an excellent team

4 Human capital: an excellent team

- > Capital Energy's workforce in figures
- > Diversity and inclusion
- > Training and development
- > Employee health and safety



The workforce has grown
by **39.5%**
with respect to 2020

45%
of women in the
workforce

Launch of Capital
Energy Academy

ISO 45001 occupational
health and safety
certification obtained

4 Human capital:
an excellent team

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The company's contribution
to the 2030 Agenda:



- **Target 5.5:** "Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic, and public life."
- **Target 8.5:** "By 2030 achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value."
- **Target 10.3:** "Ensure equal opportunity and reduce inequalities of outcome."

Associated World Economic Forum
competitiveness pillar:



Persons

Human Capital: an excellent team

[GRI: 2-7, 2-30, 401-1, 401-2]

Capital Energy considers that its professionals are its most precious asset and consequently it strives to enhance their development and provide them with quality working conditions, in an atmosphere inspired by the company's values and based on empathy and humanism as levers of management.

Dynamism, flexibility and commitment are the attributes shared by Capital Energy's people. The company fosters participation in a corporate culture of team work, driving a streamlined dynamic and encouraging the active input from talented professionals, who contribute their ideas and their professional experience.

Every professional in the workforce contributes value to the business model and is a key component to respond to the organisation's growth strategy.

Workday: an example of digitalisation in people management

In keeping with its digital and sustainable vision, Capital Energy has sought to boost employees' experience, designing an employee journey that places professionals at the centre of its in-house processes. In 2021, Capital Energy implemented Workday, a solution that activates that human-centric model for managing the workforce, planning and decision-making. This solution enables the company to predict trends and behaviours that facilitate planning, helping professionals to adapt to change in a streamlined and dynamic way.

The Organisation sees Workday as a key digital enabler for the execution of its strategy from a people management standpoint, as it will allow it to activate exponential growth of the business and workforce, and deploy new units and achieve the flexibility needed to operate in a dynamic and changing environment.

The implementation of Workday, along with other digital systems, earned the company the prize for the digitalisation of human resources from WTC, DCH and *Foro Recursos Humanos*, within the framework of the Fifth Human Resources Gala 2021, one of the sector's flagship events in Spain.



More information



Capital Energy's workforce in figures

At the close of 2021, Capital Energy's team comprised 390 people across all its business divisions in Spain and Portugal, i.e. 39.5% more than in 2020. The aim of this growth in the workforce is to respond to the organisation's needs in various business areas in keeping with the corporate strategy.

Of the total workforce, 4% of employees work part time and the rest full time. 94% of the company's professionals have an open-ended contract.

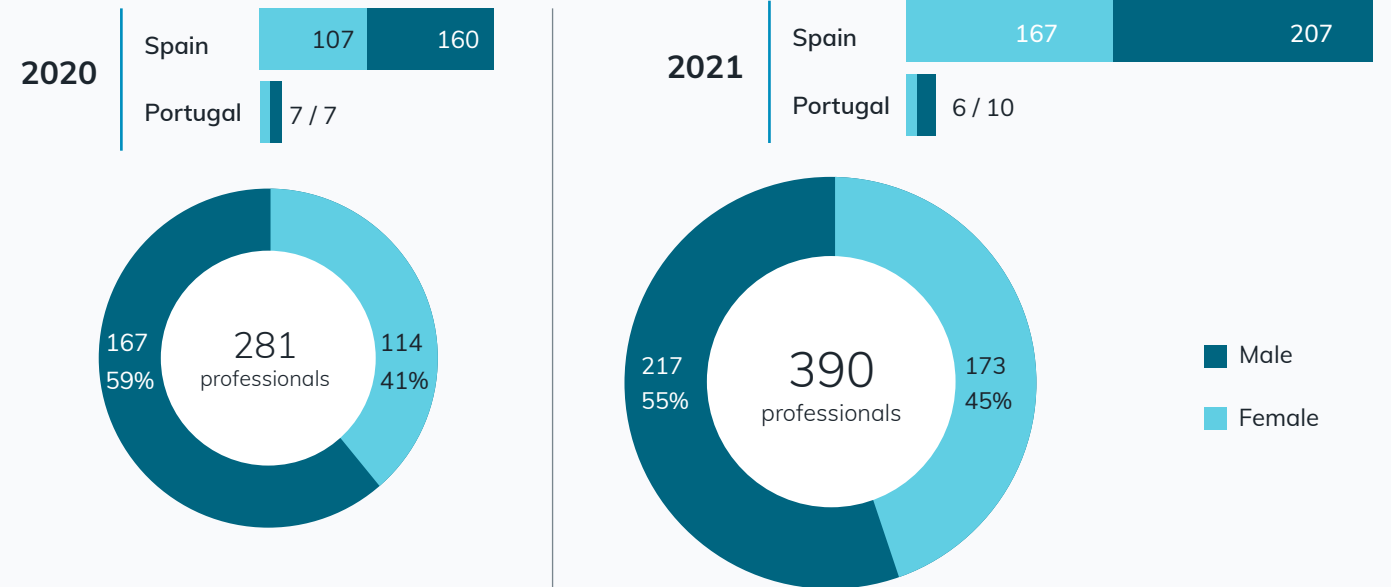
For more information on the indicators of the Non-Financial Disclosures Act (Law 11/2018) relating to people management, see the Annex.



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- > Capital Energy's workforce in figures
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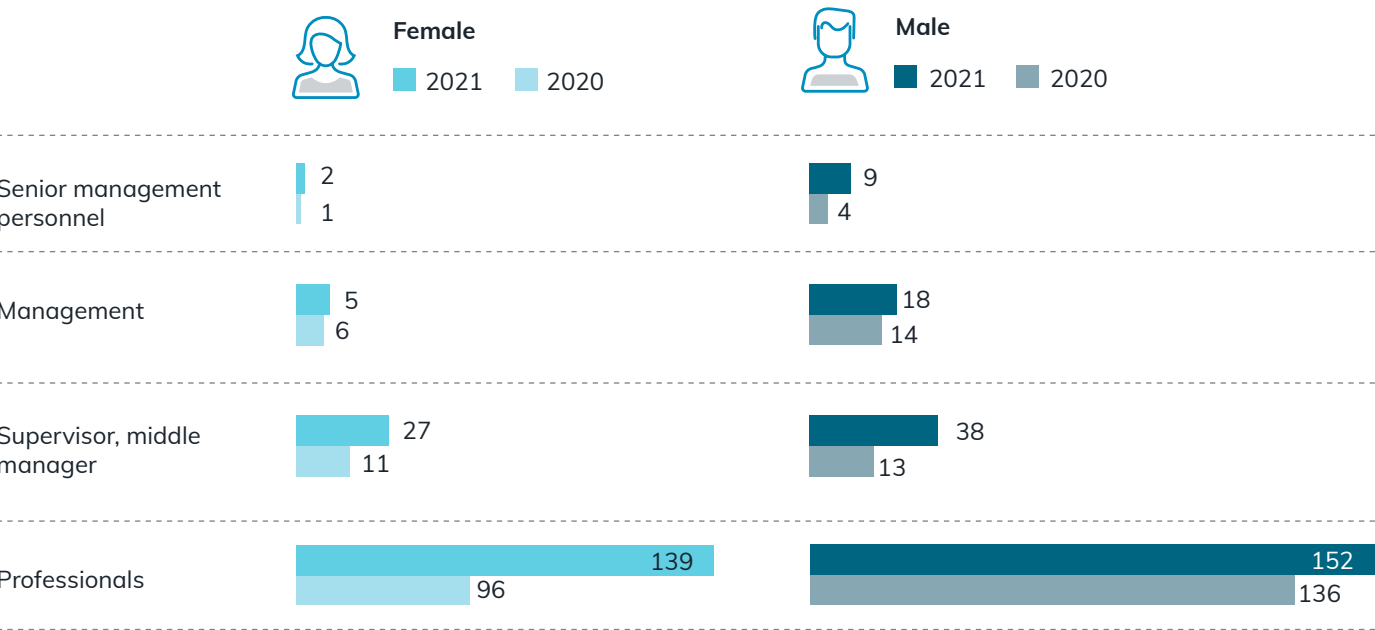
Breakdown of the workforce by gender and country



4 Human capital: an excellent team

- > Capital Energy's workforce in figures
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- > Employee health and safety

Distribution of the workforce by professional category and gender



Changes in the workforce over the year (new recruits and rotation in 2021, No. and %)

	No.	% ¹
New recruits	157	46%
Rotation ²	87	26%

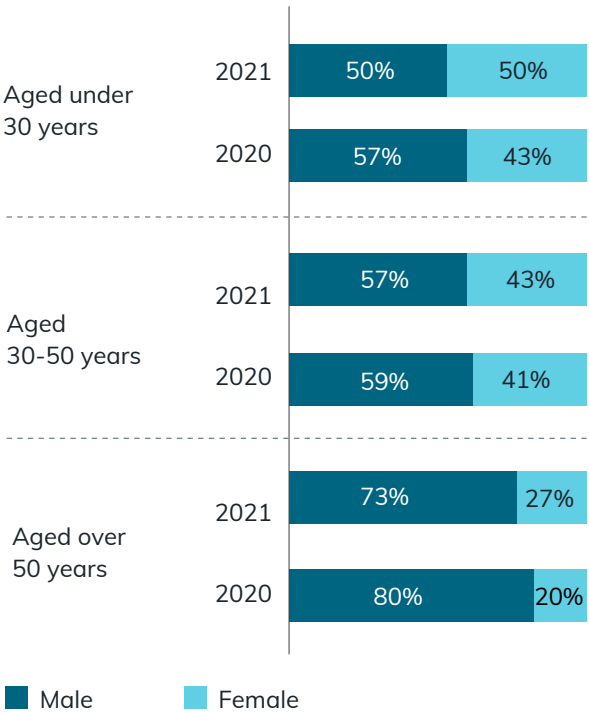
1. Calculated based on the average between the workforce at 2020 year end and the workforce at 2021 year end.

2. This refers to the number of professionals who leave the company for the following reasons: resignation, end of contract/ internship, dismissal or failure to pass the trial period.

Social dialogue and bargaining agreements

With respect to trade union freedom, at year end, 100% of employees in Spain were covered by collective bargaining agreements, while in Portugal this aspect is regulated by the Employment Code (Código do Trabalho).

Breakdown of the workforce by age group



4 Human capital: an excellent team

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Diversity and inclusion

[GRI: 405-1, 405-2]

Capital Energy is fully committed to having a diverse workforce and strives to promote diversity in all its forms, taking into account age, experience, disabilities, LGTBI, gender, etc.

Equal opportunities and non-discrimination

In 2021, 45% of the professionals in the workforce were women, positioning Capital Energy above the sector average in this regard.

Capital Energy has an "Equality Plan" whose main objectives are:

- Non-discrimination in connection with professional promotion.
- Guaranteeing that the wage policy does not introduce elements of differentiation based on gender.
- Disseminating a corporate culture that is committed to equality and non-discrimination through training and awareness in this regard for all workers at Capital Energy, including Management, middle management and all other employees.
- Introducing employment practices that facilitate the integration of women, especially in those positions and occupations in which they are less represented in the organisation.
- Preventing sexual and gender-based harassment and responding immediately in the event of a complaint.
- Promoting conduct that contributes to combating gender violence and supporting protection for women victims of gender violence.
- The creation of a Committee to monitor the Equality Plan.

Moreover, the company has a "Harassment Protocol" in which it undertakes to regulate the prevention and swift solution of complaints relating to harassment in any of its manifestations, with the due guarantees and considering constitutional and labour standards, and declarations concerning the Fundamental Principles and Rights at Work. The protocol defines and details the kind of complaints relating to moral, sexual, gender and other harassment that may be received through the "Whistleblowing Channel and Internal Investigations Procedure".

Moreover, the Code of Ethics and Conduct and the Human Rights Policy contain specific clauses regarding the company's commitment to fostering respect for diversity and equal rights and opportunities.



Sustainability Strategy

In 2022, Capital Energy plans to continue to review its current equality commitments and plans to ensure that they are fully aligned with the European Gender Equality Strategy 2020-2025 and with any legal requirements at the national level.

Disability

In 2021, disabled people represented 0.5% of the workforce at Capital Energy.



Capital Energy aims to increase this percentage steadily and, accordingly, it has joined forces with the Prodis Foundation in a project to integrate persons with intellectual disability. This initiative, which had been halted as a result of COVID-19, resumed in 2021, incorporating a person from the Prodis Foundation as an assistant in the Legal Department in Madrid and another person from the Asturias Down Syndrome association at its Oviedo offices.

Recognition in connection with human capital

Capital Energy was named the best Company to Work For in Asturias in 2021, and designated a Great Place to Work by the eponymous consultancy firm.



Following a rigorous process that included a global employee survey, a cultural audit and an assessment of benefits, policies and best practices, the company obtained this certification as a trusted organisation that attracts and retains talent.

More information at: Capital Energy - Work with us 

4 Human capital: an excellent team

- > Capital Energy's workforce in figures
- > Diversity and inclusion
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Wage equality

In 2021, Capital Energy developed two strategic projects:




- 1. The organisation's job evaluation, which uses a methodology that takes into account five criteria required for the position regardless of the gender of the person who will fill the vacancy:

- ① Expertise and skills
- ② Problem solving
- ③ Communication
- ④ Influence and impact
- ⑤ Responsibility on resources

This allows us to rank positions objectively, laying the groundwork for best practices in the designation of people, promotion, wage gap, etc.

- 2. To support this project, Capital Energy used a study of wage conditions in the sector as a reference for its wage review process. This will enable the company to control any scenario in which it might be necessary to take measures in the event of a severe situation of any kind.

Basic wage ratio of women's to men's remuneration, by professional category and age group¹

		2020	2021
Professional category	 Management and Senior Management	90.9%	109.5%
	 Supervisor, Middle Manager	99.9%	89.7%
	 Professional	94.0%	84.4%



1. The figures in 2020 and 2021 are not directly comparable since in 2021 they include variable remuneration as required by the Non-Financial Disclosures Act.

Training and development [GRI 404-1, 404-2, 404-3]

Capital Energy has an **Annual Training Plan** consistent with its in-house policy in this regard that guarantees ongoing training for its employees that is tailored to their individual needs, those of the department where they work and the business strategy. In this regard, Capital Energy provides a series of mandatory training courses to its new recruits (onboarding programme) and for all employees, concerning the company's policies. Furthermore, it has a programme of language courses, specifically English for Spanish employees and Spanish for Portuguese employees, in various modalities.

In 2021, the '**Capital Energy Academy**' was launched with the goal of fostering and facilitating internal expertise and disseminating the corporate culture across the organisation's various areas. Over the course of the year more than 40 training sessions were held by experts from the various business areas.

The language programme and the implementation of *Learning in Workday* allow the company to provide internal training in any of its modalities (digital, in-person and self-consumption). The integration of those modules in digital platforms gives any employee access to them whenever convenient for them, providing a streamlined and flexible way of learning.

In 2021, the company conducted more than 80 training programmes to cover various training aspects and requirements among its employees. In total, 10,104.4 training hours were conducted, meaning that Capital Energy employees received an average of 26 training hours over the course of the year. Although in 2020 more training hours were provided, the change is owing to the larger volume of recruitment of middle managers and supervisors than in the previous year, who received onboarding training.

4 Human capital: an excellent team

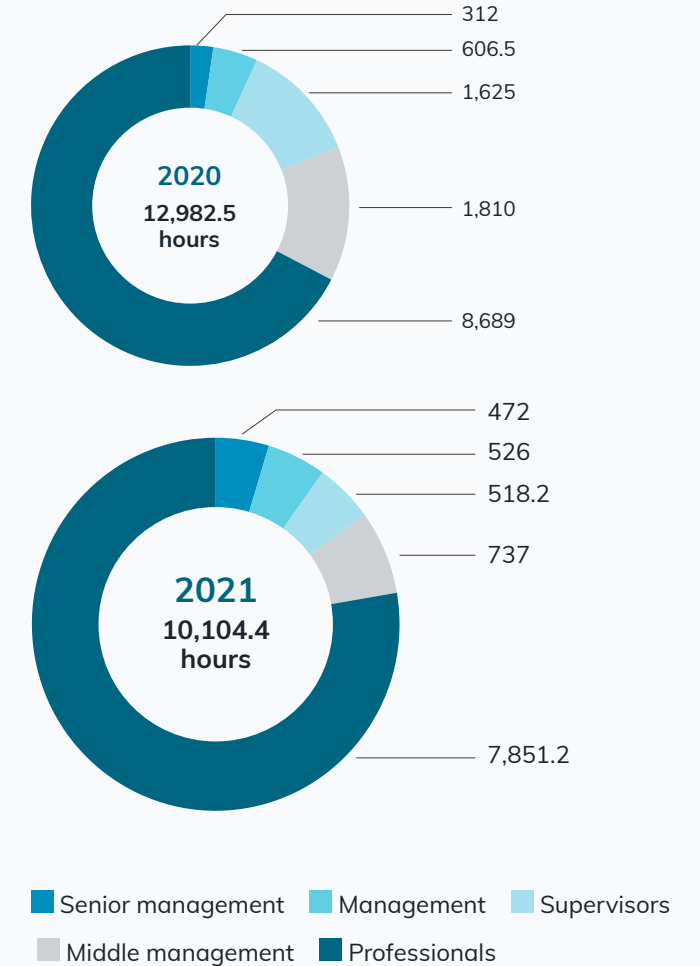
- > Capital Energy's workforce in figures
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> 10,104.4
training hours in 2021

26
average training hours per
employee in 2021

Breakdown of training hours by professional category



4 Human capital:
an excellent team

- > Capital Energy's workforce in figures
- > Diversity and inclusion
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Performance review

All Capital Energy employees are subject to periodic reviews of their professional performance and development. This enables the company to ensure that its professionals are prepared to perform their duties and are familiar with the key aspects to improve their performance year on year.

The performance reviews cover the potential and consider the development in workers' performance in accordance with the company's values.

Capital Energy has compiled a manual for the entire assessment cycle and supports workers in their reviews and in meeting the scheduled deadlines for each phase of the review.



Occupational well-being and work-life balance

In accordance with the in-house policy on work-life balance, Capital Energy's employees have a suitably flexible timetable. The company fosters flexibility, self-responsibility and independence in work organisation, adapting the needs and working hours of each employee.

In this regard, employees have flexible entrance and exit times within the framework of a flexible working hours policy and daily recording of working hours. Capital Energy also has a digital disconnection policy in compliance with its employees' right to digital downtime.

Moreover, Capital Energy's full-time employees enjoy benefits such as comprehensive, international health insurance and disability cover.

With regard to maternity and paternity and the measures aimed at helping parents to find a proper balance, in 2021, 16 people—12 men and 4 women—took parental leave. The return-to-work rate was 100%.



Employee health and safety

[GRI: 403-1, 403-2, 403-3, 403-5, 403-6, 403-7, 403-8, 403-9]

Capital Energy conducts its activities in keeping with its commitment to protect the health, safety and well-being of its employees, visitors and any person who may be affected by its operations.

The company strives to ensure adequate conditions in terms of health and safety, as one of its core principles, and this is stipulated in its **Health and Safety Policy**, revised in 2021. By means of this policy, the company complies with the provisions of Spain's Law 31/1995, of 8 November, and Portuguese Law 102/2009, of 10 September, the latter establishing the legal grounds for promoting occupational health and safety in that country.

All workers are covered by the health and safety management system, including those who work at permanent and/or temporary work sites, as well as those in the co-working modality.

In March 2021, the company obtained **ISO-45001 certification**, which guarantees that Capital Energy fulfils all the requirements to guarantee health and safety at work, evidencing the company's pro-active approach to improving its performance in this regard.



Moreover, in 2021 Capital Energy conducted an external audit of all its activities, including development, construction and operation in both Spain and Portugal, which concluded that "the company has a health and safety system in keeping with the current regulations and effective for managing the risks present in its activity".

The company offers its employees social benefits such as comprehensive, international medical insurance and discounted access to a network of sports centres to have a positive impact on their health and well-being.

In 2021, Capital Energy provided a total of 486.5 hours of health and safety training in four different courses that tackled issues relating to occupational risk prevention, fire-fighting, first aid and safe use and evacuation of elevators, as well as other topics linked to health and safety at the company.

There have been two commuting accidents in 2021, neither of which required medical leave.



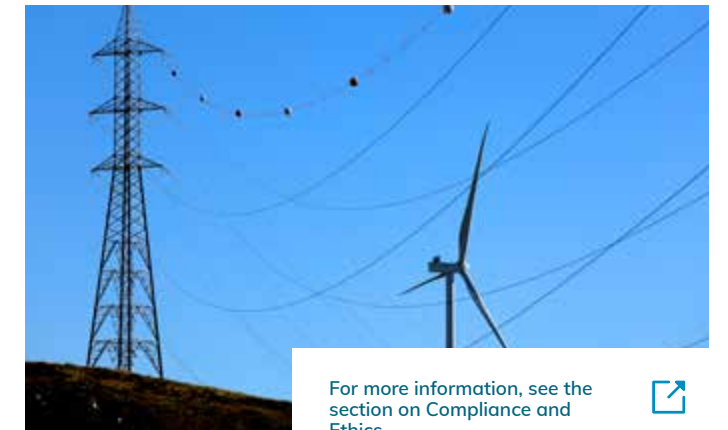
486.5
hours
of health and safety training

"Health and Safety
Management System" certified
to ISO 45001 standard

Worker participation, consultation and communication on occupational health and safety

The company has set up a corporate e-mail address as a direct communication channel with workers, where the latter can report important information regarding situations of risk they may have observed in their work, as well as any concerns they may have regarding health and safety conditions, best practices or any suggestion for improvement. Thus, action may be taken to remedy or control such situations.

As part of the integrated management system, the company has a method for employee consultation and participation based on a detailed procedure regarding the mechanisms in place to guarantee the flow of employee information, consultation and participation with regard to health and safety matters.



For more information, see the
section on Compliance and
Ethics



4 Human capital: an excellent team

- > Capital Energy's workforce in figures
- > Diversity and inclusion
- > Training and development
- > Employee health and safety

5

Our environmental and social footprint

5 Our environmental and social footprint

- > Environmental management
- > Climate change and energy
- > Natural capital
- > Social value



2021 carbon
footprint verified
externally

€2 million
earmarked for
environmental
impact studies

Launch of the Territories Project and
first collaboration agreements to boost
the socio-economic development of
the territories

Incorporation
of the Capital
Energy
Foundation

Our environmental and social footprint

Capital Energy helps combat climate change by having an impact on the following targets:



Target 12.2: “Achieve sustainable management and efficient use of natural resources.”

Target 13.a: “Implement the commitment undertaken by developed-country parties to the United Nations Framework Convention on Climate Change.” Capital Energy’s concern for conserving and protecting biodiversity contributes particularly to

Target 15.5: “Take urgent and significant action to reduce the degradation of natural habitats, halt the loss of biodiversity and, by 2020, protect and prevent the extinction of threatened species.”

Associated World Economic Forum pillars:



The company’s materiality analysis, conducted at the end of 2020, shows that minimising the environmental impact and climate change are the most significant issues for Capital Energy. Accordingly, the company focuses on ensuring that its value chain activities have a **net positive impact on the environment** and on driving environmentally-friendly solutions.

As a 100%-green energy company, Capital Energy promotes renewable energies as a key element for decarbonising the economy and develops initiatives aimed at reducing and offsetting its carbon footprint.



5 Our environmental and social footprint

- > Environmental management
- > Climate change and energy
- > Natural capital
- > Social value

Environmental management

[GRI 3.3]

Capital Energy has a framework of sustainability and environment policies to develop and drive the key aspects in connection with the environment. It also has corporate insurance policies covering polluting incidents, in accordance with Spain's Environmental Liability Act, resulting from sudden and identifiable accidents, consistent with standard practice in the industry and in keeping with the applicable legislation.

For more information, see the section on Compliance and Ethical Conduct



Sustainability Strategy

In 2021, the company completed certification of its management system to international standard ISO 14001 on environmental protection through the management of this kind of risk associated with its business, for its activity of designing and developing renewable energy plants.

This comprehensive system was also certified to ISO 9001 quality standard and ISO 45001 occupational health and safety standard.



The management framework of this system allows full monitoring of energy consumption, water consumption and waste generation, as well as tracking of annual reduction targets, with a focus on continuous improvement.

An approach that encompasses the entire life cycle of operations

In the environmental impact studies and throughout every project phase, Capital Energy pays particular attention to the following aspects:

- Consumption of natural resources and raw materials: source of the materials, raw and ancillary materials, energy and fuel needed.
- Identification of atmospheric emissions—considering all the construction phases likely to generate noise, dust and light pollution.
- With regard to the waste generated:
 - Identification of the waste produced during the various project phases, with particular attention to hazardous waste classified in accordance with the European List of Wastes and also considering waste resulting from the decommissioning of facilities.
 - Identification, in all cases, of the planned destination of waste, pursuant to Law 22/2011, of 28 December, on waste and contaminated soil and any other applicable regulations.
 - Verification of legal compliance in connection with waste, based on the implementation of environmental oversight programmes during construction, operation and decommissioning.

Below is information concerning the three main blocks in which the organisation presents the greatest potential impact:



Protection of natural capital



Energy and climate change



Circular economy

5 Our environmental and social footprint

- > Environmental management
- > Climate change and energy
- > Natural capital
- > Social value



Circular economy

[GRI 306-1, 306-2, 306-3]

The application of the principles of the circular economy in managing waste generated from the use of renewable infrastructure is key to harnessing the potential of the waste resources generated and minimising the challenges posed by its management. To respond to the related challenges and prepare the groundwork for the end-of-life stage of its wind and solar farms, Capital Energy is working to develop the initiatives that contribute to the transformation of the linear economy towards a circular model: from the start of building the assets and choosing the materials to its decommissioning, considering the production and management of waste in its operations and conveying these values to employees and partners (suppliers and customers).



Sustainability Strategy

The strategic priorities on which Capital Energy is working in connection with the circular economy, aligned with the company's **2021-2025 Sustainability Strategy**, are as follows:

- Ensuring from the design phase the use of raw materials to its full potential, and of recycled and/or re-used materials.
- Defining programmes for the maintenance and updating of equipment component parts when they reach the end of its useful life.
- Opting for an effective strategy of recycling and re-use of Capital Energy's equipment and materials at the end of the useful life of its plants, with the emphasis on those of highest volume or those that are easiest to recycle locally.

Since 2021 and in accordance with the definition of the strategy and roadmap in this domain, a number of initiatives are being assessed with suppliers to help extend the useful life of wind farms and photovoltaic plants. These solutions include the re-use of steel, aluminium and other metals and electronic materials, and the recycling of solar panels and wind turbine blades.

Although the greatest potential impact is linked to renewable energy generation assets, Capital Energy also works to raise awareness and engagement among its employees. In 2021, it launched the **"Responsible Consumption" programme** to gradually replace work materials with recycled alternatives. The first phase has focused primarily on office materials, and it is expected to be extended to include other materials used in other, non-office settings.

In addition, Capital Energy has joined the **"Circus by AUARA" initiative** to give a second lease of life to PET bottles used by the company, thereby fostering circularity. Thanks to this initiative, the company has obtained:

Bottles made from 100%-recycled, 100%-recyclable material

1,938
Kilos of plastic recycled

3,230
Litres of oil saved

85,863
Plastic bottles recycled

The bottles collected were used to create a light mural located in Vallehermoso Market (Madrid) to commemorate "European Researchers' Night", in collaboration with Francisco de Vitoria University.



AUARA
agua para
cambiar el mundo

For more
information on
the impact of this
collaboration, see
the section on
Social Value



5 Our environmental and social footprint

- > Environmental management
- > Climate change and energy
- > Natural capital
- > Social value

5 Our environmental and social footprint

- > Environmental management
- > Climate change and energy
- > Natural capital
- > Social value

Climate change and energy

[GRI 302-1, 305-11, 305-2, 305-3, 305-5]

Devised as a 100%-renewable and vertically-integrated company, Capital Energy strives to respond to the climate emergency and energy transition throughout its entire value chain, contributing to decarbonising the energy sector by driving solutions that help improve the environment.

Key actions:

Progress towards using 100%-renewable energy at the leased offices

Gradual replacement of leased vehicles for less polluting options (hybrids, electric vehicles, etc.)



1 For indicator 305-1, the calculation does not include emissions derived from CH₄, N₂O, HFC, PFC, SF₆, NF₃

Energy consumption by type of source	2019	2020	2021
Electricity (kWh)	112,308	129,290	672,192.38
Renewable electricity (%)	22.91%	47.26 %	83.4%
Diesel (litres)	42,320	40,017	69,336.52
Petrol (litres)	794	492	2,137

In 2021, the company’s global energy consumption increased: in the case of electricity as a result of its opening new offices in Zaragoza, Santander and Seville and the commissioning of the new wind farm in Tadeas (Palencia), and in petrol and diesel as a result of the swift growth in its workforce and more journeys by employees amid the gradual return to post-pandemic normality in the year.

Carbon footprint

Since 2019, the company has measured its carbon footprint in the three scopes according to the “Greenhouse Gas Protocol”, the world’s most widely used standard for measuring GHG emissions. Capital Energy verifies its carbon footprint against ISO 14064 and GHG Protocol standards through an independent external auditor.

After completing this external verification, since 2020 the company has been recording its carbon footprint in the “Spanish Registry of carbon footprint, offsetting and CO₂ removal” (Ministry for the Ecological Transition and the Demographic Challenge), obtaining the seal of approval in recognition of Capital Energy’s efforts to calculate, reduce and offset emissions. Consistent with this line of work, the 2021 carbon footprint was verified externally by SGS Tecnos and the corresponding footprint registration is being processed at the date of publication of this report.

These actions are respond to the company’s aim of combating climate change, aligned with the European goal of carbon neutrality in 2050.

For more information on the third-party certificate of verification, see the Annex to this report.

Capital Energy's carbon footprint performance:

The company's rapid growth, with its workforce increasing by more than 90% between 2019 and 2021, has significantly increased its total emissions².

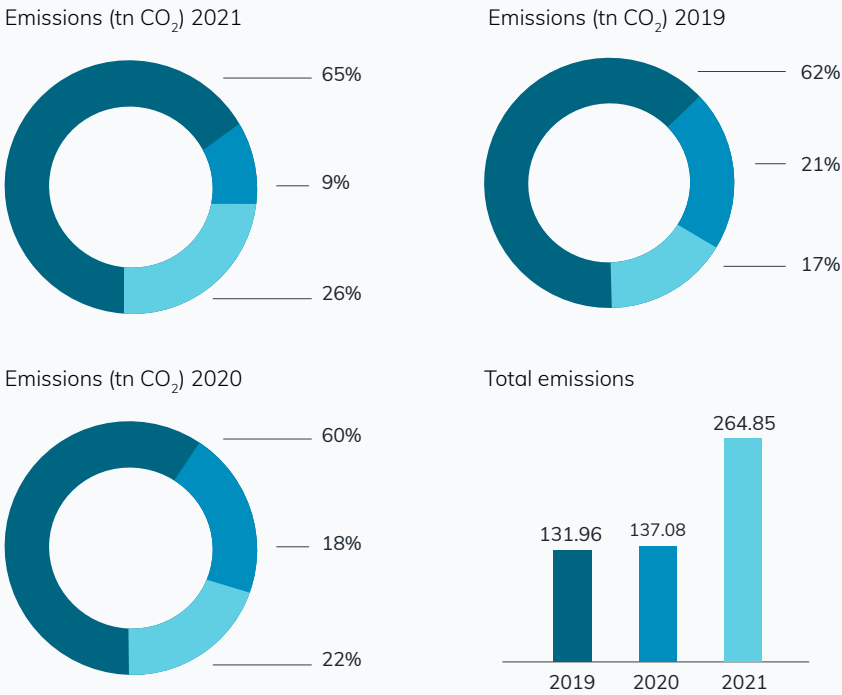
- Scope 1** - Use of fossil fuels in leased vehicles and employees' vehicles used to visit sites.
- Scope 2** - Electricity consumption at the facilities where Capital Energy carries out its activities.
- Scope 3** - Employees' business trips (by air, rail, rental car, etc.)



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- > Social value

Capital Energy's emissions by scope (% with respect to the total of tn CO₂e)



² The figures for 2019 and 2020 were recalculated due to a readjustment in the emissions factors considered.

5 Our environmental and social footprint

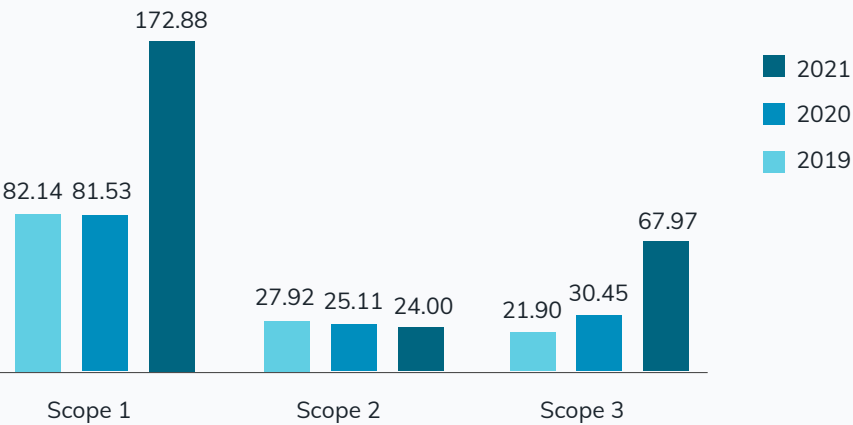
- > Environmental management
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Scope 1 emissions have increased as a result of the rise in journeys amid the return to normality in the wake of the COVID-19 pandemic, with more employees now making work-related journeys. Conversely, despite having opened new offices and including the assets under operation in the scope, Scope 2 emissions have decreased slightly due to the supply changes enacted over the course of the year to ensure 100%-renewable consumption.

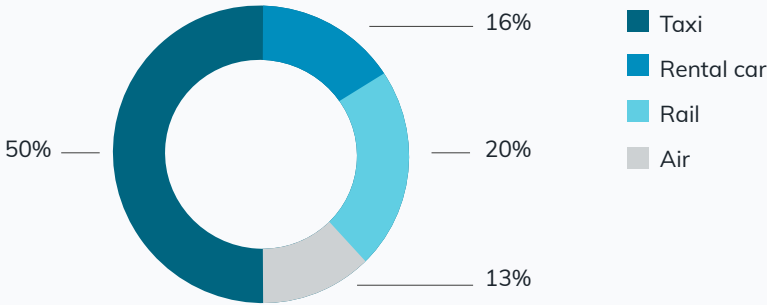
As for Scope 3 emissions, an upward trend can be seen, due, on the one hand, to the growth in

the workforce and, on the other hand, to the higher number of business journeys to visit sites under construction as activity in these business areas scaled up in the last year.

Evolution of emissions by scope (tnCO₂)



Breakdown of Scope 3 emissions
Means of transport



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Sustainability Strategy

Capital Energy is making progress in the fight against climate change through the following measures:



Defining commitments and goals for reducing emissions and a roadmap to achieve them.



Securing collaborations to drive initiatives to offset CO₂ emissions in line with the carbon neutrality goal.



Capital Energy is working to perform a diagnostic exercise with regard to its current performance in respect of the pillars of the Task Force on Climate Related Financial Disclosures (TCFD).



Based on the TCFD diagnostic, it will identify physical and transition-related risks for analysis and coverage and analyse the opportunities arising from climate change.


For more details, see the section on risk management. 

Cloud storage and operations

Approximately 90% of Capital Energy's information is stored in the cloud rather than at a data processing centre (CPD). Consequently, the company consumes less electricity than it would using conventional alternatives (saving on unnecessary cooling processes), thereby avoiding atmospheric emissions as well as fostering energy efficiency.

In this regard, at the end of 2021, Capital Energy entered into a partnership with Google, based on a vision of co-innovation and co-investment, to infuse continuity, speed and innovation into Capital's sustainability and digitalisation strategy.





This partnership will immediately reduce the company's carbon footprint thanks to performing operations via a sustainable cloud with net zero emissions. Furthermore, it will help attain the goal of a net zero future in terms of both the development of infrastructure and the subsequent management thereof.

Going forward, Google and Capital Energy will be able to work together in various domains in which the two companies share goals, including contributing to society, protecting the environment, education for labour market integration and closing the digital divide.



Natural capital

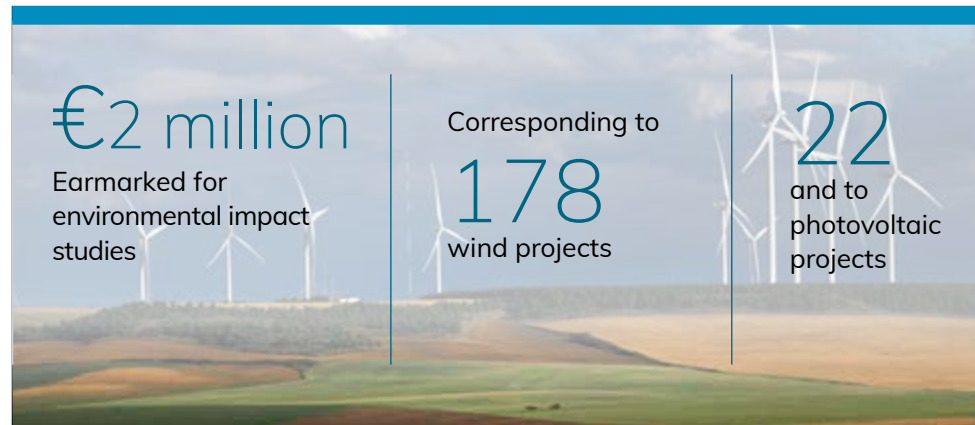
[GRI 304-2, 304-3, 304-4]

Capital Energy remains fully committed to proper **prevention and mitigation of environmental risks**, with a particular focus on natural capital. With the aim of mitigating its impact, the company works to minimise the potential impacts identified in environmental impact assessment processes and, where necessary, to establish prevention, remediation and offsetting mechanisms whose efficacy is verified through the implementation of environmental oversight and monitoring plans at every project phase: construction, operation and decommissioning.

The company aims to achieve a net positive impact in the territories where it is present. Capital Energy does not conduct activities and operations in protected areas.

In keeping with the mandatory measures incumbent upon the company, we highlight the reforestation initiative at the “Las Tadeas” wind farm, in which Capital Energy this year performed a series of offsetting and replanting actions over a total of 11.13 hectares, with native species, in Paredes de Nava (Palencia). The company also keeps a record of all accidents involving birds and reports to the Territorial Environment Service for its removal when accidents do occur, in compliance with the Environmental Impact Statement.

Moreover, in addition to fulfilling the legal requirements, Capital Energy has conducted other initiatives that evidence its commitment to going one step further in conserving biodiversity and achieving a net positive impact.



In 2021, Capital Energy obtained the Environmental Impact Statement for its first renewable project in Castilla-La Mancha, the La Herrada wind farm.

The Ministry for the Ecological Transition and the Demographic Challenge (Miteco) issued a favourable Environmental Impact Statement (EIS) for the La Herrada wind farm, which the company has developed in the municipality of Montealegre del Castillo (Albacete).

At this site, the company will implement a series of preventive, remedial and offsetting measures in line with its commitment to protecting biodiversity during the construction and throughout the useful life of this wind farm. The company will also replant elsewhere the same number of plant species that are affected by the work.

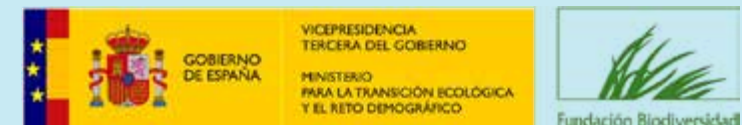
5 Our environmental and social footprint

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Convention on Biodiversity

In 2020, the company joined the “Spanish Initiative for Business and Biodiversity”, under the auspices of the Ministry for the Ecological Transition and the Demographic Challenge. By doing so, the company expanded its commitment, seeking to be a part of the joint initiatives in this domain and supporting benchmark initiatives and institutions.

Signing this agreement is evidence of its support to the objectives outlined in the Convention on Biological Diversity (CBD), opened for signature at the United Nations Conference on Environment and Development, on the conservation of biological diversity, the sustainable use of its components, and the fair and equitable sharing of benefits arising from the use of genetic resources.



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Furthermore, Capital Energy belongs to the Spanish Association for Environmental Impact Assessment (AEEIA), to ensure alignment with best practices in this domain. In 2022, Capital Energy will collaborate as a sponsor at the National Congress on the Environmental Impact Assessment.

Furthermore, the environmental impact studies compiled for Capital Energy's projects include sector-specific studies that, in each case, are necessary to be able to properly assess these impacts. These studies include:

- Studies on the annual cycle of birds and bats.
- Landscape and visual simulation studies.
- Noise impact studies.
- Cumulative and synergistic impact studies.
- Cultural heritage impact studies.
- Wind turbine shadow flicker studies.
- Landscape integration and restoration plans.
- Project waste management study across all phases (construction, operation and decommissioning).

In view of its activity, the company especially assesses its impact on biodiversity, which it considers paramount and factors into its decision making. Capital Energy focuses on conducting a thorough analysis to determine the most efficient measures to protect the environment and biodiversity. To achieve this, one of the linchpins of the site selection process for wind farms and photovoltaic plants is a **GIS or geographic information systems analysis** of the main environmental conditions, affording a specific and high weight to biodiversity.

Priority analysis area for Capital Energy

Flora, vegetation and habitats of community interest (HIC)



Endangered species



Specially protected figures



As a result of the process for identifying opportunities associated with the impact of its activity on biodiversity, the company has decided to extend its responsibility and now always includes a series of studies to assess the impact of wind farms on birds and bats and, in cases where projects may directly or indirectly affect the Natura 2000 network, the potential effects are assessed and preventive, remedial or compensatory measures are proposed, where appropriate.

Biodiversity protection and conservation projects

Capital Energy takes part in biodiversity protection initiatives, such as the campaign for the conservation of the Montagu's Harrier and the Hen Harrier in the provinces of Madrid and Toledo, carried out in 2021 in collaboration with *Grupo de Rehabilitación de la Fauna Autóctona y su Hábitat* (GREFA).



The purpose of this campaign was to conserve and rescue Montagu's and Hen Harriers by identifying and marking nests during the breeding season, as well as to learn more about the harrier's migratory and wintering routes. This campaign resulted in 30 chicks being rescued, 44 breeding pairs being identified and 3 new harriers being GPS tagged.



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As part of this initiative, in March 2021, Capital Energy's Environment team held a team building session at the organisation's premises. At this event, the team had the opportunity to learn about a number of protected wild bird species, including carrion birds, nocturnal birds of prey, steppe birds and black storks, as well as to take part in nest box construction workshops and release one of the centre's rescued birds.

Capital has signed another collaboration agreement with GREFA for projects in various fields over the course of 2022.



Capital Energy in support of Iberian fauna

Capital Energy's subsidiary in Portugal (Infinita Energía) has sponsored a female wolf in support of this endangered species. Freitas is an Iberian she-wolf that lives at the Iberian Wolf Recovery Centre (CRLI), set up and managed by the Portuguese environmental NGO "Grupo Lobo". The wolf is the daughter of Malcata, the previous animal sponsored by the organisation.



A commitment to innovation applied to natural capital



Due to its type of activity and its influence on the environment, the company sees natural capital as a vector for innovation.

Accordingly, in 2021 Capital Energy has worked on an R&D project to develop and validate various mechanisms to reduce the site accident rate and boost the conservation of fauna at the wind farms and solar plants it plans to build.

The project, backed by a team of expert researchers from Spain's *Consejo Superior de Investigaciones Científicas* (CSIC), the Migres Foundation and GREFA, among others, is based on public-private partnership, as it also has the support of the environmental services of the Autonomous Regions concerned.

Specific studies have also been carried out by compiling information on birds and bats in the territory—due to its potential vulnerability with respect to the facilities. Accordingly, a number of innovative measures have been proposed for testing in wind farms and solar plants in the second phase.

The company also signed a collaboration agreement with the MIGRES Foundation for the development of scientific and cultural projects aimed at the conservation and improvement of natural heritage.



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Social value [GRI 201-1]

The company's contribution to the 2030 Agenda:



- **8.2** "Achieve higher levels of productivity of economies through diversification, technological upgrading and innovation, including through a focus on high-value added and labour-intensive sectors."
- **10.2** "Empower and promote the social, economic and political inclusion of all irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status."
- **17.17** "Encourage and promote effective public, public-private, and civil society partnerships, building on the experience and resourcing strategies of partnerships."

Associated World
Economic Forum pillars:



Prosperity

Capital Energy's commitment to sustainable development is embodied in the definition of its **2021-2025 Sustainability Strategy**, one of whose pillars is the contribution to the social and economic development of the territories where it is present. This pledge translates into a commitment to contributing positively to the development of the territories and the creation of the Capital Energy Foundation as one of the available tools for channelling social impact.

In this regard, the company focuses on its capacity to generate shared value and materialises its commitment on the basis of two axes: aligning its experience and core business with the needs of the territories—by implementing actions agreed with the various local groups—and strengthening its social contribution in the regions where it operates, forging bonds of trust and proximity by listening and promoting dialogue.



Commitment to the development of the territories

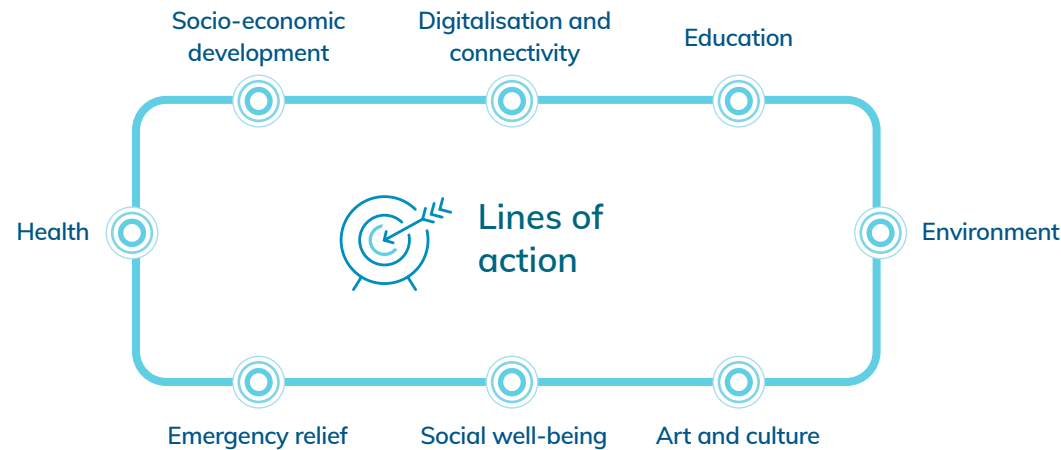
[413-1]

Capital Energy continues to take steps to align its business model with the socio-economic development of the regions where it operates. This commitment, one of the core pillars of the company's 2021-2025 Sustainability Strategy, is embodied by the definition of lines of social contribution whose main goal is to make its business plan compatible with the specific needs of each of the territories, enabling it to ensure that shared value is created.

As a result of this approach, the company's **"Territories Project"** combines its commitment to decarbonising the economy and transforming the energy model with its desire to foster the socio-economic development of communities, relying on local talent and strengthening the industrial and business fabric of each area.

Through this initiative, Capital Energy reasserts its ultimate aim, which is to become a strategic ally of the regions, boosting job creation, social well-being and innovation. To achieve this, the company allocates specific financial commitments during the construction and operation phases of the renewable energy assets, aimed at implementing actions agreed, through open dialogue, with the various local stakeholders, in order to maximise the positive impact by accruing part of the benefits to the local community.

This differential approach takes into consideration the specific characteristics and needs of each of the regions in selecting these initiatives, which will be structured within specific lines of action, constituting the core of Capital Energy's Social Contribution Strategy.



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First steps of the Territories Project: progress in Andalusia, Galicia and Aragón



Loma de los Pinos Wind Farm: Capital Energy and the municipal government of Lebrija (Seville) have signed a collaboration agreement with a view to achieving a consensus with local stakeholders regarding the launch of initiatives by means of open dialogue. This agreement, which seeks to establish a long-term relationship, underpins the commitment to sustainability whereby a range of social and environmental actions of potential interest to the local community will be analysed.



Comunidad de Montes Vecinales en Mano Común (CMVMC): in Galicia in 2021, the company also signed the second collaboration agreement pursuant to its Territories Project, aimed at boosting this region's growth, underpinned by local talent and strengthening the area's social, industrial and business fabric. Among the measures to be established, the company will offer registered residents of Fontemourente (A Coruña) a discount on their electricity bill after the commissioning of the new Banzas wind farm, located across the municipalities of Outes, Negreira and Mazaricos.



Paucali Wind Farm: in 2022, Capital Energy signed an agreement with the municipal government of Maella (Zaragoza) whereby it undertakes to foster various initiatives, including improving infrastructure and services, connectivity and digitalisation, protecting artistic and cultural heritage, education, health and social and labour market integration of disadvantaged groups.

More information at:



With a view to boosting its contribution to transforming rural development models, in 2021 Capital Energy joined the Smart Rural Territory (*Territorio Rural Inteligente*) consortium.

The aim of this platform is to use the territory's resources and technology to create innovative ecosystems for sustainable development to efficiently manage infrastructure and offer citizens new services, creating jobs, fostering entrepreneurship and attracting talent to the territory.

For Capital Energy, this model is a prime example of the necessary bond between sustainable development and digitalisation, pillars of its business strategy. The company believes that this collaborative approach between various actors will maximise the opportunities stemming from new operating and business models, addressing the territory's challenges through development-driving projects that ensure its environmental economic and social sustainability.



In 2021 and within the framework of its commitment to sustainable development, Capital Energy implemented a number of projects. With a total investment of €50,784.30, Capital Energy has made donations to various foundations and NGOs, has supported sports teams through sponsorships and has continued developing social and educational projects in the communities where it is present.



Furthermore, in 2021 the company held a competition among Capital Energy Quantum employees to donate materials and furnishings, plus €3,000 in funding, to *Fundación A Barcala*, in the Galicia municipalities of Negreira and A Baña, of which both municipal governments are trustees.



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Collaboration with Adisbismur to generate employment and social integration

Capital Energy has signed a social Framework Agreement with *Asociación de Personas con Discapacidad de la Comarca de Muros* (Adisbismur), the purpose of which is to promote initiatives that foster the employment, social well-being and integration of disabled people in the Muros district (A Coruña).

The first project in this framework agreement is to install photovoltaic panels in the Adisbismur occupational centre.

Capital Energy has helped finance the installation of a 30.45 KW solar photovoltaic panel assembly on the roof of the centre, with the aid of a subsidy from the Galicia Energy Institute (*Instituto Energético de Galicia*).



More information at: [\[Link icon\]](#)



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In March 2022, as evidence of our support in the Ukrainian refugee crisis, Capital Energy donated €50,000 to UNICEF and SOS Children's Villages to support their work on the ground. UNICEF is working closely with the Ukrainian authorities, UN partners and other agencies, focusing on the following areas:

- Transportation of drinking water using tanker trucks to the worst-affected areas and distribution of bottled water.
- Provision of emergency supplies linked to health, protection, hygiene and education.
- Coordination with the local municipalities to ensure that the aid immediately reaches the children and families most in need.



Moreover, Capital Energy has provided support to various sports teams, including the sponsorship of Atlético de Zamora, in which Capital Energy provided backing through two ways: supplying sports material and supporting referee payments.


In 2022, we highlight the sponsorship of the Spanish Men's Indoor Soccer Supercup final, organised by the Spanish Football Federation in Jerez de la Frontera, the municipality in the province of Cádiz in which the El Barroso wind farm is located.



Another of this year's notable initiatives in the sphere of social impact was the company's collaboration in the CIRCUS project between AUARA and Capital Energy, generating a positive impact in developing countries.


Capital Energy's social impact

For every litre of AUARA, 4 litres of drinking water are generated in developing countries




582

People with access to drinking water



1,316,829

Litres of water provided in developing countries




38,853


Hours saved on going for water

AUARA

agua para cambiar el mundo

More information at:





90

Training action at Fundación Sotavento to foster the use of renewable energies at educational centres

With the aim of bringing renewable energies to schools and improving awareness on climate change and the responsible use of energy, Capital Energy entered an agreement with *Fundación Sotavento* to promote the use of renewable energies at the Coto De Negreira primary school (A Coruña). The project involved bringing model windmills and miniature hydraulic turbines to the school, and holding workshops and educational games related to wind energy using kites with varying degrees of difficulty to help understand the concepts related to wind.

Furthermore, between January and April 2022, Capital Energy agreed to sponsor training activities for 350 schoolchildren in the province of A Coruña aimed at sending a positive message about renewable energies in general, with a particular emphasis on wind energy.



Assessment of the social risks linked to the operation

Capital Energy is mindful that renewable energy projects generate social concern and that, at present, there are no methodologies and tools to assess these in a consistent and objective manner. To help progress in this area, Capital Energy has taken part in a consortium led by TUDelft University (the Netherlands) to apply for European Union funding for the Wind by Energy Citizens (WINBY) project.

The project aims to improve the decision-making capacity of communities affected by wind energy projects, by creating tools that can help them prioritise concerns linked to emerging environmental, economic and social risks based on the potential benefits and costs of future wind deployment. Capital Energy's role will be to test methodologies, processes and models that foster knowledge and pave the way for constructive dialogue among residents, local authorities and experts from the wind energy industry.



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The Capital Energy Foundation [203-1]

With the aim of continuing to progress in its commitment to linking its activity to the social, environmental and cultural development of the territories where it is present, the company set up the Capital Energy Foundation at the end of 2021.

The Foundation's lines of action include:



Social action and cooperation



Training and research



Climate change, sustainability and environmental protection

The Capital Energy Foundation's first social projects

Collaboration with Fundación Aladina: this was the Foundation's first initiative, and involved the participation of Capital Energy employees in the "Charity Days" campaign. This campaign was launched in collaboration with *Fundación Aladina* with the aim of supporting the "Territorio de juego" ('Playground') project, developed by the Central University Hospital of Asturias in Oviedo (HUCA). Capital Energy employees raised €2,921 in donations, and the Foundation made a donation of double that amount.



Project at Virgen de Lourdes special education school: The Capital Energy Foundation also laid the groundwork for implementing a project in 2022 to boost energy efficiency by installing thermal windows in a pre-school classroom at Virgen de Lourdes special education school, located in Majadahonda, just outside Madrid. The Foundation expects to continue this gradual process of replacement in other classrooms from the 2022-2023 school year onwards.



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Annexes

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13 significant ESG topics as a result of the materiality analysis

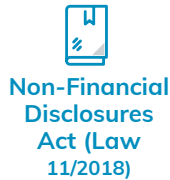
Report based on the latest GRI standards (reviewed in 2021)

Involvement in key ESG, renewable energy, energy storage and green hydrogen initiatives

Report verified externally in accordance with ISAE 3000 standard

About this report

The contents of this report respond to the material topics identified by Capital Energy in 2020 (materiality analysis) and have been prepared in accordance with the following principles and standards with a focus on reporting transparency and reliability, including:



The Statement of Non-Financial Information has been prepared in line with the requirements set out in **Law 11/2018** of 28 December 2018 concerning non-financial reporting and diversity, approved on 13 December 2018 by the Spanish Parliament, amending the Commercial Code, the restated text of the Corporate Enterprises Act approved by Royal Legislative Decree 1/2010 of 2 July and Law 22/2015 of 20 July on Accounts Auditing, with respect to non-financial reporting and diversity (originating from Royal Decree-Law 18/2017 of 24 November).



Global Reporting Initiative (GRI), in its updated version of 2021, GRI Standards, core option, and following the criteria and principles for defining the content and quality of the information in the report as set out in this guide.



The **Value Reporting Foundation's principles**, comprising material information about the organisation's strategy, governance, performance and outlook so as to reflect the business, social and environmental context in which it operates. It comprises the *Integrated Thinking Principles*, *Integrated Reporting Framework* and *SASB Standards*.



World Economic Forum (WEF): *Measuring Stakeholder Capitalism: Towards Common Metrics and Consistent Reporting of Sustainable Value Creation*, using the core metrics with critically-important indicators.



Principles of the United Nations Global Compact and the Sustainable Development Goals (SDGs).



Sustainability Accounting Standards Board (SASB): taken into account since the Capital Energy's materiality study was first conceived, with a special emphasis on the aspects compiled for the "Electric Utilities, Solar & Wind" industry.

The content of this sustainability report has been verified by an independent expert in accordance with the requirements of the International Standard on Assurance Engagements 3000 (ISAE 3000). Likewise, core option GRI criteria were followed, in accordance with what is set forth for each topic in the table "Law 11/2018 content index" of the Report.

Scope of reporting

The information and quantitative data in this report refer to the year 2021. However, in order to furnish readers with a better understanding of how the business has evolved since its outset, figures and events referring to previous years have also been included.

The report also provides forward-looking information, based on an analysis of the current context and its expected evolution (without making any commitment regarding the achievement of these objectives).



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Stakeholders [GRI 2-29]

In 2020, Capital Energy conducted an exercise to identify its priority stakeholders based on their influence, interest and ability to collaborate with the company and its activity.

With these criteria in mind, and based on the premise that stakeholder identification is an ongoing process, Capital Energy's main stakeholders are its employees, customers, suppliers, as well as local/regional and central government, regulators and local communities.

The company will continue to work on this aspect within the framework of its Sustainability Strategy.

Approach to stakeholder engagement [GRI 2-29]

Communication and dialogue enables Capital Energy to learn its stakeholders' perceptions and expectations of the company. For this purpose, a number of two-way listening and dialogue channels are in placed, aimed at addressing the needs for engagement with each group:

Employees



Capital Energy fosters an environment of dialogue and transparent communication among the workforce at all levels. By means of internal e-mails and the monthly in-house newsletter,, employees interactively receive information about the company. For example, communications concerning measures in place over the course of the pandemic, business intelligence, events and recognition, etc.

The company is currently working to develop and roll out its corporate Intranet, to make in-house communication more dynamic.

Customers



With a view to maintaining a streamlined and dynamic relationship with its customers, the website of Capital Energy's retailing arm has a [customers' area](#).

Furthermore, it has developed a specific app to promote two-way communication and offers a toll-free customer service phone number.

Suppliers



Capital Energy has a pro-active relationship with its suppliers. The company is currently rolling out its Global Procurement Platform, through which it will centralise its supplier relationships and communications.

Public administration and regulatory bodies



The company maintains a fluid and transparent communication with the regulatory bodies and public administration at all levels.

Likewise, within the framework of business operations, it holds periodic meetings with regional and local administrations in the areas where the company has or plans operations, in order to learn about their concerns, needs and expectations.

Capital Energy also has a specific platform for managing notifications and communications from the administration.

Local communities



Capital Energy will identify the needs of the local communities in which it operates and conduct listening and dialogue exercises to understand the needs of the regions through consultations with local stakeholders.

Pursuant to its Territories Project, the company takes into consideration the specific characteristics and needs of each territory and will reach a consensus with local stakeholders on the implementation of each initiative through open dialogue processes.

Capital Energy's website (<https://capitalenergy-group.com/>) and that of its retailing arm (<https://capitalenergy.com/>) are the main sources of information on the company.

Capital Energy is also active on social media:

- LinkedIn
- Twitter
- Instagram
- Facebook
- YouTube

More information at:



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Materiality analysis [GRI 3-1]

Methodology of the analysis [GRI 3-1]

Methodological development

Issues are identified and prioritised in accordance with two standpoints:

- internal, identifying the impact of issues in the achievement of the company's strategic goals;
- and external, enabling Capital Energy to ascertain the importance of issues in accordance with its stakeholders' expectations and the context and trends that may affect its activity, non-financial reporting requirements and investors' demands.

As a result, 13 material topics have been identified in connection with ESG (environment, social and corporate governance) criteria:

 3 environmental

 3 social

 7 corporate governance, ethics and economic topics

Review of the context and reference sources

- Analysis of trends and emerging risks
- ESG risks identified by the World Economic Forum
- Media analysis and external expectations
- Law 11/2018 concerning non-financial reporting and diversity
- International reporting standards (GRI and SASB)
- Requirements of ESG analysts (Dow Jones Sustainability Index, MSCI and Sustainalytics)

Consultation of internal and external stakeholders

184 consultations



23 interviews to corporate and business areas and directors

3 consultations among external stakeholders of relevance for Capital Energy

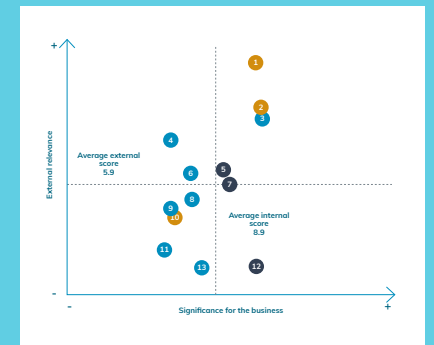
158 employees' responses to online surveys



Analysis and prioritisation

13 material topics

 E  S  G



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List of material topics

[GRI 3-2]

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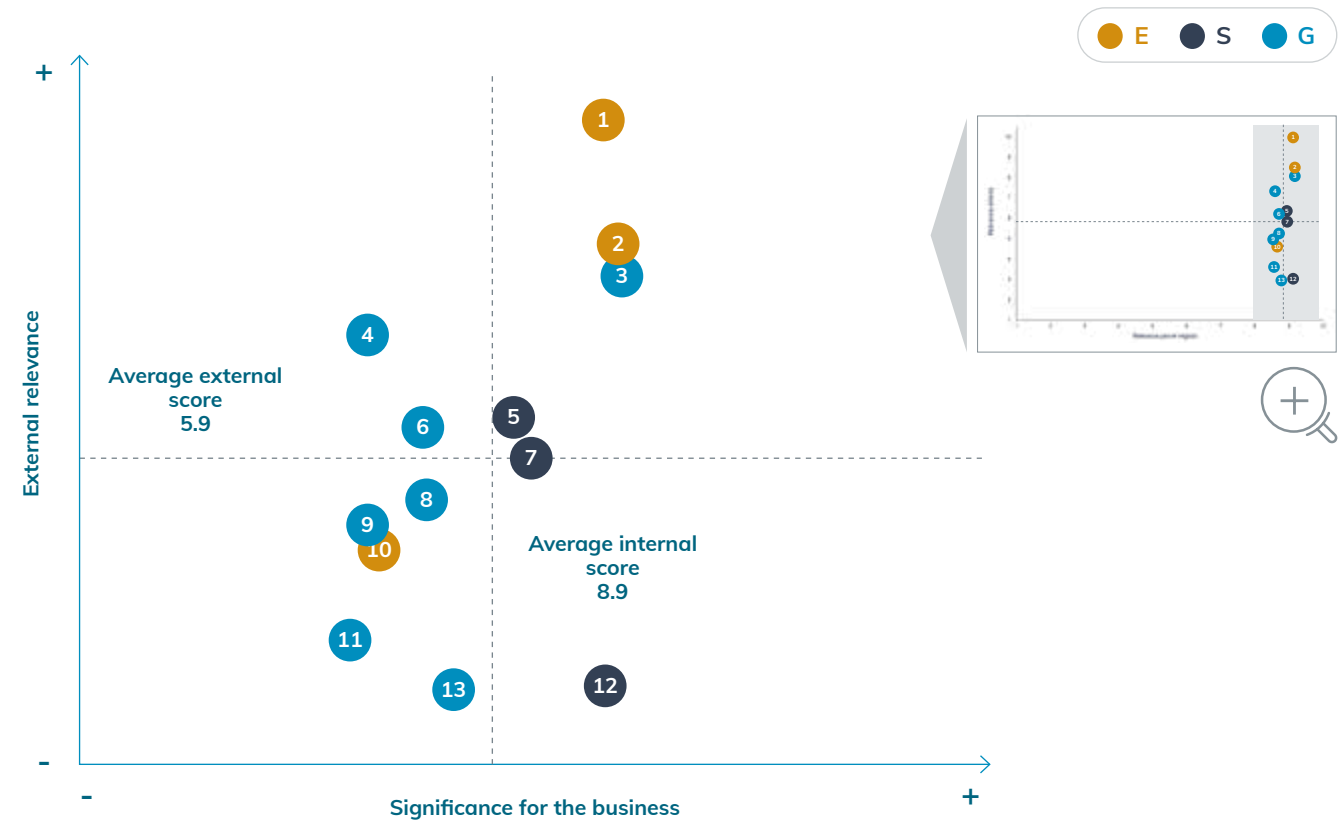
G

1. Climate change
2. Minimising the environmental impact
3. Ethical conduct and transparent management
4. Innovation and digitalisation
5. Social value and commitment to the environment
6. Sustainable financing
7. Attracting and developing top talent
8. Good governance
9. Responsible supplier management
10. Protecting biodiversity
11. Safety of physical assets and cybersecurity
12. Health and safety
13. Customer-focused approach and service excellence

Materiality matrix

The identified material topics are located on the right hand side of the matrix, indicating that they are all highly significant to the business (insiders' perspective).

A detailed overview has been provided of the matrix so as to better represent the company's position on the topics and clearly show how it prioritises them.



Partnerships and alliances for the transition

The company's contribution to the 2030 Agenda:



Target 17.16: “Enhance the global partnership for sustainable development complemented by multi-stakeholder partnerships that mobilize and share knowledge, expertise, technologies and financial resources to support the achievement of sustainable development goals in all countries, particularly developing countries”.

Target 17.17: “Encourage and promote effective public, public-private, and civil society partnerships, building on the experience and resourcing strategies of partnerships”.

Sustainability and ESG commitments



Platform to share knowledge and combine members' forces in order to advance in a coordinated and consistent way in the proper assessment and management of environmental impacts.



Forética's mission is to foster the integration of social, environmental and good governance aspects in the strategy and management of companies and organisations. With one goal: attaining a sustainable future.



A Ministry for the Ecological Transition and the Demographic Challenge initiative whose main goal is to support the integration and conservation of biodiversity in the business strategies of the various sectors of Spain's economy, as well as to identify alternative and innovative business opportunities and projects.



A charity initiative aimed at transforming global business by encouraging companies and organisations to align its strategies with the Ten Principles of the UN Global Compact concerning human rights, the environment, anti-corruption, labour, and the SDGs.



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Renewable energy



Representing producers and developers of renewable energy in the Canary Islands with the aim of sharing expertise and supporting renewable energy.



Encompassing Spanish wind energy companies and associations, its main goal is to promote wind energy in Spain.



Association is made up of nearly 400 companies representing the entire value chain of the various renewable technologies.



Cluster coordinating the actions of companies in the wind, solar photovoltaic, solar thermoelectric, biomass and energy saving and efficiency sectors.



A means of active participation for all companies in the sector for the sustainable and stable development of this type of energy in the Cantabria region.



Fostering the implementation of wind energy in Galicia, as well as defending the general interests of the member companies.



Supporting its members in connection with regulations on wind energy, environmental, cultural, heritage and urban planning.



Serving as a link between business, R&D, government and financing, covering the entire value chain of the clean technology sector.



Focusing primarily on promoting the execution, development and implementation of wind energy projects in Castilla y León.



Promoting collaboration and the improvement of the competitive position of industry and the environment, to serve as a benchmark in the development and competitive improvement of industrial companies in Navarra.



Helping to launch innovative joint initiatives aimed at harnessing new business opportunities and launching development and innovation projects.



Economic and legal think-tank with more than 300 forums and debates per year, informing members of the issues arising in the legal and business environment in Spain, Europe and other continents.

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Renewable energy



Association serving Spain's photovoltaic solar energy sector with members from practically the entire industry: producers, installers, engineering companies, manufacturers of raw materials, modules and components, distributors and consultants.



CYLSOLAR's main aim is to boost its members' competitiveness by fostering collaboration, pooling the interests, expertise and business culture needed to make them more competitive and productive.



Energy storage



A commercial association focusing on energy storage, working to achieve a more resilient, efficient, sustainable and affordable electricity grid, as enabled by energy storage.



EASE supports the deployment of energy storage to support the fair transition to a resilient, carbon-neutral and secure energy system.



Aiming to encompassing the main Spanish organisations, companies, universities and technology centres working in the field of energy storage in its broadest sense, including electrochemical (cells and batteries), chemical, thermal, mechanical and magnetic storage.



Aiming to accelerate the establishment of a globally competitive European battery industry, driving the implementation of battery-related research and innovation actions of the Strategic Energy Technology (SET) Plan and the Strategic Transport Research and Innovation Agenda (STRIA).



AEPIBAL aims to represent the interests of companies in the sector before national and European public administrations, and to advise its members on developments in the energy, legal and regulatory markets, as well as to facilitate access to public funding, events and special insurance.



The Foundation's goal and purpose is to promote, carry out and develop any advisory, research, technological progress, services, awareness and training activities in the field of energy, environmental sustainability and others directly or indirectly related thereto.

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Green hydrogen



Encouraging, fostering and driving the technological and industrial development of hydrogen technologies in our country, and ensuring they have a positive impact on Spanish society and the country's economy.



Organising, managing and executing a range of actions linked to hydrogen as an energy vector, with the aim of generating, storing and transporting hydrogen for use in fuel cells, transport applications or distributed energy generation.



Facilitating and accelerating the development and use in Spain of systems based on fuel cells and hydrogen, in its various technologies, for application in transport, stationary and grid-independent.



Representing European industry, national associations and research centres for the development and promotion of green hydrogen.



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Law 11/2018 indicator tables

Environmental matters

[GRI 306-3]

Waste generated by type and information concerning its treatment

Waste generated

Type of waste	Amount (kg) ¹
Contaminated absorbents	614
Used oil	513
Empty aerosols	4
Contaminated plastic packaging	188
Oil filters	419
Iron and steel	1,800
Ferrous metals	490
Paper	185
Plastic	446
Total	4,659

Hazardous and non-hazardous waste

Type	Amount (kg)
Non-hazardous	2,921
Hazardous	1,738
Total	4,659

[GRI 303-5]

Water consumption and water supply in accordance with local limits

Water consumption

m³⁽¹⁾

Water	877.73
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[GRI 301-1]

Consumption of raw materials and measures taken to improve the efficiency of raw material use

Consumption of materials

Printouts

Paper	420,846
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1 Waste generated has been calculated on the basis of the second half of 2021.
2 Mains water consumption has been estimated on the basis of the average water consumption per employee taken from the available invoices of one of the offices.



Human capital matters [GRI 2-7] [GRI 405-1]

Total number and distribution of employees according to representative diversity criteria (gender, age, country, etc.)
 Total number and distribution of types of employment contracts, average annual number of open-ended, temporary and part-time contracts by gender, age and job category.

Associated World Economic Forum pillars:



Persons

Breakdown of contracts at year end	
Type of contract	
Open-ended	368
Temporary	22
Working hours	
Full time	376
Part time	14

Category	Contract average in 2021			
	Open-ended		Average temporary contracts	
	Full time	Part time	Full time	Part time
Senior management personnel	12	0	0	0
Management	24	1	0	0
Supervisor, Middle Manager	64	0	0	0
Professional	249	7	11	3
Total	349	8	11	3
Gender				
Men	200	1	5	1
Women	149	7	6	2
Total	349	8	11	3
Age range				
Under 30	103	1	9	2
Between 30 and 50	225	6	2	1
Over 50	21	1	0	0
Total	349	8	11	3

1 Absence management systems were implemented in 2020. As Law 11/2018 did not apply in 2020, neither does its inclusion in this report.

The average remuneration of directors and executives, including variable remuneration, allowances, indemnities, payments to long-term savings schemes and any other payments, broken down by gender.

Average remuneration (in thousands of €)

	2021
Board members	
Board members	361.2
Steering Committee	565.4
Category	
Management and Senior Management	113,467
Supervisor, Middle Manager	56,321
Professional	34,609
Gender	
Men	49,463
Women	38,522
Age range	
Under 30	27,357
Between 30 and 50	51,062
Over 50	57,037

[GRI 401-1]

Number of redundancies by gender, age and job category

Number of dismissals broken down by gender and age group

Age group	Gender	2020	2021
>30 years	Male	1	0
	Female	0	2
	Total	1	2
30 to 50 years	Male	3	11
	Female	3	6
	Total	6	17
>50 years	Male	1	4
	Female	1	3
	Total	2	7

Dismissals broken down by gender and professional category

Professional category	Gender	2020	2021
Senior management personnel	Male	0	3
	Female	0	1
	Total	0	4
Management	Male	1	3
	Female	2	2
	Total	3	5
Supervisors, middle management	Male	2	0
	Female	0	1
	Total	2	1
Professionals	Male	2	9
	Female	2	7
	Total	4	16
Total	Male	5	15
	Female	4	11
	Total	9	26

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[GRI 403-5]

Occupational health and safety conditions

Training courses provided and its scope

Courses provided	Scope (% of employees trained)	Description of the content or important details worth noting
Basic training in occupational risk prevention in offices (art. 19 of occupational risk prevention law)	100%	Mandatory training provided to all workers concerning the job's risks.
First aid	100%	Training given to the members of these teams at the various offices.
Firefighting	100%	Training given to the members of these teams at the various offices.
Global Wind Organization	33%	Train and qualify workers in the wind energy sector under a set of common safety guidelines. Consisting of 4 modules (working at heights, first aid, manual handling of loads and firefighting). For workers who carry out field supervision work in wind farms.
Safe use and evacuation of elevator	33%	Training required by wind turbine installers for all workers accessing turbines.
Risks at wind farms and solar photovoltaic plants	100%	Training provided to workers who frequently visit wind farms, or who are posted there, concerning the organisational structure of the works, access protocol and visitor management, required PPE, risks to be considered when travelling, environmental risks, weather conditions and emergency measures.
Health and Safety Management	100%	Explaining, from a practical standpoint, what Health and Safety is, Capital Energy's organisational model, its strategic framework (compliance with legal requirements and with the ISO 45001 standard), legal responsibilities, occupational risks, workplace accidents, personal protective equipment, occupational and psycho-social health.

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[GRI 403-9]

Workplace accidents, in particular its frequency and severity, as well as occupational diseases; broken down by gender.

Accidents and injuries recorded

Units	2020			2021		
	Male	Female	Total	Male	Female	Total
No. of employees	180	141	321	217	173	390
No. of hours worked	354,960	278,052	633,012	427,924	345,100	773,024
No. of days worked			251			253
No. of deaths resulting from a work-related injury	0	0	0	0	0	0
No. of work-related injuries with serious consequences (not including fatalities)	0	0	0	0	0	0
No. of recordable work-related injuries not resulting in leave	1.00	0	1.00	1.00	1.00	2.00
No. of hours worked	354,960	278,052	633,012	427,924	345,100	773,024

Evolution of accidents over time

Accident rate	2020			2021		
	Male	Female	Total	Male	Female	Total
Accident frequency rate (number of occupational accidents resulting in medical leave per million hours worked).	0	0	0	0	0	0
Severity rate (number of days lost due to accidents at work resulting in medical leave per thousand hours worked).	0	0	0	0	0	0

Near miss frequency rate (NMFR) for employees

		2020			2021		
		Male	Female	Total	Male	Female	Total
NMFR (accidents without damage to property or personal injury but which could have caused personal injury).	No. of accidents recorded	0	0	0	0	0	0
	NMFR (NMFR/No. of hours worked) *200000	0	0	0	0	0	0

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[GRI 403-10]

Accidents and injuries recorded

		2020			2021		
		Male	Female	Total	Male	Female	Total
Employees	No. of deaths resulting from an occupational disease or illness	0	0	0	0	0	0
	No. of cases of recordable occupational diseases and illnesses	0	0	0	0	0	0
Workers other than employees controlled by the organisation and covered by the scheme	No. of deaths resulting from an occupational disease or illness	0	0	0	0	0	0
	No. of cases of recordable occupational diseases and illnesses	0	0	0	0	0	0

More details on the management approach under the heading 'Human Capital'. 

No. of total absent hours¹

	Unit	2021
Total absence	Hours	2,514.5

1 Absence management systems were implemented in 2020. As Law 11/2018 did not apply in 2020, neither does its inclusion in this report.



Law 11/2018 content index

Information required under Law 11/2018	Reporting criteria: Selected GRIs	Section of the report where a response or direct input is provided
GENERAL INFORMATION		
A brief description of the business model including its business environment, organisation and structure.	GRI 2-6 (2021) GRI 2-7 (2021) GRI 2-9 (2021)	Capital Energy: leading the transformation with a positive impact
Markets in which it operates	GRI 2-1 (2021) GRI 2-6 (2021) GRI 2-7 (2021)	Capital Energy: leading the transformation with a positive impact
The organisation's goals and strategies	GRI 2-1 (2021) GRI 2-22 (2021)	Capital Energy: leading the transformation with a positive impact
Main factors and trends that may affect its future development	GRI 2-22 (2021)	Capital Energy: leading the transformation with a positive impact
Reporting framework used	GRI 3-3 (2021)	See Annex hereto
Materiality principle	GRI 3-1 (2021) GRI 3-2 (2021)	See Annex hereto
ENVIRONMENTAL MATTERS		
Management approach: description and results of the policies related to these matters, as well as the main related risks linked to the group's activities.	GRI 3-3 (2021)	Our environmental and social footprint
Detailed general information		
Detailed information on the current and foreseeable effects of the company's activities on the environment and, where appropriate, on health and safety.	GRI 3-3 (2021)	Our environmental and social footprint
Environmental assessment or certification procedures	GRI 2-25 (2021) GRI 3-3 (2021)	Our environmental and social footprint

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Information required under Law 11/2018	Reporting criteria: Selected GRIs	Section of the report where a response or direct input is provided
Resources dedicated to environmental risk prevention	GRI 3-3 (2021)	Our environmental and social footprint
Application of the precautionary principle	GRI 2-23 (2021) GRI 3-3 (2021)	Our environmental and social footprint
Provisions and guarantees allocated for environmental risks	GRI 2-25 (2021) GRI 3-3 (2021)	Our environmental and social footprint
Pollution		
Measures to prevent, reduce or remedy emissions that severely affect the environment; taking into account any form of activity-specific atmospheric pollution, including noise and light pollution	GRI 3-3 (2021)	Our environmental and social footprint
Circular economy and waste prevention and management		
Measures for waste prevention, recycling, re-use, and other forms of waste recovery and disposal	GRI 306-1 GRI 306-2 GRI 306-3	Our environmental and social footprint
Measures to combat food waste	GRI 3-3 (2021)	Non-material. The company's activities in this connection are not material, so there are no actions planned in this domain.
Sustainable use of resources		
Water consumption and water supply in accordance with local limits	GRI 303-5	See annex hereto
Consumption of raw materials and measures taken to improve the efficiency of raw material use	GRI 301-1	See annex hereto
Direct and indirect energy consumption	GRI 302-1	Our environmental and social footprint
Measures to improve energy efficiency	GRI 3-3 (2021)	Our environmental and social footprint
Use of renewable energies	GRI 302-1	Our environmental and social footprint

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Information required under Law 11/2018	Reporting criteria: Selected GRIs	Section of the report where a response or direct input is provided
Climate change		
Greenhouse gas emissions generated as a result of the company's activities, including the use of the goods and services it produces.	GRI 305-1 GRI 305-2 GRI 305-3	Our environmental and social footprint
Measures adopted to adapt to the consequences of climate change	GRI 3-3 (2021)	Our environmental and social footprint
Voluntary medium- and long-term reduction targets set to reduce greenhouse gas emissions and the means implemented in this regard	GRI 3-3 (2021) GRI 305-5	Our environmental and social footprint
Protecting biodiversity		
Measures taken to preserve or restore biodiversity	GRI 3-3 (2021) GRI 304-3 GRI 304-4	Our environmental and social footprint
Impacts caused by activities or operations in protected areas	GRI 3-3 (2021) GRI 304-2	Our environmental and social footprint
SOCIAL AND STAFF-RELATED ISSUES		
Management approach: description and results of the policies related to these matters, as well as the main related risks linked to the group's activities.	GRI 3-3 (2021)	Human capital: an excellent team
Employment		
Total number and breakdown of employees by country, gender, age and occupational classification	GRI 405-1	Human capital: an excellent team
Total number and distribution of types of employment contracts, and average annual number of open-ended, temporary and part-time contracts by gender, age and job category.	GRI 2-7 (2021)	See Annex hereto
Number of redundancies by gender, age and job category	GRI 3-3 (2021) GRI 401-1	See Annex hereto
Average earnings and evolution thereof broken down by gender, age and job category or equal value	GRI 3-3 (2021) GRI 405-2	Human capital: an excellent team. More information in the Annex hereto

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Information required under Law 11/2018	Reporting criteria: Selected GRIs	Section of the report where a response or direct input is provided
Wage gap, remuneration for equal jobs or average remuneration at the company	GRI 3-3 (2021) GRI 405-2	Human capital: an excellent team
Average remuneration of directors and executives, including variable remuneration, allowances, indemnities, payments to long-term savings schemes and any other payments, broken down by gender	GRI 3-3 (2021) GRI 405-2	See Annex hereto
Implementation of disconnection policies	GRI 3-3 (2021)	Human capital: an excellent team
Number of disabled employees	GRI 3-3 (2021) GRI 405-1	Human capital: an excellent team
Organisation of work		
Organisation of work schedule	GRI 3-3 (2021)	Human capital: an excellent team
Number of hours of absence	GRI 3-3 (2021) GRI 403-9	See Annex hereto
Measures aimed at enhancing work-life balance and encouraging the enjoyment of work-life balance by both parents	GRI 3-3 (2021) GRI 401-3	Human capital: an excellent team
Health and safety		
Occupational health and safety conditions	GRI 3-3 (2021) GRI 403-1 to 403-8	Human capital: an excellent team
Workplace accidents, in particular its frequency and severity, as well as occupational diseases; broken down by gender	GRI 403-9 GRI 403-10	See Annex hereto
Social relations		
Organisation of social dialogue, including procedures for informing, consulting and negotiating with the staff	GRI 3-3 (2021)	Human capital: an excellent team
Percentage of employees covered by collective bargaining agreements by country	GRI 2-30 (2021)	Human capital: an excellent team
Taking stock of collective bargaining agreements, most notably in the sphere of occupational health and safety	GRI 3-3 (2021)	Human capital: an excellent team

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Information required under Law 11/2018	Reporting criteria: Selected GRIs	Section of the report where a response or direct input is provided
Training		
Policies implemented in connection with training	GRI 404-2	Human capital: an excellent team
Total training hours by professional category	GRI 3-3 (2021) GRI 404-1	Human capital: an excellent team
Universal accessibility		
Universal accessibility for disabled people	GRI 3-3 (2021)	Human capital: an excellent team
Equality		
Measures taken to promote equal treatment and opportunities for women and men	GRI 3-3 (2021)	Human capital: an excellent team
Equality plans, measures taken to promote employment, protocols against sexual and gender-based harassment	GRI 3-3 (2021)	Human capital: an excellent team
Policy against all types of discrimination and, where appropriate, diversity management policy	GRI 3-3 (2021)	Human capital: an excellent team
RESPECT FOR HUMAN RIGHTS		
Management approach: description and results of the policies related to these matters, as well as the main related risks linked to the group's activities.	GRI 3-3 (2021)	Aligned with best practices and Human capital: an excellent team
Implementation of due diligence procedures		
Implementation of human rights due diligence procedures and prevention of risks of human rights breaches and, where appropriate, measures to mitigate, manage and remedy possible abuses committed	GRI 2-23 (2021) GRI 2-26 (2021)	Aligned with best practices
Complaints relating to human rights breaches	GRI 3-3 (2021) GRI 406-1	Aligned with best practices
Measures implemented for the promotion and enforcement of the provisions of the ILO core conventions concerning respect for freedom of association and the right to collective bargaining; the elimination of discrimination in respect of employment and occupation; the elimination of forced or compulsory labour; the effective abolition of child labour.	GRI 3-3 (2021)	Aligned with best practices and Human capital: an excellent team

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Information required under Law 11/2018	Reporting criteria: Selected GRIs	Section of the report where a response or direct input is provided
ANTI-CORRUPTION AND ANTI-BRIBERY		
Management approach: description and results of the policies related to these matters, as well as the main related risks linked to the group's activities.	GRI 3-3 (2021)	Aligned with best practices
Measures taken to prevent corruption and bribery	GRI 2-23 (2021) GRI 2-26 (2021) GRI 3-3 (2021)	Aligned with best practices
Measures to combat money laundering	GRI 2-23 (2021) GRI 2-26 (2021) GRI 3-3 (2021)	Aligned with best practices
Contributions to foundations and non-profit entities	GRI 2-28 (2021) GRI 201-1	Our environmental and social footprint
COMPANY INFORMATION		
Management approach: description and results of the policies related to these matters, as well as the main related risks linked to the group's activities.	GRI 3-3 (2021)	Aligned with best practices
Company commitments to sustainable development		
The impact of the company's activity on local employment and development	GRI 3-3 (2021) GRI 204-1	Aligned with best practices and Our environmental and social footprint
The impact of the company's activity on local communities and the territory	GRI 3-3 (2021) GRI 413-1	Aligned with best practices and Our environmental and social footprint
Relations with local community actors and methods of engagement with them.	GRI 2-29 (2021) GRI 413-1	Our environmental and social footprint
Partnership or sponsorship actions	GRI 3-3 (2021) GRI 201-1	See Annex hereto

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Information required under Law 11/2018	Reporting criteria: Selected GRIs	Section of the report where a response or direct input is provided
Supplier sub-contracting		
Inclusion of social, gender equality and environmental issues in procurement policy	GRI 3-3 (2021)	Aligned with best practices
In relations with suppliers and subcontractors, consideration of their social and environmental responsibility	GRI 2-6 (2021) GRI 308-1 GRI 414-1	Aligned with best practices
Monitoring and audit systems and audit results	GRI 2-6 (2021)	Aligned with best practices
Consumers		
Consumer health and safety measures	GRI 3-3 (2021)	Aligned with best practices
Complaint systems, complaints received and its resolution	GRI 3-3 (2021) GRI 418-1	Aligned with best practices
Tax information		
Profits by country	GRI 3-3 (2021)	Capital Energy: leading the transformation with a positive impact
Income tax paid	GRI 3-3 (2021) GRI 201-1	Capital Energy: leading the transformation with a positive impact
Public subsidies received	GRI 201-4	No public subsidies were received during the financial year 2021

GRI content index

(based on the latest GRI standards)

GRI code	Indicator description	Reference / Response	Verification
GRI 2: General Disclosures 2021			
The organisation and its reporting practices			
2-1	Details of the organisation	Capital Energy, S.L.U.	✓
		C/Marqués de Villamagna, 3, planta 5ª. 28001 Madrid (Spain)	✓
		Spain and Portugal	✓
		Sociedad Limitada Unipersonal	✓
2-2	Companies featured in the consolidated financial statements	Pages 126-128	✓
2-3	Reporting period, frequency and contact	1 January 2021 – 31 December 2021	✓
		Annual	✓
		https://www.capitalenergy-group.com/en/contact	✓
2-4	Restatement of information	Not applicable	✓
2-5	External verification	Page 124	✓
Activities and workers			
2-6	Activities, value chain and other business relationships	Pages 60-64	✓
2-7	Employees	Pages 67-74, 103	✓
2-8	Workers who are not employees	Page 103	✓
Governance			
2-9	Governance structure and composition	Pages 50, 51	✓
2-10	Appointment and selection of the most senior governance body	Page 51	✓
2-11	Chair of the most senior governance body	Pages 50, 51	✓

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GRI code	Indicator description	Reference / Response	Verification
2-12	Role of the most senior governance body in overseeing impact management	Page 51	✓
2-13	Delegation of responsibility for managing impacts	Pages 50, 51	✓
2-14	Role of the most senior governance body in sustainability reporting	Page 51	✓
2-15	Conflicts of interest	Page 51	✓
2-16	Communication of critical concerns	Page 51	✓
2-17	Collective knowledge of the most senior governance body	Page 51	✓
2-18	Performance review of the most senior governance body	Page 51	✓
2-19	Remuneration policies	Not applicable	✓
2-20	Process for determining remuneration	Not applicable	✓
2-21	Total annual compensation ratio	Pages 71, 104	✓
Strategy, policies and practices			
2-22	Statement on the development of the sustainability strategy	Pages 3-5, 24	✓
2-23	Policy commitments	Pages 52-54	✓
2-24	Inclusion of policy commitments	Pages 52-54	✓
2-25	Processes to remedy negative impacts	Pages 56-58	✓
2-26	Advisory mechanisms and ethical concerns	Pages 52-54	✓
2-27	Legal and regulatory compliance	Not applicable	✓
2-28	Membership of associations	Pages 98-101	✓
Relationships with stakeholders			
2-29	Stakeholder engagement approaches	Page 95	✓
2-30	Collective bargaining agreements	Page 69	✓
GRI 3: Material topics 2021			
3-1	Process for determining material topics	Page 96	✓
3-2	List of material topics	Page 97	✓

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GRI code	Indicator description	Reference / Response	Verification
Material topics			
Climate change			
GRI 3: Material topics 2021			
3-3	Management of material topics	Pages 79-82	✓
GRI 302: Energy			
302-1	Energy consumption within the organisation	Page 79	✓
GRI 305: Issues			
305-1	Direct GHG emissions (Scope 1)	Pages 80, 81	✓
305-2	Indirect GHG emissions when generating energy (Scope 2)	Pages 80, 81	✓
305-3	Other indirect GHG emissions (Scope 3)	Pages 80, 81	✓
305-5	Reducing GHG emissions	Page 79	✓
Minimising the environmental impact			
GRI 3: Material topics 2021			
3-3	Management of material topics	Page 78	✓
GRI 301: Materials			
301-1	Materials used by weight or volume	Page 102	✓
GRI 303: Water and effluents			
303-5	Water consumption	Page 102	✓
GRI 306: Waste			
306-1	Waste generation and significant waste-related impacts	Pages 78, 102	✓
306-2	Management of significant waste-related impacts	Pages 78, 102	✓
306-3	Waste generated	Page 102	✓

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GRI code	Indicator description	Reference / Response	Verification
Management conduct and transparency			
GRI 3: Material topics 2021			
3-3	Management of material topics	Page 52	✓
Innovation and digitalisation			
GRI 3: Material topics 2021			
3-3	Management of material topics	Page 42	✓
Social value and commitment to the environment			
GRI 3: Material topics 2021			
3-3	Management of material topics	Pages 86-92	✓
GRI 201: Financial performance in 2016			
201-1	Direct economic value generated and distributed	Page 88	✓
GRI 413: Local communities in 2016			
413-1	Operations with local community involvement, impact assessments and development programmes	Pages 61-87	✓
Sustainable financing			
GRI 3: Material topics 2021			
3-3	Management of material topics	Page 41	✓
Attracting and developing top talent			
GRI 3: Material topics 2021			
3-3	Management of material topics	Pages 67-73	✓
GRI 401: Employment in 2016			
401-1	New employee recruitment and staff turnover	Page 69	✓
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Pages 67-73	✓

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GRI code	Indicator description	Reference / Response	Verification
GRI 404: Training and teaching in 2016			
404-1	Average hours of training per year per employee	Page 72	✓
404-2	Programs for upgrading employee skills and transition assistance programmes	Pages 72, 105	✓
404-3	Percentage of employees receiving regular performance reviews and professional development appraisals	Page 73	✓
GRI 405: Diversity and equal opportunity in 2016			
405-1	Diversity of governance bodies and employees	Pages 70, 71, 103	✓
405-2	Ratio of basic salary and remuneration of women vs men	Page 71	✓
GRI 406: Non-discrimination			
406-1	Incidents of discrimination and corrective actions taken	Page 59	✓
Good governance			
GRI 3: Material topics 2021			
3-3	Management of material topics	Pages 50, 51	✓
Responsible supply chain management			
GRI 3: Material topics 2021			
3-3	Management of material topics	Pages 60-65	✓
GRI 201: Financial performance in 2016			
201-1	Direct economic value generated and distributed	Page 30	✓
GRI 204: Procurement practices in 2016			
204-1	Proportion of spending on local suppliers	Page 61	✓
GRI 308: Environmental assessment of suppliers in 2016			
308-1	New suppliers that have been screened according to environmental criteria	Page 61	✓

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GRI code	Indicator description	Reference / Response	Verification
GRI 414: Social assessment of suppliers in 2016			
414-1	New suppliers that have been screened according to social criteria	Pages 62-64	
Protecting biodiversity			
GRI 3: Material topics 2021			
3-3	Management of material topics	Pages 83-85	✓
GRI 304: Biodiversity in 2016			
304-2	Significant impacts of activities, products and services on biodiversity	Pages 83-85	✓
304-3	Habitats protected or restored	Pages 84-85	✓
304-4	Species on the IUCN Red List and on national conservation lists whose habitats are located in areas affected by operations	Pages 83-85	✓
Safety of physical assets and cybersecurity			
GRI 3: Material topics 2021			
3-3	Management of material topics	Pages 47, 54-59	✓
Health and safety			
GRI 3: Material topics 2021			
3-3	Management of material topics	Pages 65-74	✓
GRI 403: Occupational health and safety in 2018			
403-1	Occupational health and safety management system	Page 74	✓
403-2	Hazard identification, risk assessment and incident investigation	Page 74	✓
403-3	Occupational health services	Page 74	✓
403-5	Worker training on occupational health and safety	Pages 74, 105	✓

GRI code	Indicator description	Reference / Response	Verification
403-6	Promotion of worker health	Page 74	✓
403-8	Workers covered by an occupational health and safety management system	Page 74	✓
403-9	Work-related injuries	Pages 65, 74, 106	✓
403-10	Occupational diseases and illnesses	Pages 65, 107	✓
Customer-focused approach and service excellence			
GRI 3: Material topics 2021			
3-3	Management of material topics	Pages 26, 38, 39	✓
GRI 418: Customer privacy in 2016			
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Page 39	✓
Proximity and communication with stakeholders			
GRI 3: Material topics 2021			
3-3	Management of material topics	Pages 26, 95	✓



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Content index as per the Principles of the UN Global Compact

Principles

Report section

Human rights

- | | |
|---|--|
| 1. Businesses should support and respect the protection of internationally proclaimed human rights. | Aligned with best practices and Human capital: an excellent team |
| 2. Businesses should make sure that they are not complicit in human rights abuses. | Aligned with best practices and Human capital: an excellent team |

Labour

- | | |
|--|--|
| 3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining | Human capital: an excellent team |
| 4. Businesses should support the elimination of all forms of forced and compulsory labour. | Aligned with best practices and Human capital: an excellent team |
| 5. Businesses should support the effective abolition of child labour | Aligned with best practices and Human capital: an excellent team |
| 6. Businesses should support the elimination of discrimination in respect of employment and occupation | Aligned with best practices and Human capital: an excellent team |

Environment

- | | |
|--|--|
| 7. Businesses should support a precautionary approach to environmental challenges | Our environmental and social footprint |
| 8. Businesses should undertake initiatives to promote greater environmental responsibility | Our environmental and social footprint |
| 9. Businesses should encourage the development and diffusion of environmentally friendly technologies. | Capital Energy: leading the transformation with a positive impact and Our environmental and social footprint |

Anti-corruption

- | | |
|---|-----------------------------|
| 10. Businesses should work against corruption in all its forms, including extortion and bribery | Aligned with best practices |
|---|-----------------------------|

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WEF content index

Below are the four pillars of the World Economic Forum (WEF) from the reference document “Measuring Stakeholder Capitalism: Towards Common Metrics and Consistent Reporting of Sustainable Value Creation”, using core metrics with indicators of critical importance.

Pillar	Sub-topic	Report section
<div>Governance principles</div> <div></div>	Purpose of governance	Aligned with best practices
	Quality of the governance body	Aligned with best practices
	Engagement with stakeholders	See Annex hereto
	Ethical performance	Aligned with best practices
	Oversight of risks and opportunities	Aligned with best practices
<div>Planet</div> <div></div>	Climate change	Our environmental and social footprint
	Loss of nature	Our environmental and social footprint
<div>Persons</div> <div></div>	Dignity and equality	Human capital: an excellent team
	Health and well-being	Human capital: an excellent team
	Skills for the future	Human capital: an excellent team
<div>Prosperity</div> <div></div>	Employment and wealth creation	Aligned with best practices and Our environmental and social footprint
	Innovation of products and services	Capital Energy: leading the transformation with a positive impact
	Community and social vitality	Our environmental and social footprint



Assurance report



**Free translation from the original in Spanish.
In the event of a discrepancy, the Spanish language version prevails**

INDEPENDENT LIMITED ASSURANCE REPORT

To the Board of Directors of Capital Energy Holding Company, S.A.U.:

Pursuant to article 49 of the Code of Commerce, we have verified, with the scope of a limited assurance engagement, the accompanying Consolidated Statement of Non-Financial Information ("SNFI") for the year ended 31 December 2021 of Capital Energy Holding Company, S.A.U. and its subsidiaries (hereinafter "Capital Energy" or the Group) which forms part of Capital Energy's consolidated management report.

The content of the consolidated management report includes information additional to that required by current mercantile legislation in relation to non-financial information, which has not been covered by our verification work. In this respect, our work was limited solely to verifying the information identified in the Annex: "Law 11/2018 content index" and "GRI content index".

Responsibility of the directors

The preparation of the SNFI included in Capital Energy's consolidated management report and the content thereof, are the responsibility of the directors of Capital Energy. The SNFI has been drawn up in accordance with the provisions of current mercantile legislation and following the criteria of the *Sustainability Reporting Standards* of the *Global Reporting Initiative* ("GRI Standards") described in line with the Core option as per the details provided for each matter in the Annex: "Law 11/2018 content index" and "GRI content index".

This responsibility also includes the design, implementation and maintenance of the internal control considered necessary to allow the SNFI to be free from material misstatement due to fraud or error.

The directors of Capital Energy Holding Company S.A.U. are also responsible for defining, implementing, adapting and maintaining the management systems from which the information required to prepare the SNFI is obtained.

Our independence and quality control

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

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

The engagement team has consisted of professionals specialising in Non-financial Information reviews, specifically in information on economic, social and environmental performance.

PricewaterhouseCoopers Auditores, S.L., Torre PwC, Pº de la Castellana 259 B, 28046 Madrid, España
Tel.: +34 915 684 400 / +34 902 021 111, Fax: +34 915 685 400, www.pwc.es



Our responsibility

Our responsibility is to express our conclusions in a limited assurance independent verification report based on the work we have performed solely in relation to the year 2021. The data relating to previous years were not subject to verification in accordance with current mercantile legislation. We carried out our work in accordance with the requirements set out in the current International Standard on Assurance Engagements 3000 Revised, "Assurance Engagements other than Audits or Reviews of Historical Financial Information" (ISAE 3000 Revised) issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC) and in the Guidelines for verification engagements of the Statement of Non-Financial Information issued by the Spanish Institute of Auditors ("Instituto de Censores Jurados de Cuentas de España").

In a limited assurance engagement, the procedures performed vary in nature and timing, and are less extensive than, those carried out in a reasonable assurance engagement and accordingly, the assurance provided is also lower.

Our work consisted of posing questions to management as well as to the various units of Capital Energy that were involved in the preparation of the SNFI, of the review of the processes for compiling and validating the information presented in the SNFI, and in the application of certain analytical procedures and review procedures on a sample basis, as described below:

- Meetings with Capital Energy personnel to understand the business model, policies and management approaches applied, principal risks relating to these matters and to obtain the necessary information for the external review.
- Analysis of the scope, relevance and integrity of the content of the SNFI for the year 2021, based on the materiality analysis carried out by Capital Energy and described in Annex "Materiality matrix", taking into account the content required by current mercantile legislation.
- Analysis of the procedures used to compile and validate the information presented in the SNFI for the year 2021.
- Review of information relating to risks, policies and management approaches applied in relation to material matters presented in the SNFI for the year 2021.
- Verification, by means of sample testing, of the information relating to the content of the SNFI for the year 2021 and that it was adequately compiled using data provided by the sources of the information.
- Obtaining a management representation letter from the directors and management of the Parent company.

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Conclusion

Based on the procedures performed in our verification and the evidence we have obtained, nothing has come to our attention that causes us to believe that the SNFI of Capital Energy, for the year ended 31 December 2021 has not been prepared, in all material respects, in accordance with the provisions of current mercantile legislation and following the criteria of the GRI Standards described in line with the Core option as per the details provided for each matter in the Annex: "Law 11/2018 content index" and "GRI content index".

Use and distribution

This report has been drawn up in response to the requirement established in current Spanish mercantile legislation and therefore may not be suitable for other purposes and jurisdictions.

PricewaterhouseCoopers Auditores, S.L.

Tamer Davur

April 22, 2022

External report on certification of footprint

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GRUPO CAPITAL ENERGY, declara sus emisiones de GEI de acuerdo a los criterios de la GHG Protocol Corporate Accounting and Reporting Standard (v. 2015). Las emisiones, en toneladas métricas equivalentes de CO₂, del año 2021 (periodo comprendido entre 01/01/2021 a 31/12/2021) y el recálculo de su año base, el año 2020 (periodo comprendido entre 01/01/2020 a 31/12/2020) han sido verificadas por SGS con un nivel limitado de exactitud, consistente con los alcances, objetivos y criterios de la UNE EN ISO 14064-3:2019

Año	Alcance 1 t CO ₂ eq	Alcance 2 t CO ₂ eq	Alcance 3 t CO ₂ eq	Total t CO ₂ eq
2020	82	25	30	137
2021	173	24	68	265

SGS ha planificado y desarrollado los presentes trabajos para obtener la información, explicaciones, y evidencias necesarias para proporcionar un nivel de exactitud limitado de que las emisiones de GEI durante el año 2020 y 2021 (comprendido entre el 01/01/2020 al 31/12/2020 y del 01/01/2021 al 31/12/2021, respectivamente) han sido definidas correctamente.

Nuestra verificación del Inventario de Emisiones de GEI del GRUPO CAPITAL ENERGY incluye la evaluación del sistema de información de GEI, su control, y su protocolo de notificación. Esta verificación ha incluido la recopilación de evidencias que sustentan los datos notificados, y la comprobación de si los procedimientos del GRUPO CAPITAL ENERGY, se han aplicado de forma correcta.

Dictamen

La declaración de GEI presentada

- Es materialmente correcta y representa de forma ajustada los datos e información sobre GEI, y
- Está preparada de acuerdo a los criterios de la norma UNE EN ISO 14064-1:2019, en relación con su cuantificación, control y notificación

Este dictamen debe ser interpretado conjuntamente con el Informe de Huella de Carbono 2021, de marzo de 2022, de GRUPO CAPITAL ENERGY, (Declaración de GEI de GRUPO CAPITAL ENERGY.)

Nota: Esta declaración se emite para el uso de GRUPO CAPITAL ENERGY, por parte de SGS Tecnos S.A. ("SGS") según las condiciones generales incluidas en http://www.sgs.com/terms_and_conditions.htm. Los resultados aquí obtenidos, y la información de GEI correspondiente pueden ser contestados por GRUPO CAPITAL ENERGY. Esta declaración no excluye a GRUPO CAPITAL ENERGY del cumplimiento legal de la normativa que le sea de aplicación al respecto. Estipulaciones en la no son vinculantes con SGS, y por tanto SGS declina toda responsabilidad con otras partes distintas de GRUPO CAPITAL ENERGY.

Esta Declaración de GEI no es válida sin el anexo donde se incluye su alcance, objetivos, criterios y resultados.

SGS Tecnos S.A.U.
C/Trespaderne 29, Edificio Barajas I, 2ª Planta, 28042 – Madrid (España)
www.sgs.es

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- Aliseda Fotovoltaico, S.L.
- Almendra Renovables 400Kv, S.L.
- Alvite Energy, S.L.U.
- Amaranta Energy, S.L.U.
- Anguita Fotovoltaico, S.L.
- Araiz Energy, S.L.U.
- Asturwind, S.L.
- Atenea Energy, S.L.U.
- Azemur Energy, S.L.U.
- Banzas Wind Energy, S.L.U.
- Barcella Energy, S.L.U.
- Bustafrades Energy, S.L.U.
- Bustatur Energy, S.L.U.
- Canales Norte Energy, S.L.U.
- Canales Sur Energy, S.L.U.
- Capital Energy Andalucía, S.L.U.
- Capital Energy Centro Norte, S.L.U.
- Capital Energy Comercializadora, S.L.U.
- Capital Energy Engineering, S.L.U.
- Capital Energy Eólica Marina, S.A.
- Capital Energy Euskal Projects, S.L.U.
- Capital Energy Euskal Holding, S.L.U.
- Capital Energy Power Vórtice, S.L.U.
- Capital Energy Power, S.A.U.
- Capital Energy Power Delta, S.L.U.
- Capital Energy Proyectos Energéticos, S.L.U.
- Capital Energy Solar Eólica, S.L.U.
- Capital Energy Storage, S.L.U.
- Capital Energy Venture, S.L.U.
- Capital Energy, S.L.U.
- Capital Millenium Alcázar de San Juan, S.L.U.
- Capital Millenium Energy, S.L.U.
- Capital Millenium Termosolar Extremadura, S.L.U.
- Capital Millenium Termosolar Holding, S.L.U.
- Cerecol Energy, S.L.U.
- Cerevil Energy, S.L.U.
- Cilda Energy, S.L.U.
- Colibrí Energy, S.L.U.
- Cruzados Energy, S.L.U.
- Doña Urraca Energy, S.L.U.
- El Acebo Energy, S.L.U.
- El Bosque Fotovoltaico, S.L.U.
- El Castillar Energy, S.L.U.
- El Empecinado Two Energy, S.L.U.
- Empecinado I Energy, S.L.U.
- Evacuación Colectora Pesoz, A.I.E.
- Filabres Energy, S.L.U.
- Formosa Energy, S.L.U.
- FV Casas de la Madrona, S.L.U.
- FV Lirio Energy, S.L.U.
- Garma Blanca Energy, S.L.U.
- Green Capital Development 100, S.L.U.
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- Green Capital Development XIX, S.L.U.
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- Green Capital Devolpment XV, S.L.U.
- Green Capital Devolpment XVI, S.L.U.
- Green Capital Devolpment XVII, S.L.U.
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- Green Capital Devolpment XX, S.L.U.
- Green Capital Devolpment XXI, S.L.U.
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- Green Capital Devolpment XXXV, S.L.U.
- Green Capital Devolpment XXXVII, S.L.U.
- Green Capital Devolpment XXXVIII, S.L.U.
- Green Capital Holding I S.à r.l.
- Green Capital Holding II S.à r.l.
- Green Capital Power, S.L.U.

- Green Power Supply, S.L.U. (*)
- ICE Anduriña, S.L.
- ICE Barrosino, S.L.
- ICE Alvite, S.L.
- ICE Cunca y Rodeira, S.L.
- Infinita, S.A.
- Joluga Energy, S.L.U.
- La Encantada Energy, S.L.U.
- La Espina Energy, S.L.U.
- La Herrada Energy, S.L.U.
- La Rasa Energy, S.L.U.
- Las Estacas Fotovoltaica, S.L.
- Los Corrales Energy, S.L.U.
- Lusitania Renovables, S.L.U.
- Maragouto Energy, S.L.U.
- Neralda Energy, S.L.U.
- Olea Energy, S.L.U.
- Ornedo Energy, S.L.U.
- Orquídea Energy, S.L.U.
- Parque Eólico 7 Fanegas, S.L.U.
- Parque Eólico Abrente, S.L.U.
- Parque Eólico Alsa, S.L.U.
- Parque Eólico Ayamonte, S.L.
- Parque Eólico Bolina, Unipessoal Lda.
- Parque Eólico Brandal, Unipessoal Lda.
- Parque Eólico Brañadesella, S.L.U.
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- Parque Eólico Buseco, S.L.U.
- Parque Eólico Cabezuelas, S.L.U.
- Parque Eólico Carlinga II, Unipessoal Lda.
- Parque Eólico Carlinga, Unipessoal Lda.
- Parque Eólico Cassiopea, S.L.
- Parque Eólico Corredioño, Unipessoal Lda.
- Parque Eólico Cotío, S.L.U.
- Parque Eólico Couto, Unipessoal Lda.
- Parque Eólico Cristóbal, S.L.U.
- Parque Eólico El Barroso, S.L.
- Parque Eólico Escorpio, S.A.
- Parque Eólico Gasalla, S.L.U.
- Parque Eólico Hazapierna, S.L.U.
- Parque Eólico Henestrosas, S.L.U.
- Parque Eólico Legre, S.L.U.
- Parque Eólico Leo, S.L.
- Parque Eólico Loma de los Pinos, S.L.
- Parque Eólico Monte Inxeiro, S.L.U.
- Parque Eólico Morosos, S.L.U.
- Parque Eólico Pedrecha, S.L.U.
- Parque Eólico Pinarejo I y II, S.L.
- Parque Eólico Pousadoiro, S.L.U.
- Parque Eólico Praderas Altas, S.L.U.
- Parque Eólico Puerta Calera II, S.L.U.
- Parque Eólico Puerto Calera I, S.L.U.
- Parque Eólico Sierra de Eirua, S.A.
- Parque Eólico Solpor, S.L.U.

- Parque Eólico Tadeas, S.L.U.
- Parque Eólico Torrecilla, S.L.U.
- Parque Eólico Turia, S.L.U.
- Parque Eólico Vacaloura, S.L.U.
- Parque Eólico Vigia, Unipessoal Lda.
- Parque Eólico Zondavento, Unipessoal Lda.
- Plauri Energy, S.L.U.
- Promalfar Logistia, S.L.U.
- Promoción y Gestión Cáncer, S.L.
- Promotores Renovables Fuente de Alcarria, S.L.
- Ribota Energy, S.L.U.
- Sabatera Energy, S.L.U.
- Sierra de Tabar Energy, S.L.U.
- Solum Photovoltaic Innovation, S.L.
- Templarios Energy, S.L.U.
- Terrer Renovables, S.L. (**)
- Troitomil Energy, S.L.U.
- Turkana Energy, S.L.U.
- Turubello Energy, S.L.U.
- Valderrete Energy, S.L.U.
- Walia Energy, S.L.U.

(*) Until 24/12/2021 its name was Eneluz 2025, S.L.U.

(**) Joint agreement

