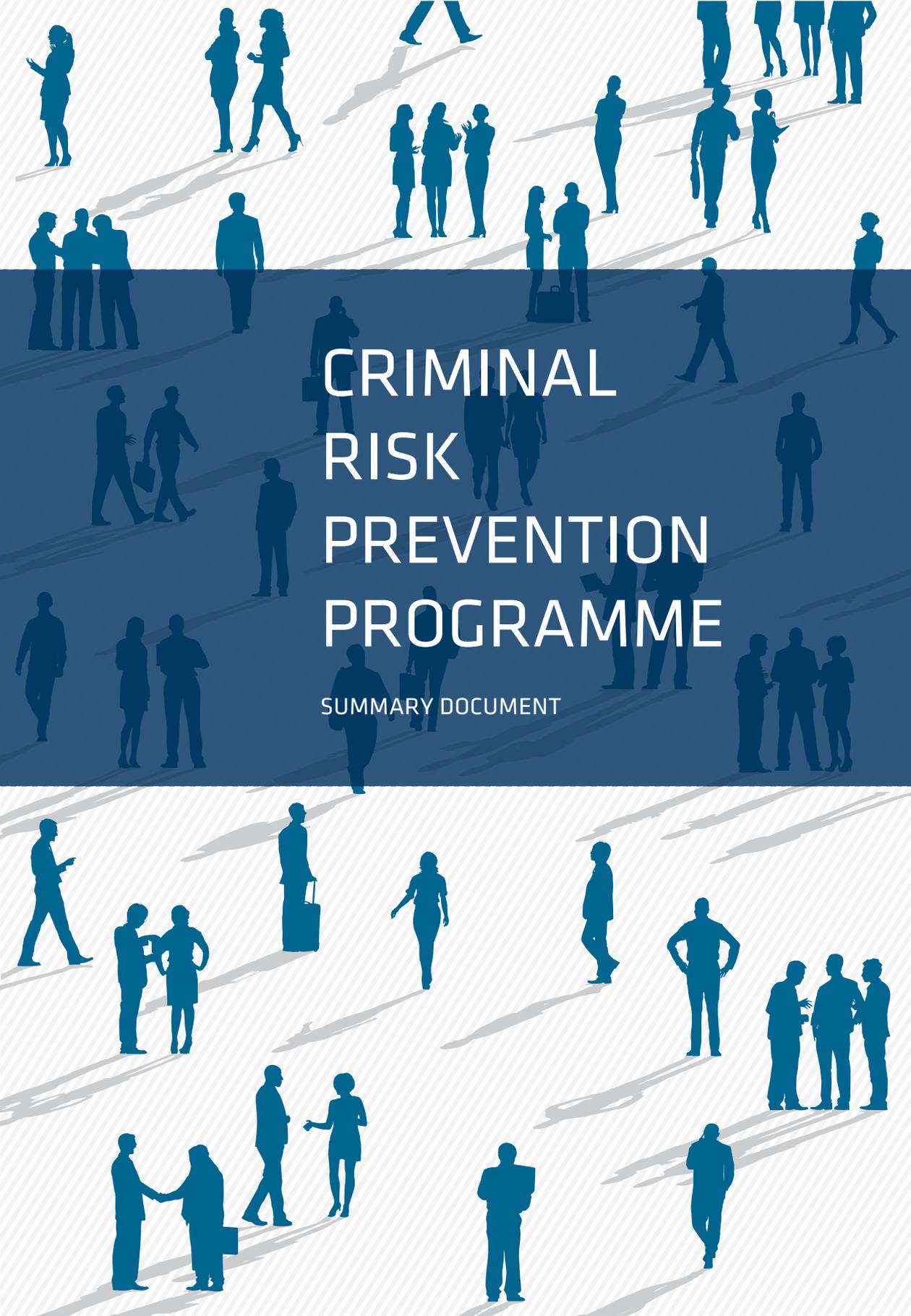


CRIMINAL RISK PREVENTION PROGRAMME

SUMMARY DOCUMENT



RED
ELÉCTRICA
CORPORACIÓN

The background of the entire page is a pattern of white silhouettes of people in various poses, walking or standing, set against a light blue background with a subtle diagonal line pattern. The silhouettes are scattered across the page, creating a sense of a busy, populated environment.

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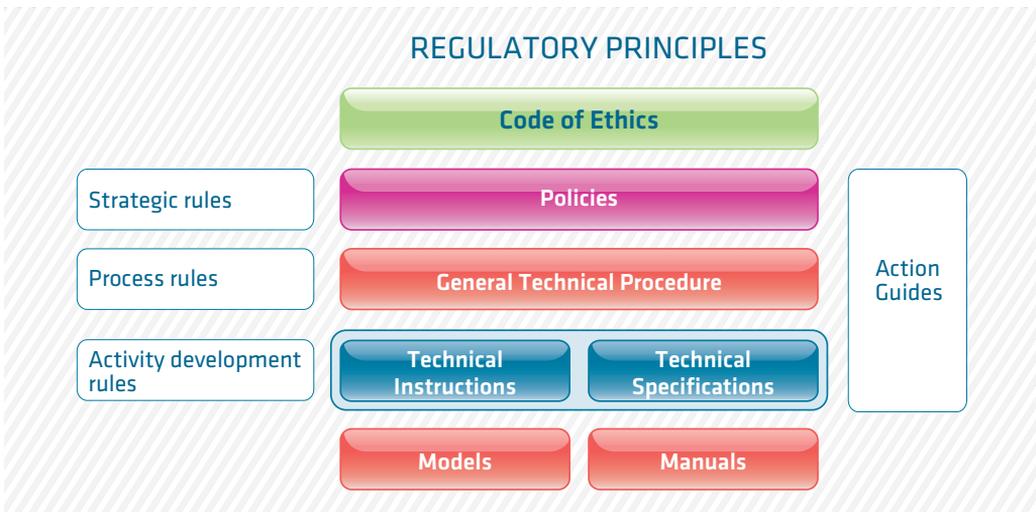
1. Introduction

The Criminal Risk Prevention Programme of the Red Eléctrica Group is aimed at identifying the rules, procedures and tools established to avoid any breach of criminal laws applicable to the Company and its staff, adjusting it to the new regulatory scenario. This Programme was approved by the Board of Directors of the Red Eléctrica Group at its meeting of 24 November 2011, subject to a favourable report received from its Governance and Corporate Responsibility Committee.

The Criminal Risk Prevention Programme seeks to reinforce a corporate compliance policy that the Red Eléctrica Group has implemented for some years now, and which is periodically updated in order to cover any needs that gradually arise.

Thus, the necessary control already being exerted by the Red Eléctrica Group now includes the management and prevention of any criminal risks affecting it due to its activity and business sector, in relation to the criminal liability of legal entities introduced by the Spanish Criminal Code.

The regulatory structure of the Red Eléctrica Group on which the Prevention Programme is based is shown below:



The Code of Ethics is included in this regulatory implementation framework of the Red Eléctrica Group, and is an essential reference when structuring the Criminal Risk Prevention Programme.

2. Criminal risk prevention programme

The Programme is conceived to implement the necessary control that the Red Eléctrica Group was already exerting in a continuous manner, in order to reinforce any measures preventing the materialization of criminal risks, to which the Red Eléctrica Group may be exposed as a result of its activity and business sector. With this aim, the Criminal Risk Prevention Programmes locates

hypothetical criminal risks that may affect the Red Eléctrica Group and any generic and specific means of control articulated to prevent their materialization.

The starting point is that adequate compliance of the Code of Ethics, binding on all staff, is the best way of ensuring that no criminal risk eventually materializes, which is why such document is a fundamental cornerstone of the Programme and should always be referred to if in doubt.

2.1. Risk Areas

The essential value of the Criminal Risk Prevention Programme is represented by a continuous assessment of any potential regulatory infringements. The areas of criminal risk may vary depending on any corporate or regulatory transformations that may arise in the future. The fields of operation where the Red Eléctrica Group is more exposed to criminal risks are:

- Relations with the public administration, regulators and supervisors.
- Relations with product or service providers and clients.
- Situations involving potential conflicts of interest.
- Stock exchange markets, share listing and investor relations.
- Presentation and distribution of Group information.
- Data processing and confidential information.
- Obligations held with the Public Treasury.
- Interaction and preservation of the Environment.
- Computer systems and IT.

2.2. General tools to control and prevent criminal risks

Below we describe the general devices of internal control and supervision that the Red Eléctrica Group has implemented in order to avoid the materialization of any potential criminal infringements. These tools are implemented in general terms in order to be known and used by the Red Eléctrica Group staff.

- **Code of Ethics and corporate values:** The Code of Ethics is one of the main management components of the Red Eléctrica Group. On the one hand, it constitutes the main axis for implementation of the corporate values that the Company tries to consolidate amongst its staff; on the other, it explicitly gathers the programmes and conduct guidelines to be followed by all its members.
- **Reporting Channel:** Any Group employee or stakeholder is able to report any alleged infringements of the Code of Ethics, detected in any of the Group companies or employees. These complaints are preferably processed by electronic means, using a specific channel on the corporate website, in order to transfer all complaints to the Ethics Manager by electronic means on a confidential basis.
- **Risk Management and Control Policy:** Red Eléctrica Group's Risk Policy is aimed at establishing principles and guidelines to ensure that any relevant risks that could affect Red Eléctrica Group's objectives and activities are identified, analysed, evaluated, managed and systematically controlled, with standard criteria and within the risk levels determined.

- **Internal Control System:** In 2007, the Red Eléctrica Group launched a project to align, review and improve its Internal Control System for Financial Data [Sistema de Control Interno sobre la Información Financiera] (SCIIF), basically in order to improve the efficiency and safety of the company's economic/financial data processes, adopting the best international practices in advance and voluntarily.

This SCIIF has been gradually improved and updated each year since then. The reference framework used by the Red Eléctrica Group when defining its Internal Control System for Financial Data is the "Internal Control Integrated Framework", issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). This system is characterized by including a set of components associated to matters such as internal control surroundings, the setting of targets, identifying events, evaluating and responding to risks, control, information, communication and supervision of the Programme.

- **Annual Internal Audit Plan and supervision:** Each year, the Internal Auditing and Risk Management Department proposes an Internal Auditing Plan to be executed over the year.
- **Fraud Risk Prevention Programme:** Launched by the Internal Auditing and Risk Management Department, in order to analyse the processes of the Red Eléctrica Group and draw up a "Fraud possibilities map", based on a previous evaluation of its likely occurrence and potential impact. Although this programme is conceived as a preventive component of any potential fraud committed against the Red Eléctrica Group, it is also true that this process analysis is used to detect any weaknesses in the event of endogenous or exogenous risks, and to implement the necessary mitigating measures.
- **Corporate Responsibility Policy:** The Red Eléctrica Group has voluntarily undertaken commitments to Society and its surroundings, which it develops through its Corporate Responsibility Policy, beyond the legal obligations binding the company. Since 2004, the Red Eléctrica Group has a cross-system to manage corporate responsibility, involving the senior management in its implementation.
- **Corporate Governance:** The Red Eléctrica Group has established a structured Corporate Governance system that is developed vis-à-vis society in a totally transparent manner. In Corporate Governance matters, the Red Eléctrica Group is governed by internal rules and procedures with their own legal regime, which go beyond any applicable legal requirements.

3. Control and supervision body

In order to be effective, the Criminal Risk Prevention Programme has a Control Body to ensure its compliance and to adopt specific measures, ensuring that it is adequately updated and implemented.

The Control and Supervision Body's duties include the periodic supervision of any criminal risk control and prevention systems, in order to ensure that the main risks are identified, managed and adequately known.

The Internal Auditing and Risk Management Department- in charge of ensuring compliance with any criminal risk control measures- will report to this Body, as well as to the Legal Department. Furthermore, the Ethics Manager will inform the Control and Supervision Body of any reports received and will periodically forward any reports provided to the Body. The Body will guarantee the confidentiality of any information received, in the same way as the Ethics Manager.



3.1. Duties of the Control and Supervision Body

The Control and Supervision Body of the Criminal Risk Prevention Programme is entrusted with the following duties as the party entrusted with the follow-up, compliance and updating of the Criminal Risk Prevention Programme.

- To follow up on the control measures associated to criminal risk prevention, including compliance and frequency. To do this, it will use the information sent by the Auditing and Risk Management Department.
- To evaluate the sufficiency of the measures adopted and to recommend the implementation of any steps considered necessary.
- To update the risks detected in the Prevention Programme, in accordance with any regulatory or structural changes in the Group's surroundings.
- To evaluate whether any complaints received through the reporting channel, Ethics Manager or otherwise (provided that the rights of the persons involved are guaranteed) may entail a criminal risk and, if so, to investigate the event until the situation is clarified.
- To order disciplinary measures required in the event of a breach entailing a criminal risk for the Group and its staff, according to the system established, pursuant to current employment regulations and in conjunction with the Human Resources Organization and Planning Department.
- To coordinate the distribution and teaching of the Criminal Risk Prevention Programme, in such a way as to cover the entire staff of the Red Eléctrica Group.

- To periodically inform the Audit Committee of any steps taken, improvements proposed, updates implemented, measures agreed, and any other aspect that is deemed relevant to performance its task.
- To establish itself as a valid interlocutor vis-à-vis any judicial authorities and to coordinate any mutual collaboration.

3.2. Composition

The Control and Supervision Body will consist of the following members:

- A representative of the Internal Auditing and Risk Management Department.
- A representative of the Human Resources Organization and Planning Department.
- The Ethics Manager.
- A representative of the Legal Department.

All members of this Body will meet the following characteristics:

- Autonomy and independence in decision-making related to criminal risk management. All members of this Body are forbidden from taking part in decision-making leading to any kind of conflict of interest.
- Integrity.
- Professionalism.

The members of the Control and Supervision Body will handle all information available with the utmost confidentiality. Furthermore, when performing their duties, all members of the Body will have free access to any documentation or places as required in order to execute their task.

3.3. Reporting of infractions

Any person, including Red Eléctrica Group employees, may present to the Ethics Manager, through the channels defined, any doubts or suggestions related to the Code of Ethics, compliance and interpretation thereof. Furthermore, the necessary complaints may be presented as a result of a potential breach of any of the principles gathered in the Code of Ethics, including any other regulatory infringement.

The external corporate website and the employee website both include the communication channels available for consultations or complaints.

In order to be able to receive a complaint and deem it as valid, the following information must be provided:

- Complainant, including full name and identity number or identification code.
- Arguments or true, precise and contrastable evidence backing up the complaint.
- Person or group reported (including the company overall).

The Ethics Manager will maintain the complainant's anonymity at all times, unless disclosure is ordered by an administrative or judicial authority.

All consultations and complaints made will be entered into a file registry by the Ethics Manager. Any steps taken and documentation generated as a result of processing and settling the matter will be kept and updated in each file.

In the event of a consultation, the Ethics Manager will handle and settle the matter by providing information to the applicant.

For a reported breach, the Ethics Manager will evaluate its validity and analyse the same, and accordingly act as follows:

A) If the complaint identifies issues that could have criminal consequences: the Ethics Manager will forward the complaint to the Control and Supervision Body, in order for it to commence and direct an investigation. Said Body will examine the complaint made and will analyse and gather any information and evidence obtained from the investigation, counting with the necessary resources. All the organizational units involved will collaborate in the investigation, providing the Control and Supervision Body with any information and documentation that may help clarify the matter.

If necessary, the Control and Supervision Body may request internal analyses (through the Internal Auditing and Risk Management Department) and/or external analyses (through an external investigator), in order to obtain all the necessary information to examine the possible veracity and scope of the complaint.

Upon completion of the investigation, if the complaint is dismissed due to the absence of founded evidence rendering it valid, the proceedings will be shelved and the complainant duly informed, if the contact details so allow.

On the other hand, if the conclusion is reached that illegal conduct has taken place, the interested party will be summoned in order to make any pleadings required in its defence.

Next, the Control and Supervision Body, in conjunction with the Human Resources Management, will adopt the necessary measures in accordance with current regulations.

B) If the complaint received does not identify any matters with criminal consequences: the Ethics Manager will study the complaint and analyse and gather all information and evidence obtained from the investigation, counting with the necessary resources. All the organizational units involved will collaborate in the investigation, providing the Control and Supervision Body with any information and documentation that may help clarify the matter.

If the complaint is dismissed due to the absence of founded evidence rendering it valid, the proceedings will be shelved and the complainant duly informed, if the contact details so allow.

If the complaint is related to any member of the Management Committee or Board of Directors, it will be forwarded to the Chairman of the Audit Committee or of the Governance and Corporate Responsibility Committee, as the case may be.

The Ethics Manager will design a plan of action in order to adopt the necessary decisions to remedy the breach, including any preventive measures to avoid its reoccurrence over time, as the case may be.

This plan of action will be drawn up in conjunction with the units involved in its development and implementation.

4. Infringements

A breach of the Code of Ethics and applicable regulations, entailing a criminal risk, may give rise to disciplinary sanctions in accordance with labour regulations in force.

5. Distribution and information

An essential component to ensure that the Criminal Risk Prevention Programme is always up to date and enforceable is its distribution, including any manuals and documents included therein.

The Red Eléctrica Group is still committed to permanently training its staff. This is crucial to achieve a total compliance-based corporate policy, as the first condition necessary is to ensure employee knowledge and understanding.

6. Follow-up and supervised application of the Criminal Risk Prevention Programme

The Criminal Risk Prevention Programme is applied in practical terms to fulfil all internal regulations- manuals, codes, procedures, etc.- that the Red Eléctrica Group has developed to ensure that all professional activities are carried out with the necessary professionalism and quality and, in any case, in strict compliance with applicable law. Consequently, control and supervision of compliance with said regulations must ensure an adequate application of the Criminal Risk Prevention Programme.

The Control and Supervision Body has established control measures, along with the Group's units, in order to check that all activities are carried out in accordance with the policies and procedures of the Criminal Risk Prevention Programme. Furthermore, the Internal Auditing and Risk Management Department is entrusted with controlling and supervising compliance with the measures applicable to each unit.

This supervision is complemented with the task assigned to the Control and Supervision Body, in order to coordinate, update and ensure compliance with the Criminal Risk Prevention Programme.

Finally, as part of this Programme, the Control and Supervision Body will draw up an annual compliance report to appraise whether existing policies or procedures are adequate to manage the risks identified. This report will be forwarded to the Board of Directors.