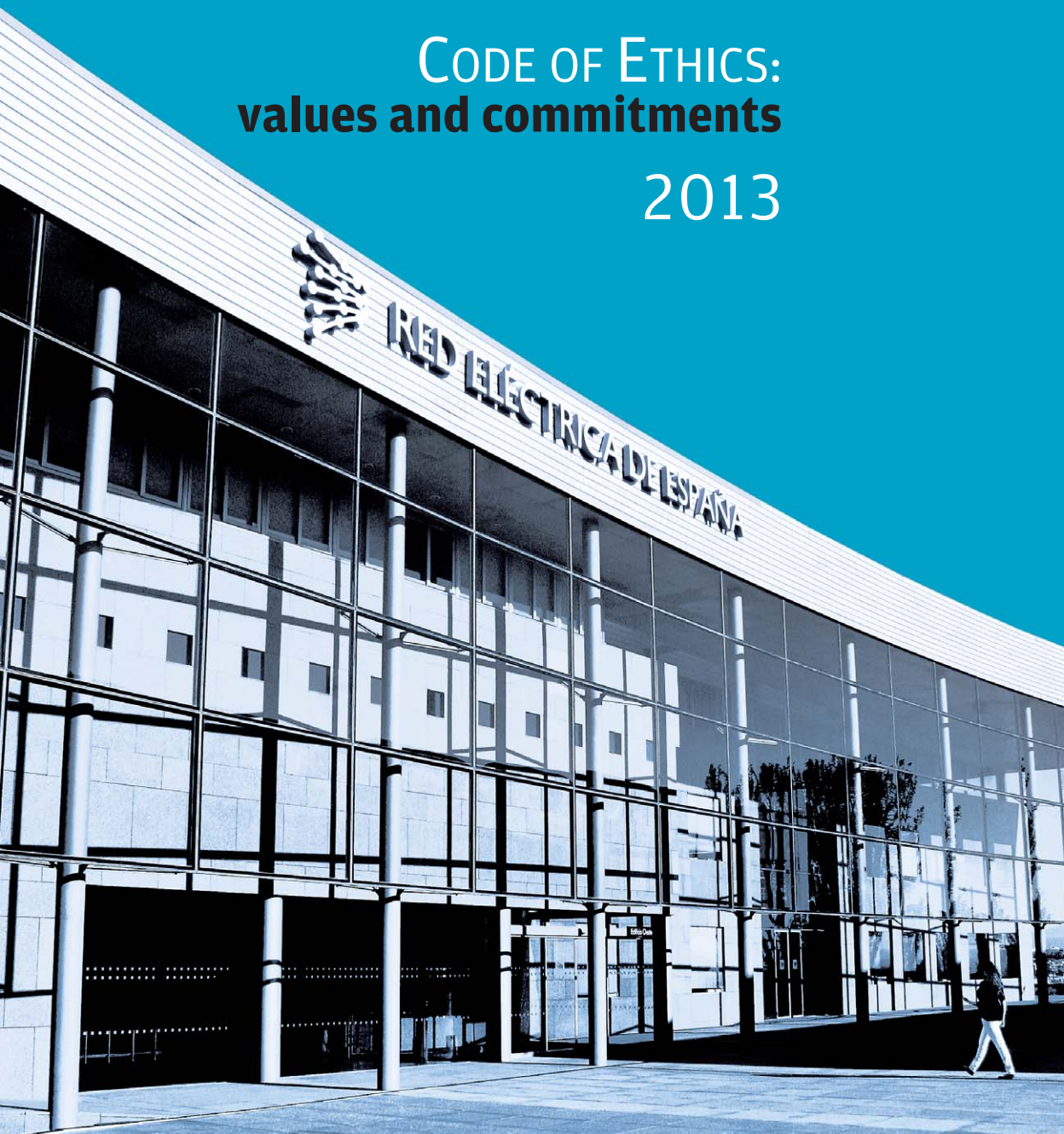


CODE OF ETHICS: **values and commitments**

2013



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RED ELÉCTRICA
DE ESPAÑA

INTRODUCTION

Since its creation in 1985, the commitment of the Red Eléctrica Group has been to contribute to the Spanish electricity system and citizens a valued service of the highest quality and at the lowest cost possible, strictly in accordance with the applicable regulations in the execution of their activities and establishing ethical relationships of the upmost transparency with regulators and all stakeholders.

The orientation towards management excellence and to providing the best service is made complete with an unwavering commitment to support sustainable development, establishing as strategic objectives: to succeed in achieving the sustainability of the Company over time; to minimise the ecological footprint derived from our activities; to maximise the health and safety of employees and contractors; to support social development and consolidation; to demonstrate ethical behaviour, and achieve the best reputation.

Shareholders, investors, clients, suppliers, third sector, analysts and society in general are increasingly demanding higher levels of responsibility from companies. Effectively responding to these demands is one of the keys of reputation. Each member of the Group can affect this reputation through the way in which they conduct business and through the relationships they establish in their day-to-day dealings with these groups. It depends on all of us to maintain that reputation by acting with integrity, responsibility and respect.

The purpose of this document: Code of Ethics: values and commitments, is to provide a deontological guide to all professionals of the companies that constitute the Red Eléctrica Group and that determines the values and commitments that shall govern their working activity within the Group.

Its adoption and implementation shall contribute to achieving ethical and responsible management in the development and delivery of products and services of the companies of the Group, or in the relationships established with the different stakeholders.

Its strict compliance will ensure that the results are obtained respecting the legal regulations and in accordance with the reputation and projection that the Red Eléctrica Group seeks to achieve and convey both internally and externally.

This Code is incumbent upon all the people of the Group, ranging from its Board of Directors to its employees, in the execution of their duties and responsibilities, whereby it is necessary for all to read it, understand it and adopt it. The values and commitments contained in it must, at all times, inspire and govern the behaviour of all those that make up the Group.

It shall be submitted to the governing body of the majority-owned companies of the Group for approval, irrespective of their geographical location and in those countries where professional services, consultancy or any other activity related to the Group are temporarily being provided.

In those companies where the Red Eléctrica Group does not have a majority stake or in which it does not have the ability to exercise control, the administrative body shall be requested to adopt this Code.

This new edition of the Code of Ethics has been drafted to meet the demands and recommendations regarding the management of ethics raised by the most renowned international organisations, most notably the United Nations, the European Union, the Organisation for Economic Co-operation and Development, and international organisations such as Transparency International or the Fundación ÉTNOR, amongst others.

Persons of the Group and various stakeholder groups were invited to participate in the drafting of this Code, revise its content, make enquiries and provide feedback prior to its approval. The coming into force of this document assumes that its content is applicable to all employees of the Group.



CORPORATE VALUES AND THEIR DEPLOYMENT IN THE ACTIVITIES

The Red Eléctrica Group establishes five corporate values, contrasted in a participatory process with staff and external stakeholder groups that must be internalised and applied by those persons involved in order to achieve satisfactory results from a technical, economic and management point of view. They must also allow the consolidation and evolution of the companies and the reputation of the Group as a corporation committed to the needs and expectations of its stakeholders.

A common organisational culture, built on corporate values, will make it possible to achieve the strategies and vision of the Group.

1. TRUSTWORTHINESS

All activities carried out by Red Eléctrica Group employees shall be performed in accordance with the methods, standards and quality criteria established in order to improve the trust of all clients and other stakeholders. Trustworthiness is achieved by carrying out the activities and projects with quality, on time and within budget, meeting the needs and expectations of stakeholders and acting with integrity, honesty and loyalty.

The quest for quality and innovation shall not be an obstacle when accepting responsibility for logical human errors, which in turn are an important source of learning, though it will always be necessary to analyse them and implement corrective measures to prevent their reoccurrence.

Developing products and providing services of the highest quality, oriented to satisfying stakeholders, is the main channel to obtain excellent results, allowing the positive evolution of the Group in the short, medium and long term, and is a great source of differentiation and reputation.

A key element in achieving the trust of stakeholders is transparency in the activities performed. If correct reporting is timely and within the deadlines set, it will create relationships and will help bring stakeholders closer to understanding the Company's successes as well as any failures it may have.

As a trustworthy company, the functions for which it was created must be carried out efficiently, offering a safe, quality service to all stakeholders and guiding the activity towards continuous improvement. Therefore, it is necessary to:

- Guarantee the continuity of the electricity supply, meeting the needs of clients and providing them with a high quality service.
- Be transparent in all matters relating to management.
- Be committed to preparing and providing reliable, accurate and realistic information, especially financial data.

- Be worthy of trust in all services provided.
- Respond honestly to the reporting requirements requested by stakeholders.
- Be honest and act with integrity when carrying out its functions and in the relationships with third parties.

2. RESPONSIBILITY

All decisions taken and actions carried out must comply with the legal system and be the result of a thoughtful process in which the possible consequences resulting thereof are assessed.

Being responsible involves on the one hand, compliance with the obligations and duties assigned in the most appropriate way in order to achieve the desired value and financial return, and also the promotion of economic, social and environmental development in the areas where the Group is present and in the stakeholder groups involved in our activities, and on the other hand, to act consciously and take responsibility for the consequences of its own actions.

In the event of possible consequences and claims arising from the actions carried out or the results achieved, this shall be responded to with the appropriate respect and attention. Rational and thoughtful analysis of the circumstances that triggered them and the conveyance of an honest, ethical, swift and committed response, shall allow the reputation and image of the Group to be strengthened.

Responsibility is a value that makes it possible to reflect on, manage, guide and assess the consequences of the actions. In order to be considered a responsible company, we must:

- Assume responsibility for consequences of the actions taken, both before the regulator and all stakeholders.
- Fulfil the designated functions, always within the strictest legal framework, respecting the procedures, rules and regulations established for the sector in which we operate.
- Accept the consequences of badly executed actions or the negative results obtained, in the face of possible complaints or sanctions.
- Design, construct and operate the transmission grid in a safe and efficient manner.
- Participate and promote actions and projects to reduce social problems and needs in a transparent fashion.
- Not use information regarding our clients or suppliers in an improper fashion, in order to obtain benefit.
- Be rigorously strict with regard to occupational health and safety.
- Protect our installations/facilities and knowledge.
- Be conscious of the importance of achieving a good reputation as a leading model of business management, with a focus on the future.

3. RESPECT

An element which is of paramount importance is to deal with people in a courteous manner. Respect for the equality of rights and opportunities, non-discrimination, non-harassment, dignity and dialogue are key factors in interpersonal relationships.

All persons within the Company shall treat each other and all external persons with respect and dignity in all business dealings. Loyalty is an essential factor for the respect and the success of the Company.

In order to create a pleasant working climate and have the best working environment, it is fundamental to:

- Respect human rights, as an unwavering principle.
- Promote equal opportunities, to avoid creating an unjust society.
- Promote dialogue as the basis for all interpersonal relationships.
- Value the interests and needs of people, companies and societies.
- Avoid censorship, discrimination, derogatory behaviour, or harassment for reasons of nationality, race, gender, age, religion, ideology, sexual orientation, social origin, health, disability or any other condition or circumstance be it personal or collective.
- Respect the right to privacy of all the people in the Red Eléctrica Group.

4. LEADERSHIP AND CREATIVITY

The commitment to management excellence is supported by efficient systems and processes of which one valued element is participation and pride of belonging. It is also supported by the systematic quest for improvement, and in the identification and application of best practices. Transparent internal and external communication is an important element in the consolidation of business leadership.

For this reason, reflection, analysis and initiative when starting or proposing new ideas and more efficient, attractive and novel ways of working in proposing processes and activities, are essential elements for assuring the continuity of our leadership position. This will ensure the continuity and growth of the Group's companies, as well as obtaining new business or clients.

These competencies and capabilities are key elements which should be developed by the administrators and employees of the Group.

Creativity allows for the generation of new concepts or ideas which usually lead to original solutions, while leadership entails the execution of projects in an efficient and effective manner, establishing the path to be followed and being a benchmark for other organisations. For that reason, it is necessary to:

- Analyse in depth and learn about the electricity sector and companies similar to ours both in Europe and in the rest of the world.
- Plan, draft and deploy the strategies, policies and principles that will assure the success of our activities.
- Promote professional development and improvement of talent of all the employees of the Red Eléctrica Group.
- Take into account all the points of view, experience and value of the employees of the Red Eléctrica Group.
- Search for innovative and more efficient ways of working.
- Promote transparent communication both internally and externally.
- Use the best cost-effective technologies and methodologies available.

5. ENVIRONMENTAL CONSCIOUSNESS

The environmental change produced by any human activity clearly and resolutely demands that the works associated to the various processes and projects must respect people, flora, fauna, the atmosphere and in general, the environment.

Harmony with the natural environment is an achievable goal and an obligation which should be present in the actions and behaviour of all those belonging to the Red Eléctrica Group.

As an ethical and responsible company, we are aware of the degradation that the environment suffers as a result of the activity of companies. In order to minimise the ecological footprint, it is necessary to:

- Be conscious of the impact our activities have on the environment and work towards solutions that help minimise it.
- Protect biodiversity, thus increasing our commitment to the environment.
- Support the sustainable development of the electricity system through a greater integration of renewables and through demand-side management mechanisms that allow CO₂ emissions to be reduced. To implement energy efficiency measures in all our activities and facilities, in order to save energy and reduce greenhouse gas emissions.
- Minimise the consumption of basic resources, in order to avoid the depletion of natural resources and to use the most advanced and environmentally-friendly technology and proven materials.
- Manage waste efficiently, in order to avoid impacts on the environment that could be derived from its incorrect management.

BEHAVIOURAL GUIDELINES OF THE CODE OF CONDUCT

This Code brings together the behavioural guidelines and directives that all professionals of the Group should follow when performing their duties and responsibilities, in all areas of business in which representing the Company.

How to be a loyal representative of the sectors and markets where the activity is carried out and comply with prevailing legislation.

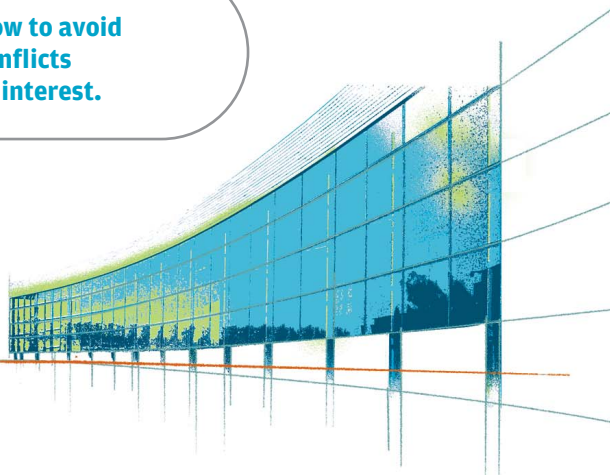
How to preserve company facilities, assets, knowledge and resources.

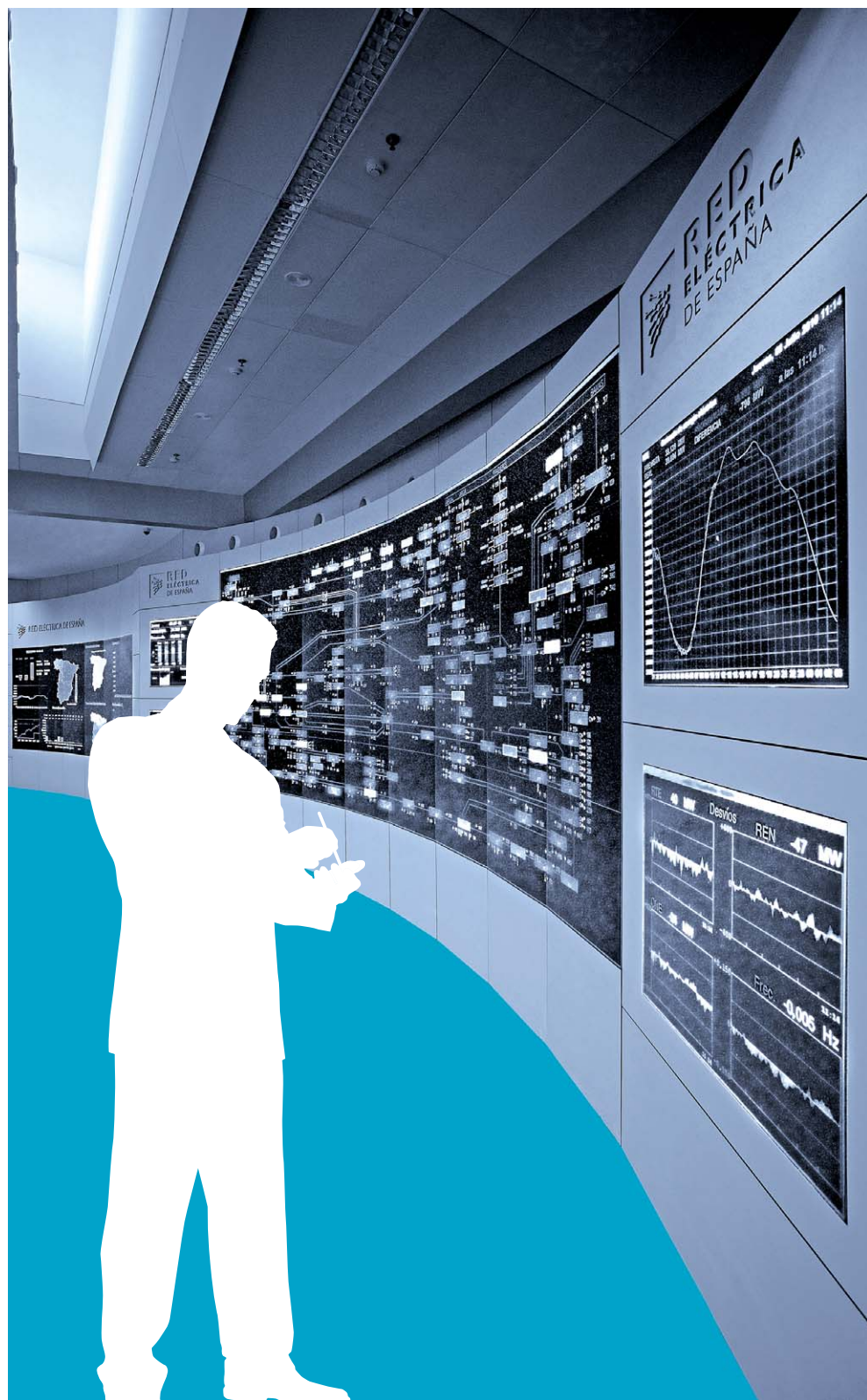
How to collaborate on the conservation and improvement of the environment and support the development of societies and safeguard indigenous and ethnic minorities.

How to guarantee dignified working conditions.

How to establish impeccable business relations.

How to avoid conflicts of interest.





1. HOW TO BE A LOYAL REPRESENTATIVE OF THE SECTORS AND MARKETS WHERE OUR ACTIVITY IS CARRIED OUT AND COMPLY WITH PREVAILING LEGISLATION (BUSINESS VALUES: TRUSTWORTHINESS AND RESPONSIBILITY)

All companies within the Group play a fundamental role in the development and consolidation of the sectors in which their activities are carried out. Respect for legislation, integrity, responsibility and transparency are all values that must be adhered to without question.

Commitments that must be undertaken are:

Legal compliance

A commitment to comply with legislation in all areas, and ensure its compliance when work or activities are carried out by third parties, is an essential aspect of paramount importance in order to maintain the best reputation and status as a committed and responsible company in the defence of both the development of society and its citizens. As proof of this commitment, the Red Eléctrica Group has a system to control legal compliance.

The heads of the organisational units should supply their employees with the necessary information and clarifications so that they can carry out their functions with complete respect for legal obligations and will analyse its compliance on annual basis.

Integrity, responsibility and transparency

All persons within the Group undertake to carry out their duties and responsibilities respecting the established procedures in each area of their activity. They shall avoid making disparaging remarks or pass criticism which may undermine the stability of any of the activities they carry out. All this will result in establishing the reputation of the Company as an upright corporation that respects all its stakeholders.

Persons within the Group undertake to act with the required transparency when carrying out their activities.

Confidential information on those who participate in the different markets where the Group's companies operate shall be deemed as strictly private and shall not be supplied or disclosed to third parties. In particular, an exemplary behaviour shall be maintained with respect to regulation regarding the sector.

No accounting activity shall be carried out which seeks to cover up relevant operations or financial information.

2. HOW TO GUARANTEE DIGNIFIED WORKING CONDITIONS (BUSINESS VALUES, RESPECT AND RESPONSIBILITY)

Occupational health and safety is a basic element for the Red Eléctrica Group, since its facilities are the place where its people spend their working days, in whole or in part. Also taken

into consideration are health protection, respect, equal opportunities and the working environment the Company offers its employees and collaborators.

The commitments which must be undertaken are:

Respect, dignity and non-discrimination

The Group's employees will show due respect and courtesy to their colleagues, stakeholders and the third parties with whom they maintain relationships with as part of their activity and functions. The basis of a fruitful and satisfactory relationship begins with respect for the dignity of people, equal opportunities, dialogue and the non-existence of discriminatory or derogatory behaviour for reasons of nationality, race, gender, age, religion, ideology, sexual orientation, social origin, health, disability, language or any other condition or circumstance be it personal or collective.

The Company's management undertakes to avoid any type of injustice and to exercise their authority in a just and fair manner, respecting personal dignity.

Threats, acts of violence or intimidation, and abusive, degrading or offensive behaviour, whether verbal or physical, shall be avoided.

A free and respectful environment is a right to which all the persons who work at the Red Eléctrica Group are entitled.

Eradication of forced, coerced or child labour

Due to the specialisation and high level of qualification needed to carry out the Group's activities, it is unlikely that problems should arise related to human rights and forced, coerced or child labour. In any case, any person that works for the Red Eléctrica Group shall cooperate in the eradication of these practices all throughout the value chain, regardless of the legislation in force in the country where the activity takes place.

Right to privacy

The employees of the Group who have access to workers' personal data shall have the obligation to guarantee their personal right to privacy and to inform them of the use that will be made of this data, except in cases where the interested parties have given their consent, or in cases of legal obligation.

Occupational health and safety

Health and safety are critical elements, especially in those job roles with risks due to electricity or working at heights. Red Eléctrica takes into account occupational health and safety issues when designing and carrying out its business activities. It dedicates the necessary resources and maintains a culture of prevention and zero tolerance with the non-compliance with legislation regarding occupational risk prevention. Each person of the Group must conscientiously comply with legislation regarding occupational risk preven-



tion or the occupational health and safety protection for their own benefit, that of their colleagues, and that of the company itself. They must also use the appropriate collective and personal safety equipment and adhere to internal rules and practices regarding personal safety in the workplace.

Illegal drugs and substances

The possession, distribution or consumption of any type of illegal drugs or substances on the premises or in the workplace is strictly prohibited. No person shall be permitted to work under the influence of alcohol or other illegal drugs.

Gambling

Engaging in any type of gambling using equipment or facilities owned by the Red Eléctrica Group, be it during or outside working hours, is strictly prohibited.

3. HOW TO PRESERVE COMPANY FACILITIES, ASSETS, KNOWLEDGE AND RESOURCES (BUSINESS VALUES: TRUSTWORTHINESS, RESPONSIBILITY AND LEADERSHIP AND CREATIVITY)

The Red Eléctrica Group, as a set of companies with a significant technological component, is fully aware of its corporate responsibilities. The Company's financial results depend to a great extent on the reliability and efficiency of its facilities/installations and therefore it has basic guidelines to ensure: the appropriate use of its facilities, preventive and predictive maintenance, and an analysis to improve the working life of its equipment and structures.

Important factors that stakeholders consider when evaluating companies within the Group is the upkeep and state of all installations and facilities as the incorrect use of these resources unnecessarily increases the environmental damage due to the activities of the Company.

Commitments that must be undertaken are:

Protection and use of facilities and equipment

All persons in the Group are under the obligation to maintain their working environment and facilities clean and safe. Therefore, these must be used correctly and with respect and the organisational units responsible for facilities, buildings or equipment must be informed when these are either not in the expected state, are not functioning correctly, are generating an unnecessary cost or, as a result of a particular incident, may represent a potential risk of accident or injury. This way the workplace can continue to be dignified, comfortable and safe.

Everyone shall help to maintain facilities adequately clean and tidy. An untidy workstation or area hinders the efficient management of duties and responsibilities.

Appropriate use of data and information systems

The use of electronic mail and consultation tools (intranet and internet) must be that which is necessary to carry out the job and its functions, in order to avoid bad practices which

could affect the reputation or the image of the companies of the Group. These tools will not be used in an abusive fashion for private purposes and the established protocols and regulations will be obeyed.

The persons of the Group undertake not to carry out acts of sabotage or acts which obstruct the functioning of the system. They also undertake to not use it to commit illegal acts or infringe the rules of non-discrimination, harassment in the workplace or for any other reason outside of its logical use in the workplace.

Only those with prior authorisation shall have access to the Company's data and IT systems and only the installation, usage and distribution of programs which have the corresponding licences and which do not affect the security of the systems shall be authorised.

Unauthorised copies of computer programs, whether developed internally or acquired from third parties by companies of the Group, are prohibited.

Safeguarding equipment and information

Each person shall endeavour to safeguard equipment which is owned by the Red Eléctrica Group or by third parties who may be at Company facilities. This not only includes protection against non-authorised use, but also against theft and use for illegal or improper purposes and misappropriation.

The employees of the Group undertake not to remove, discard or destroy any object of value owned by the Company, with the exception of those in organisational units who have this as part of their duties.

All information contained in any physical medium (paper, etc.) or electronic medium (intranet or the Company IT systems) is part of the knowledge base and value of the Company, and therefore remains the property of said Company. Consequently, it may not be sold or forwarded on to third parties without the express permission of the department responsible for that information. Said information may not be removed from the Company when a person ceases his/her activity in the Company.

4. HOW TO ESTABLISH IMPECCABLE BUSINESS RELATIONS (BUSINESS VALUES; TRUSTWORTHINESS AND RESPONSIBILITY)

All stakeholders (shareholders, investors, clients, management, regulators, suppliers, social organisations, etc.,) are key players regarding the achievement of results and reputation of the companies of the Group. Relationships with all stakeholders must be frank, transparent, loyal, respectful and ethical.

The Group's relationships with suppliers and clients are of special importance, given their greater implication within the processes and services provided by the companies of the Group. There must be a commitment to provide clients and users with services and products

that satisfy their needs and expectations. When deciding to purchase products or services from a supplier, the following factors must be taken into account: quality; cost of supplies and services; how environmentally and socially responsible the supplier is, and their responsible behaviour regarding the strategic principles of the companies of the Group. The adoption of the Supplier Code of Conduct shall be considered by the Group at the time of carrying out qualification and monitoring.

Commitments that must be undertaken regarding the following:

Fraudulent practices and deceptive promises

When dealing with stakeholders, no promise or false statement shall be made when the person who makes it does not have the power to do so. Stakeholders have the right to receive information that is correct, specific and timely. All discrepancies or misunderstandings should be resolved in order to maintain fair competition.

Bribes, corruption and illegal commissions

All practices of corruption, bribery or the facilitation of payments, both active and passive, are prohibited be they by act or omission or by creating or maintaining favourable or illicit relationships.

Persons of the Red Eléctrica Group undertake not to request, accept or offer any form of payment, in cash or otherwise or any illegal commission when carrying out business transactions, or for any other reason whatsoever.

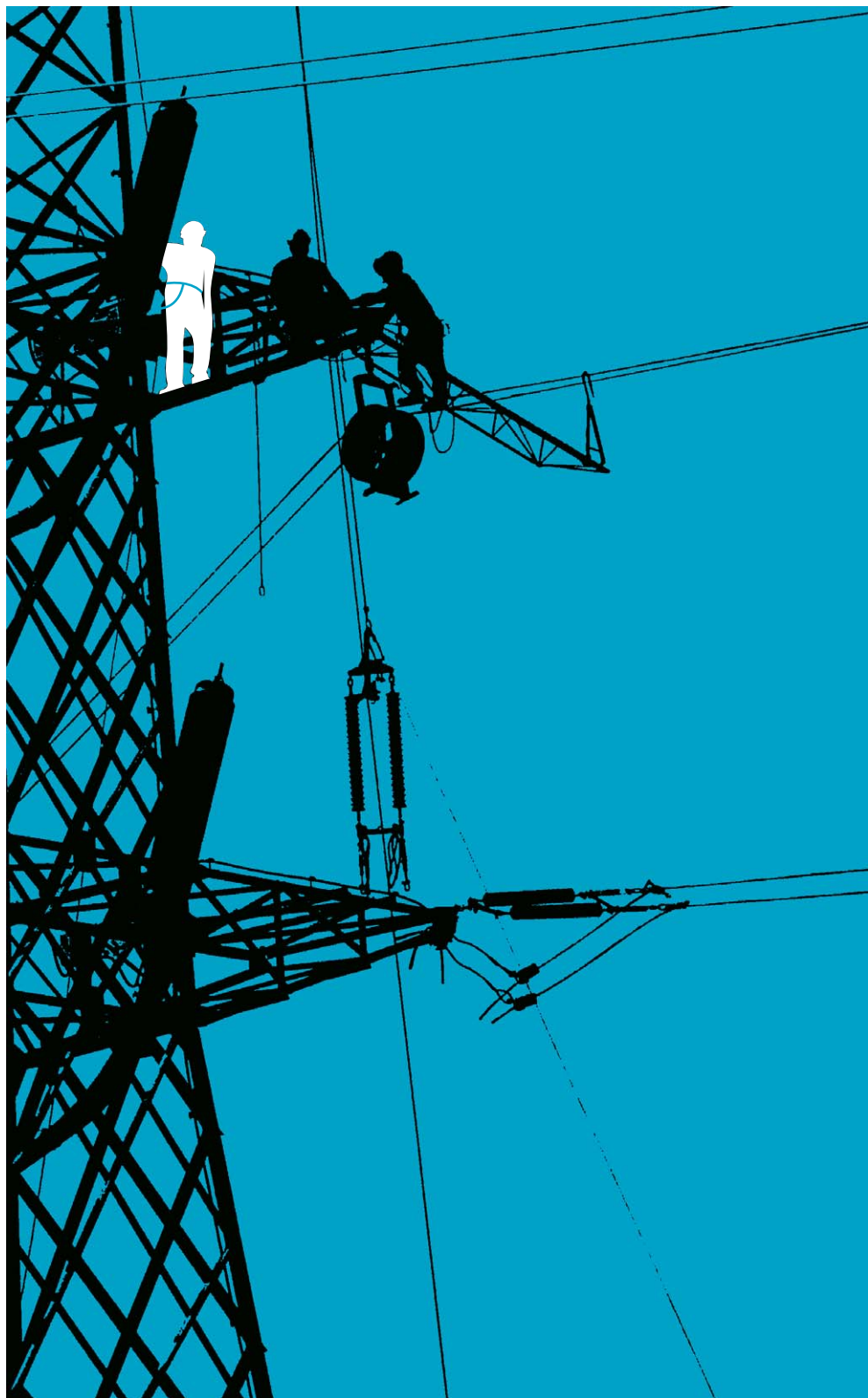
Contributions to political parties or organisations

No monetary or any other form of payments shall be made in the name of the Group to administrative bodies or governments, anywhere in the world with the aim of obtaining a favourable or influential position. Nor shall donations, subsidies or loans be made to political parties.

Control of donations to charity organisations, sponsorships and collaborations

The collaboration of the Group with third parties in this area will be oriented principally to actions related to the support and consolidation of the functioning of the electricity sector. In this regard, it is worth noting the collaboration with educational centres which do research on technical, social and environmental aspects related to the electricity sector, such as energy sustainability; the reduction of emissions and the development of new technologies applied to the supply of energy and electricity grids. Additionally, priority shall be given to those actions that contribute to the social and cultural development of the local communities where the company owns facilities, as well as support for underprivileged groups.

In any event, the Red Eléctrica Group will only contribute to these kinds of organisations after carrying out an analysis of their activities, to ensure that the contributions made are applied correctly and in accordance with the existing legislation in the country where the collaboration takes place.



Money laundering

Persons of the Company are prohibited from committing any act that facilitates the laundering of money derived from any activity.

Control of activity in tax havens

The Group undertakes to refrain from setting up companies in countries deemed tax havens by the European Union for tax evasion purposes. The activity carried out in such countries will be related to the performance of the Group's business only.

Responsible relationship with lobbies

In countries or markets where lobbying is both admitted and regulated, any decisions and actions related thereto will be made in compliance with current legislation.

Privacy and data protection regarding clients and suppliers

All information provided by clients and suppliers, as well as all personal and business data; shall be kept private at all times in compliance with legal and contractual requirements, with the exception of when it is requested by a competent authority. Both clients and suppliers are stakeholder groups essential to maintaining the continuity of the Company and, therefore no information may be disclosed that might compromise them, undermine their reputation or result in a loss of competitiveness, even after the end of the business relationship therewith.

Responsible monitoring of supplier management

Goods and services provided by suppliers shall be evaluated fairly and according to previously agreed terms. If the evaluation is unbiased and meticulous, fair and valid decisions can be taken based on the results of the assessment.

This section deals especially with the monitoring carried out regarding the respect for human rights, equality and integration of people with different capabilities and compliance with occupational health and safety and environmental requirements that suppliers have carried out in the development of products and/or services required by the Company, be it directly or through contractors.

5. HOW TO COLLABORATE ON THE CONSERVATION AND IMPROVEMENT OF THE ENVIRONMENT AND SUPPORT THE DEVELOPMENT OF SOCIETIES AND SAFEGUARD INDIGENOUS AND ETHNIC MINORITIES (BUSINESS VALUES: RESPONSIBILITY AND ENVIRONMENTAL CONSCIOUSNESS)

Avoiding contamination, not wasting basic resources, avoiding causing harm to the environment and global warming, as well as the conservation of flora and fauna are essential aspects when carrying out corporate activities.

The Red Eléctrica Group shall collaborate, as far as it is able, in solving existing environmental and social problems as set forth in the Corporate Responsibility Policy.

Social inequality, problems of starvation, natural disasters, etc., are elements that the Company supports in order to help reduce the negative impacts of these issues and to fulfil its commitments to stakeholders.

Commitments that must be undertaken are:

A rational use of energy and basic resources. Compliance with the Code of Good Environmental Practice

The persons of the Group shall adopt the principles contained in the Code of Good Environmental Practice of the Red Eléctrica Group. Respect and compliance with this code will ensure that environmental impact is minimised and that there is a rational use of electricity, fuels, paper, printing ink, water and any other material whose consumption may harm the planet and its resources.

Any person who becomes aware of a circumstance or situation that may represent an inefficient consumption or loss of resources (water, paper, etc.) or substances (oils, fuels) or energy, it should be reported to the person responsible for this, especially if this occurs in a process that is not controlled by the Company.

In those cases where the possibility exists that a Group activity may have a harmful effect on the environment, and no contrasting scientific information or legislation exists regarding the potential risk, those responsible for making the decisions shall adopt the preventive principle and put in place all necessary measures to avoid an accident that may have an undesirable impact on the environment.

Conservation of biodiversity

The conservation of biodiversity is a basic principle within the Environmental Policy and business strategy of the Group. For this reasons, and aware that conservation is important for the development of a sustainable society, all the Group's employees shall undertake, within their scope of competence, to protect flora and fauna and to prevent negative impacts on ecosystems.

Collaboration in the development of society

Insofar as possible, persons of the Group are invited to collaborate on the development of society. Active participation will serve to give the Company a reputation as ethical, responsible and strongly engaged in sustainable development.

It is also necessary that these principles be conveyed to suppliers and partners, above all in respect to the Global Compact principles and the commitments derived from the Universal Declaration of Human Rights and the various conventions set out within it.



Safeguarding ethnic minorities and indigenous communities

The Red Eléctrica Group and all its employees undertake to respect the freedom and the rights of ethnic minorities and indigenous communities, as well as to contribute to the development of said groups in those countries where the Company carries out its activities.

6. HOW TO AVOID CONFLICTS OF INTEREST

(BUSINESS VALUES: TRUSTWORTHINESS AND RESPONSIBILITY)

Conflicts of interest appear when a circumstance or situation arises where personal or family interests, or interests of people close to employees, managers or directors, differ from those of the Company.

All actions or decisions in which a person from the Group participates must be oriented towards the aim of maintaining the continuity of the Company and achieving an impeccable reputation.

Commitments that must be undertaken are:

Board memberships and other affiliations

Persons of the Group may not be members of any Board of Directors, or other body of a similar nature, of any company with whom the Red Eléctrica Group maintains a business relationship. Similarly, no persons of the Group may be a member of a governmental body without previous authorisation by the Company. Persons of the Group may work with non-governmental or non-profit organisations providing the position is not used to favour possible collaboration between the companies of the Group and these organisations to the detriment of others.

Other employment

The Red Eléctrica Group respects the right of its employees to carry out activities or offer services externally, providing that they do not represent a reduction in efficiency or productivity in their work and that they do not use resources, working hours or facilities of the Group to this end. Similarly, services should not be provided to any entity related to the electricity sector, to avoid a conflict of interest, nor should business relationships be maintained with companies where there are personal or family interests, without prior notification to the management of the Company.

Adequate management of confidential information

If, for work reasons, anyone has access to confidential or privileged information, it must not be used for personal gain. Improper use may put the Company in a situation in which their reputation or financial status could be affected. Where deemed necessary; specific confidentiality agreements shall be signed for each particular project or action.

Similarly, employees that have access to confidential or privileged information shall not make any transactions based on said information, or disclose it to third parties for this or any other reason.

The definition of 'privileged information' and guidelines for conduct related to the securities market is set out in the Internal Code of Conduct on the Securities Market. If in doubt, information on this can be found in the section 'Supervisory Body' of the aforementioned code.

Confidential information shall be protected and every care should be taken to ensure that no third parties obtain access to it. When confidential information is transmitted by electronic means, it should be duly protected.

Gifts, loans or invitations

Under no circumstances may gifts, loans, hospitality or invitations from third parties, physical or legal, related to Company activities be accepted that could compromise independence or impartiality in business relationships with the various stakeholder, especially clients or suppliers.

Employees shall not accept gifts for any reason that could be offered by clients, suppliers, shareholders, etc. of the Group which have a value of over 150 euros for each gift. In the event that, being above the aforementioned limit, it is impossible or difficult to return the gift; it shall be made available to the corporate volunteers of the Group to be used in solidarity initiatives.

Property or capital holdings in companies

Persons of the Company should avoid having significant financial interests in companies with whom the Red Eléctrica Group maintains business relationships, or is in the process of establishing them. A stake of 3 % of capital or shares in a company can be used as a reference. If in doubt, contact the management of the Company.

SYSTEM FOR THE IDENTIFICATION AND HANDLING OF POSSIBLE NON-COMPLIANCES, CLAIMS, ENQUIRIES AND SUGGESTIONS

Any employee of the Group or member of a stakeholder group will be able to report presumed non-compliance with the Code of Ethics, for ethical, mercantile, financial or accounting infractions, by one of the Group companies or their employees, and to make enquiries or suggestions.

The system for receiving and dealing with possible breaches and reports of breaches of the Code of Ethics will be managed by the Ethics Manager and the stakeholders Ombudsman in conjunction with the Chairman of the Red Eléctrica Group and the chairpersons of the Audit and the Corporate Responsibility and Governance Committees. This person, appointed by the Chairman of the Company will act independently. He or she will report to the Management Committee, the Audit Committee and the Corporate Responsibility and Governance Committee at the end of every financial year in full accordance with that established in the management process.

The Ethics Manager shall count on the backing of the organisational units of the Company in order to carry out his/her functions.

Claims should be submitted, preferably, by electronic means. On the website of each company, there will be an easily accessible and visible channel through which claims can easily be sent to the Ethics Manager.

The Manager shall analyse the information sent, request related evidence, and if applicable, forward the report with all the necessary information to the Chairman of Red Eléctrica. If the claim concerns a member of the Management Committee or Board of Directors, it shall be submitted to the chairperson of the Audit Committee or, if applicable, to the Corporate Responsibility and Governance Committee.

For a claim to be accepted and considered valid, it should include the following elements:

- Names, surnames and national ID number or other valid identification number of the person filing the claim.
- Arguments or valid and clear evidence to support the claim.
- Name of person or group reported (including the Company as a whole).

The system will guarantee confidentiality and protect against reprisals in all its stages. The Ethics Manager will undertake to provide total confidentiality in carrying out his/her functions; this commitment will be extended to those who provide him/her internal support.

However, those claims which do not include the identity of the claimant shall be evaluated and processed if the evidence supplied and the subsequent investigations clearly show that there has been true non-compliance.

There will be another reporting channel for non-compliances, claims, enquiries and suggestions regarding ethics, through the DÍGAME attention service, in order to process requests from external stakeholder groups that are not aware of the aforementioned channels. This service will pass the requests received to the Ethics Manager, maintaining their confidentiality.

GUIDELINES OF THE ETHICS MANAGEMENT SYSTEM

In order to disseminate and consolidate ethics management within the companies of the Group, the following guidelines are established:

- To cooperate with the Ethics Manager through material and human support from the different organisational units so that he/she can fully comply with his/her functions and responsibilities.
- To educate and raise awareness among the persons of the Company regarding the values and rules of behaviour established.

- To create simple and transparent communication channels aimed at all stakeholder groups, so that they may file claims, non-compliances, enquiries or suggestions.
- To draft and disseminate, to all the stakeholders, an Annual Ethics Report, which reports on the circumstances which have occurred and on the functioning of the system.

PERIOD OF EFFECTIVENESS

This document shall be in force from May 28 2013, until a new update is approved or it is repealed.

It shall be periodically revised in order to keep it in line with Company needs and changes in relations with the environment and stakeholders.

RELATED DOCUMENTATION

The Code of Ethics is related to the following internal documents:

- Internal Code of Conduct on the Securities Market.
- Code of Operation.
- Supplier Code of Conduct.

These codes shall be made available to employees and external stakeholders upon request.



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Red Eléctrica works on selecting the most legible typographical font for their publications.
The typographical font Amplitud has been used for the texts and graphics in this report.

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