



RED
ELÉCTRICA
CORPORACIÓN

RED ELÉCTRICA GROUP'S
INTEGRITY MODEL.
GUIDE FOR THE PREVENTION
OF CORRUPTION:

ZERO TOLERANCE





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1. Introduction

Red Eléctrica Group's commitment to integrity: **ZERO TOLERANCE** for corruption

The Code of Ethics of the Red Eléctrica Group, approved by its Board of Directors, and drafted with the participation of the persons of the Group and representation of the different stakeholder groups, establishes five corporate values that must be internalized and undertaken by the persons that make up the Company. These five values are: reliability, responsibility, respect, leadership and creativity, and environmental awareness.

A common organizational culture, built on these corporate values, facilitates the achievement of the strategies of the Red Eléctrica Group and consolidates its reputation as a company involved in the needs and expectations of its stakeholders. The Code of Ethics of the Red Eléctrica Group states that these relations must be frank, transparent, loyal, respectful and ethical, so that the legitimate interests of all interested parties are protected.

All people of the Group (members of the Board, management team and other employees) have the mandatory commitment to fulfil their duties and responsibilities respecting the values, rules and procedures applicable in each of the areas of their activity. Proof of this commitment is the approval of this Guide on the prevention of corruption (hereinafter, the 'Guide') which seeks to promote the highest ethical standards and maintain strict compliance with current legislation and regulations, national and international, within the framework of the Company's regulatory compliance system. This commitment shall be observed and applied by third parties when carrying out activities for the Company.

The Red Eléctrica Group does not accept any form of business that involves an infringement of current law or of the Company's internal regulations. Obtaining a potential benefit does not justify the development of illegal practices that can endanger the reputation and sustainability of the Red Eléctrica Group.

In that same line, the Red Eléctrica Group is a signatory of the United Nations Global Compact, whose Principle Ten commits participants not only to avoid bribery, extortion and other forms of corruption, but also to develop specific policies and programmes to promote transparency.

These values and commitments undertaken by the Red Eléctrica Group define a position of zero tolerance towards corruption. The Company prevents, sensitizes, rejects and brings legal action against any form of corrupt conduct, understanding that only strict compliance with current legislation and the observance of the commitments it has undertaken voluntarily can avoid reputational, legal and economic risks for the Company and its personnel.

Red Eléctrica has prepared this Guide developing the corporate values and business conduct guidelines set out in its Code of Ethics. This document should be considered as an essential element in promoting business conduct by the Red Eléctrica Group and its members in keeping with impeccable business relations and when being a loyal agent in the sectors and markets where it operates; key components for maintaining the trust and reputation of the Group's companies among its stakeholders.

Why a guide for the prevention of corruption

The prevention of corruption is a necessary practice to help achieve an ethical and responsible management in the execution and delivery of services of the companies that make up the Red Eléctrica Group, in accordance with the values and commitments set out in its Code of Ethics.

Corruption encompasses a broad concept, including, but not limited to, bribery, fraud and misappropriation. Although there is no single definition of the term "corruption", the Red Eléctrica Group understands, following the guidelines of the United Nations¹ and Transparency International², corruption as "any abuse of power³ aimed at obtaining personal gain". This definition includes actions both in the public and private sectors, and includes obtaining financial and non-financial advantages.

All persons who make up the Red Eléctrica Group play a fundamental role in the development and consolidation of the Company's success. Therefore, respect for the law, integrity, accountability and transparency are mandatory compliance requirements.

Red Eléctrica makes this Guide available to all professionals who are part of the Company and also to its stakeholders. This Guide, which develops the business conduct guidelines and commitments set out in the Code of Ethics related to the main manifestations of corruption, seeks to serve as a reference document for its prevention.

1. United Nations Handbook. On practical anti-corruption measures for prosecutors and investigators. September 2004.

2. Transparency International. The Anti-Corruption Plain Language Guide. July de 2009.

3. Abuse of entrusted authority or power in a company occurs when a leader or superior takes advantage of his/her position and powers against someone who is located in a situation of dependence or subordination.

2. Object, scope and implementation of the Guide

2.1 Object

The purpose of this document is to provide guidance for all persons of the Red Eléctrica Group to guide them and govern their actions in the field of anti-corruption, regarding the commitments undertaken to prohibit all corruption, bribery or facilitating payment practices, with the aim of establishing impeccable business relations, in accordance with the corporate business values set out in the Code of Ethics.

This Guide provides the members of the Red Eléctrica Group an analysis of the conflicts they may face regarding corruption matters, and disseminates the action guidelines and control mechanisms which the Company has in place for the management of such conflicts.

This Guide is based on Principle Ten of the United Nations Global Compact which commits signatories to implement measures to prevent corruption and promote transparency. It also takes into account the principles defined in the UN Convention against Corruption and the OECD's⁴ Anti-Corruption Ethics and Compliance Programme for Business, as well as other international guidelines and standards.

2.2 Scope

This document is incumbent on all persons of the Red Eléctrica Group in the performance of their duties and responsibilities, regardless of where they reside or carry out their activity, in all professional situations in which they represent the Company, and that shall be defined as employees, management team and members of the Board.

The Guide will apply to companies in which the Red Eléctrica Group has a majority shareholding, regardless of their geographical location, as well as in countries in which it is temporarily providing professional services, consulting activities or any other activity related to the Red Eléctrica Group. In those companies in which the Red Eléctrica Group does not have a majority shareholding or does not have the ability to exercise control, it will request that the Board accept and take on this Guide.

The Red Eléctrica Group will promote and encourage that its suppliers take on the principles set out in this Guide through the Supplier Code of Conduct; considered a legally binding document and whose acceptance is a prerequisite to start the supplier qualification process.

4. OECD. Organization for Economic Co-operation and Development.

2.3 Implementation

This Guide sets out the principles and mechanisms for implementing impeccable business relations, which entails the prohibition of all corruption, bribery or facilitating payment practices, in all its forms, in accordance with the business conduct guidelines set out in the Code of Ethics of the Red Eléctrica Group.

The Guide describes what the Red Eléctrica Group understands as corruption, how it affects its business, and the action guidelines and main control mechanisms established in order to fight against corruption in the execution of its business activity.

All people in the Red Eléctrica Group are obliged to know and shall undertake to respect the contents of the Guide and review the way in which they carry out their duties and responsibilities based on the principles, undertakings and controls set out in the Guide. In particular, the exemplariness, support and the explicit commitment of members of the Board and the management team are a key element of value for its implementation.

In this sense, it is necessary that all persons who make up the Red Eléctrica Group be familiar with the rules related to their area of responsibility and keep in mind that when updating and applying this Guide it will be the strictest rule that shall govern any situation.

The complexity of anti-corruption laws does not free the Company or its members from the responsibility of compliance with the same and with the Code of Ethics of the Red Eléctrica Group.

Access to this Guide will be provided to all employees, and its adequate dissemination will take place, so that they may know and understand it, as well as undertake to respect it in the execution of their professional duties and to contribute changes they deem appropriate to improve it, through the established communication channels.

3. Internal regulation

3.1 Code of Ethics

The Code of Ethics is one of the key elements in management of the Red Eléctrica Group. The document that sets out the Code consists of two parts, one which defines the Group's corporate values and another which establishes the business conduct guidelines that shall be followed by all people in the Group in the execution of their duties and responsibilities in all professional fields in which they represent the Company.

The Red Eléctrica Group has appointed an Ethics Manager to manage the doubts that may arise and to collate, analyse and resolve any grievances received. The designated person, who has a direct channel to the Chairman and the Board of Directors, must maintain the confidentiality of the processes, and is responsible for the development, consolidation and ongoing improvement of the ethics management system in the Red Eléctrica Group.

Additionally, the Red Eléctrica Group has a **Supplier Code of Conduct** which aims to provide its suppliers information on the general principles regarding its labour and professional activity within its different scopes of action. The principles of conduct contained in the Supplier Code of Conduct are structured in three blocks: in the supplier's relations with its employees and contractors; with the Red Eléctrica Group, and with its business environment and society.

3.2 Regulatory compliance system

The Code of Ethics sets out the commitment of Red Eléctrica to comply with regulations to its fullest extent, both legal and those undertaken on a voluntary basis, and therefore needs to have an adequate regulatory compliance control system.

The Red Eléctrica Group has a Regulatory Compliance System that is linked to the ethical values of the Organization, and which corroborates its firm will to maintain respectful conduct regarding regulations as well as the business conduct guidelines and undertakings established by the Code of Ethics. Through said System, the Company's compliance risk can be identified, and allows the definition and inventorying of policies, procedures and controls related to the compliance function, determining the structures that ensure its proper implementation.

Said system is designed to prevent and detect compliance risks and reduce their impact, helping to create an appropriate culture of compliance.

3.3 Criminal risk prevention programme

The Board of Directors of the Red Eléctrica Group approved in 2011, a Criminal Risk Prevention Programme whose purpose is to identify the regulations, procedures and tools established in the Group to avoid non-compliance of legal regulations that carry criminal implications applicable to the Company and its staff, and to adapt the Company to the new regulatory environment.

The Red Eléctrica Group has a supervision and control Body of the Criminal Risk Prevention Programme and that monitors its compliance and undertakes concrete measures to ensure it is adequately updated and implemented.

The supervision and control Body of the Criminal Risk Prevention Programme has among its competencies the regular monitoring of the criminal risk control and prevention systems, in order to ensure that the main risks are identified, managed and appropriately disclosed.

4. Business conduct guidelines and undertakings

This Guide develops the business conduct guidelines and undertakings set out in the Code of Ethics related to the main manifestations of corruption, as well as the action guidelines to be followed by all people in the Red Eléctrica Group in the performance of their duties and the key control mechanisms for the prevention of corruption.

4.1 Fraudulent practices or deceptive promises

Definitions

Fraudulent practice means any improper advantage taken from a certain situation in order to obtain a personal benefit and thus resulting in harmful impacts on the Company or on the rest of the Company's employees.

Deceptive promise means a promise made without the adequate guarantees for carrying out its compliance, or a promise made when the individual who makes it does not have the decision-making power to do so.

Undertaking

All people in the Red Eléctrica Group must provide accurate, specific and timely information regarding all existing relations with stakeholders, in such a manner that it avoids any divergence or misunderstanding and enables the development of a loyal cooperation.

The Red Eléctrica Group shall seek to ensure that none of its actions may be construed as deception to the detriment of its stakeholders.

Action guidelines

1. Transparency shall be a constituent element in all actions of the Red Eléctrica Group, irrespective of the geographical location.
2. All General Contracting Terms & Conditions approved by the Red Eléctrica Group are applicable to and shall be used compulsorily by all members of the Group as well as all suppliers.
3. No contracts shall be signed or transactions carried out without previously being duly authorised by the Red Eléctrica Group.
4. Any doubts, suggestions, grievances and claims received from stakeholders shall be channelled through the services established by the Red Eléctrica Group.

Key control mechanisms

- Fraud Risk Prevention Programme
- Different levels of required delegations and authorisations within the scope of contracting (in accordance with nature and amount).
- Centralised management of collection and payment.
- Procedures and segregation of duties throughout the entire supply chain, encompassing qualification, purchasing management, outsourcing, certification, payment acknowledgement and payment.
- Centralised management of enquiries and claims received from stakeholders through the 'whistle-blowing' channel as well as through the corporate support services.

4.2 Bribery, corruption or facilitating payments

Definitions

Bribery means either an offer or receipt of any gift, loan, fee, reward or any other advantage to or from any person as an inducement to do something which is dishonest or illegal or a breach of trust in the conduct of the Company's business.

Corruption between private individuals means that act of a private individual, personally or through an intermediary, by which this individual promises, offers or grants any kind of unjustified benefit or advantage to executives, managers, employees or collaborators belonging to any commercial company, association, society or organization, aimed at benefitting personally or another third-party over others, thus failing to meet the obligations concerning buying or selling goods or those derived from the procurement of professional services.

Civil servants' corruption means that act by which a private individual offers or provides a gift or remuneration of any kind to a public official, a civil servant or any private individual involved in a public service decision-making function, aimed at obtaining an act contrary to the inherent duties associated to their public function, an act delaying the exercise of those duties or resulting in the omission of the required act.

Facilitating payment means all money paid or gifts provided to public officials or to private company employees in return for ensuring or speeding up the completion of an administrative procedure or of any required action to which the payer of the facilitating payment is entitled by law.

Action guidelines

1. Transparency must be the guiding principle under which all of the activities or transactions of the Red Eléctrica Group shall be conducted.

2. Payment of any kind, whether in cash or in kind, or any illegal commission within commercial relations or under any other circumstances, shall ever be requested, accepted or offered. This applies both to all the countries where the Red Eléctrica Group is developing its activity and to countries where it intends to do so.
3. All corruption practices, bribery or facilitating payment, active, passive and whether by act or omission or by creating or maintaining favourable or illicit relations are expressly prohibited.
4. Money payments or any other type of contribution made to public administrations or governments aimed at obtaining a favourable or influential position shall not be made on behalf of the Red Eléctrica Group in any part of the world.
5. Facilitating payments are prohibited, even if such payments might not be intended to attain an unjustified benefit. This prohibition shall not apply to payments made for official fees such as guaranteed service refunds specifically contemplated by the applicable laws.
6. All people within the Red Eléctrica Group must avoid any and all types of conflicts of interests affecting the relationship with civil servants and public officials which that could alter the fairness and objectivity that are inherent to their professional activity.
7. The Red Eléctrica Group shall not undertake any activity or transaction when there is the suspicion that it may be linked to money laundering.

Undertaking

All practices of corruption, bribery or facilitating payments, active, passive or through an intermediary, and whether by act or omission or by creating or maintaining favourable or illicit relationships are prohibited by the Red Eléctrica Group.

All people in the Red Eléctrica Group undertake not to request, accept or offer any kind of payment, whether in cash or in kind, nor any illegal commission within the commercial relations or by any other circumstances.

Key control mechanisms

- Assigning of authorised persons and individuals empowered with the responsibility to represent the Company before competent authorities and public bodies.
- Different levels of required delegations and authorisations within the scope of contracting (in accordance with nature and amount).
- Centralised management of collection and payment.
- Procedures and segregation of duties throughout the entire supply chain, encompassing qualification, purchasing management, outsourcing, certification, payment acknowledgement and payment.

- Bidding procedures and contract negotiation procedures
- Centralised management of enquiries and claims received from stakeholders through the 'whistle-blowing' channel as well as through the corporate support services.

4.3 Contributions to political parties or political organizations

Definitions

Contributions to political parties or political organizations mean any direct or indirect, monetary or otherwise, contribution in favour of political parties and their associated foundations, candidates or public official to obtain a position of advantage or influence. Political contributions include the provision of services or use of facilities at no cost or at a non-commercial discount.

Undertaking

No monetary contributions or otherwise shall be made to political parties, political organizations, public administrations or governments, anywhere in the world, on behalf of the Red Eléctrica Group to gain a position of advantage or influence. Similarly, no donations, grants or loans shall be made to candidates or political parties or their related foundations, except, in the latter, for purposes aligned with the Company's strategy.

Action guidelines

1. The staff of the Red Eléctrica Group must be committed to the transparency of activities or transactions, and payment of any kind, whether in cash or in kind, or any illegal commission within commercial relations or under any other circumstances, shall ever be requested, offered to or accepted from a political party or organization in any of the countries where the Red Eléctrica Group is developing its activity and in countries where it intends to do so.
2. This policy does not prohibit personal contributions of employees of the Red Eléctrica Group to political parties or candidates, including the provision of services outside working hours and that do not involve using Company resources.
3. In the case of donations to foundations linked to political parties, the shall be limited to projects that are in line with the Company's strategy and that are duly authorized by the appropriate governance body.

Key control mechanisms

- Centralized and proceduralised management of institutional relations.
- Centralised management of collection and payment.

- Segregation of duties in payment policy.
- Procedure for the issuance, monitoring and collection of invoices.
- Different levels of required delegations and authorisations within the scope of contracting [in accordance with nature and amount].
- Centralised management of enquiries and claims received from stakeholders through the 'whistle-blowing' channel as well as through the corporate support services.

4.4 Charitable donations, sponsorships and partnerships

Definitions

Donation means that economic cooperation or other carried out by the Company in favour of public-private entities and organizations in the third sector (non-profit and non-governmental organisations) with the aim of contributing to a social purpose or helping meet a legitimate need.

Sponsorships or partnerships means the granting of direct or indirect financial support for conducting cultural, scientific, educational and sports activities or social actions with the aim of promoting the image of the Red Eléctrica Group, improve its reputation and promote relations with its business environment and society.

Undertaking

The Red Eléctrica Group shall support organizations and events through sponsorships, partnerships or donations provided they constitute an example of its corporate responsibility and social commitment.

Red Eléctrica Group's partnerships with public-private entities and the third sector shall be focused on the priorities defined in its social action, mainly on actions related to the dissemination of the operation of the electricity system, the conservation of natural heritage and the development of the territory in which the Group is present.

Action guidelines

1. The Red Eléctrica Group shall carry out sponsorships and partnerships with public-private entities and the third sector, after an analysis of their activities, to ensure that the contributions made are properly implemented, pursuant to current legislation and in accordance with the purpose for which the contribution was made.
2. Economic partnerships with non-governmental organizations and other institutions must conform to the social action principles and priorities of the Red Eléctrica Group. These define that the Groups' social

action is aligned with its corporate values and corporate strategy and seeks to strengthen the relations of trust between the Company and society, through the creation of value beyond the obligations undertaken due to its activity and its commitment as a responsible company.

3. Sponsorships and partnerships of the Red Eléctrica Group will aim to establish partnerships that enable the development of activities in line with its social commitment.
4. The Red Eléctrica Group shall not undertake any activity or transaction when there is the suspicion that it may be linked to money laundering.

Key control mechanisms

- Centralized and proceduralised management of institutional relations.
- Different levels of required delegations and authorisations within the scope of contracting [in accordance with nature and amount].
- Centralised management of collection and payment.
- Consistency with the social action principles and priorities of the Red Eléctrica Group.
- Centralised management of enquiries and claims received from stakeholders through the 'whistle-blowing' channel as well as through the corporate support services.

4.5 Acceptance of gifts, loans or invitations

Definitions

Gifts, loans or invitations mean, for the purposes of this section, those offers, promises or concessions for any undue benefit, monetary or otherwise. This definition also includes gifts according to social uses, merchandising gifts, invitations to events or unusual discounts.

Undertaking

Under no circumstances may gifts, loans, hospitality and/or invitations from third parties, physical or legal, related to the Company's activities that go beyond courtesy and normal institutional relations and that could compromise independence or impartiality in business relationships with the various stakeholders, especially clients or suppliers.

Additionally, it is prohibited to offer gifts, loans and invitations to public officials beyond institutional courtesy, which could compromise the transparency and objectivity of the Public Administration in their actions with the Red Eléctrica Group or business partners, and whose purpose is that the recipient favour the Company.

Action guidelines

1. Persons of the Red Eléctrica Group shall not accept, any act of courtesy, gift, invitation, favour or compensation from customers, suppliers or third parties, except in the case of ceremonial attention and courtesy conforming to social uses, according to the criteria established by the Code of Ethics of the Red Eléctrica Group.
2. Before offering or accepting an act of courtesy, employees of the Red Eléctrica Group and all those acting on its behalf must assess:
 - _if it is offered or accepted for an improper purpose,
 - _if it is of a moderate and reasonable nature and
 - _if the frequency or the moment in which it takes place represents a potential influence.
3. In no case shall cash be offered or accepted as a gift nor shall gifts be offered or accepted that are contrary to the values of the Code of Ethics or which may damage the reputation of the Red Eléctrica Group.
4. Members of the Red Eléctrica Group shall avoid any kind of conflict of interest concerning their relations with customers, suppliers or third parties, which may alter the impartiality and objectivity with which they must perform their professional work.
5. The procurement of supplies and services through external suppliers, including all areas affected by the procurement procedure, shall be carried out following the procedures established for this purpose, in a transparent manner and adjusted to the criteria of publication and participation.

Key control mechanisms

- Centralised management of institutional gifts.
- Different levels of required delegations and authorisations within the scope of contracting [in accordance with nature and amount].
- Centralised management of collection and payment.
- Procedures and segregation of duties throughout the entire supply chain, encompassing qualification, purchasing management, outsourcing, certification, payment acknowledgement and payment.
- Centralised management of enquiries and claims received from stakeholders through the 'whistle-blowing' channel as well as through the corporate support services.

4.6 Confidential information

Definitions

Confidential information means that information whose unauthorised disclosure, loss or destruction could have an adverse impact on the Company, employees or stakeholders, affecting the objectives and activities of the Company and which could result in financial loss, damage to reputation or legal action.

The undertakings and action guidelines will also extend to that information considered secret and exclusively for internal use, which together with confidential information, represent the Company's classified information. Secret information means that information whose unauthorised disclosure, loss or destruction could have a serious adverse impact on the position of the Company, resulting in a financial loss, damage to reputation or legal action. Internal information means that information whose unauthorised disclosure, loss or destruction could have less significant adverse impact on the Company, its employees or its stakeholders.

Privileged information means that, which owing to the fact that it refers to events or circumstances that are unknown to others, can generate advantage for those who have it.

Undertaking

The Red Eléctrica Group shall ensure the protection and proper use of privileged and confidential, secret or internal information in order to preserve the interests of the Company and its stakeholders.

The people of the Red Eléctrica Group are obliged to maintain the confidentiality of any kind of classified information to which they have had lawful access and as a consequence of the activities they carry out within the Company. Transactions shall not be made based on such classified information nor forwarded to third parties for this or any other purpose.

Action guidelines

1. The Red Eléctrica Group promotes transparency in its internal and external relations. However, not all information under the control of the Company may be made public, even when not identified as "classified."
2. Confidential and secret information may be accessed by company employees whose duties require the use of such information, and by external collaborators whose activities require the use of such information as long as they have signed a confidentiality agreement beforehand.
3. Confidential and secret information shall be protected and every care should be taken to ensure that no third parties obtain access to it. It is prohibited, unless required to do so by legal, administrative or judicial order, to provide, transmit or disseminate confidential information to someone other than the owner without the express consent of the owner. In the case where any confidential and secret information needs to be transmitted by electronic means, it should be duly protected.
4. The definition of 'privileged information' and guidelines for conduct related to the securities markets are set out in the Internal Code of Conduct on the Securities Market.

5. Members of the Red Eléctrica Group may not carry out commercial transactions that may affect the performance, activity or dedication of the members of the Red Eléctrica Group or their compliance responsibilities imposed by legal regulations or by the current regulations of the Company.

Key control mechanisms

- System of Internal Control over Financial Reporting [ICFR].
- Internal Code of Conduct on the Securities Market
- Management control of financial operations and external transfers.
- Business conduct protocol for the use of IT and communications systems.
- Code of Conduct for the organic unit 'System Operator of Red Eléctrica de España S.A.U.'
- Action guide in relation to Data Security.
- Centralised management of enquiries and claims received from stakeholders through the 'whistle-blowing' channel as well as through the corporate support services.

4.7 Accounting records and internal controls over financial reporting

Definitions

Financial information means that contained in the annual financial report and interim statements, both individual and consolidated, in particular, the balance sheet, the profit and loss accounts, the statement of changes in net equity, the cash flow statement and the annual report, as well as information of an accounting nature contained in the management report.

Accounting records are understood as accounts, invoices and correspondence, and any other media that contains relevant financial information of the Company.

Undertaking

With the aim of maintaining the maximum degree of transparency, the Red Eléctrica Group provides shareholders and investors, financial analysts and the general public periodic reports on the Company's financial condition and results.

The Company shall not perform any accounting action that seeks to conceal relevant financial transactions or information. The aim is to provide financial information free of errors and omissions and that represents the faithful image of the Company.

Action guidelines

1. The Company shall show due diligence when disclosing financial information, implementing sufficient procedures and internal controls to communicate, store and protect such information.
2. The processes and controls of the Red Eléctrica Group contained in the ICFR shall be constantly kept updated to ensure the integrity of the accounting records and financial information of the Group at all times.
3. Annually a review shall be conducted, by an independent third party who will define the scope of the audit, taking into account the materiality or relevance impact on the financial statements of the Group, of the ICFR model in order to ensure the soundness and integrity of the same as well as the coverage of possible risks of intentional errors or fraud.
4. The Red Eléctrica Group must prepare and keep journals and records documenting the financial activity of the Company. It is prohibited to run a parallel accounting system, as well as all practices contrary to the transparency of the information contained in the accounting journal entries.
5. The Red Eléctrica Group shall not undertake any activity or transaction when there is the suspicion that it may be linked to money laundering.
6. Among the good tax practices, the Group shall avoid the use of 'opaque' structures for tax purposes and shall collaborate in the detection of fraudulent tax practices that may develop in the markets in which it is present.
7. The Company shall promote relations with the Tax Authorities under the principles of transparency, cooperation, trust, good faith and mutual loyalty, following the recommendations of the codes of good tax practices implemented in the countries where the Group carries out its activity.

Key control mechanisms

- Updating and continuous improvement of the System of Internal Control over Financial Reporting (ICFR).
- Establishment of internal control objectives (completeness, accuracy, validity and controlled access) that reflect the Company's ability to record, process and report reliable financial information and in accordance with generally accepted accounting principles.
- Monitoring of the recommendations regarding Systems of Internal Control over Financial Reporting (ICFR) drafted by the Internal Control Working Group created at the proposal of the National Securities Market Commission.
- Organisational structure with reporting lines and relevant communication defined for financial reporting.
- Company Policies relating to the distribution of information.
- Centralised management of enquiries and claims received from stakeholders through the 'whistle-blowing' channel as well as through the corporate support services.

5. Management system for the prevention of corruption

5.1 Dissemination

Dissemination among the persons of the Red Eléctrica Group is an essential element in order to boost the effectiveness of this Guide.

The Red Eléctrica Group is committed to continuous training and awareness actions for its members. This is of essential importance in order to achieve a corporate culture based on ethics, integrity and transparency, as it is the first step by which its members become aware of it and feel identified with it.

This Guide is configured as a dynamic element subject to those changes and improvements deemed necessary to achieve its purpose.

Thus continuous training and awareness actions on the specific risks of corruption are carried out within the Red Eléctrica Group with the aim that all persons of the Red Eléctrica Group identify those potential situations that are contrary to this Guide and the rest of the applicable regulations.

Additionally, the Company conducts training among its workforce regarding the business conduct guidelines to be followed regarding the prevention of corruption and the way in which they should be materialised.

5.2 Monitoring and supervision of the implementation of the Guide

5.2.1 Reporting

The Red Eléctrica Group has the appropriate mechanisms for the performance of the role of the figure, as per regulatory compliance, responsible for managing the doubts that may arise and to collate, analyse and resolve grievances received in relation to this Guide.

Any person in the Red Eléctrica Group and of its stakeholders may submit to the unit responsible for regulatory compliance any questions or suggestions regarding the application and interpretation of this Guide. Similarly, timely grievances may be submitted as a consequence of possible non-compliance of the undertakings set out in the Guide.

On the external corporate website [www.ree.es] and the internal corporate website communication channels are available to make enquiries and report grievances regarding this Guide. The unit responsible for regulatory compliance shall maintain the confidentiality of the complainant at all times, unless such information be required by an administrative or judicial authority. Employees of the Red Eléctrica Group that report non-compliances of the Guide are protected against any kind of retaliation providing their action was in accordance with the principles of good faith.

The unit responsible for regulatory compliance shall report periodically to the Board of Directors on actions in relation to the Guide, as well as the proposed improvements, implemented updates, agreed measures, and any other aspect considered relevant in the performance of its duties.

Commitment to continuous improvement

The Red Eléctrica Group undertakes to carry out a process of continuous improvement of the Regulatory Compliance System of the Company and, in particular, to keep the present Guide updated in conformance with current legislation, the best practices in the prevention of corruption and the results of the risk analysis carried out by the Red Eléctrica Group.

The Guide shall be reviewed annually to verify that the content meets the best practices in this field and continues to be appropriate for the circumstances of the Red Eléctrica Group.

This Guide has been approved by the Board of Directors of Red Eléctrica Corporación.

5.2.2 Period of effectiveness

This Guide shall be in force from 22 December, 2015, until a new update is approved or it is repealed. Its updated content shall be accessible via the corporate website of the Group (www.ree.es) and revised periodically in order to adjust its requirements to the reality of the Company and its relationship with the environment and with its stakeholders.

5.2.3 Documentation related to the integrity model of the Red Eléctrica Group

- Code of Ethics.
- Supplier Code of Conduct.
- Regulatory Compliance System.
- Criminal Risk Prevention Programme.



