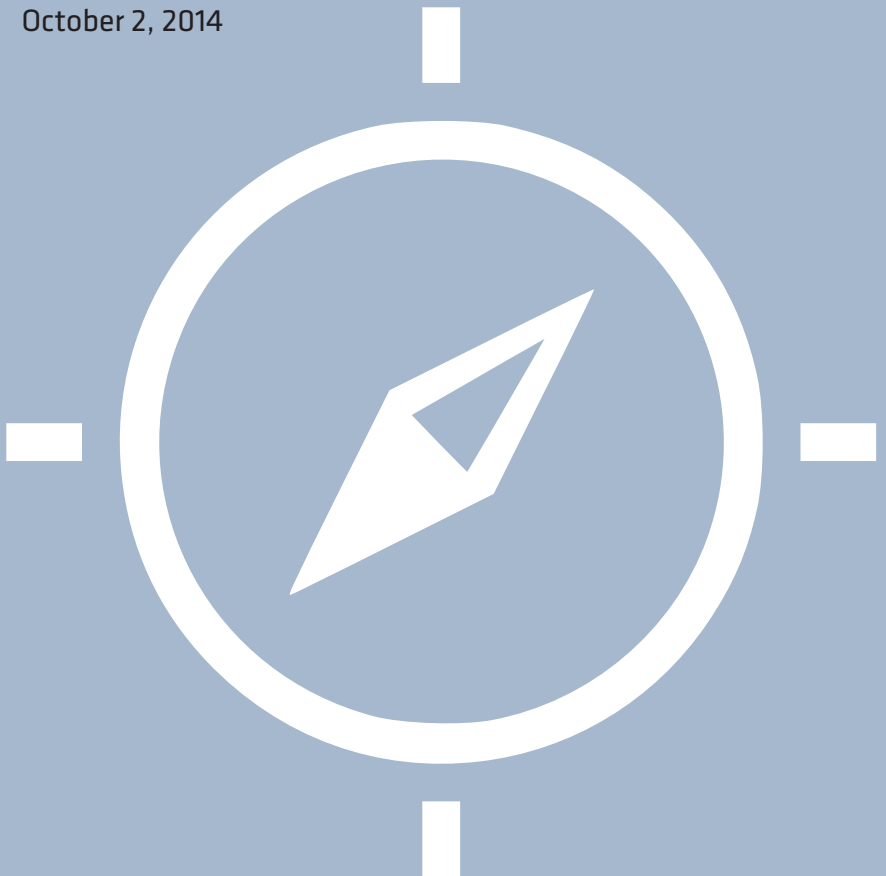




**RED**  
**ELÉCTRICA**  
CORPORACIÓN

# Economic and Financial POLICY

October 2, 2014





## Object

Establish the principles and guidelines for economic-financial management through the provision of the necessary financial resources for the development of the activity of the companies in the Red Eléctrica Group, the execution of the economic-financial planning and monitoring of the activity, and the recording of all financial transactions that impact or have financial repercussions in a way that ensures a true and fair view of the situation of the companies. These principles and guidelines shall lead to the fulfilment of the strategies and objectives of the Red Eléctrica Group.

## Scope of application

Red Eléctrica Group.

## Basic principles and guidelines

- Apply the principles of excellence adopted by the Red Eléctrica Group and incorporate and promote best practices in the field of economic and financial management.
- Define the Company plan, annual budgets and the setting of objectives, which will be the key instruments for economic-financial planning and will determine the resource requirements of each company in the Group.
- Establish minimum profitability requirements for each individual business-line that ensure financially sustainable growth.
- Manage the activity with the appropriate assessment of the economic, financial and tax risks, and establish appropriate mechanisms to cover, prevent and reduce these risks.
- Ensure the optimization of the remuneration of regulated activities and the adequate profitability of all other assets.
- Define a liability structure that allows an optimal allocation between own and borrowed funds and that optimises the cost of capital both individually and as a Group.
- Define general guidelines regarding target financial markets and instruments, to meet the financial needs of each company of the Group.
- Prepare economic-financial and tax information for internal management and compliance with external requirements with a view to providing support for decision-making, the fully transparent transfer of necessary information to financial markets and all other stakeholders, and compliance with legal and tax requirements.
- Guide the monitoring activities regarding management in order to increase efficiency in the execution of the activity of the companies of the Group and ensure the reliability of information.



- Maintain optimum relations with shareholders, analysts and potential investors based on accurate information and on the principles of transparency and credibility.
- Periodically review the progress of the targets set for each organizational unit, as well as the management information structure, ensuring they keep in line with the strategic objectives.
- Carry out administrative functions, including the management of collections and payments, according to criteria governing resource optimisation, service quality and strict compliance with obligations.
- Submit the operation of economic-financial matters to an internal control system that guarantees the integrity and transparency of the information. This operation will also be subject to regular internal and external audits.
- Establish, manage and carry out monitoring of tax policy of the companies of the Group on the basis of principles of transparency, good governance and responsibility.

This **Economic and Financial Policy** was approved by the Management Committee on October 2, 2014.