



LETTER FROM THE
CHAIRMAN AND THE CHIEF
EXECUTIVE OFFICER



KEY PERFORMANCE
INDICATORS



01. THE COMPANY



02. STRATEGY



03. CORPORATE
GOVERNANCE



04. MANAGEMENT
APPROACH



05. SUSTAINABLE
ENERGY



06. CREATION
OF VALUE



07. EMPLOYEES



08. SOCIETY



09. DIALOGUE
WITH
STAKEHOLDERS



10. THE
ENVIRONMENT

ANNEXES



ANNEXES





About this Report

SUSTAINABILITY CONTEXT

This corporate responsibility report aims to provide transparent, reliable and balanced information on the economic, social and environmental matters identified as the most relevant for Red Eléctrica. Similarly, this report also describes the annual progress made by the Company regarding corporate governance, human rights, ethics and the fight against corruption. [\[G4-28\]](#)

Red Eléctrica has published this report annually since 2002,

and since 2003 it has been prepared according to the Global Reporting Initiative (GRI) model, an international standard for the drafting of sustainability reports. [\[G4-29, G4-30\]](#)

For the drafting of this report, the principles and contents defined in the latest version of the GRI G4 guide have been followed for the second consecutive year. The report also includes additional applicable information that is required in the Electric Utilities Sector Supplement. This version requires the company to conduct a materiality analysis that allows it to focus on those issues of a social, environmental and economic nature that are relevant to the company's business and which influence the decisions of its stakeholders.

SCOPE [\[G4-22, G4-23\]](#)

Consequently, with the G4 guide, this report focuses primarily on those issues identified as relevant in the materiality analysis conducted in 2014, whose drafting process and results are shown in the following pages. Noteworthy is that the list of relevant issues obtained from the above analysis includes some additional aspects specific to the activity of Red Eléctrica, which although not covered by the GRI, are relevant to the sustainable management of the Company. In order to assess the evolution of Red Eléctrica's performance over time, data from previous years is provided.

The content of this report is supplemented with the following information published by Red Eléctrica:

- Corporate Governance Report and the Consolidated Annual Accounts Report of the Red Eléctrica Group, which include the management report of the businesses of the Group.
- Environmental Report.
- Wide range of content on the corporate website www.ree.es.



COVERAGE (G4-17, G4-22)

This report includes complete information regarding the management approach, activities and financial results of the main activity of the Group: the electricity business in Spain through Red Eléctrica de España, S.A.U. [REE] which represents 93% of the Group's consolidated revenue. It was not considered relevant to provide

detailed information by business segment, or geographically of the remaining activities that together represent just 7% of consolidated revenue.

However, all companies that make up the Red Eléctrica Group are subject to and comply with the policies, comprehensive risk management, information on corporate governance, the integrity model, the consolidated economic and financial data, as well as the tax contribution set out in this report. The structure of the companies in the Red Eléctrica Group are detailed in the Consolidated Annual Accounts Report and on page 9 of this report.

In general, no other relevant information has been reformulated with regard to previous reports. It is possible that data regarding previous years may have been updated, in which case said updating is indicated in the corresponding section.

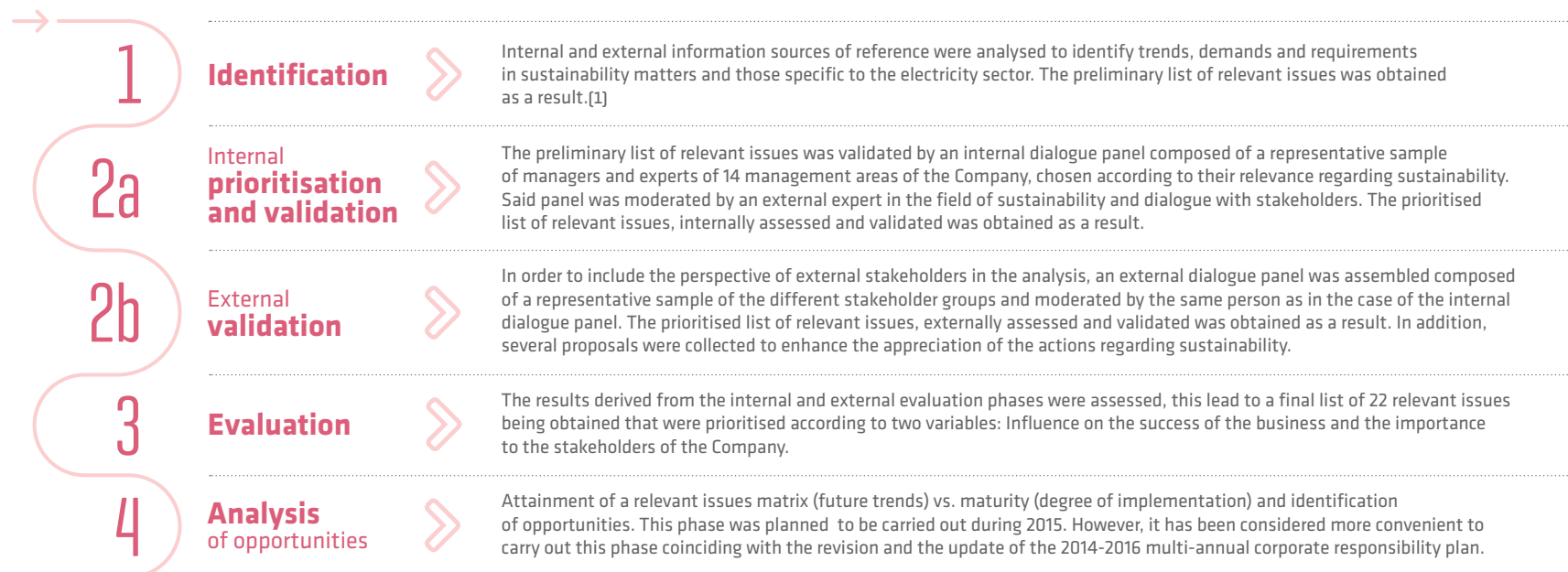
Thus, Red Eléctrica considers that the Corporate Responsibility Report 2015 was drawn up in accordance with G4 Guidelines, encompassing it within its 'comprehensive' level. To check the reliability of information, Red Eléctrica has submitted the report to external verification by PWC with a limited level of

assurance. As a result of the verification process, an Independent Review Report is drafted which includes the objectives and scope of the process as well as the verification procedures used and the conclusions reached.

Red Electrica drafts its **Corporate Responsibility Report** in accordance with the latest version of the Guide for the preparation of sustainability reports Global Reporting Initiative, GRI G4 in its comprehensive option.



MATERIALITY IDENTIFICATION PROCES [G4-18]



^[1] Sources Consulted

EXTERNAL

- Global Reporting Initiative: topics set out in the G4 Guide, Electric Utility Supplement and the Sustainability Topics for Sectors document.
- Energy trends: Planning of the electricity and gas sectors 2008-2016, 2030 Framework for climate and energy

- policies, Ten-Year Network Development Plan 2014.
- Concerns collected by external international organisations of repute in this field: sustainability agencies, ISO26000, European Directive on non-financial information.

- Concerns raised in public debates: National CSR Plan, Global Compact.
- Topics considered by peer companies.
- Analysis of the media.
- Concerns raised by stakeholders.

INTERNAL

- Policies and commitments.
- The Company's Strategic Plan.
- The Company's corporate reports.
- 2013 Materiality study performed within the framework of the International Integrated Reporting Council (IIRC).
- 2011 Materiality study.



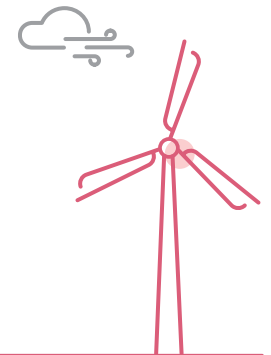
MATERIALITY MATRIX [G4-19]

● Governance and Ethics ● Business ● Employees ● Society ● The Environment

Importance to Stakeholders

		<ul style="list-style-type: none"> ● Ethics and transparency ● Commitment to society ● Governance practices
<ul style="list-style-type: none"> ● Climate change ● Equal opportunities and diversity ● Biodiversity 	<ul style="list-style-type: none"> ● Financial strength and soundness ● Dialogue with stakeholders ● Integration of facilities into the landscape ● Risk control ● Well-being, security and health & safety ● Talent management 	<ul style="list-style-type: none"> ● Technological innovation ● Quality and stable employment
<ul style="list-style-type: none"> ● Efficient management of resources ● Integration of renewable energies ● Respect for human rights ● Waste and discharges 	<ul style="list-style-type: none"> ● Quality and transparency in the management of system operation ● Grid planning, development and maintenance ● Energy efficiency and demand-side management ● Responsible management of the supply chain ● Regulatory framework 	

Influence on the success of the business





RELEVANT MATERIAL ASPECTS

[G4-19, G4-20, G4-21]

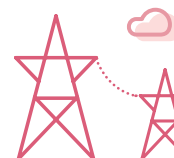
	GRI Aspects	Standard Disclosures	Impact	
			INT	EXT
Corporate governance practices	Governance	G4-34 to G4-44 / G4-49 to G4-55	✓	✓
	Diversity and Equal Opportunity	G4-LA12	✓	✓
Ethics and transparency	Ethics and Integrity	G4-56 to G4-58	✓	✓
	Anti-corruption	G4-S03 / G4-S04 / G4-S05	✓	✓
	Compliance	G4-S08	✓	✓
Risk control	Governance	G4-45 to G4-47	✓	✓
	Strategy and Analysis	G4-2	✓	✓
	Organizational Profile	G4-14	✓	✓
	Economic Performance	G4-EC2	✓	✓
Respect for human rights	Assessment Human Rights	G4-HR9	✓	✓
	Human Rights Grievance Mechanisms	G4-HR12	✓	✓
Financial strength and soundness	Economic Performance	G4-EC1 / G4-EC3 / G4-EC4	✓	✓
Regulatory framework		Aspect specific to Red Eléctrica. No GRI indicators.		✓
Technological innovation		Sectorial management approach.	✓	✓
Responsible management of the supply chain	Procurement Practices	G4-EC9		✓
	Description of the organization's supply chain	G4-12		✓
	Supplier Assessment for Labor Practices	G4-LA14 / G4-LA15		✓
	Supplier Environmental Assessment	G4-EN32 / G4-EN33		✓
	Supplier Assessment for Impacts on Society	G4-S09 / G4-S010		✓
	Supplier Human Rights Assessment	G4-HR10 / G4-HR11		✓
	Supplier Environmental Assessment	G4-EN32 / G4-EN33		✓
Quality and transparency in the management of system operation	Ethics and Integrity	G4-56		✓
Grid planning, development and maintenance	Availability and Reliability	EU10		✓
	System Efficiency	EU12		✓
	Access to electricity	EU28 / EU29		✓

[Continued on next page]



MATERIAL ASPECTS / Continuation

	GRI Aspects	Standard Disclosures	Impact	
			INT	EXT
Integration of renewable energies		Aspect specific to Red Eléctrica. No GRI indicators.		✓
Energy efficiency and demand-side management		Sectorial management approach.		✓
Efficient management of resources		Aspect specific to Red Eléctrica. No GRI indicators.	✓	✓
Quality and stable employment	Employment	G4-LA1 / G4-LA2 / G4-LA3 / EU15	✓	
	Labor/Management Relations	G4-LA4	✓	
	Labor Practices Grievance Mechanisms	G4-LA16	✓	
Equal opportunities and diversity	Diversity and Equal Opportunity	G4-LA12	✓	
	Equal Remuneration for Women and Men	G4-LA13	✓	
Well-being, security and health & safety	Employment	EU17 / EU18	✓	
	Occupational Health and Safety	G4-LA5 / G4-LA6 / G4-LA7 / G4-LA8		
Talent management	Training and Education	G4-LA9 / G4-LA10 / G4-LA11	✓	
Commitment to society	Local Communities	G4-S01		✓
Dialogue with stakeholders	Stakeholder Engagement	G4-24 to G4-27		✓
	Grievance Mechanisms for Impacts on Society	G4-S011		✓
Integration of facilities into the landscape	Local Communities	G4-S01 / G4-S02		✓
	Compliance	G4-EN29 / G4-EN31		✓
	Supplier Environmental Assessment	G4-EN33		✓
	Environmental Grievance Mechanisms	G4-EN34		✓
	Customer Health and Safety	G4-PR1		✓
Climate change	Energy	G4-EN3 to G4-EN7		✓
	Emissions	G4-EN15 to G4-EN21		✓
Biodiversity	Biodiversity	G4-EN11 to G4-EN14		✓
Waste and discharges	Effluents and Waste	G4-EN22 to G4-EN-26		✓





GRI CONTENT INDEX FOR 'IN ACCORDANCE'- COMPREHENSIVE ^[1] PART 1. GENERAL STANDARD DISCLOSURES

[G4-32]

General Standard Disclosures	Page Number Link Direct answer	Omissions	External Assurance (page)	Description
STRATEGY AND ANALYSIS				
G4-1	3	-	231	Statement from the Chairman.
G4-2	38, 40	-	231	Key impacts, risks and opportunities.
ORGANIZATIONAL PROFILE				
G4-3	9	-	231	Name of the organization.
G4-4	10	-	231	Primary brands, products and services.
G4-5	Red Eléctrica- Paseo Conde de los Gaitanes, 177 Alcobendas [Madrid]- Spain.	-	231	Location of the organization's headquarters.
G4-6	10	-	231	Countries of operation.
G4-7	9	-	231	Nature of ownership and legal form.
G4-8	10	-	231	Markets served.
G4-9	6, 90	-	231	Scale of the organization.
G4-10*	120, 127	-	231	Number of employees.
G4-11*	120 Percentage of contractors covered by collective bargaining agreements is not available.	-	231	Employees covered by collective bargaining agreements.
G4-12	152	-	231	Organization's supply chain.
G4-13	12	-	231	Significant changes to the organization's size, structure, ownership, or its supply chain.
G4-14	36, 163	-	231	Precautionary approach.
G4-15	59	-	231	Economic, environmental and social charters, principles, or other initiatives.
G4-16	137	-	231	Memberships of associations and national or international advocacy organizations.

[1] This index includes aspects and indicators from the Electric Utility Supplement in accordance with the publication 'G4 Sector disclosures' (Electric Utilities).
The symbol [*] indicates those indicators where sector-specific information is included.





GRI CONTENT INDEX FOR 'IN ACCORDANCE'- COMPREHENSIVE ^[1]

PART 1. GENERAL STANDARD DISCLOSURES / Continuation

General Standard Disclosures	Page Number Link Direct answer	Omissions	External Assurance (page)	Description
ORGANIZATIONAL PROFILE / Continuation				
EU1*	-	Not applicable. All the activities of the Group are related to the transmission of electricity and the operation of the electricity systems, but not to the generation of electricity.	231	Installed capacity, broken down by primary energy source and by regulatory regime.
EU2*	-	Not applicable. All the activities of the Group are related to the transmission of electricity and the operation of the electricity systems, but not to the generation of electricity.	231	Net energy output broken down by primary energy source and by regulatory regime.
EU3*	147	-	231	Number of residential, industrial, institutional and commercial customer accounts.
EU4*	71, 73	-	231	Length of above and underground transmission and distribution lines by regulatory regime.
EU5*	-	Not applicable. The rights regarding CO ₂ Equivalent Emission Allowances do not apply to power transmission activities.	231	Allocation of CO ₂ emissions allowances or equivalent, broken down by carbon trading framework.

IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES

G4-17	9, 205	-	231	Entities included in the organization's consolidated financial statements or equivalent documents.
G4-18	206	-	231	Process for defining the report content and the Aspect Boundaries.
G4-19	207, 208	-	231	Material Aspects identified in the process for defining report content.
G4-20	208	-	231	Aspect Boundary within the organization.
G4-21	208	-	231	Aspect Boundary outside the organization.
G4-22	204, 205	-	231	Restatements of information.
G4-23	204	-	231	Significant changes from previous reporting periods in the Scope and Aspect Boundaries.

[1] This index includes aspects and indicators from the Electric Utility Supplement in accordance with the publication 'G4 Sector disclosures' (Electric Utilities).
The symbol (*) indicates those indicators where sector-specific information is included.





GRI CONTENT INDEX FOR 'IN ACCORDANCE'- COMPREHENSIVE ^[1]

PART 1. GENERAL STANDARD DISCLOSURES / Continuation

General Standard Disclosures	Page Number Link Direct answer	Omissions	External Assurance (page)	Description
STAKEHOLDER ENGAGEMENT				
G4-24	64	-	231	Stakeholder groups engaged by the organization.
G4-25	61, 64	-	231	Basis for identification and selection of stakeholders with whom to engage.
G4-26	62, 63	-	231	Approach to stakeholder engagement.
G4-27	62, 64, 65	-	231	Key topics and concerns raised through stakeholder engagement.
REPORT PROFILE				
G4-28	204	-	231	Reporting period.
G4-29	204	-	231	Date of most recent previous report.
G4-30	204	-	231	Reporting cycle.
G4-31	Dígame Service www-ree-es digame@ree-es Telephone: +34 91 728 62 15 Fax: +34 91 650 45 42	-	231	Contact point for questions regarding the report or its contents.
G4-32	210	-	231	Index with respect to the 'in accordance' option chosen.
G4-33	231	-	231	External assurance for the report.
GOVERNANCE				
G4-34	14, 25, 32	-	231	Governance structure of the organization.
G4-35	32	-	231	Delegating authority from the highest governance body to senior executives and other employees.
G4-36	32	-	231	Executive-level positions with responsibility for economic, social and environmental topics.

[1] This index includes aspects and indicators from the Electric Utility Supplement in accordance with the publication 'G4 Sector disclosures' (Electric Utilities).
The symbol (*) indicates those indicators where sector-specific information is included.





GRI CONTENT INDEX FOR 'IN ACCORDANCE'- COMPREHENSIVE ^[1]

PART 1. GENERAL STANDARD DISCLOSURES / Continuation

General Standard Disclosures	Page Number Link Direct answer	Omissions	External Assurance (page)	Description
GOVERNANCE / Continuation				
G4-37	32	-	231	Processes for consultation between stakeholders and the Board of Directors.
G4-38	25, 29	-	231	Composition of the highest governance body and its committees.
G4-39	29	-	231	State whether the chair of the highest governance body is also an executive officer and the reasons for this arrangement.
G4-40	33	-	231	Selection and nomination of the members of the highest governance body.
G4-41	33	-	231	Processes for the highest governance body to ensure conflicts are avoided.
G4-42	32	-	231	Roles of highest governance body and senior executives in the development, approval and updating of the organization's vision, mission, values, strategies, policies and goals.
G4-43	34	-	231	Highest governance body's knowledge of economic, environmental and social topics.
G4-44	34	-	231	Highest governance body's performance.
G4-45	37, 42, 63	-	231	Processes of the highest governance body to supervise the identification and management of economic, environmental and social performance, as well as its role in the implementation of due diligence processes and in stakeholder consultations.
G4-46	37	-	231	Highest governance body's role in reviewing the effectiveness of the management of economic, environmental and social risks and opportunities.

[1] This index includes aspects and indicators from the Electric Utility Supplement in accordance with the publication 'G4 Sector disclosures' (Electric Utilities).
The symbol (*) indicates those indicators where sector-specific information is included.





GRI CONTENT INDEX FOR 'IN ACCORDANCE'- COMPREHENSIVE ^[1]

PART 1. GENERAL STANDARD DISCLOSURES / Continuation

General Standard Disclosures	Page Number Link Direct answer	Omissions	External Assurance (page)	Description
GOVERNANCE / Continuation				
G4-47	37	-	231	Frequency of the highest governance body's review of economic, environmental and social impacts, risks and opportunities.
G4-48	The Corporate Responsibility Report is submitted for approval to the Appointments and Remuneration Committee, which is the competent authority regarding corporate responsibility matters.	-	231	Highest body that reviews and approves the report.
G4-49	32	-	231	Process for communicating critical concerns to the highest governance body.
G4-50	32, 33	-	231	Critical concerns communicated to the highest governance body.
G4-51	34	-	231	Remuneration policies for the highest governance body and senior executives, as well as the relationship to economic, environmental and social performance.
G4-52	34	-	231	Process for determining remuneration of the highest governance body and senior executives, stating whether independent consultants are involved.
G4-53	34	-	231	Report how stakeholders' views are sought and taken into account regarding remuneration.

[1] This index includes aspects and indicators from the Electric Utility Supplement in accordance with the publication 'G4 Sector disclosures' (Electric Utilities).
The symbol (*) indicates those indicators where sector-specific information is included.





GRI CONTENT INDEX FOR 'IN ACCORDANCE'- COMPREHENSIVE ⁽¹⁾

PART 1. GENERAL STANDARD DISCLOSURES / Continuation

General Standard Disclosures	Page Number Link Direct answer	Omissions	External Assurance (page)	Description
GOVERNANCE / Continuation				
G4-54	The ratio between the highest paid person in the organization (Chairman) ⁽²⁾ and the median total remuneration for all employees ⁽³⁾ (excluding the Chairman) was 10.7 times.	-	231	Ratio of the annual total compensation for the organization's highest-paid individual in each country of significant operations to the median annual total compensation for all employees.
G4-55	Percentage increase in the remuneration of the Chairman (2015/2014) ⁽⁴⁾ : [-5,2%] / Percentage increase in annual total remuneration for all employees (2015/2014) ⁽⁵⁾ [4,5%].	-	231	Ratio of percentage increase in annual total compensation for the organization's highest-paid individual in each country of significant operations to the median percentage increase in annual total compensation for all employees.
ETHICS AND INTEGRITY				
G4-56	46	-	231	Organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics.
G4-57	46, 47	-	231	Internal and external mechanisms for seeking advice on ethical and lawful behavior.
G4-58	47	-	231	Internal and external mechanisms for whistleblowing.

[1] This index includes aspects and indicators from the Electric Utility Supplement in accordance with the publication 'G4 Sector disclosures' (Electric Utilities). The symbol (*) indicates those indicators where sector-specific information is included.

[2] Total remuneration accrued by the Chairman: 707,000 euros. It includes both fixed and variable remuneration corresponding to the role as the Company's Chief Executive and the fixed remuneration for being a member of the board of directors. Information available in note 22 of the 'Red Elctrica Corporacion SA and Subsidiaries' Consolidated Annual Accounts Report and in the Annual Corporate Governance Report.

[3] Average total remuneration of staff: 65,893 euros (personnel costs excluding social security expenses). Information available in note 20-c of the 'Red Elctrica Corporacion SA and Subsidiaries' Consolidated Annual Accounts Report.

[4] Total remuneration accrued by the Chairman: 707,000 euros (2015) and 746,000 (2014). Details in note 22 of the 'Red Elctrica Corporacion SA and Subsidiaries' Consolidated Annual Accounts Report.

[5] Average total remuneration of staff: 65,893 euros (2015) and 63,056 euros (2014). Details in note 20-c of the 'Red Elctrica Corporacion SA and Subsidiaries' Consolidated Annual Accounts Report.



GRI CONTENT INDEX FOR 'IN ACCORDANCE'- COMPREHENSIVE ^[1]

PART 2. SPECIFIC STANDARD DISCLOSURES

DMA and Indicators	Page Number Link Direct answer	Omissions	External Assurance (page)	Description
CATEGORY: ECONOMIC				
Material aspect: Economic performance				
G4-DMA	90	-	231	Disclosures on management approach.
G4-EC1	91	-	231	Direct economic value generated and distributed.
G4-EC2	43, 183	-	231	Financial implications and other risks and opportunities for the organization's activities due to climate change.
G4-EC3	Consolidated Annual Accounts Report 2015 Page 34, Note 4-L	-	231	Coverage of the organization's defined benefit plan obligations.
G4-EC4	27, 91	-	231	Financial assistance received from government.
Material aspect: Procurement Practices				
G4-DMA	152	-	231	Disclosures on management approach.
G4-EC9	152	-	231	Proportion of spending on local suppliers at significant locations of operation.
Material aspect of the electric utility sector: Availability and Reliability				
G4-DMA*	68	-	231	Disclosures on management approach.
EU10*	68	-	231	Planned capacity against projected electricity demand over the long term, broken down by energy source and regulatory regime.
Material aspect of the electric utility sector: Demand-Side Management				
G4-DMA*	83	-	231	Disclosures on management approach.

[1] This index includes aspects and indicators from the Electric Utility Supplement in accordance with the publication 'G4 Sector disclosures' (Electric Utilities).
The symbol [*] indicates those indicators where sector-specific information is included.



GRI CONTENT INDEX FOR 'IN ACCORDANCE'- COMPREHENSIVE ⁽¹⁾

PART 2. SPECIFIC STANDARD DISCLOSURES / Continuation

DMA and Indicators	Page Number Link Direct answer	Omissions	External Assurance (page)	Description
Material aspect of the electric utility sector: Research and Development				
G4-DMA*	86	-	231	Disclosures on management approach.
Material aspect of the electric utility sector: Plant Decommissioning				
G4-DMA*	-	Not applicable. The activities of the Group are related to the transmission of electricity and the operation of the electricity systems, but not to the generation of electricity.	231	Disclosures on management approach.
Material aspect of the electric utility sector: System Efficiency				
G4-DMA	77	-	231	Disclosures on management approach.
EU11*	-	Not applicable. The activities of the Group are related to the transmission of electricity and the operation of the electricity systems, but not to the generation of electricity.	231	Everage generation efficiency of thermal plants by energy source and regulatory regime.
EU12*	77	-	231	Transmission and distribution losses as a percentage of total energy.
CATEGORY: ENVIRONMENTAL				
Material aspect: Energy				
G4-DMA	181	-	231	Disclosures on management approach.
G4-EN3	191, 192	-	231	Energy consumption within the organization.
G4-EN4	192	-	231	Energy consumption outside of the organization.
G4-EN5	192	-	231	Energy intensity.
G4-EN6	192, 193	-	231	Reduction of energy consumption.
G4-EN7	-	Not applicable. Red Eléctrica, as system operator, performs various initiatives on demand management to improve energy efficiency of the electricity system as a whole, but it does not produce or market products nor services, whereby it is not possible to quantify the energy reductions that may result from them.	231	Reductions in energy requirements of products and services.

[1] This index includes aspects and indicators from the Electric Utility Supplement in accordance with the publication 'G4 Sector disclosures' (Electric Utilities).
The symbol (*) indicates those indicators where sector-specific information is included.



GRI CONTENT INDEX FOR 'IN ACCORDANCE'- COMPREHENSIVE ^[1]

PART 2. SPECIFIC STANDARD DISCLOSURES / Continuation

DMA and Indicators	Page Number Link Direct answer	Omissions	External Assurance (page)	Description
Material aspect: Water ^[2]				
G4-DMA	Note 2	-	231	Disclosures on management approach.
G4-EN8*	-	Not applicable to the sectorial aspect. Red Eléctrica does not have electricity generation.	231	Total water withdrawal by source.
G4-EN9	-	Not applicable. The water consumed is obtained from authorised water withdrawal points (municipal mains and wells) or from cisterns. Therefore, no direct effect exists on ecosystems.	231	Water sources significantly affected by withdrawal of water.
G4-EN10	193	-	231	Percentage and total volume of water recycled and reused.
Material aspect: Biodiversity				
G4-DMA*	172	-	231	Disclosures on management approach.
G4-EN11	193	-	231	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.
G4-EN12*	174, 176, 194	-	231	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.
G4-EN13	179	-	231	Habitats protected or restored.
G4-EN14	179, 194, 195	-	231	Total number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.

[1] This index includes aspects and indicators from the Electric Utility Supplement in accordance with the publication 'G4 Sector disclosures' (Electric Utilities). The symbol [*] indicates those indicators where sector-specific information is included.

[2] Although water has not been a material issue in the materiality study conducted by the Company, Red Eléctrica has decided to include it and verify it as it is a matter demanded by some sustainability indexes.



GRI CONTENT INDEX FOR 'IN ACCORDANCE'- COMPREHENSIVE ^[1]

PART 2. SPECIFIC STANDARD DISCLOSURES / Continuation

DMA and Indicators	Page Number Link Direct answer	Omissions	External Assurance (page)	Description
Material aspect: Biodiversity / Continuation				
EU13*	-	The comparison of the offset habitat with the affected area is not applicable , as the effects on the original habitat are minimal. "Thanks to the preventive and corrective measures implemented, Red Eléctrica facilities do not entail a loss of biodiversity that is significant enough so as to require the establishment of offset areas. The impacts generated are one-off situations, having established in some cases very specific offsetting measures such as planting woodland or the restoration of habitats."	231	Biodiversity of offset habitats compared to the biodiversity of the affected areas.
Material aspect: Emissions				
G4-DMA	184	-	231	Disclosures on management approach.
G4-EN15*	196	-	231	Direct greenhouse gas (GHG) emissions (Scope 1).
G4-EN16*	196	-	231	Energy indirect greenhouse gas (GHG) emissions (Scope 2).
G4-EN17	196	-	231	Other indirect greenhouse gas (GHG) emissions (Scope 3).
G4-EN18	197	-	231	Greenhouse gas (GHG) emissions intensity.
G4-EN19	197	-	231	Reduction of greenhouse gas (GHG) emissions.
G4-EN20	-	Not applicable. These can be considered to be irrelevant, with the exception of those associated with the use of air conditioning systems containing R22. Losses are minimal owing to the fact that they undergo adequate maintenance. Equipment with R22 has been replaced. There's only 168.1 kg of gas R22 left in operating equipment, however this will be progressively replaced. Additionally, 230.1 kg of gas remain in machines that are no longer in service.	231	Emissions of ozone-depleting substances (ODS).
G4-EN21*	-	Not applicable. The activities of the Company do not give rise to these emissions as they do not involve the burning of fossil fuels – REE does not generate electricity – except for fuel used in vehicles and diesel generator sets and whose emissions are not considered relevant under this aspect.	231	NOX, SOX, and other significant air emissions.

[1] This index includes aspects and indicators from the Electric Utility Supplement in accordance with the publication 'G4 Sector disclosures' (Electric Utilities).
The symbol (*) indicates those indicators where sector-specific information is included.



GRI CONTENT INDEX FOR 'IN ACCORDANCE'- COMPREHENSIVE ^[1]

PART 2. SPECIFIC STANDARD DISCLOSURES / Continuation

DMA and Indicators	Page Number Link Direct answer	Omissions	External Assurance (page)	Description
Material aspect: Effluents and Waste				
G4-DMA*	189	-	231	Disclosures on management approach.
G4-EN22*	-	Not applicable. The activities of the Company do not give rise to these discharges. Rainwater discharges only occur in substations.	231	Total water discharge by quality and destination.
G4-EN23*	198, 199, 200	-	231	Total weight of waste by type and disposal method.
G4-EN24	200	-	231	Total number and volume of significant spills.
G4-EN25	199	-	231	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention ² Annex I, II, III, and VIII, and percentage of transported waste shipped internationally.
G4-EN26	-	Not applicable. Rainwater discharges from substations (which is the only water dumping associated with the activities of REE that takes place) do not affect water resources nor the associated habitats.	231	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the organization's discharges of water and runoff.
Material aspect: Compliance				
G4-DMA	163	-	231	Disclosures on management approach.
G4-EN29	201	-	231	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.
Material aspect: Overall				
G4-DMA	163	-	231	Disclosures on management approach.
G4-EN31	202	-	231	Total environmental protection expenditures and investments by type.

[1] This index includes aspects and indicators from the Electric Utility Supplement in accordance with the publication 'G4 Sector disclosures' (Electric Utilities).
The symbol (*) indicates those indicators where sector-specific information is included.



GRI CONTENT INDEX FOR 'IN ACCORDANCE'- COMPREHENSIVE ^[1]

PART 2. SPECIFIC STANDARD DISCLOSURES / Continuation

DMA and Indicators	Page Number Link Direct answer	Omissions	External Assurance (page)	Description
Material aspect: Supplier Environmental Assessment				
G4-DMA	156, 164	-	231	Disclosures on management approach.
G4-EN32	156	-	231	Percentage of new suppliers that were screened using environmental criteria.
G4-EN33	155, 157, 164	-	231	Significant actual and potential negative environmental impacts in the supply chain and actions taken.
Material aspect: Environmental Grievance Mechanisms				
G4-DMA	62	-	231	Disclosures on management approach.
G4-EN34	62, 200	-	231	Number of grievances about environmental impacts filed, addressed, and resolved through formal grievance mechanism.

CATEGORY: SOCIAL

LABOR PRACTICES AND DECENT WORK

Material aspect: Employment

G4-DMA*	98	-	231	Disclosures on management approach.
G4-LA1*	99, 121, 122	-	231	Total number and rates of new employee hires and employee turnover by age group, gender, and region.
G4-LA2	119	-	231	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation.
G4-LA3	122	-	231	Return to work and retention rates after parental leave, by gender.

[1] This index includes aspects and indicators from the Electric Utility Supplement in accordance with the publication 'G4 Sector disclosures' (Electric Utilities).
The symbol [*] indicates those indicators where sector-specific information is included.





GRI CONTENT INDEX FOR 'IN ACCORDANCE'- COMPREHENSIVE ^[1]

PART 2. SPECIFIC STANDARD DISCLOSURES / Continuation

DMA and Indicators	Page Number Link Direct answer	Omissions	External Assurance (page)	Description
Material aspect: Employment / Continuation				
EU15*	112, 127	-	231	Percentage of employees eligible to retire in the next 5 and 10 years broken down by job category and by region.
EU17*	127	-	231	Days worked by contractor and subcontractor employees that participate in construction, operation and maintenance activities.
EU18*	116, 117	-	231	Percentage of contractor and subcontractor employees that have undergone relevant health and safety training.
Material aspect: Labor/Management Relations				
G4-DMA	112	-	231	Disclosures on management approach.
G4-LA4	112	-	231	Minimum notice periods regarding operational changes, including whether these are specified in collective agreements.
Material aspect: Occupational Health and Safety				
G4-DMA	114	-	231	Disclosures on management approach.
G4-LA5	116	-	231	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advice on occupational health and safety programs.
G4-LA6*	115, 116, 123, 127	-	231	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work related fatalities, by region and by gender.
G4-LA7	116	-	231	Workers with high incidence or high risk of diseases related to their occupation.
G4-LA8	113, 116	-	231	Health and safety topics covered in formal agreements with trade unions.

[1] This index includes aspects and indicators from the Electric Utility Supplement in accordance with the publication 'G4 Sector disclosures' (Electric Utilities).
The symbol (*) indicates those indicators where sector-specific information is included.





GRI CONTENT INDEX FOR 'IN ACCORDANCE'- COMPREHENSIVE ^[1]

PART 2. SPECIFIC STANDARD DISCLOSURES / Continuation

DMA and Indicators	Page Number Link Direct answer	Omissions	External Assurance (page)	Description
Material aspect: Training and Education				
G4-DMA	105	-	231	Disclosures on management approach.
G4-LA9	97, 107, 109, 117, 124	-	231	Average hours of training per year per employee by gender, and by employee category.
G4-LA10	97, 105, 109	-	231	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.
G4-LA11	108, 125	-	231	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category.
Material aspect: Diversity and Equal Opportunity				
G4-DMA	101	-	231	Disclosures on management approach.
G4-LA12	99, 125, 126	-	231	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity.
Material aspect: Equal Remuneration for Women and Men				
G4-DMA	102	-	231	Disclosures on management approach.
G4-LA13	127	-	231	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation.
Material aspect: Supplier Assessment for Labor Practices				
G4-DMA	156	-	231	Disclosures on management approach.

[1] This index includes aspects and indicators from the Electric Utility Supplement in accordance with the publication 'G4 Sector disclosures' (Electric Utilities).
The symbol (*) indicates those indicators where sector-specific information is included.





GRI CONTENT INDEX FOR 'IN ACCORDANCE'- COMPREHENSIVE ^[1]

PART 2. SPECIFIC STANDARD DISCLOSURES / Continuation

DMA and Indicators	Page Number Link Direct answer	Omissions	External Assurance (page)	Description
Material aspect: Supplier Assessment for Labor Practices / Continuation				
G4-LA14	156	-	231	Percentage of new suppliers that were screened using labor practices criteria.
G4-LA15	155, 157	-	231	Significant actual and potential negative impacts for labor practices in the supply chain and actions taken.
Material aspect: Labor Practices Grievance Mechanisms				
G4-DMA	47, 112	-	231	Disclosures on management approach.
G4-LA16	47 In 2015, 2 grievances, currently pending resolution, were submitted and addressed. During 2015, 16 grievances outstanding from previous years, were resolved.	-	231	Number of grievances about labor practices filed, addressed, and resolved through formal grievance mechanisms.
HUMAN RIGHTS				
Material aspect: Assessment				
G4-DMA	50	-	231	Disclosures on management approach.
G4-HR9	51	-	231	Total number and percentage of operations that have been subject to human rights reviews or impact assessments.
Material aspect: Supplier Human Rights Assessment				
G4-DMA	47, 152	-	231	Disclosures on management approach.
G4-HR10	156	-	231	Percentage of new suppliers that were screened using human rights criteria.
G4-HR11	155, 157	-	231	Significant actual and potential negative human rights impacts in the supply chain and actions taken.

[1] This index includes aspects and indicators from the Electric Utility Supplement in accordance with the publication 'G4 Sector disclosures' (Electric Utilities).
The symbol (*) indicates those indicators where sector-specific information is included.



GRI CONTENT INDEX FOR 'IN ACCORDANCE'- COMPREHENSIVE ^[1]

PART 2. SPECIFIC STANDARD DISCLOSURES / Continuation

DMA and Indicators	Page Number Link Direct answer	Omissions	External Assurance (page)	Description
Material aspect: Human Rights Grievance Mechanisms				
G4-DMA	47	-	231	Disclosures on management approach.
G4-HR12	No human rights grievances were submitted through formal mechanisms, nor addressed or resolved on this period. [quitar 'human rights grievances mechanisms'] human rights grievance mechanisms.	-	231	Number of grievances about human rights impacts filed, addressed, and resolved through formal grievance mechanisms.
SOCIETY				
Material aspect: Local Communities				
G4-DMA*	131, 165	-	231	Disclosures on management approach.
G4-S01	131, 166	-	231	Percentage of operations with implemented local community engagement, impact assessments, and development programs.
G4-S02	167	-	231	Operations with significant actual or potential negative impacts on local communities.
EU22*	-	Not applicable. Red Eléctrica facilities do not produce any form of displacement.	231	Number of people physically or economically displaced and compensation, broken down by type of project.
Material aspect of the electric utility sector: Disaster/ Emergency Planning and Response				
G4-DMA	76	-	231	Disclosures on management approach.
Material aspect: Anti-corruption				
G4-DMA	49	-	231	Disclosures on management approach.
G4-S03	50	-	231	Total number and percentage of operations assessed for risks related to corruption and the significant risks identified.

[1] This index includes aspects and indicators from the Electric Utility Supplement in accordance with the publication 'G4 Sector disclosures' (Electric Utilities).
The symbol (*) indicates those indicators where sector-specific information is included.



GRI CONTENT INDEX FOR 'IN ACCORDANCE'- COMPREHENSIVE ^[1]

PART 2. SPECIFIC STANDARD DISCLOSURES / Continuation

DMA and Indicators	Page Number Link Direct answer	Omissions	External Assurance (page)	Description
Material aspect: Anti-corruption / Continuation				
G4-S04	47, 49	-	231	Communication and training on anti-corruption policies and procedures.
G4-S05	48, 50	-	231	Confirmed incidents of corruption and actions taken.
Material aspect: Compliance				
G4-DMA	46	-	231	Disclosures on management approach.
G4-S08	On 8 October, 2015 a sanctioning resolution was issued by the National Markets and Competition Commission which resolved to impose a fine of €300,000 on Red Eléctrica de España for an alleged infringement of Article 61.a.9 of Law 54/1997, of 27 November, of the Spanish Electricity Sector, as a result of the construction of a power substation in the municipality of Torrejón de Velasco (Madrid) without administrative authorisation. Red Eléctrica de España considers that no such infringement has been committed, and as such, has filed an administrative appeal with the Administrative Appeals Chamber of the National High Court against said administrative action; said appeal is currently being processed.	-	231	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.
Material aspect: Supplier Assessment for Impacts on Society				
G4-DMA	156	-	231	Disclosures on management approach.
G4-S09	156	-	231	Percentage of new suppliers that were screened using criteria for impacts on society.

[1] This index includes aspects and indicators from the Electric Utility Supplement in accordance with the publication 'G4 Sector disclosures' (Electric Utilities).
The symbol (*) indicates those indicators where sector-specific information is included.



GRI CONTENT INDEX FOR 'IN ACCORDANCE'- COMPREHENSIVE ^[1]

PART 2. SPECIFIC STANDARD DISCLOSURES / Continuation

DMA and Indicators	Page Number Link Direct answer	Omissions	External Assurance (page)	Description
Material aspect: Supplier Assessment for Impacts on Society / Continuation				
G4-S010	155, 157	-	231	Significant actual and potential negative impacts on society in the supply chain and actions taken.
Material aspect: Grievance Mechanisms for Impacts on Society				
G4-DMA	62	-	231	Disclosures on management approach.
G4-S011	47, 62	-	231	Number of grievances about impacts on society filed, addressed, and resolved through formal grievance mechanisms.
PRODUCT RESPONSIBILITY				
Material aspect: Customer Health and Safety				
G4-DMA	170	-	231	Disclosures on management approach.
G4-PR1	170, 171	-	231	Percentage of significant product and service categories for which health and safety impacts are assessed for improvement.
G4-PR2	171	-	231	Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, by type of outcomes.
EU25*	No fatal injuries nor casualties involving Company assets have occurred among citizens.	-	231	Number of injuries and fatalities to the public involving company assets, including legal judgments, settlements, and pending legal cases of diseases.

[1] This index includes aspects and indicators from the Electric Utility Supplement in accordance with the publication 'G4 Sector disclosures' (Electric Utilities).
The symbol (*) indicates those indicators where sector-specific information is included.



GRI CONTENT INDEX FOR 'IN ACCORDANCE'- COMPREHENSIVE ^[1]

PART 2. SPECIFIC STANDARD DISCLOSURES / Continuation

DMA and Indicators	Page Number Link Direct answer	Omissions	External Assurance (page)	Description
Material aspect of the electric utility sector: Access				
G4-DMA*	68	-	231	Disclosures on management approach.
EU26*	-	Not applicable. Red Eléctrica, as high voltage transmission agent, does not reach the final consumer.	231	Percentage of population unserved in licensed distribution or service areas.
EU27*	-	Not applicable. "Red Eléctrica does not carry out distribution activity, only high voltage transmission. The quality indicators of the transmission activity are shown in the following link.	231	Number of residential disconnections for non-payment, broken down by duration of disconnection and by regulatory regime.
EU28*	76	-	231	Power outage frequency.
EU29*	76	-	231	Average power outage duration.
EU30*	-	Not applicable. All the activities of the Group are related to the transmission of electricity and the operation of the electricity systems, but not to the generation of electricity.	231	Average plant availability factor by energy source and by regulatory regime.
Material aspect: Compliance				
G4-DMA	46	-	231	Disclosures on management approach.
G4-PR9	No significant fines were imposed on the Company due to non-compliance of the rules that regulate the provision of the power supply and the use of products and services.	-	231	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.
Material aspect of the electric utility sector: Provision of Information				
G4-DMA*	-	Not applicable. Red Eléctrica, as high voltage transmission agent, does not reach the final consumer.	231	Disclosures on management approach.

[1] This index includes aspects and indicators from the Electric Utility Supplement in accordance with the publication 'G4 Sector disclosures' (Electric Utilities).
The symbol (*) indicates those indicators where sector-specific information is included.



Commitment to the United Nations initiatives on sustainability



OBJECTIVES OF SUSTAINABLE DEVELOPMENT

The 2030 Agenda of the United Nations, approved in September 2015, establishes at a global level the lines of sustainable development over the next fifteen years and, as a new initiative, involves businesses and the private sector in order to make this ambitious international agreement a success.

The United Nations has defined 17 objectives, broken down into 169 goals, to transform the world from now until 2030. It also invites the business sector, through local Global Compact networks, to commit to and be a protagonist of this transformation, developing corporate sustainability strategies which

promote inclusive economic growth, progress and equal opportunities and environmental protection.

Red Eléctrica, as the operator and sole transmission agent of the Spanish electricity system, is aware of its key position in the energy sector and, as a company committed to sustainability, actively collaborates in the development of a sustainable energy future. The Company structures its commitments in this area through its Corporate Responsibility Plan.

Many of the commitments made by Red Eléctrica in this plan contribute to the achievement of the Sustainable Development Goals. Thus, the Company actively works in the fields of energy and the modernisation of infrastructure and technology, impacting on objectives 7, 9 and 13. In addition, it is openly committed to actions, such as

transparency and good governance, biodiversity protection, or equal opportunities and the work-life balance, among others, which are aligned to a greater or lesser extent with other Sustainable Development Goals.

GLOBAL COMPACT

Red Eléctrica complies with the United Nations Global Compact, supporting through its activities the consolidation of this international project, considering it a great value proposition for the defence of fundamental human rights, environmental protection, support for social development, respect for labour regulations and the fight against corruption.

Red Eléctrica de España, founding member of the Spanish Network of the UN Global Compact, annually presents a Progress Report, where the main activities undertaken in relation to the Ten Principles are set out. This information is available on the website of the Spanish Network of the UN Global Compact www.pactomundial.org and on the website of the Global Compact www.unglobalcompact.org.



In 2011, the Global Compact introduced the Differentiation Programme, aimed at categorising the Progress Reports of the participating companies according to the degree of implementation of the Ten Principles, on the one hand and, on the other, the level of transparency. The Report of Red Eléctrica de España has, from the outset of the programme, qualified for the 'Global Compact

Advanced Level', which is granted to companies that have implemented and communicated best practices related to the integration of the Ten Principles into their management practices.

Red Eléctrica de España actively collaborated with the Spanish Network of the UN Global Compact in 2015 through its participation in the Working Group

on Human Rights and Business, aimed at designing a practical tool to facilitate the implementation of the Guiding Principles into the Spanish business fabric. In addition, a good practice of the Company [social audits of suppliers] was selected as teaching materials for the course on Responsible supply chain management given by the Spanish Network.

GLOBAL COMPACT ASPECTS AND PRINCIPLES

Human Rights

1. Businesses should support and respect the protection of internationally proclaimed human rights within their scope of influence.
2. Businesses should ensure that their companies are not complicit in human rights abuses.

Labour Rights

3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.
4. Businesses should ensure the elimination of all forms of forced and compulsory labour.
5. Businesses should support the effective abolition of child labour.
6. Businesses should support the elimination of discrimination in respect of employment and occupation.

Environment

7. Businesses should support a precautionary approach to environmental challenges.
8. Businesses should undertake initiatives to promote greater environmental responsibility.
9. Businesses should encourage the development and dissemination of environmentally friendly technologies.

Anti-corruption

10. Businesses should work against corruption in all its forms, including extortion and bribery.



LETTER FROM THE
CHAIRMAN AND THE CHIEF
EXECUTIVE OFFICER



KEY PERFORMANCE
INDICATORS



01. THE COMPANY



02. STRATEGY



03. CORPORATE
GOVERNANCE



04. MANAGEMENT
APPROACH



05. SUSTAINABLE
ENERGY



06. CREATION
OF VALUE



07. EMPLOYEES



08. SOCIETY



09. DIALOGUE
WITH
STAKEHOLDERS



10. THE
ENVIRONMENT

ANEEXES



REPORT ON INDEPENDENT REVIEW [G4-33]



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

REPORT ON INDEPENDENT LIMITED ASSURANCE OF CORPORATE RESPONSIBILITY INDICATORS

To the Management of Red Eléctrica Corporación, S.A.:

We have carried out a limited assurance engagement on the Corporate Responsibility indicators (hereinafter referred to as the "CR indicators") contained in "G4 GRI Index" Appendix of the 2015 Corporate Responsibility Report of Red Eléctrica Corporación, S.A. (hereinafter "REC") for the financial year ending 31st December 2015, prepared in accordance with the general basic content proposed in the "Guidelines for the Preparation of Sustainability Reports" of the Global Reporting Initiative (GRI) version 4 (G4) (hereinafter referred to as "G4 GRI Guidelines") and the Electric Utilities Sector Supplement.

Responsibility of REC's Management

REC's Management is responsible for the preparation, contents and presentation of the Corporate Responsibility Report in accordance with the Comprehensive option of the G4 GRI Guidelines and the Electric Utilities Sector Supplement. Management's responsibility includes establishing, implementing and maintaining the internal controls required to ensure that the CR indicators are free from any material misstatement due to fraud or error.

REC's Management is also responsible for defining, implementing, adapting and maintaining the management systems from which the information required to prepare the CR indicators, is obtained.

Our responsibility

Our responsibility is to issue a limited assurance report based on the procedures that we have carried out and the evidence obtained. Our limited assurance engagement was done in accordance with the International Standard on Assurance Engagements 3000 (Reviewed) "Assurance Engagements Other than Audits or Reviews of Historical Financial Information" issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC).

The scope of a limited assurance engagement is substantially less extensive than that of a reasonable assurance engagement and thus, less security is provided.

The procedures that we have carried out are based on our professional judgment and have included consultations, observation of processes, document inspection, analytical procedures and random sampling tests. The general procedures employed are described below:

- Meetings with REC's personnel from various departments who have been involved in the preparation of the 2015 Corporate Responsibility Report.
- Analysis of the procedures used for obtaining and validating the data presented in the CR indicators.
- Analysis of REC's CR indicators adaptation to the requirements established by the G4 GRI Guidelines for the preparation of reports and to the Electric Utilities Sector Supplement.
- Verification, through random sampling tests revisions, internal control tests and substantive tests on the information used to determine REC's CR indicators. We have also verified whether they have been appropriately compiled from the data provided by REC's sources of information.

PricewaterhouseCoopers Auditores, S.L., Torre PwC, Pº de la Castellana 259 B, 28046 Madrid, España
Tel.: +34 915 684 400 / +34 902 021 111, Fax: +34 913 083 566, www.pwc.com/es

1

R. M. Madrid, hoja 87.250-1, folio 75, tomo 9.267, libro 8.054, sección 3ª
Inscrita en el R.O.A.C. con el número 50242 - CIF: B-79 031290



Our Independence and Quality Control

We have fulfilled our work in accordance with the independence requirements and other ethical requirements of the Code of Ethics for Professional Accountants of the International Ethics Standards Board for Accountants (IESBA), which are based on basic principles of integrity, objectivity, professional competence and diligence, confidentiality and professional conduct.

Our firm applies the International Standard on Quality Control 1 (ISQC 1) and thus employs an exhaustive quality control system which includes documented policies and procedures on the compliance of ethical requirements, professional standards, statutory laws and applicable regulations.

Limited Assurance Conclusions

As a result of the procedures carried out and the evidence obtained, no matters have come to our attention which may lead us to believe that REC's CR indicators, for the financial year ending 31st December 2015, contain significant errors or have not been prepared, in all of their significant matters, in accordance with the G4 GRI Guidelines and the Electric Utilities Sector Supplement.

Use and Distribution

Our report is only issued to the Management of Red Eléctrica Corporación, S.A. in accordance with the terms and conditions of our engagement letter. We do not assume any liability to third parties other than REC's Management.

PricewaterhouseCoopers Auditores, S.L.

[Signature]

Mª Luz Castilla
12th April 2016

2



LETTER FROM THE
CHAIRMAN AND THE CHIEF
EXECUTIVE OFFICER



KEY PERFORMANCE
INDICATORS



01. THE COMPANY



02. STRATEGY



03. CORPORATE
GOVERNANCE



04. MANAGEMENT
APPROACH



05. SUSTAINABLE
ENERGY



06. CREATION
OF VALUE



07. EMPLOYEES



08. SOCIETY



09. DIALOGUE
WITH
STAKEHOLDERS



10. THE
ENVIRONMENT

ANEEXES



REPORT ON INDEPENDENT REVIEW OF GREENHOUSE GAS EMISSIONS INVENTORY



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

REPORT ON INDEPENDENT LIMITED ASSURANCE OF GREENHOUSE GAS EMISSIONS INVENTORY 2015

To the Management of Red Eléctrica de España, S.A.U.:

Scope of the work

We have carried out a limited assurance engagement on the Greenhouse Gas Emissions Inventory (hereinafter referred to as the GHG Inventory) of Red Eléctrica de España, S.A.U. (hereinafter referred to as REE) for the financial year ending 31st December 2015, included in the Appendix of this Report.

Responsibility of REE for the GHG Inventory

REE's management is responsible for the preparation and update of the 2015 GHG Inventory in accordance with their internal procedure, "Methodology for the Calculation of the Greenhouse Gas Emissions (GHG) Inventory of Red Eléctrica de España, SAU", available on the following website link <http://www.ree.es/es/sostenibilidad/energia-sostenible/energia-y-cambio-climatico/nuestra-huella-de-carbono>. Management is also responsible for establishing, implementing and maintaining any relevant internal control systems required to ensure that the GHG Inventory does not contain any material inaccuracies due to fraud or error.

The calculation of GHG Emissions is subject to inherent uncertainties given their nature and the methods and factors used to determine, calculate and estimate emissions.

Our responsibility

Our responsibility is to issue a limited assurance report based on the procedures that we have carried out and the evidence obtained. Our limited assurance engagement was done in accordance with the International Standard on Assurance Engagements 3410 (ISAE 3410), "Assurance Engagements on Greenhouse Gas Statements" issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC). This standard requires that we plan and develop our engagement to obtain a limited security that REE's 2015 GHG Inventory does not contain any significant errors or that it has not been prepared in accordance with the internal procedure "Methodology for the Calculation of the Greenhouse Gas Emissions (GHG) Inventory of Red Eléctrica de España, S.A.U.". This work has been carried out by a team of sustainability and climate change specialists highly experienced in these areas.

The scope of a limited assurance engagement is substantially less extensive than a reasonable assurance engagement, and thus, less security is provided.

The procedures that we have carried out are based on our professional judgment and have included consultations, observation of processes, document inspection, analytical procedures and random sampling tests. The general procedures employed are described below:

- Meetings with personnel of REE's various departments who have been involved in the preparation of the GHG Inventory.
- Analysis of the procedures used for obtaining and validating the data on REE's GHG Inventory.

PricewaterhouseCoopers Auditores, S.L., Torre PwC, Pº de la Castellana 259 B, 28046 Madrid, España
Tel.: +34 915 684 400 / +34 902 021 111, Fax: +34 913 083 566, www.pwc.com/es

R. M. Madrid, hoja 87.250-1, folio 75, tomo 9.287, libro 8.054, sección 3ª
Inscrita en el R.O.A.C. con el número S0242 - CIF: B-79 031290



- Evaluation of the systems employed for obtaining and monitoring data for the preparation of REE's 2015 GHG Inventory.
- Assessment of whether the estimations used are appropriate and have been consistently applied. Our work has not included a review of the calculations on which the emission factors are based, nor a review of the reliability of the information provided by third parties.
- Verification, through random sampling tests, internal control tests and the development of substantive tests of the information (activity data, calculations and information generated) used to determine REE's 2015 GHG Inventory with the internal procedure "Methodology for the Calculation of the Greenhouse Gas Emissions (GHG) Inventory of Red Eléctrica de España, S.A.U.". We have also verified the correct compilation of information based on the data provided by REE's sources of information.

Independence and Quality Control

We have fulfilled our work in accordance with the independence requirements and other ethical requirements of the Code of Ethics for Professional Accountants of the International Ethics Standards Board for Accountants (IESBA), which are based on basic principles of integrity, objectivity, professional competence and diligence, confidentiality and professional conduct.

Our firm applies the International Standard on Quality Control 1 (ISQC 1) and thus employs an exhaustive quality control system which includes documented policies and procedures on the compliance of ethical requirements, professional standards, statutory laws and applicable regulations.

Limited Assurance Conclusion

As a result of the procedures carried out and the evidence obtained, no matters have come to our attention which may lead us to believe that REE's GHG Inventory for the financial year ending 31st December 2015 contains any significant errors or has not been prepared, in all its significant matters, in accordance with the "Methodology for the Calculation of the Greenhouse Gas Emissions (GHG) Inventory of Red Eléctrica de España, S.A.U.".

Use and distribution

Our report is only issued to the Management of Red Eléctrica de España, S.A.U. in accordance with the terms and conditions of our engagement letter. We do not assume any liability to third parties other than REE's Management.

PricewaterhouseCoopers Auditores, S.L.

M^a Luz Castilla

M^a Luz Castilla
12th April 2016



Appendix

GREENHOUSE GAS (GHG) INVENTORY OF RED ELÉCTRICA DE ESPAÑA, SAU.

GHG Inventory	tCO ₂ -eq
Scope 1	33,662
1.1 Diesel generating sets	182
1.2 Fleet vehicles	989
1.3 SF ₆	31,651
1.4 Air conditioning	840
Scope 2	808,347
2.1 Electricity consumption	4,229
2.2 Transmission grid losses	804,118
Scope 3	241,258
3.1 Supply chain	234,807
3.2 Business travel	2,517
3.3 Logistics	589
3.4 Employees commuting	3,345

(December 31, 2015)

Organisational boundaries

The calculation of Red Eléctrica de España SAU's emissions is performed under operational control criteria. The inventory only applies to the activities that take place in Spain.

Operational scope

Emissions associated to Red Eléctrica de España SAU's activities and facilities are quantified, taking into consideration the following scopes:

1



Scope 1: Direct GHG emissions (Greenhouse gases)

Emissions resulting from the Company's controlled or owned sources:

- Stationary combustion: derived from the combustion of fuels used in diesel generating sets. (No other stationary combustion source exists in the Company).
- Mobile Combustion: emissions derived from fuel consumption of the fleet.
- Fugitive Emissions: SF₆ gas leaks in electricity substations and refrigerant gases leaks from air conditioning systems.

Scope 2: GHG indirect emissions from electricity consumption

- Electricity consumption.
- Electricity losses in the transmission grid.

Scope 3: Other indirect GHG emissions

- Emissions associated with purchased goods and services (supply chain)
- Emissions associated with business travel by plane, train and car.
- Emissions derived from downstream transportation and distribution (logistics, subcontracted to an external company)
- Emissions from employees commuting to the workplace.

2





Annual Executive Report on the Management of the Code of Ethics 2015

INTRODUCTION

The Annual Report on the Management of the Code of Ethics sets out the circumstances arising in relation to the corporate system for the management of ethics of the Red Eléctrica Group within the fiscal year: the operation of the whistle-blowing channel for enquiries and grievances, awareness campaigns, recognition received and measures to be promoted.

The Code of Ethics of the Company seeks to provide an ethical guide for the people of the companies of the Red Eléctrica Group, establishing the values and commitments that should govern their activity within the Company.

Many of these values and commitments have been ingrained in Red Eléctrica since 1987 when it published its first set of shared values, entitled 'Core principles in the performance of duties'. In 2007, the ethical commitment of Red Eléctrica was strengthened with the approval of the document entitled "Code of Ethics and corporate values," the implementation of a whistle-blowing channel for queries and grievances, and the creation of the figure of the Ethics Manager.

The current edition of the Code of Ethics of the Red Eléctrica Group was approved by the Board of Directors of its parent company on 28 May 2013, undertaking the requirements demanded by stakeholders and the recommendations of organisations of repute with influence in this area.

The Code of Ethics is incumbent on all persons in the Group, understood as its Board of Directors, its directors and the

remaining employees, in the performance of their duties and responsibilities. It is a regulatory instrument, in the general sense of establishing patterns of behaviour and guidelines with regard to the values enshrined within the Code of Ethics, in the different fields within the professional sphere in which the people of the Red Eléctrica Group carry out their activity. Its purpose is to serve as a general guideline when making decisions aligned with the aforementioned values in certain situations where professionals of the Red Eléctrica Group may find themselves.

It is applied in the companies of the Group, i.e. in those which are majority owned, regardless of their geographical location and in those countries where they are temporarily performing activities, providing professional services or any other activity related to the Group.

WHISTLE-BLOWING CHANNEL

Red Eléctrica has appointed an Ethics Manager to manage the ethical questions that may be posed and to collate, analyse and resolve the possible non-compliances received regarding the commitments set out in the Code of Ethics. The person appointed is Rafael García de Diego Barber, General Counsel and Secretary of the Board of Directors of Red Eléctrica Corporación. This figure, with a direct channel to the Chairman and the Board of Directors, is also responsible for maintaining the confidentiality of the processes, the development, consolidation and ongoing improvement of the ethics management in Red Eléctrica. The Ethics Manager can count on the support of the Company's organisational units that he/she deems necessary to undertake the designated responsibilities.



In 2015, the information on the corporate website regarding the ethical management of the Company was improved through the publication of indicators related to the application of the Code of Ethics.

In 2015, in accordance with international best practices, the information on the corporate website was improved regarding the ethical management of the Company, which includes the publication of a list of indicators related to the application of the Code of Ethics. The aim is to provide relevant information to enable socially responsible investors to be aware of those ethical elements which are necessary when making investment decisions, in a complementary form to the traditional economic and financial criteria. On the Group's website a channel was set up which is both visible and easily accessible, through which enquiries and grievances

could be sent to the Ethics Manager in a confidential manner.

With regard to the system for the detection and handling of possible non-compliances, grievances, enquiries and suggestions regarding ethical matters, in 2015, twenty-seven enquiries were received by the Ethics Manager, with a maximum resolution period of 10 days. Enquiries received have referred to the following areas of conduct: the responsible monitoring of the management of suppliers; dealing adequately with confidential information; the protection and use of facilities and equipment of the Organisation; limitation on the acceptance of gifts, loans or invitations, and the respect, integrity, accountability and transparency within the Organisation.

During said period, three grievances were received regarding the compliance with the Code of Ethics. The first concerned the corporate value "environmental awareness" having dismissed the grievance, with the agreement of the complainant, as the Red Eléctrica Group had not had any intervention whatsoever with regard to the stated facts, either directly or through any of its contractors. The second grievance referred mainly to corporate value "respect", a case that was resolved prior to its definitive resolution due to the fact that the person from the Company lodging the grievance left the Company voluntarily before the conclusion of the case. The third grievance referred to the corporate value "respect", and was still being processed at the close of 2015.

Among the functions undertaken by the Ethics Manager is the obligation to communicate the grievances that could lead to a criminal risk for the companies of the Red Eléctrica Group, for which the Control and

Monitoring body of the Criminal Risk Prevention Programme of the Group, of which the Ethics Manager is a member, can assess the aforementioned grievances and, where appropriate, initiate an investigation into the event until it is resolved. In 2015, the Ethics Manager received no complaint about non-compliances related to criminal risk, and none of the companies of the Red Eléctrica Group have been investigated, or convicted by any law court for infringements related to criminal risks of the organisation.

INTEGRITY AND TRANSPARENCY

As a result of the commitment undertaken by Red Eléctrica to prohibit all practices related to corruption, bribery or facilitation payments, the Board of Directors of the parent company approved on 22 December 2015 the 'Guide for the Prevention of Corruption: zero tolerance' as a fundamental element of the integrity model of the Red Eléctrica Group. The initiative



was included in the Corporate Responsibility Programme 2015 of the Company. It aims to provide a guide regarding the prevention of corruption for all professionals in the companies of the Red Eléctrica Group, setting out the commitments and action criteria, thereto, that should govern their professional activities within the same. Its purpose is to provide members of the Red Eléctrica Group an analysis of the circumstances and the risks they face regarding corruption, and advance the dissemination of the criteria and the instruments available to the Company for the eradication said risks.

During 2015, after completion of the diagnosis and design phases of the proposal, the new Regulatory Compliance System started to be implemented along with the creation of the Regulatory Compliance Unit, developing the commitment, set out as a behavioural guideline for the Code of Ethics, to have a suitable legal compliance control

system, aligned with the values of trustworthiness and responsibility set out therein.

AWARENESS ACTIONS

Regarding the Awareness Plan on ethical management, approved by the Corporate Responsibility Committee of the Company, in 2014 and continuing in 2015, a number of forums were started in all work centres of the Group's companies, with the aim of improving knowledge regarding the ethics management system, reflecting the values and commitments made by the organisation, and strengthening the figure and functions of the Ethics Manager. These sessions include the participation of the Ethics Manager and the Red Eléctrica Stakeholder Ombudsman.

EXTERNAL RECOGNITION

In the field of external recognition, noteworthy was the awarding of the maximum score (100 out of 100 points) to Red Eléctrica in the Code of Ethics/Compliance/Corruption and Bribery section of the Dow Jones Sustainability Index 2015. The inclusion in the Euronext-Vigeo

Red Eléctrica was **awarded the maximum score** (100 out of 100 points) in the Code of Ethics/Compliance/Corruption and Bribery section of the Dow Jones Sustainability Index.

Sustainability Indexes (Eurozone 120, Europe 120, Global 120) which selects the companies that stand out for their excellent performance in areas such as environmental protection, ethics or contribution to economic and social development of the communities in which they operate. Also worth highlighting is the fact that for years Red Eléctrica has formed part of prestigious indexes regarding business ethics such as the Ethibel Sustainability Index (ESI) Excellence Europe and also Ethibel Excellence.



INDEPENDENT AUDITOR REPORT ON THE SYSTEM OF INTERNAL CONTROL OVER FINANCIAL REPORTING



KPMG Auditores S.L.
Edificio Torre Europa
Paseo de la Castellana, 95
28046 Madrid

Independent Auditor's Report on the System of Internal Control over Financial Reporting

(Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

To the Directors of
Red Eléctrica Corporación, S.A.

Further to your request, and in accordance with our engagement letter dated 26 October 2015, we have examined the information concerning the System of Internal Control over Financial Reporting (*Sistema de Control Interno sobre la Información Financiera*, hereinafter "SCIIF") of Red Eléctrica Corporación, S.A. (the Parent) and subsidiaries (the REE consolidated Group or the Group) described in note F of the accompanying Annual Corporate Governance Report at 31 December 2015. This system is based on the criteria established in the Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations (COSO) of the Treadway Commission. The Board of Directors of the Company and Senior Management of the Group are responsible for adopting appropriate measures to reasonably ensure the implementation, maintenance and oversight of an adequate system of internal control over financial reporting, evaluating its effectiveness and developing improvements to that system, and defining the content of and preparing the accompanying information concerning SCIIF. Our responsibility is to express an opinion on the effectiveness of the Group's System of Internal Control over Financial Reporting based on our examination.

An entity's internal control over financial reporting is designed to provide reasonable assurance that its annual financial reporting complies with the applicable financial reporting framework. It includes policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and assets of the Group; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of the Group's consolidated annual accounts in accordance with the applicable financial reporting framework; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use or disposal of the Group's assets that could have a material effect on the consolidated annual accounts. In this respect it should be borne in mind that, irrespective of the quality of the design and operation of the internal control system adopted in relation to annual financial reporting, the system may only provide reasonable, but not absolute assurance in relation to the objectives pursued, due to the limitations inherent in any internal control system.

We conducted our examination in accordance with ISAE 3000 (International Standard on Assurance Engagements 3000: Assurance Engagements other than Audits or Reviews of Historical Financial Information), issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC) for the issue of reasonable assurance reports. This standard requires that we plan and perform our work to obtain reasonable assurance about whether the Group maintains, in all material respects, effective internal control over financial reporting. Our work included obtaining an understanding of the Group's System of Internal Control over Financial Reporting, testing and evaluating the design and operating effectiveness of that system, and performing such other procedures as were considered necessary in the circumstances. We consider that our examination provides a reasonable basis for our opinion.

KPMG Auditores S.L., a limited liability Spanish company and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Reg. Mer Madrid, T. 11.961, F. 90,
Sec. 8, H. M-188.007, Inscrp. 9
N.I.F. B-78510153

2

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

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

Due to the limitations inherent in any internal control system, there is always a possibility that SCIIF may not prevent or detect misstatements or irregularities that may arise as a result of errors of judgement, human error, fraud or misconduct. Moreover, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Group maintained, in all material respects, effective internal control over financial reporting at 31 December 2015, in accordance with the criteria established in the Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations (COSO) of the Treadway Commission. Furthermore, the disclosures contained in the information concerning SCIIF included in note F of the Group's Annual Corporate Governance Report at 31 December 2015 have been prepared, in all material respects, in accordance with the requirements set forth in article 540 of the Revised Spanish Companies Act and in Spanish National Securities Market Commission (CNMV) Circular 7/2015 of 22 December 2015, with respect to the description of the System of Internal Control over Financial Reporting in Annual Corporate Governance Reports.

Our examination did not constitute an audit of accounts and is not subject to the legislation regulating the audit of accounts in Spain. As such, in this report we do not express an audit opinion on the accounts under the terms provided in the above-mentioned legislation. However, on 24 February 2016 we issued our unqualified audit report on the consolidated annual accounts of the Group for 2015, in accordance with the legislation regulating the audit of accounts in Spain.

KPMG Auditores, S.L.

(Signed on original in Spanish)

Ana Fernández Poderós

24 February 2016





EXECUTIVE SUMMARY OF THE INTERNAL AUDIT



EXECUTIVE SUMMARY OF THE INTERNAL AUDIT OF THE CORPORATE RESPONSIBILITY MANAGEMENT SYSTEM (SECOND HALF OF 2014 and FIRST HALF OF 2015)

Objective and scope

For the period of the second half of 2014 and first half of 2015, verify the implementation of the Corporate Responsibility Management System in the activities conducted by Red Eléctrica, verifying whether the requirements of the IQNet SR 10 and SA8000 standards, and those of the organisation itself, are suitably implemented and efficient.

In relation to the activities carried out by Red Eléctrica at its Head Offices, the general aspects of the system and specifically in the 'Committed to Employees' and the 'Committed to Society' vectors have been verified (report 22/15).

Additionally, a report was drafted (report 31/15) to complete the verifications conducted in the aforementioned internal audit. 21 individual interviews were held with employees of the Northeast Transmission Regional Office, the North Transmission Regional Office and the Electricity Control Centre (CECOEL). Additionally, questionnaires were completed by 16 employees of the Canary Islands' Electricity System office (Las Palmas and Tenerife) and the Northwest Regional Office.

Conclusions

It can be concluded that the Corporate Responsibility Management System is suitably implemented, as no deficiencies have been detected that, in accordance with the auditor's judgment, need to be categorised as anomalies.

The following were included as noteworthy strengths:

- The approval, in November 2014, of the first Corporate Governance Policy.
- The establishment of the Coordinating Group and the Task Force on Disability, in relation to the deployment and implementation of the Disability Management Model.
- Progress made in the monitoring of suppliers, noteworthy being the conducting of social audits.
- The implementation of the LBG reporting methodology, obtaining in May 2015 the Assurance Statement regarding Fiscal Data 2014.

Observations

Report 22/15 on the Corporate Responsibility Management System in the Head Office

- An anomaly was detected in the internal audit conducted on the Corporate Responsibility Management System in 2013 regarding the evaluation of legal compliance, and its resolution is pending.
- The Strategic Plan 2014-2019 of the Company was approved in February 2015 (subsequent to the issuance of the last revision of the Corporate Responsibility Manual) and includes several key actions on corporate responsibility, which could be collated in said section of the Manual.
- Although the representation of workers through various representation channels existing in the organisation has been established in a documented form, there is no evidence of the participation of said representation in the Revision of the Management System.
- The issuance and approval of the updated Functions Manual is currently pending.
- Although numerous actions aimed at managing stakeholders were undertaken, the assessment of the actual and potential impact of REE activities on stakeholders has not yet been carried out.

Report 31/15 – Complementary report on the Corporate Responsibility Management System

- The knowledge regarding the Harassment Protocol and the Equality Plan can be improved.
- In some cases, the vertical communication is not very fluid and could be improved.
- On the whole, employees have stated that it is difficult to change role and department within the Company.

Aspects for improvement

Report 22/15 on the Corporate Responsibility Management System in the Head Office

- Continue to make progress in the Corporate Responsibility Management System of certain aspects not fully deployed to date (the Disability Management Model Action Plan and Functional Mobility Action Plan), although already included in the CR Projects Programme 2015.
- Advance in the adaptation of the Corporate Responsibility Management System to the new editions of the IQNet SR10 and SA8000 standards.
- Within the Disability Management Model, the strengthening of establishing indicators not associated with legal compliance or the RC Projects Programme could be analysed, which would provide more information on the progress of the Company in this matter.

Report 31/15 – Complementary report on the Corporate Responsibility Management System

- Conduct an analysis of the actual degree of awareness that employees have on corporate responsibility with the aim to identify training needs and weaknesses in communication to guide future actions in this area.
- It would be interesting to undertake more corporate responsibility projects in the regional offices.
- Encourage internal mobility of workers.
- Analyse the conducting of a 360º assessment.
- Encourage further action to raise the profile of the social action of REE.

Madrid, 10 July 2015

Beatriz Cordero Márquez
Internal Auditor

Manuel Sánchez Gómez
Head of the Internal Audit and Risk
Control Department