



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

REPORT ON INDEPENDENT REVIEW OF GREENHOUSE GAS EMISSIONS INVENTORY

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

We have reviewed 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 31 December 2014, which includes the quantified GHG Inventory and its corresponding explanatory notes. This assignment was carried out by a multidisciplinary team made up of specialists in audits, sustainability and climate change.

REE's responsibility on the GHG Inventory

REE's management is responsible for preparing the 2014 GHG emissions inventory in accordance with its internal procedures described in the document "Methodology for the Calculation of the Greenhouse Gas Emissions (GHG Inventory)", available on the following website <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 relevant internal management and control systems, to ensure that the GHG Inventory does not contain any material inaccuracies due to fraud or error.

The GHG Inventory calculations were subject to inherent uncertainties due to incomplete scientific knowledge to determine the emission factors and values required to obtain the correct quantities of emissions of different gases.

Independence and Quality Control

We have complied with the Code of Ethics issued by the International Ethics Standards Board for Accountants (IESBA), which includes the requirement of independence and other requirements based on the main principles of integrity, objectivity, professional competence and due care, confidentiality and professional conduct.

PwC applies the International Standard on Quality Control 1 (ISQC 1) and, consequently, maintains a global quality control system which includes documented policies and procedures on the compliance of ethical requirements, professional standards and applicable statutory requirements.

Our responsibility

Our responsibility is to provide a limited assurance conclusion on the GHG Inventory based on the procedures carried out and the evidence obtained. We developed our review 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). This standard requires that we plan and carry out the review in order to obtain a limited assurance to confirm that REE's 2014 GHG Inventory does not contain any material errors.

A limited review based on the ISAE 3410 involves evaluating the appropriateness of the internal procedures used by REE for its GHG Inventory preparation, assessing the risk of material inaccuracies in the GHG Inventory due to fraud or error, responding to the assessed risks as necessary for each case and assessing the general presentation of the GHG Inventory. The scope of a limited assurance review is substantially less than that of a reasonable assurance review, regarding both risk assessment procedures, including understanding internal controls, and the procedures carried out in response to the assessed risks.

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.es

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Procedures carried out

The procedures we carried out are based on our professional judgment, and include consultations, observation of processes, documental review, analytical procedures, assessment of the appropriateness of their calculation methodology and information dissemination policies, as well as their consistency with underlying data.

Considering the circumstances of the review and the procedures described on the previous paragraph we have carried out the following:

- Meetings with REE staff from various departments to obtain an understanding of REE's control environment and relevant information systems related to the calculation of the different types of emissions and the development of reports. We have not assessed the design of control activities, obtained evidence of their use, nor confirmed their operational effectiveness.
- Assessment of whether the methods used by REE to make estimations are appropriate and have been consistently applied. However, our procedures have not included tests on the information on which estimations have been based and we have not calculated our own estimations to compare them with those of REE.
- Verification, by analytical and substantive tests applied to a selected sample, of the quantitative information (activity data, calculations and information generated) to determine REE's 2014 GHG Inventory and the appropriate compiling of such information in accordance with the Company's internal procedures "Methodology for the Calculation of the Greenhouse Gas Emissions (GHG) Inventory".

The procedures followed to obtain a limited assurance review vary according to the nature and frequency of the review and are less extensive than the procedures involved in a reasonable assurance review. Therefore, the level of assurance obtained in a limited assurance review is substantially less than that obtained in a reasonable assurance review. Consequently, we do not give a reasonable assurance opinion on whether REE's GHG Inventory has been prepared, with regard to its significant aspects, in accordance with the criteria applied.

Conclusion

As a result of the procedures developed and evidence obtained by PwC, no matters have come to our attention which have led us to believe that REE's 2014 GHG Inventory for the financial year ending 31 December 2014 has not been prepared, with regard to its significant aspects, in accordance with REE's internal procedures "Methodology for the Calculation of the Greenhouse Gas Emissions (GHG) Inventory".

PricewaterhouseCoopers Auditores, S.L.

A handwritten signature in blue ink, appearing to read 'M^a Luz Castilla', with a horizontal line underneath.

M^a Luz Castilla

13 April 2015



“GREENHOUSE GAS EMISSIONS INVENTORY OF RED ELÉCTRICA DE ESPAÑA, SAU”.

GHG Inventory	tCO ₂ -eq
Scope 1	83,125.39
1.1 Diesel Generator sets	203.94
1.2 Vehicle fleet	1,094.18
1.3 SF6	81,018.36
1.4 Air conditioning	808.90
Scope 2	771,774.25
2.1 Electricity consumption	3,867.25
2.2 Transmission grid losses	767,907.00
Scope 3	180,982.71
3.1 Purchased goods and services	175,389.00
3.2 Business travel	1,485.20
3.3 Downstream transportation and distribution	640.84
3.4 Employees commuting	3,467.67

December the 31st, 2014

Organisational boundaries

The calculation of the emissions of Red Eléctrica de España, SAU (hereinafter REE) is performed under the criteria of operational control. The inventory solely applies to activities in Spain.

Operational boundaries

Emissions associated with the activities and facilities of REE are quantified taking into consideration the following scopes:

Scope 1: Direct Greenhouse gas emissions (GHG)

Those that occur from sources controlled or owned by the Company:

- Stationary combustion: from the combustion of fuels used in diesel generators sets
(No other stationary combustion source exists in the Company)
- Mobile Combustion: from fuel consumption by fleet vehicles
- Fugitive Emissions: SF6 gas leaks



- Fugitive Emissions: leaks from air conditioning gases

Scope 2: Electricity indirect GHG emissions

- 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.
- Emissions derived from downstream transportation and distribution (internal logistics, subcontracted to an external company)
- Emissions from employees commuting to the workplace