

REPORT ON INDEPENDENT LIMITED ASSURANCE OF GREENHOUSE GAS EMISSIONS INVENTORY 2020 OF RED ELÉCTRICA GROUP

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

Scope

We have undertaken a limited assurance engagement on the Green Gas Emissions Inventory (hereinafter referred to as the GHG Inventory) of Red Eléctrica Group, which includes the GHG emissions associated to the main company, Red Eléctrica Corporación, and the subsidiaries: Red Eléctrica de España, S.A.U. (REE); Red Eléctrica Internacional (REI1), Red Eléctrica Infraestructuras en Canarias, S.A.U. (REINCAN2); Red Eléctrica Sistemas de Telecomunicaciones, S.A.U. (REINTEL); Red Eléctrica Internacional, S.A.U. (REI) y Red Eléctrica y de Telecomunicaciones, Innovación y Tecnología, S.A. (RETIT), Red Eléctrica Andina (REA), Red Eléctrica de Chile (RECH), HISPASAT, (hereinafter referred to as the Group) for the financial year ended in 31st December 2020, included in the Appendix of this Report.

This assignment has been made by a multidisciplinary team that includes specialists in sustainability, climate change and assurance.

Management's responsibility

Group's management is responsible for preparation and update of the 2020 GHG Inventory in accordance with their internal procedure, "Methodology for de Calculation of the Greenhouse Gas Emissions (GHG) Inventory of Red Eléctrica Group" available on the following website link <https://www.ree.es/en/sustainability/decarbonisation-of-the-economy/carbon-footprint>. This responsibility includes the design, implementation and maintenance of internal control relevant to ensure that the GHG Inventory is free from material misstatement, whether due to fraud or error.

The quantification of GHG emissions is subject to more inherent uncertainty than financial information, because of incomplete scientific, according to its nature and methods used to determine, calculate or estimate emissions.

Likewise, it is also responsible for defining, implementing, adapting and maintaining the necessary internal management and control systems so that the preparation and presentation of the information is free of material impropriety due to fraud or error.

Our independence and quality control

We have complied with the requirements of independence and the other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants (IESBA, for its acronym in English).

Our firm applies the International Standard on Quality Control 1 (ISQC 1) and maintains, as a result, a global quality control system that includes documented policies and procedures related to compliance with ethical requirements, professional standards and legal and regulatory provisions.

Our responsibility

Our responsibility is to express a limited assurance conclusion on the 2020 GHG Inventory of the Group based on the procedures we have performed and de evidence we have obtained. We conducted our limited assurance engagement in accordance with the International Standard on Assurance Engagements 3410 (ISAE 3410), "Assurance Engagement 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 perform this engagement to obtain a limited assurance that 2020 GHG Inventory of the group is free from material misstatement.

A limited assurance engagement undertaken in accordance with ISAE 3410 involves assessing the suitability in the circumstances of the Group use of applicable criteria as the basis for the preparation of the GHG statement, assessing the risk of material misstatement whether due to fraud or error, responding to the assessed risk as necessary in the circumstances, and evaluating the overall presentation of the GHG statement.

A limited assurance engagement is less in scope than a reasonable assurance engagement. Therefore, the degree of assurance is also less extensive. This report in no case should be considered as an audit report.

The procedures we performed were based on our professional judgment and included inquiries, observation of processes performed, inspection of documents, analytical procedures, evaluating the appropriateness of quantification methods and reporting policies, and agreeing or reconciling with underlying records.

Given the circumstances of the engagement, in performing the procedures listed above we:

- Through inquiries and meetings with personnel of the Group various departments who have been involved in the preparation of the GHG Inventory, obtained an understanding of the Group control environment and information systems relevant to emissions quantification and reporting, but did not evaluate the design of particular control activities, obtain evidence about their implementation or test their operating effectiveness.
- Evaluated whether the Group methods for developing estimates are appropriate and had been consistently applied. However, our procedures did not include testing the data on which the estimates are based or separately developing our own estimates against which to evaluate the Group estimates.

- Verification, through random sampling tests, internal control rests and the development of substantive rests of the information (activity data, calculations and information generated) used to determine the Group 2020 GHG Inventory with the internal procedure. We have also verified the correct compilation of information based on the data provided.

Limited assurance conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Group 2020 GHG Inventory for the financial year ended in 31st December 2020 contains any material misstatement or is not prepared, in all material respects, in accordance with the "Methodology for de Calculation of the Greenhouse Gas Emissions (GHG) Inventory of Red Eléctrica Group".

Use and distribution

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

ERNST & YOUNG, S.L.

(Free translation from the Original Report on Independent Review in Spanish dated 7th April 2021. In case of any discrepancy, the Spanish version always prevails.)



ANEXO

GREENHOUSE GAS (GHG) 2020 INVENTORY OF RED ELÉCTRICA GROUP

GHG Inventory 2019	tCO _{2eq}
Scope 1	25 557.29
SF ₆	22 214.15
Air conditioning	1 185.52
Fleet vehicles	1 528.74
Diesel generating sets	484.57
Heating	144.31
Scope 2	600 823.97
Electricity consumption	649.37
Transmission grid losses	600 174.60
Scope 3	380 326.13
Purchase of goods and services	202 819.33
Capital goods	162 834.03
Energy production (not included in scope 1 and 2)	709.14
Waste	217.27
Transportation and distribution	1 178.40
Business travel	648.68
Commuting	1 113.68
Leased assets	183.75
Investments	10 621.85

Organizational boundaries

The emission calculation is performed under operational control criteria. The inventory applies to the activities that take place in Red Eléctrica Corporación, S.A. and the subsidiaries: Red Eléctrica de España, S.A.U. (REE); Red Eléctrica Internacional (REI¹), Red Eléctrica Infraestructuras en Canarias, S.A.U. (REINCAN²); Red Eléctrica Sistemas de Telecomunicaciones, S.A.U. (REINTEL); Red Eléctrica Internacional, S.A.U.(REI) y Red Eléctrica de Telecomunicaciones, Innovación y Tecnología, S.A. (RETIT).

¹ Staff in Spain

² For the moment, only management activities (the work centres where the staff and general services are located, are common to the subsidiaries in Spain).



The subsidiaries Red Eléctrica Andina (REA), Red Eléctrica de Chile (RECH) (including concessionaires societies) and HISPASAT have been included in 2020.

Transmisora Eléctrica del Norte S.A (TEN), Argo Energia Empreendimentos e participações S.A. (ARGO) e Hisdesat Servicios estratégicos, S.A are investees societies and considered as investments. Therefore, the emissions corresponding to these companies are included in scope 3.

Operational scope

The following scopes are considered:

Scope 1: Direct GHG emissions

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

- Fugitive Emissions: SF₆ gas leaks in electricity substations and refrigerant gases leaks from air conditioning systems.
- Mobile Combustion: emissions derived from fuel consumption of the fleet.
- Stationary combustion: derived from the combustion of fuels used in diesel generating sets and heating.

Scope 2: GHG indirect emissions from electricity consumption

- Electricity consumption
- Electricity losses in the transmission grid.

Scope 3: Other indirect GHG emissions

- Supply chain: Purchase of goods and services.
- Capital goods.
- Life cycle of fuel and energy consumed: emissions due to energy production (not included in scope 1 and 2).
- Upstream transportation and distribution.
- Waste management.
- Business travel by plane, train and car (taxi, private and rented vehicles).
- Employees commuting to the work place.
- Leased assets (upstream & downstream).
- Investments.