



A free translation from the original in Spanish. In the event of a discrepancy, the Spanish language version prevails

INDEPENDENT ASSURANCE REPORT ON THE 2013 GREENHOUSE GAS EMISSIONS INVENTORY

To the Management Committee of Red Eléctrica de España (REE), S.A.U.:

Scope of the work

We have undertaken an assurance engagement of the Greenhouse Gas Emissions Inventory (hereon GHG Inventory) of Red Eléctrica de España (REE), S.A.U. (hereon REE) for the year ended 31st December 2013, included in the Annex.

Responsibility of REE for the GHG Inventory

The Management Committee of REE is responsible for the preparation and update of the 2013 GHG Inventory, in accordance with its internal procedure "Calculation Methodology for GHG Emissions Inventory" of REE, available on <http://www.ree.es/es/sostenibilidad/energia-sostenible/energia-y-cambio-climatico/nuestra-huella-de-carbono>. This responsibility includes the design, implementation and maintenance of the management and internal control systems from which the information is obtained for the preparation of the GHG inventory, as well as the processes and basis for its preparation free from material misstatement, whether due to fraud or error.

GHG emissions quantification is subject to inherent uncertainty given their nature and the methods used to determine, calculate or estimate emissions.

Our responsibility

Our responsibility is to express a limited assurance conclusion on the GHG inventory based on the procedures we have performed and the evidence we have obtained.

We conducted our limited assurance engagement in accordance with the *International Standard on Assurance Engagements ISAE 3410 "Assurance Engagements on Greenhouse Gas Statements"* (here on ISAE 3410), issued by the *International Auditing and Assurance Standard Board (IAASB)* of the *International Federation of Accountants (IFAC)*. That standard requires that we plan and perform this engagement to obtain limited assurance about whether the 2013 GHG Inventory of REE has been prepared in accordance with its internal procedure "Calculation Methodology for GHG Emissions Inventory" and is free from material misstatement. Therefore, the engagement has been undertaken by a team of sustainability and climate change specialists with substantial experience in these issues.

A limited assurance engagement undertaken in accordance with ISAE 3410 involves assessing the suitability of the "Calculation Methodology for GHG Emissions Inventory" of REE as the basis for the preparation of the GHG Inventory, assessing the risks of material misstatement of the GHG Inventory whether due to fraud or error, responding to the assessed risks as necessary in the circumstances, and evaluating the overall presentation of the GHG Inventory. A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks. In any case, this report shall not be understood as an audit report.

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The procedures we performed were based on our professional judgment and included inquiries to Management and various units of that participated in the preparation of the 2013 GHG Inventory and the application of certain analytical procedures and tests, which in general, are described below:

- Interviews with the personnel of REE in order to understand the content and implementation procedures related to the “Calculation Methodology for GHG Emissions Inventory” of REE.
- Analysis of the processes used in compiling and validating the figures presented in the 2013 GHG Inventory of REE.
- Evaluation of data gathering and internal control systems in relation to the preparation of the 2013 GHG Inventory.
- Evaluation whether the methods for developing estimates are appropriate and had been consistently applied. Our procedures did not include testing the data on which the estimates and emission factors are based, or the examination of the reliability of the information provided by third parties.
- Verification, through analytical and substantive testing based on the selection of a sample, of the quantitative information (activity data, calculations and information generated) used for the preparation of the REE 2013 GHG Inventory and its appropriate compilation on the basis of its internal procedure “Calculation Methodology for GHG Emissions Inventory” of REE.

Independency

We have complied with the *Code of Ethics* issued by the *International Federation of Accountants* (IFAC).

PwC applies *International Standard on Quality Control 1* (ISQC 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

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 REE 2013 GHG Inventory for the year ended December 31st is not prepared, in all material aspects, in accordance with its internal procedure “Calculation Methodology for GHG Emissions Inventory” of REE.

PricewaterhouseCoopers Auditores, S.L.

A handwritten signature in blue ink, appearing to read 'M^a Luz Castilla', with a long horizontal flourish extending to the right.

M^a Luz Castilla
Partner

12th June 2014

Appendix

REE 2013 GHG Inventory

| GHG Inventory | tCO ₂ -eq |
|--|----------------------|
| Scope 1 | 74,979.92 |
| 1.1 Generators | 949.58 |
| 1.2 Fleet | 1,275.18 |
| 1.3 SF6 | 72,210.35 |
| 1.4 Air conditioning | 544.81 |
| Scope 2 | 735,590.19 |
| 2.1 Electricity consumption | 3,565.19 |
| 2.2 Distribution losses | 816,559.26 |
| Scope 3¹ | 179,827.39 |
| 3.1 Purchased goods and services | 176,528.13 |
| 3.2 Business travel | 1,046.20 |
| 3.3 Downstream transportation and distribution | 674.43 |
| 3.4 Employees commuting | 1,578.63 |

¹ Scope 3 selected categories from the GHG Protocol Standards "Corporate Value Chain (Scope 3) Accounting and Reporting Standard".