

| BIODIVERSITY POLICY

Iberdrola promotes the biodiversity of ecosystems and awareness-raising among its stakeholders



Biodiversity policy

19 February 2019

The Board of Directors of IBERDROLA, S.A. (the "**Company**") is vested with responsibility for formulating the strategy and approving the corporate policies, and for organising the internal control systems. It approves this Biodiversity Policy pursuant to the provisions of the *Purpose and Values of the Iberdrola group*, aware of its commitment to the environment generally and to the preservation of the biodiversity of the ecosystems, landscapes and species of the territories in which it does business particularly.

1. Biodiversity

Economic and social development is closely linked to the use of natural resources, affecting not only the availability thereof, but also the integrity of ecosystems and the biological diversity thereof. The Company is aware that preservation of the ecosystem is an essential condition for global sustainability, and it is therefore necessary for this development to be fully compatible with the environment.

The scientific community unanimously agrees in noting that there is currently a serious decline in biodiversity as well as a degradation of ecosystems. This loss of biodiversity, a direct consequence of the impact of human activities, is occurring more rapidly and generally, which entails serious environmental, economic and social risks.

The Company is fully aware of these risks and of its responsibility as a leading company in the energy sector, and works to adopt the measures allowing for the identification and eradication thereof, with a proactive attitude promoting biodiversity that goes beyond strategies of mitigating or containing damages.

Encouragement of economic and social development, respect for the environment and promotion of biodiversity are paramount corporate values for the Company, informing all of its actions, aligned to comply with Sustainable Development Goals (SDGs) six, thirteen, fourteen, fifteen and seventeen approved by the United Nations. In this regard, this *Biodiversity Policy* confirms the Companies commitment to sustainable and efficient development, recognising the strategic value represented by

the preservation and promotion of biodiversity for all of the companies belonging to the group of which the Company is the controlling entity, within the meaning established by law (the "Group").

2. Purpose

During their respective life cycles, the Group's businesses cause interactions with various ecosystems, landscapes and species. The Company therefore commits to promoting the biodiversity of the ecosystems, establishing new projects sustainably, allowing balanced co-existence, and conserving, protecting and promoting the development and growth of the natural heritage.

The Company also commits to promote a social culture focused on promoting awareness-raising among all of its stakeholders regarding the magnitude of this challenge and the benefits associated with meeting it, identifying specific actions that contribute to the preservation and development of the environment and to the sustainable use of natural resources.

These commitments are assumed and promoted through this *Biodiversity Policy*, in order for the various levels of the organisation of the Company and the other companies belonging to the Group to progress in developing methods of analysis of effects and actions for the preservation of biodiversity into the planning and subsequent implementation of their activities. Moreover, all the professionals of the Group will contribute in their daily work to the achievement of the targets set in this field.

3. Main Principles of Conduct

To implement its commitment to biodiversity, the Group shall be guided by the following main principles of conduct, which shall be gradually applied in all its activities and businesses:

- a) Integrate the preservation of biodiversity into the strategy of the Group, including consideration thereof in decisions on the construction, operation and decommissioning phases of infrastructure projects, particularly for dams, power lines and wind farms.
- b) Apply a preventive approach to minimise the impacts of new infrastructure on biodiversity, bearing in mind the entire life cycle thereof, for which purpose environmental guidelines shall be prepared for each type of infrastructure project to be carried out by the Group.
- c) Incorporate this preventive approach into the environmental and social impact assessments of new infrastructure projects, particularly in natural areas that are sensitive, biologically diverse or protected.
- d) Promote the offset of impacts caused by the Group's activities and the restoration of natural capital.

For these purposes, the companies of the Group perform the following activities, among others, based on the needs of each project during the construction, operation, and decommissioning phases: monitoring of flora and fauna, especially protected or vulnerable species, silvicultural treatments, and forest restorations with indigenous species.

- e) Integrate biodiversity into the Group's environmental management systems (EMS), setting goals, indicators and standards for the control, monitoring and audit thereof.
- f) Protecting species and habitats through the application of positive conservation management and investigation of sites in order to obtain a positive net balance with respect to the environment, avoiding the placement of new infrastructure in areas that are protected or that have a high

biodiversity value.

g) Report on the biodiversity actions of the Group, the presence of facilities in protected areas, and research, preservation, education and awareness-raising actions, periodically publishing a biodiversity report.

h) Promoting biodiversity awareness and training for the Group's own personnel as well as subcontracted personnel and those of its suppliers.

i) Participate in carrying out research, preservation, education and sensitisation projects, cooperating with government agencies, non-governmental organisations, local communities and other stakeholders on biodiversity issues.

4. Priority Lines of Action

Biodiversity and ecosystems have a leading role in the business strategy of the Company through four priority lines of actions that develop the principles set out in the preceding section:

a) Promoting the protection, preservation, and sustainable use of the natural environment (air, water, land, fauna — with special emphasis on avifauna, terrestrial fauna and ichthyofauna —, flora and landscape) through the adoption of specific preventative, mitigating and compensatory actions intended for prevention or to restore zones that may be affected by the Group's facilities in the principal countries in which it does business.

b) Evaluation of the impact of new projects on biodiversity, adopting the measures that may be necessary to correct or minimise them, and in any case attempting for the environmental impact to be as low as possible, consulting with various stakeholder groups regarding the project prior to commencement, and incorporating best construction practices, going beyond applicable legal requirements in each case.

For these purposes, the Group encourages the preparation of environmental impact studies prior to commencing new projects, through impact analysis and prevention mechanisms that take into account various alternatives and establish corrective measures to avoid, mitigate or offset any possible damages.

Furthermore, the monitoring of environmental impacts does not end upon completion of the facility, but rather continues during the operation and decommissioning phases thereof.

c) The engagement of stakeholders through participation in research projects and the promotion of a strategy of ongoing dialogue that allows for identifying and meeting their expectations in terms of biodiversity and taking them into consideration in the process of making decisions in the management of the businesses.

d) Awareness-raising and communication at both the internal and external level with training activities, internal and external education, prizes, publications and sponsorship activities.

This *Biodiversity Policy* was initially approved by the Board of Directors on 18 December 2007 and was last amended on 19 February 2019.

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Ethics, transparency and good governance	
Corporate Governance System	✓
> By-Laws > Purpose and Values and Code of Ethics > <u>Corporate Policies</u> > Governance Rules of the Corporate Decision-Making Bodies and other Functions and Internal Committees > Compliance > The Driving Ideas of the Corporate Governance System	
General Shareholders' Meeting	✓
Board of Directors	✓
Group structure	

