

Environmental Policy



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The Board of Directors of IBERDROLA, S.A. (the “**Company**”) has the power to design, assess and continuously revise the Governance and Sustainability System, and specifically to approve and update the corporate policies, which contain the guidelines governing the conduct of the Company and of the companies belonging to the group of which the Company is the controlling entity, within the meaning established by law (the “**Group**”).

In the exercise of these responsibilities, and aware that leadership in the development of sustainable energy and respect for the environment are the pillars of the Group’s energy production model and some of the cornerstones of the *Purpose and Values of the Iberdrola Group*, the Board of Directors hereby approves this *Environmental Policy* (the “**Policy**”).

■ 1. Purpose

The *Policy* is intended to establish a framework of reference for integrating the protection of nature and the environment within the strategy, investments and operations established at the Group level, and define the principles of conduct for environmental management and the management of natural capital.

The Company considers respect for the environment to be a key element for realising the vision of building an energy model in harmony with nature and with human beings. The companies of the Group are therefore committed to continue taking a leading position in the development of a sustainable energy model, based on the use of renewable energy sources and smart grids, electrification, efficiency, reduction in emissions and digital transformation, where respect for and the protection of the environment are integrated into all of their activities and processes. The Group’s companies are also committed to compliance with environmental regulations and international best practices in this area.

Through a business model and supported by a practice favouring transparent information and ongoing dialogue, the Group’s companies respond to the expectations of their Stakeholders with respect to the preservation of the environment, ever more stringent regulatory requirements, and constant scrutiny of management by analysts, assessors and various agents of society in general.

The commitment of the Group’s companies to leadership in the development of sustainable energy is aligned with the contribution to achievement of Sustainable Development Goals (SDGs) six, seven, twelve, thirteen, fourteen, fifteen and seventeen approved by the United Nations (UN).

■ 2. Scope of Application

This *Policy* applies to all companies of the Group, as well as to all investees not belonging to the Group over which the Company has effective control, within the limits established by law.

Without prejudice to the provisions of the preceding paragraph, listed country subholding companies and their subsidiaries, based on their own special framework of strengthened autonomy, may establish an equivalent policy, which must be in accord with the principles set forth in this *Policy* and in the other environmental, social and corporate governance and regulatory compliance policies of the Governance and Sustainability System.

At those companies in which the Company has an interest and to which this Policy does not apply, the Company will promote, through its representatives on the boards of directors of such companies, the alignment of their own policies with those of the Company.

This *Policy* shall also apply, to the extent relevant, to the joint ventures, temporary joint ventures (*uniones temporales de empresas*) and other equivalent associations, if the Company assumes the management thereof.

■ 3. Main Principles of Conduct

To implement their commitment to the environment and boost environmental sustainability, the Group’s companies articulate the following main principles of conduct that apply to all of their activities and businesses and that shall be integrated within the internal decision-making processes:

- a. develop a sustainable model that is respectful of nature, biodiversity and historical and artistic heritage;
- b. comply with legal provisions and conform to applicable environmental standards;
- c. apply the principle of mitigation hierarchy (avoid, minimise, restore and compensate as a last resort) in all activities;
- d. promote innovation through research and support for the development of new technologies and best environmental practices;
- e. use natural capital sustainably. In particular:
 - to make rational and sustainable use of water, managing the risks relating to water scarcity and ensuring that water used is returned to the environment in the desired condition;
 - improve the circularity of their business activities and those of their suppliers, through the sustainable use of natural resources, the implementation of life cycle analysis, the eco-design of their infrastructures, the application of the waste hierarchy, as well as the optimisation of waste management and the use of recycled materials; and
 - integrate the protection and promotion of biodiversity into strategy at the Group level and develop a business model that is sustainable and positive with nature;
- f. conserve, protect and promote the development and growth of natural heritage;



- g. implement a common environmental management system that applies precautionary, anti-pollution and continuous improvement principles and places the environment at the centre of decision-making through:
- assessing the environmental risks of their activities, facilities, products and services on a regular basis, improving and updating the mechanisms designed to prevent, mitigate or eradicate them;
 - ongoing identification, assessment and mitigation of the environmental impacts of the activities, facilities, products and services of the Group's companies;
 - management of risks and impacts by establishing objectives, programmes and plans that promote the continuous improvement of environmental processes and practices within the framework of the Group, and the establishment of monitoring, control and audit mechanisms; and
 - environmental training of the professionals of the Group's companies;
- The various environmental management systems of the Group's companies are based on this common model and allow for coordination of the environmental management within the boundary of the Group, which operates on a decentralised basis pursuant to the principal of "subsidiarity" and respect for the autonomy of the various companies;
- h. reduce environmental impact and improve the environmental performance of the Group's companies from a life-cycle perspective;
- i. encourage the engagement of the Stakeholders in the business enterprise of the Group's companies pursuant to the provisions of the *Stakeholder Engagement Policy*, which contemplates, among other things, the strong involvement of the Group's companies in the communities in which they operate and the creation of shared sustainable value for all of them;
- j. raise awareness, train and involve the professionals, subcontractors, suppliers and other Stakeholders of the Group's companies in the commitments and principles of this Policy; and
- k. report transparently on environmental results and activities.

■ 4. Priority Lines of Action

In order to achieve their commitment to nature and the environment and to promote environmental sustainability and respect for nature, the companies of the Group work on three priority lines of action, in which the main principles of conduct set out in the preceding section shall be applied:

- a. climate action;
- b. protection of biodiversity; and
- c. circular economy.

This *Policy* was initially approved by the Board of Directors on 18 December 2007 and was last amended on 21 February 2023.