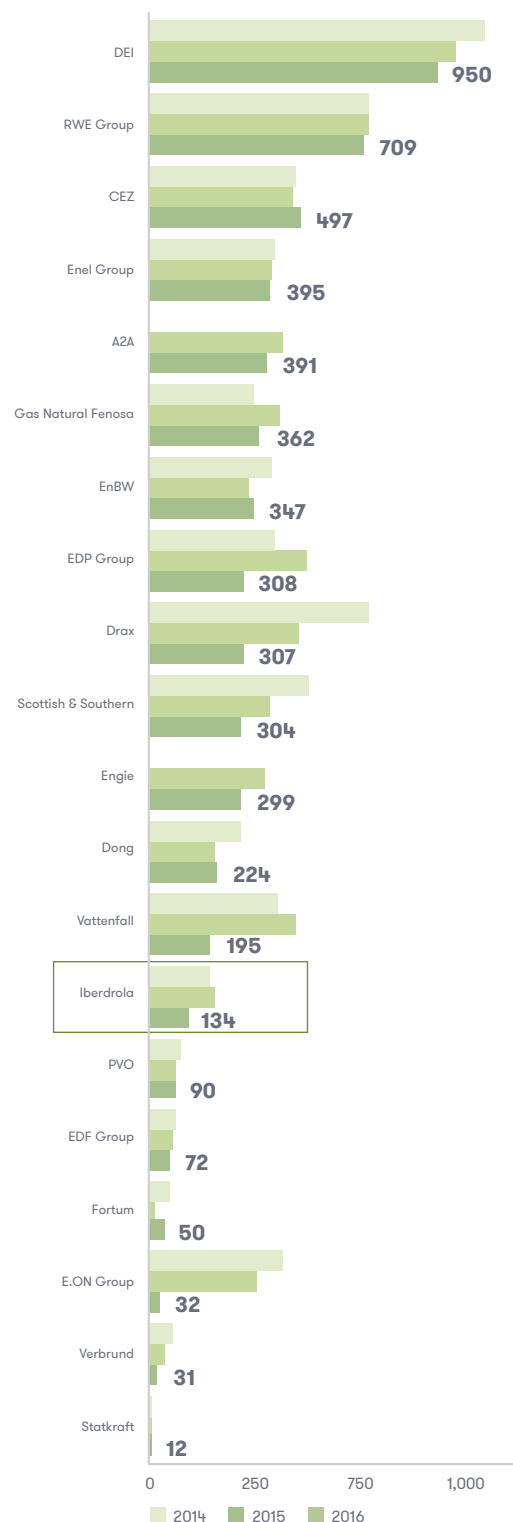


4.5 Natural Capital

	Management approach	Principal activities 2017	Outlook
Protect the environment and stop the loss of biodiversity	<ul style="list-style-type: none"> • Conserve and recover the ecosystems associated with our activities, coordinating the biodiversity plans of the businesses in affected areas. • Improve the compatibility of Iberdrola's infrastructure with protection of the environment. • Avoid discharges and pollution of water and soil, all in line with Iberdrola's <i>Biodiversity Policy</i> and <i>Environmental Policy</i>. • Promote the protection of ecosystems in the surroundings of the facilities. 	<ul style="list-style-type: none"> • Sustainable General Shareholders' Meeting 2017: <ul style="list-style-type: none"> – ISO 20121 certification. – Shareholders Day 2017 Environmental Declaration (<i>Erronka Garbia Certificate</i>). • Acquisition of ISO-TS 14072 Certificate for Corporate Environmental Footprint (CEF) 2016. • Energy efficiency project for the facilities of Iberdrola España. • Climate Change Adaptation Report for activities in Spain. • Biodiversity Report, 2014-2017 Edition. 	<ul style="list-style-type: none"> • Adaptation to ISO 14001 2015 standard. • Development of a strategic plan for climate change adaptation. • Environmental guidelines linked to impacts of the CEF. • Restoration, recovery, improvement and maintenance of surroundings and habitats. • Integrate the concept of natural capital.
Combat climate change and its effects	<ul style="list-style-type: none"> • Prevent pollution and the emission of greenhouse gases (GHGs) through practices that reduce or eliminate the production of pollutants at source. • Reduce the emissions of non-GHGs into the air. • Gradually replace equipment using substances that reduce the ozone layer. • Promotion of awareness-raising campaigns regarding air quality. • New GHG emissions-free facilities (renewable, wind, hydroelectric, etc.). 	<ul style="list-style-type: none"> • 42% reduction in intensity of CO₂ emissions per kWh produced since 2007. • Thermal emission factor has decreased from 391 g/thermal kWh generated in 2016 to 388 g/kWh generated in 2017. • Increase in emission-free installed capacity to 66.7%. • New commitment to reduce emissions, and active participation in the Bonn Climate Change Conference (Germany). • Sustainable mobility plan to promote and develop electric cars. 	<ul style="list-style-type: none"> • Achieve a 50% reduction in emissions intensity by the year 2030 in comparison to 2007. • Be carbon neutral by 2050. • Develop innovation projects geared towards reducing pollution. • Active participation in achieving the Sustainable Development Goals approved in September 2015 (goals 6, 7 and 13).
Guarantee sustainable modes of production and consumption	<ul style="list-style-type: none"> • Continuous improvement in operational performance. • Implementation of actions to increase energy efficiency. • Decrease in consumption of natural resources. • Inclusion of environmental variable in the design of infrastructure (Eco-design). • Improvement in control and management of waste generated. 	<ul style="list-style-type: none"> • Innovative activities in environmental management and control. • Assurance of quality in environmental management. • Efficient management of water consumption. • Improvement of efficiency at buildings. • Improvement in withdrawal and consumption of inland water at all generation facilities. • Reuse and recycling of water. • Improvement in reuse and recycling of waste. 	<ul style="list-style-type: none"> • Development and promotion of ecodesign initiatives. • Life-cycle and green purchasing analysis. • Life Cycle Costing. • Study of implementation of ISO 50001, Energy Efficiency, in Spain. • The circular economy as strategic cornerstone.
Revitalise alliances with Stakeholders for sustainable development	<ul style="list-style-type: none"> • Strengthen transparent dialogue with Stakeholders in order to work together in seeking solutions to environmental problems. • Manage environmental compliance by suppliers. • Transparently report on environmental results and activities. • Optimisation of and innovation in environmental management systems. 	<ul style="list-style-type: none"> • Preparing or providing information for the following reports: <ul style="list-style-type: none"> – Sustainability Report 2017. – Greenhouse Gas Report. – CEF Report 2016. – Biodiversity Report. • 85% of suppliers have ISO 14001 environmental certification. • Public-private cooperation with the Basque Government on environmental issues. 	<ul style="list-style-type: none"> • <i>Environmental transparency and communication:</i> <ul style="list-style-type: none"> – Corporate Environmental Footprint Report by country. – Development of new EPDs (Environmental Product Declarations) • Communication of environmental performance, development of methodology.

The environmental dimension is a key factor in the concept of sustainability

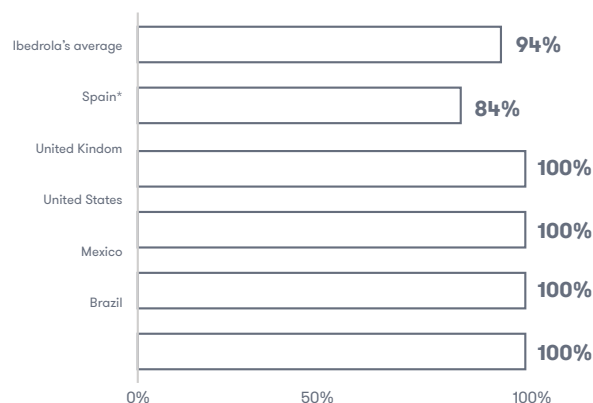
CO₂ emissions at companies in the sector (Carbon factor in kg of CO₂/MWh)



European carbon factor 2016: 275 kg CO₂/MWh
 Source: "Facteur carbone européen Comparaison des émissions de CO₂ des principaux électriciens européens" PwC France. Jan. 2018

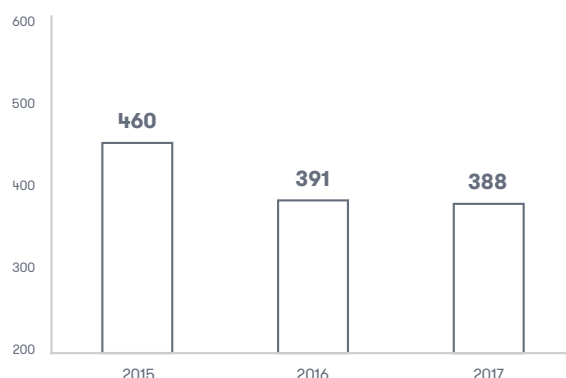
(1) The 134 kg CO₂ in this chart refers to emissions from Iberdrola's facilities in Europe during 2016. The other companies only include the European space.

Production of Iberdrola plants using local energy sources in the countries in which it operates

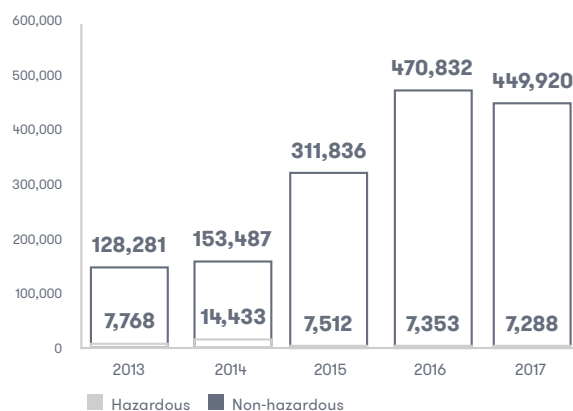


* Nuclear fuel acquired from the Spanish company Enusa is considered a local source.

Intensity of emissions at the thermal plants of the group (CO₂/MWh)



Volume of recovered, reused or recycled waste (t)



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