RED ELÉCTRICA CORPORACIÓN

Biodiversity Commitment

31 March 2017

INTRODUCTION

Definition

Biological diversity or biodiversity is the term used to refer to the broad variety of animals and plants, habitats and genes found on the Earth, along with their associated natural processes.

The biological diversity we see today is the result of millions of years of evolution, shaped both by natural processes and, increasingly, by the influence of human activities. This diversity makes up the vital network of which we are an integral part and on which we depend. The ecosystem supplies the products and services required to allow the planet to support life.

It is this combination of different life forms and their mutual interaction with the rest of their environment that has made the Earth unique and habitable for human beings.

"Biodiversity and the ecosystem services it supports are the foundations for life on Earth and the livelihoods and well-being of people everywhere. Protecting biodiversity and preventing further losses is an essential investment in our collective future." Antonio Guterres, Secretary General of the United Nations

Background

Spain is one of the countries with the greatest biological diversity in the European Union, due, among other things, to factors such as its geographical position, its geological diversity, its highly-varied climate, its orographic and edaphic diversity, its paleobiogeographic history and its inclusion of island territories.

Biodiversity is an important cross-cutting issue on the 2030 Agenda for Sustainable Development. Goal 15 explicitly recognizes the importance of curbing the loss of biodiversity, and other Goals recognize the importance of biodiversity for the eradication of poverty, the provision of food and fresh water, and the improvement of life in cities. It is essential that we take more account of biodiversity and that we succeed in transforming the way societies value and manage it.

The Red Eléctrica Group, as a responsible company that is committed to sustainable development, wants to formalise its commitment to the conservation of biodiversity, defining its biodiversity commitment and establishing an action plan in this field.

Purpose

The purpose of this document is to formalise the Company's commitment on biodiversity issues, describe the main courses of action to be taken and establish the need for an Action Plan that sets out the goals to be achieved and the actions to be undertaken.

Scope

Encompasses all the activities of the Red Eléctrica Group.

RESPONSIBILITIES

EXECUTIVE COMMITTEE

- Approve the Company's Biodiversity Commitment and revisions thereto.
- Approve the Biodiversity Action Plan and revisions thereto.

CORPORATE DIRECTOR OF SUSTAINABILITY, INNOVATION AND INSTITUTIONAL COORDINATION

- Lead and promote the drafting of this Commitment and revisions thereto.
- Lead and promote the drafting of the Biodiversity Action Plan and revisions thereto.
- Submit a proposal to the corresponding governing body for the approval of the Biodiversity Commitment and Action Plan.
- Lead and promote the actions and best practices necessary for the implementation of the principles of the Biodiversity Action Plan and the relevant courses of action for its execution.

SUSTAINABILITY AND INNOVATION AREA

- Coordinate the drafting (working with all areas involved) of the Biodiversity Commitment and the Biodiversity Action Plan.
- Ensure that the actions set out in the Biodiversity Action Plan are carried out.
- Inform the Sustainability Steering Committee of progress made regarding the implementation and the degree of fulfilment of the Biodiversity Action Plan.

SUSTAINABILITY STEERING COMMITTEE

- Monitor the progress of the implementation and the degree of fulfilment of the

Biodiversity Action Plan.

GENERAL DEPARTMENTS OF THE RED ELÉCTRICA GROUP

- Support the principles contained in this Commitment during the performance of their duties and responsibilities at the Company, and raise awareness among all employees on this Commitment.
- Promote the implementation of the principles and guidelines contained in this Commitment within their individual areas of action.
- Execute the actions set out in the Biodiversity Action Plan.

GROUP EMPLOYEES

- Undertake the Company's commitment in relation to biodiversity issues and collaborate on its implementation and consolidation in the individual areas in which each employee works.

PRINCIPLES

The core principles that define the commitment of the Red Eléctrica Group on biodiversity issues are the following:

1. Integrate the conservation and sustainable use of biodiversity in the development of the transmission grid.
2. Establish mechanisms that ensure the protection and conservation of environmental values in the activities engaged in by the Company, especially in sensitive natural environments.
3. Contribute to and promote the development of applied research projects aimed at helping integrate the transmission grid into the environment.
4. Encourage a framework of communication and cooperation with stakeholders, increasing the visibility of the Company's commitment to the conservation of biodiversity.

Courses of action

The Company's commitment to biodiversity is based on three courses of action:

A. Biodiversity protection and transmission grid development: searching for and implementing solutions to make the business activities of the Group compatible with biodiversity protection.

B. Biodiversity conservation: promoting and taking part in projects for the conservation of species of fauna and flora, especially those on which the Company's activity may have an effect.

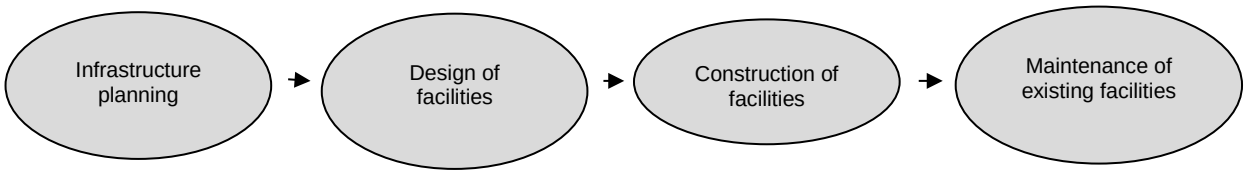
C. Positioning, communication and raising awareness: keeping stakeholders informed in a meaningful way of all actions carried out by the Company regarding biodiversity matters.

In addition, the Company works in two cross-cutting areas whose undertaking is essential in order to make progress in the three courses of action mentioned:

- Improved management of biodiversity: development of new systems, procedures and implementation of new approaches and methodologies.

- Innovation applied to the management, protection and conservation of biodiversity.

A. Transmission grid development and biodiversity conservation



Infrastructure planning (exclusively Red Eléctrica de España, S.A.U.)

Although the planning of infrastructure in the electricity system is the responsibility of the Spanish government, Red Eléctrica collaborates in the planning process and prepares the infrastructure proposal that is to be included in the plan.

In order to prepare its proposal, Red Eléctrica studies the various planning options in a way that minimises the construction of new infrastructure. Before proposing the inclusion of a new facility, an environmental viability analysis is first carried out, and any solution that is not compatible with the natural values of the facility's location in question is rejected.

The environmental characteristics of the sites that could be affected by new infrastructure are highly varied, due to Spain's ecological diversity. Given that there is a wide range of environmental values that may be effected, the company uses the Natura 2000 Network, which imposes the most restrictive parameters, as a reference tool for any environmental assessment.

Infrastructure planning is accompanied by a study, the Strategic Environmental Assessment, the aim of which is to combine all environmental criteria to allow for sustainable planning.

Design of facilities

The entire process for evaluating the project for a new facility is characterised by its transparency in providing all interested members of the public with information on the project, particularly that pertaining to the environmental analysis.

This transparency is further strengthened through the creation of communication channels with environmental stakeholders (public administration, associations, individuals, etc.) at a local, autonomous community and/or national level, with the aim of obtaining the most comprehensive information available regarding the biological diversity found in the area.

In order to ensure that power line routes and substation sites will be compatible with the biological richness of the area, all the environmental conditioning factors present within the scope of the study are analysed, together with the information received from environmental stakeholders.

Once the geographical location of the facility has been identified, the effects on biodiversity are defined and the measures designed to prevent them are drawn up and applied.

In the event that species of flora and/or fauna of high ecological value are identified during the study and there is insufficient information available, a study is carried out on the biology and distribution of the species in question in order to obtain further information. These studies are carried out in conjunction with organisations of renowned reputation in the field.

Construction of facilities

Construction work on power lines and substations (and modifications to existing facilities) are carried out by third parties, and therefore it is essential to stipulate environmental requirements in the contractual terms and conditions (preventive and corrective measures, as well as best practices to be observed in the performance of their duties). Moreover, it is key to inform them of the most significant environmental aspects related to the project and ensure strict supervision of the performance of all activities.

To ensure compliance with all the requirements arising from the environmental assessment of the project (whether required by law or voluntary), the relevant environmental monitoring programmes are put in place.

The environmental technician in charge of each working site verifies the efficiency of all the measures implemented, proposing solutions to any problems that may arise during the course of the works and identifying other environmental improvement measures that could be introduced, measures that result from Red Eléctrica's ongoing relationship with the various local agents.

To ensure the effectiveness of the measures implemented, these environmental monitoring programmes also encompass the first years in which a facility is in operation.

Maintenance of existing facilities

The Company's assets are distributed throughout the whole of Spain, and a high percentage of them are located in rural and/or forested areas. These assets require on-site maintenance that will ensure the facility's proper operation, and maintenance activities must therefore be constantly adapted so that they are compatible with the natural values of the environment.

The facilities used for the transmission of electricity (power lines and substations) can be found in all kinds of environments, natural or anthropized, giving rise to the interaction of facilities with all the elements found in the areas surrounding **them**, including flora and fauna.

Throughout the previously described process regarding the life cycle of facilities, the following aspects have been identified as key factors on which work must be carried out, not only to minimize such interactions but also to protect biodiversity in those areas in which the facilities are located:

- Making facilities compatible with birdlife:

The most common interaction between birds and power lines involves the risk of birds colliding with the grounding cables (which protect the power lines from electrical discharges during storms) due to the fact that these cables are smaller in diameter and, therefore, less visible.

It should be pointed out that it is practically impossible for birds to be accidentally electrocuted, because the gap distances between the power lines and the metal structures carrying them are greater than the wingspan or length (head-to-foot) of any bird species found in Spain.

The positive side of this interaction is found in the fact that transmission power line infrastructures and electrical substations are used as perches by many different bird species in places that lack alternative resting places. They are also used as ‘lookouts’ or observation points for birds of prey or as places to dismember their prey, and as places where birds can roost overnight, nest and rear their young, or as shelters.

However, this kind of interaction may also represent a risk to the normal operation of a facility or be detrimental to its maintenance activities, since bird droppings and prey remains, as well as nesting materials, can build up on power line and substation structures.

Consequently, for some years now Red Eléctrica has been adopting preventive measures designed specifically to minimise the effect of power transmission facilities on birdlife and

favour their compatible use by means of continuous research activities, the results of which are applied to the Company's facilities.

- Making facilities compatible with forested areas:

Preventing and combatting forest fires is a priority for the Red Eléctrica Group

We design the safety corridors for all our new facilities in a way that complies with that set out in current legislation regarding the minimum safety distances that must exist between the facility and any surrounding vegetation.

We regularly carry out silvicultural operations at all our facilities to ensure compliance with safety distances, reducing the risk of fire to a minimum.

- Making facilities compatible with habitats of high ecological value:

Preventive and corrective measures are designed and implemented to preserve the habitats and species of fauna and flora that can be found in them.

Furthermore, work is carried out on the development of methodologies that not only help determine the natural values present in the area of influence of the facilities but also improve their management.

B. Biodiversity conservation

The commitment to biodiversity of the Red Eléctrica Group goes beyond simply reducing the effects resulting from its activities.

To this end, the Group spearheads or actively participates in a number of projects aimed at the conservation of biodiversity. Its work is directed towards projects involving the following:

- Protection and conservation of birdlife.
- Protection and conservation of forests.
- Protection of habitats (land and marine).
- Other conservation projects linked to the fauna and/or flora not contemplated in the previous points.

It collaborates in a number of projects related to the protection of the environment and the conservation of biodiversity, working in conjunction with environmental organisations (public administration, research institutes, universities, foundations, NGOs, etc.) in the geographical areas in which its facilities are located.

C. Positioning, communication and raising awareness

The Red Eléctrica Group has channels of communication established not only for the purpose of providing information to its stakeholders regarding its commitment to biodiversity conservation but also for receiving contributions from stakeholders that may help achieve this goal.

Internal channels

Red Eléctrica's intranet includes an exclusive space designed to provide information on the Company's activities in relation to the environment, including a section devoted to biodiversity.

It is a communications support tool that encourages active participation by employees and allows information to be provided internally, in the form of news stories and reports, on the most recent and relevant actions carried out by the Company in the area of biodiversity.

External channels

Red Eléctrica's external website also includes an exclusive space designed to provide information on the Company's actions regarding environmental matters, including a section devoted to biodiversity. It also has a mailbox that is offered as a tool to facilitate the involvement of stakeholders by means of which they can submit suggestions and/or enquiries.

Active presence on social networks (Twitter and Facebook).

The digital edition of the Entrelíneas Blog addresses not only energy-related subjects but also includes content on environmental and cultural issues. The digital version offers additional benefits such as interactivity with readers, greater immediacy and the possibility of sharing content via email, Facebook or Twitter.

There is also other communication media: The publication of annual reports that detail the progress made during the course of the year with regard to biodiversity, in addition to aspects and developments in other areas relating to the environment and social issues (Environmental Declaration and Corporate Responsibility Report). Publication of brochures and other informative material illustrating the development of key projects. Collaboration on and sponsorship of publications directed towards the scientific community. Presence in the printed and digital media, as well as in specialised publications, at a local, autonomous community and national level.

Discussion and consultation forums with environmental mediators, some organised by the Red Eléctrica Group, and the continuous organisation of participative forums with experts in biodiversity.

ACTION PLAN

The Action Plan includes the objectives to be achieved regarding biodiversity issues and the specific actions to be carried out.

The Action Plan will be revised and updated annually. Its progress will be monitored and assessed using the performance indicators defined in the Action Plan.

The objectives and goals to be achieved are included in the Company's Annual Environmental Plan.

Review:	Validation:	Approval:
Sustainability and Innovation Area	**Corporate Director of Sustainability, Innovation and Institutional Coordination**	**Chief Executive Officer**
Daniel Pérez Varela	Ana Cuevas Tello	Juan Lasala Bernad