Statement of Non-Financial Information. **Sustainability Report**

Financial Year 2021

IBERDROLA

External Independent Assurance Report on the *Statement of Non-Financial Information. Sustainability Report*

IBERDROLA

KPMG Asesores, S.L.
Pº de la Castellana, 259 C
28046 Madrid

Independent Assurance Report on the Non-Financial Information Statement. Sustainability Report of Iberdrola, S.A. and subsidiaries for 2021

(Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

To the Shareholders of Iberdrola, S.A.:

Pursuant to article 49 of the Spanish Code of Commerce, we have performed a limited assurance review of the accompanying Non-Financial Information Statement / Sustainability Report (hereinafter NFIS/SR) of Iberdrola, S.A. (hereinafter the Parent or Iberdrola) and subsidiaries (hereinafter the Group) for the year ended 31 December 2021, which forms part of the consolidated Directors' Report of the Group.

The NFIS/SR includes information which has not been the subject of our assurance work. In this respect, our work was limited exclusively to providing assurance on the information contained in the "Disclosures from the Statement of Non-Financial Information", "GRI Contents Index" and "SASB Contents Index" tables for the "Electric Utilities & Power Generators" sector, which are included in the accompanying NFIS/SR.

In addition, we have performed a Moderate Assurance review of the application of the principles of inclusivity, materiality, responsiveness and impact on the information included in the "Stakeholder Engagement" section of the accompanying NFIS/SR, prepared in accordance with the AA1000AP AccountAbility Principles (2018).

Directors' Responsibility

The Directors of the Parent are responsible for the content and authorisation for issue of the NFIS/SR included in the Group's consolidated Directors' Report. The NFIS/SR has been prepared in accordance with prevailing mercantile legislation and selected GRI Standards: core option, the Electric Utilities Sector Supplement of version G4 of the GRI Guide, and the SASB standards for "Electric Utilities & Power Generators", based on each subject area in the "Disclosures from the Statement of Non-Financial Information", "GRI Contents Index" and "SASB Contents Index" tables in the aforementioned NFIS/SR.

This responsibility also encompasses the design, implementation and maintenance of internal control deemed necessary to ensure that the Report is free from material misstatement, whether due to fraud or error.

The Directors of the Parent are also responsible for defining, implementing, adapting and maintaining the management systems from which the information required to prepare the NFIS/SR was obtained.

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Furthermore, the Directors of the Parent are also responsible for implementing the processes and procedures required for compliance with the AA1000AP AccountAbility Principles (2018).

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including international independence standards) issued by the International Ethics Standards Board for Accountants (IESBA), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies International Standard on Quality Control 1 (ISQC1) 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.

The engagement team was comprised of professionals specialised in reviews of non-financial information and, specifically, in information on economic, social and environmental performance. It also included specialists in the AA1000AP AccountAbility Principles (2018) on stakeholder engagement and on social, environmental and financial performance.

Our Responsibility

Our responsibility is to express our conclusions in an independent limited assurance report based on the work performed. We conducted our review engagement in accordance with the requirements of the Revised International Standard on Assurance Engagements 3000, "Assurance Engagements other than Audits or Reviews of Historical Financial Information" (ISAE 3000 (Revised), issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC)), and with the guidelines for assurance engagements on the Non-Financial Information Statement issued by the Spanish Institute of Registered Auditors (ICJCE). Furthermore, we conducted our engagement in accordance with AccountAbility's Type 2 Sustainability Assurance Standard AA1000AS v3 (2020).

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for a reasonable assurance engagement and, consequently, the level of assurance provided is also lower.

Our work consisted of making inquiries of management, as well as of the different units and areas of the Group that participated in the preparation of the NFIS/SR, reviewing the processes for compiling and validating the information presented in the Report and applying certain analytical procedures and sample review tests, which are described below:

– Meetings with the Group's personnel to gain an understanding of the business model, policies and management approaches applied, the principal risks related to these matters and to obtain the information necessary for the external review.

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- Analysis of the scope, relevance and completeness of the content of the Report based on the materiality analysis performed by the Group and described in the "About this report" section, considering the content required by prevailing mercantile legislation.
- Analysis of the processes for compiling and validating the data presented in the NFIS/SR for 2021.
- Review of the information relative to the risks, policies and management approaches applied in relation to the material aspects presented in the NFIS/SR for 2021.
- Review through meetings with Group personnel responsible for implementing the Stakeholder Relations Model and reviewing the internal documentation on the deployment of the model, and the nature and scope of the processes defined in order to comply with the AA1000AP AccountAbility Principles (2018), and evaluating the reliability of the information on performance indicated in the aforementioned scope.
- Corroboration, through sample testing, of the information relative to the content of the Report for 2021 and whether it has been adequately compiled based on data provided by the information sources.
- Review of information on the Taxonomy of activities in accordance with Regulation (EU) 2020/852 on the establishment of a framework to facilitate sustainable investment.
- Procurement of a representation letter from the Directors and management.

Conclusion

Based on the assurance procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that:

a) The NFIS/SR of Iberdrola, S.A. and subsidiaries for the year ended 31 December 2021 has not been prepared, in all material respects, in accordance with prevailing mercantile legislation and selected GRI Standards: core option, and the Electric Utilities Sector Supplement of version G4 of the GRI Guide, and the SASB standards for "Electric Utilities & Power Generators", based on each subject area in the "Disclosures from the Statement of Non-Financial Information", "GRI Contents Index" and "SASB Contents Index" tables in the aforementioned NFIS/SR.

b) The information included in the "Stakeholder Engagement" section of the NFIS/SR regarding the principles of inclusivity, materiality, responsiveness and impact has not been prepared, in all material respects, in accordance with the AA1000AP AccountAbility Principles (2018).

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Emphasis of Matter

Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment stipulates the obligation to disclose information on how and to what extent the undertaking's activities are associated with economic activities that qualify as environmentally sustainable in relation to climate change mitigation and climate change adaptation. This obligation applies for the first time for the 2021 fiscal year, provided that the Non-Financial Information Statement is published from 1 January 2022 onwards. Consequently, the attached NFIS/SR does not contain comparative information on this matter. Additionally, certain information has been included in respect of which the Directors of Iberdrola have opted to apply the criteria that, in their opinion, best allow them to comply with the new obligation, and which are those defined in the "Taxonomy" section of the accompanying NFIS/SR. Our conclusion is not modified in respect of this matter.

Recommendations

Notwithstanding the above conclusions, our main observations on the application of the principles of inclusivity, materiality, responsiveness and impact defined in the AA1000AP AccountAbility Principles (2018) are set out below:

On the principle of Inclusivity

In 2016 Iberdrola approved its Stakeholder Relations Model, based on standard AA1000, to develop its stakeholder relations policies (revised in December 2021), provide a system for relations with Iberdrola Group's stakeholders and create a corporate culture. In 2021, relations with local stakeholders continued to be promoted, segmenting and prioritising local stakeholders in the five countries where the Group is present.

In line with these advances, we recommend that decentralisation efforts continue, uploading this new segmentation into the available stakeholder management tool, which implies greater decentralisation of the model among the main geographic regions. Similarly, we recommend that the Stakeholder Relations Model be updated to reflect the improvements made and the benchmarks applicable in this regard.

On the principle of Materiality

The Stakeholder Relations Model enables the identification of material topics, as well as the global risks and opportunities in the eight stakeholder categories and three businesses in the five countries where the Group is present, and also provides a reputational perspective. In 2021 work began to identify the matters entailing the greatest reputational risk, drawing up matrices of reputational risk matters by country.

With regard to this principle, we recommend that Iberdrola continue to work on assessing the results obtained, thereby integrating the most significant material topics identified into the Parent's internal management and decision-making processes.

On the principle of Responsiveness

Once the main material topics have been identified, the Stakeholder Relations Model enables responses to stakeholder expectations to be designed and subsequently monitored.

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With regard to this principle, we recommend that Iberdrola continue to work on designing action plans that take into account the most significant material topics identified globally and locally, these being defined as those with a high priority that entail reputational risk, critical risk, and opportunities of a very high interest as established by Iberdrola.

On the principle of Impact

The Non-Financial Information Statement / Sustainability Report includes Iberdrola's main impacts on the various stakeholders, in line with the concept of 'social dividend' enshrined in Iberdrola's governance and sustainability system and which is understood to be "the creation of value, whether direct, indirect or induced, through its activities, for all stakeholders". Furthermore, the Stakeholder Relations Model reflects the impact of action plans associated with material topics.

With regard to this principle, we recommend that information on the impact of actions undertaken continue to be gathered and recorded at local level so as to be able to follow up both locally and globally.

Use and Distribution

This report has been prepared in response to the requirement established in prevailing mercantile legislation in Spain, and thus may not be suitable for other purposes and jurisdictions.

KPMG Asesores, S.L.

(Signed on original in Spanish)

Patricia Reverter Guillot

25 February 2022

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Statement of Non-Financial Information. **Sustainability Report**

Financial Year 2021

IBERDROLA

Letter from the chairman & CEO

GRI 102-14

Ignacio S. Galán
Chairman of the Board of Directors
& chief executive officer of Iberdrola, S.A.
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"Iberdrola's evolution during the year has allowed us to continue growing in size and to boost our international presence, strengthening our position as a global leader in the energy transition. Above all, it has further increased the positive impact of our activities on the societies that we serve. 2021 saw the renewed success of a pioneering strategy combining the environmental, social and governance standards with which we contribute to the well-being of citizens and the construction of a better future for all."

In an environment still affected by the pandemic and its economic and social consequences, the Iberdrola group continued to lead the transition to a cleaner and more efficient energy system in 2021, contributing to a sustainable and inclusive recovery in all of the countries in which it does business.

As was made clear at the Glasgow Climate Summit, at which Iberdrola played a prominent role, there is practically unanimous consensus on the urgency of promoting rapid and effective decarbonisation. This gives new impetus to the development of clean energy electrification, energy storage and smart grids, which Iberdrola has been pursuing for more than two decades.

In the last 12 months alone, we have added 3,500 new MW of new renewable capacity through cutting-edge facilities like the photovoltaic plants Ceclavín in Extremadura and Barcience in Castile-La Mancha; the wind farms Halsary in the United Kingdom, Roaring Brook in the United States, Santiago in Mexico, and Chafariz in Brazil; as well as the Port Augusta hybrid wind and photovoltaic project in Australia.

In addition, 2021 saw the definitive roll-out of offshore wind energy, which became a major growth platform for the group globally. We have 2,600 MW under construction through projects such as Vineyard Wind 1, Park City Wind and Commonwealth Wind in the United States; East Anglia Hub in the United Kingdom; Saint Brieuc in France; Baltic Eagle in Germany; and we have a portfolio of 33,400 MW both in our traditional markets and in new markets, including Taiwan and Japan.

We also continue to spearhead the development of energy storage following the completion of the Gouvães and Daivões plants, belonging to the Tâmega large complex, in Portugal, with a storage capacity of 20 million KWh, as well as the installation of a super battery at the Whitelee windfarm in the United Kingdom.

Iberdrola's transformation to climate neutrality, fully consistent with the achievement of a more efficient, competitive, clean and sustainable economic system, also marked noteworthy milestones such as the demolition of the smokestacks at our coal-fired thermal power plants in Velilla, Spain, and Longannet, United Kingdom. This has cemented our position as the largest non-coal-production electricity company in the world, and places our CO_2 emissions at 60 grams per kWh in Europe, almost one-fourth lower than our peers.

In addition, we are making progress on numerous projects to decarbonise difficult-to-electrify energy consumption, through green hydrogen-based solutions. Hence, together with dozens of industrial partners, we have launched 60 new projects in eight countries, from Spain (where we are finalising the start-up of the largest green hydrogen plant in Europe, located in Puertollano) to the United Kingdom and Brazil. Iberdrola is thus at the cutting edge of an energy vector for which Europe and the United States have already set ambitious targets.

And we have continued to strengthen and digitalise our distribution and transmission networks, key infrastructures for integrating a growing flow of clean energies, promoting greater electrification and continuing to provide the best service for our customers.

In 2021 we undertook initiatives including the transmission lines in Jalapao and Rio Formoso, Brazil; a reliability project in Rochester, United States; and the launch of the *Global Smart Grids Innovation Hub*, a global innovation centre for smart grids located at our facilities in Larraskitu, Bilbao, with more than 60 participants and 120 projects underway to design the electric grids of the future.

Strengthening of the grids is allowing us to respond in real time to extraordinary situations like the bad weather experienced in certain countries, including storm Filomena in Spain and storm Arwen in the United Kingdom.

At the same time, we continue to offer, day in and day out, new smart and innovative solutions to meet the needs of increasingly connected customers through digital and competitive products.

The group's intense activity is reflected in the results of the company. Net profit increased by 8% to €3,885 million thanks to the investments made during the year, which totalled €9,940 million, allowing us to further promote international growth. All of this allows us to propose to the shareholders at the General Meeting a near of 5% increase in shareholder remuneration to €0.44 per share payable in 2022.

This year, once again, analysts and investors continue to demonstrate their confidence in the company's progress and outlook. Of more than 30 analysts who follow us, two-thirds recommend buying and none recommend selling, maintaining an average target price of €12 per share.

Iberdrola, bigger in social responsibility

All of the growth and global presence that we have consolidated over the years allows us to increasingly generate more wealth, more employment and more well-being, in line with the concept of the social dividend, which we were pioneers in adopting in 2016 and which is a binding commitment for us just like the financial dividend.

Iberdrola's model, far from viewing one dividend as competing with the other, is based on the conviction that, to thrive and be profitable over the long term, companies must be sensitive to and meet the needs of their environment.

This was also stated by the chairman and CEO of BlackRock in his most recent annual letter sent to the senior executives of the companies in which this fund has a stake, including Iberdrola. Larry Fink underscored the need for companies to create value for all of their stakeholders through a clear business purpose and a consistent strategy compatible with the decarbonisation of the economy.

It is precisely this essential pillar of work that the thousands of women and men who work at Iberdrola have been building for decades, and which in 2021 translated into, for example, €12,200 million in purchases with which we are promoting industrialisation and providing stability for thousands of companies of all sizes, helping them preserve hundreds of thousands of jobs and creating other new jobs with a high added value.

Our activities have also had a very positive impact on government coffers in all the countries in which we are present, to which we have contributed more than €7,800 million. And we do so responsibly, based on a culture of compliance embedded in all of our activities, and which has given leading positions on the tax transparency ratings.

We have also continued to promote the creation of high-quality jobs of the future within our company, hiring more than 5,500 employees who are now part of a committed, diverse and skilled human group of about 40,000 people.

Our desire to foster the professional development, specialisation and talent of our staff has led us to provide more than 59 hours of training per employee this year, far above the European average, despite the difficulties brought about by the pandemic. Many of these training hours took place at our Innovation and Training Campus, which was inaugurated by their Majesties the King and Queen of Spain in April.

In terms of R&D&i, the close to €340 million allocated in 2021 to innovative projects have allowed us to remain at the cutting edge of transformation in the sector, making us the private utility that invests the most in R&D&i in the world, according to the report *The 2021 Industrial Investment Scoreboard* prepared by the European Commission.

However, we are also fully aware that the twenty-first century will be dominated by companies able to create a diverse and fully inclusive environment. This leads us to promote, among other things, actual and effective gender equality within and outside of our company. Thanks to the measures we have implemented, such as promoting women's participation in STEM careers and at the *Escolas de Eletricistas* in Brazil, we are continuously increasing the presence and responsibility of women within our company. This year, this effort once again led us to be included in the Bloomberg Gender Equality index, the only Spanish utility listed in all years of this index, and to be recognised by Forbes as one of the 10 best companies in the world in terms of the labour integration of women in its ranking of the World's Top Female Friendly Companies.

Iberdrola's social commitment is fully shared by our employees, who year after year devote their time to helping the neediest through our International Corporate Volunteering Programme. In 2021, the programme set a new record, with more than 12,200 participants around the world.

In sum, we continue to demonstrate that the energy transition is fully compatible with profitability and the creation of value for all stakeholders, showing the way to green, inclusive and resilient growth. The commitment of all the women and men forming part of Iberdrola will lead us to continue working along this same line in the future, contributing to well-being and social progress as we preserve the environment and sustainability.

Ignacio S. Galán,

Chairman of Iberdrola

Recognitions/awards, presence on sustainability indices and ESG ratings

The only European utility included for the past 22 years, it is considered one of the most sustainable electric utilities in the world. DJSI World & DJSI Europe.	Dow Jones Sustainability Indices 20th Anniversary In collaboration with SAM	The only European electric utility selected in all years. Selected in recognition of its equal opportunity and gender policies.	Bloomberg Gender-Equality Index 2021
Selected in 2021	Global 100	First place in the 2021 ranking.	OPEN ODS Index
Selected for the index since 2009	FTSE4Good	Classified as Prime	Corporate Responsibility Prime rated by ISS-oekom
A score of 'A' in the CDP Climate Change Index 2021	CDP DRIVING SUSTAINABLE ECONOMIES	Selected in Forbes 2021 GLOBAL 2000: WORLD'S LARGEST PUBLIC COMPANIES	***Forbes 2021 Global 2000 World Largest Public companies***
Chosen as CDP Supplier Engagement Leader	CDP SUPPLIER ENGAGEMENT LEADER 2020	Included in the leading indices	ECPI Sense in sustainability
Selected AAA	MSCI ESG RATINGS AAA	Second-place utility worldwide in the EI Green Utilities Report 2021	Energy Intelligence EI NEW ENERGY GREEN UTILITIES REPORT
Selected in several Euronext Vigeo Eiris indices	V.E	Gold EcoVadis Medal, Iberdrola as one of the best performing companies	ecovadis
Classified as "Silver Class" in the electricity sector	Sustainability Award Silver Class 2021 S&P Global	Among the 500 most valuable brands globally	Brand Finance®
mercoEMPRESAS 2021: Iberdrola among the 10 best-positioned companies	merco	Among the highest-rated utilities	SUSTAINALYTICS a Morningstar company
Only Spanish company included. Selected for the eighth consecutive year as one of the most ethical companies in the world	2021 WORLD'S MOST ETHICAL COMPANIES WWW.ETHISPHERE.COM	Among the top 5 of the world's 50 most influential electric utilities	***WBA Electric Utilities Benchmark***
Fortune Global 500: Selected	500	Included in the index	standard ethics
Included in the STOXX Global ESG Leaders index and in the most important indices	Member 2019/2020 STOXX ESG LEADERS INDICES	2020 disclosure score above the average	WDi Workforce Disclosure Initiative 2020 RESPONDER
Ranked first in the Climate Policy Engagement Ranking	InfluenceMap	Ranked first in 2021	open corporation
Included in the top 10	Índice Global Clean Energy de Standard & Poor's (S&P)	Included in the top 10	World's Top Female Friendly Companies 2021 de Forbes

I. Iberdrola, the utility of the future

I.1. About Iberdrola

- Purpose and values
- A successful and well-established business model
- Presence and areas of activity
- Main products and services
- Key operating figures
- Corporate and governance structure, ownership and legal form

Purpose and values

GRI 102-16 102-26

Iberdrola's corporate purpose, which is in line with the Sustainable Development Goals of the 2030 Agenda of the United Nations, reflects the main social trends and addresses major economic, social and environmental challenges, reflecting the expectations of stakeholders and defining Iberdrola's role as an agent of social change and transformation in the energy sector. It is expressed as follows:

> "To continue building together each day a healthier, more accessible energy model, based on electricity"

This purpose expresses:

- The Iberdrola group's commitment to the well-being of people and the preservation of the planet.
- The Iberdrola group's commitment to a real and comprehensive energy transition, based on the decarbonisation and electrification of the energy sector and of the economy as a whole, which contributes to the Sustainable Development Goals (SDGs) — particularly the fight against climate change — and generates new opportunities for economic and social development.
- The conviction that a more electricity-based energy model – which abandons the use of fossil fuels and mainstreams the use of renewable energy sources, efficient energy storage, smart grids and the digital transformation – is also healthier for the population, whose well-being depends on the environmental quality of their surroundings.
- The aspiration for the new energy model to also be more accessible to all, and to favour inclusiveness, equality, equity and social development.
- The desire to promote this new model in partnership with all players involved and with society as a whole.

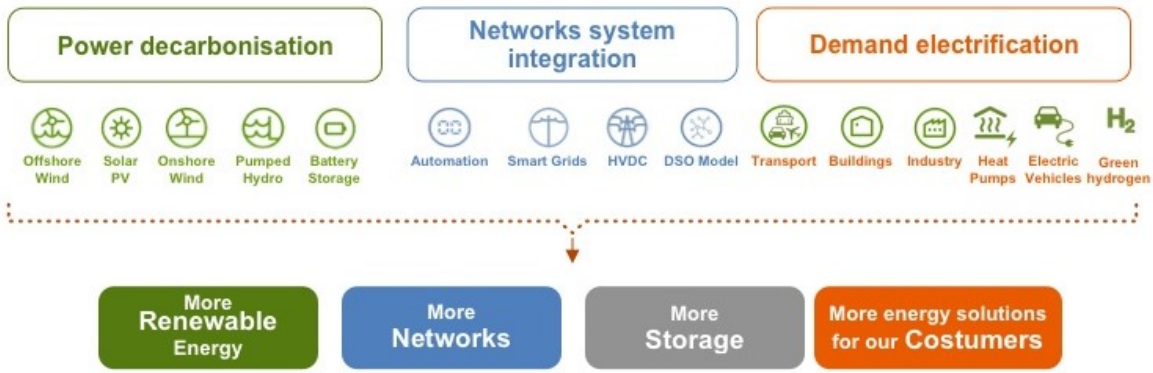
To attain this Purpose, the Iberdrola group has condensed its corporate values into the following three concepts:

- **Sustainable energy**: the group seeks to always be a model of inspiration, creating economic, social and environmental value in all of its surroundings, and with the future in mind.
- **Integrating force**: the group works with strength and responsibility, combining talents, for a Purpose that is to be achieved by all and for all.
- **Driving force**: the Iberdrola group brings about small and large changes in order to make people's lives easier, always seeking to improve, and to do so efficiently and with high self-imposed standards.

A successful and well-established business model

Iberdrola firmly believes that the transition to a carbon-neutral economy by 2050 is technologically possible, economically feasible and socially necessary. The decarbonisation of the economy is a tremendous opportunity to create wealth, generate employment and improve both the condition of the planet and people's health. The group is therefore committed to leading the energy transition, a path it embarked on 20 years ago and that has led it to invest €120,000 million since then.

This commitment will be fulfilled by promoting:



Two decades of growth based on strong strategic foundations that drive future growth

GRI 102-15 SASB IF-EU-240a.4.

A business model that enables us to accelerate the creation of value for all

1. **Satisfy the expectations of Its Stakeholders.**
2. **Investment** is concentrated in the **regulated** businesses or businesses with **long-term contracts**, which provide known and recurring cash flows.
3. **Accelerate the growth of its renewable activities**, mainly offshore wind, photovoltaic and the production of green hydrogen, to meet its decarbonisation goal.
4. **Geographic diversification**, with a presence in a growing number of countries.
5. Dividend policy is focused on a **strong and growing dividend** in line with the increase in the company's results.
6. Maintain a **strong financial position**, allowing for the achievement of investment goals.

Presence and areas of activity

After more than 170 years of history, the Iberdrola group today is a global energy leader, the world's leading wind energy producer, and one of the largest electricity companies by market capitalisation. We have accelerated the energy transition by two decades to fight climate change and offer a sustainable, competitive business model that will create value in the territories in which we operate.

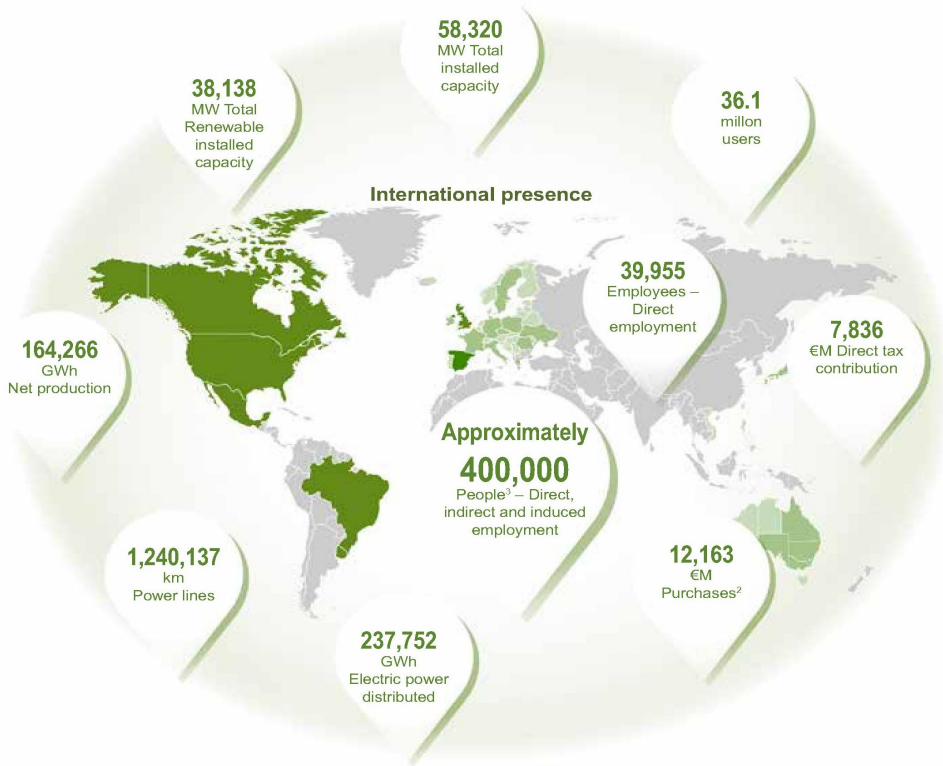
The group supplies energy to almost 100 million people in dozens of countries, with over 600,000 shareholders, a workforce of close to 40,000 and assets valued at more than €140,000 million[1].

We lead the energy transition towards a sustainable model through our investments in renewable energy, smart grids, large-scale energy storage and digital transformation to offer the most advanced products and services to our customers.

GRI 102-4

Iberdrola and its subsidiaries and affiliates carry out their activities in almost thirty countries. The group concentrates a major portion of its activities in Spain, the United Kingdom, the United States, Brazil and Mexico; and also in Germany, Portugal, Italy, France, Ireland and Australia. It has also closed several agreements to start the development of various offshore wind projects in new markets, including Sweden, Poland, Japan, Taiwan, Vietnam, etc.

The following infographic shows the group's principal areas of activity. Section VI.1 Scope of information of this report shows the countries in which it operates, the activities carried out in each of them and the standards adopted to define the materiality thereof.



[1] At year-end 2021.
[2] Figure associated with the awarded volume of purchases made during financial year 2021.
[3] Data from a Study of Iberdrola's Impact, prepared by PwC, for financial year 2020.

Main products and services

GRI 102-2 102-6

The main product that Iberdrola makes available to its customers is electricity through a broad array of products, services and solutions in the areas of:

- Renewables, wind (onshore and offshore), hydroelectric, photovoltaic, etc.
- Transmission and distribution of electricity and gas.
- Both large-scale storage (through pumped hydroelectricity, grids and generation assets) and end-user storage.
- New technologies, such as hydrogen based on clean-energy sources.
- Electricity and gas supply.
- Energy services for our customers: with intelligent and innovative (Smart) solutions in the following areas:
    - residential, with services like energy storage, heat pumps, self-consumption, electric mobility, solar, etc.
    - industrial: offering comprehensive management of energy facilities and supplies, like Green H2, Industrial Heat, etc.
- Purchase/sale of electricity and gas on wholesale markets.
- Digitalisation: implemented within its assets to improve the quality, efficiency and safety of electricity supply.

Iberdrola operates an organisational structure in relation to its customers in which:

- The Networks Business manages distribution activities in Spain and transmission and distribution activities in the United Kingdom, the United States and Brazil, as well as the regulated sale of energy in the United States and Brazil and any other regulated activities of the group in these four countries.
- The Wholesale and Retail Business manages non-regulated activities in Spain, the United Kingdom, Brazil, Mexico, Ireland, the United States and continental Europe.
- The Renewables Business manages long-term power purchase agreements (PPAs) with major companies and/or governments in Spain, the United Kingdom, the United States, Mexico, Australia and France.

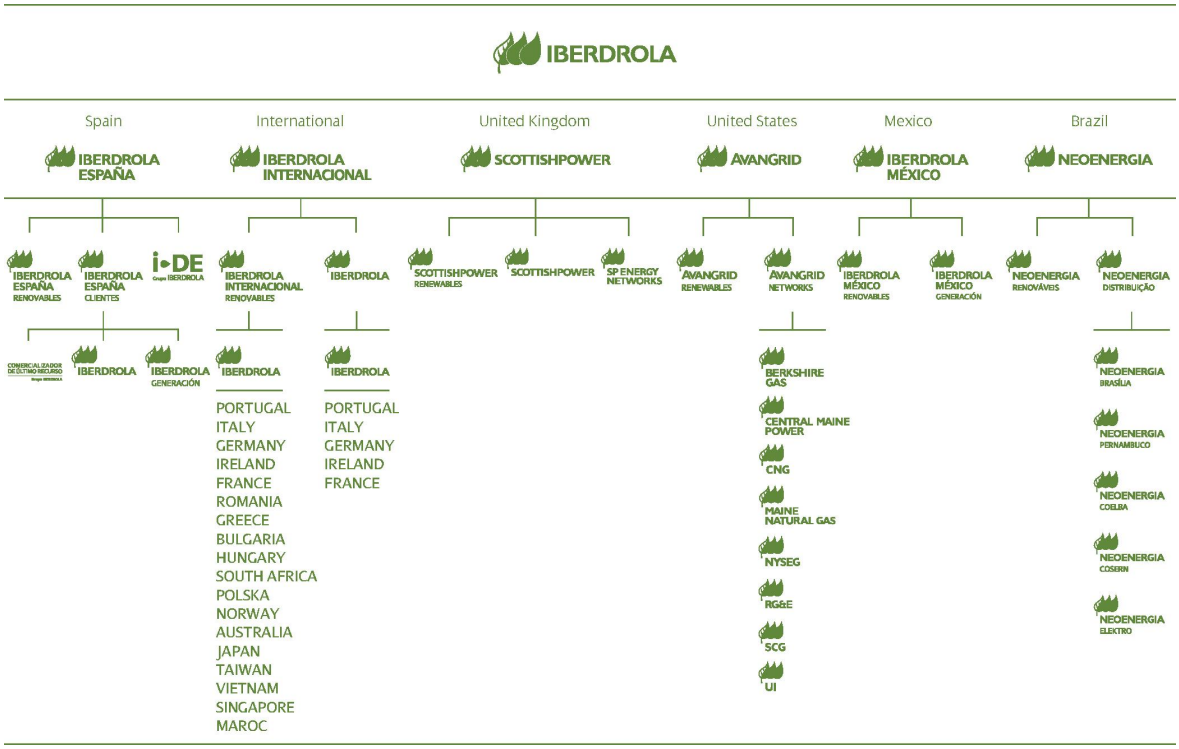
For more detailed information on the breakdown of services by country, see the information on significant countries and activities for the Iberdrola group in Chapter VI.1. Scope of information.

The “Iberdrola” brand

The “Iberdrola” brand is a reflection of its *Corporate Purpose and Values* (see the "Purpose and values” section of chapter I.1), and is based on the company’s strategy, which gives it credibility and strength. The brand attempts to convey the company’s commitment to the sustainable creation of value for all of its Stakeholders, contributing to the development of the communities in which we do business and to the well-being of people, providing a high-quality service and offering environmentally friendly, efficient and innovative energy solutions.

Iberdrola seeks to identify and adapt to the needs of each of the countries in which it does business. The company has used its experience in each market to strengthen its brand values, and beyond the location of the business, it has created a brand culture based on a global/local balance.

The brands of the distributors operating in Brazil were unified under the Neoenergia brand in 2021 in order to increase awareness of the brand, better capitalise on all communication activities and have a significant asset for engaging in the business, with the following architecture:



The table above shows the most important brands with the largest operational and market presence in each country. The company has other brands at the local and business level.

Key operating figures[4]

Installed capacity, output, networks and users

At year-end 2021, the Iberdrola group had 58,320 MW of total installed capacity, of which 38,138 MW is renewable.

GRI EU1

Installed capacity by energy source (MW)

	Spain		United Kingdom		United States		Brazil		México				IEI		Total Iberdrola	
									Own		Third-party					
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Renewables	19,210	17,411	3,008	2,864	8,309	7,982	4,014	3,546	1,232	1,222	103	103	2,262	1,795	38,138	34,923
Onshore wind	6,124	6,292	1,986	1,950	7,945	7,721	984	516	590	579	103	103	1,749	1,414	19,479	18,574
Offshore wind	0	0	908	908	0	0	0	0	0	0	0	0	350	350	1,258	1,258
Hydroelectric	10,700[5]	9,715	0	0	118	118	3,031	3,031	0	0	0	0	0	0	13,849	12,864
Mini-hydro	285	303	0	0	0	0	0	0	0	0	0	0	0	0	285	303
Solar and others	2,100	1,100	114	6	246	143	0	0	642	642	0	0	164	31	3,266	1,923
Nuclear	3,177	3,177	0	0	0	0	0	0	0	0	0	0	0	0	3,177	3,177
Gas combined cycle	5,695	5,695	0	0	204	204	533	533	2,103	2,103	7,043	7,043	243	242	15,820	15,820
Cogeneration	347	353	0	0	636	636	0	0	202	202	0	0	0	0	1,185	1,191
Coal	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	**28,427**	**26,635**	**3,008**	**2,864**	**9,149**	**8,822**	**4,547**	**4,079**	**3,537**	**3,527**	**7,146**	**7,146**	**2,505**	**2,038**	**58,320**	**55,111**

81% of total own installed capacity is associated with emission-free technologies.

GRI EU2 SASB IF-EU-000.D

Net electricity output by energy source (GWh)

	Spain		United Kingdom		United States		Brazil		México				IEI		Total Iberdrola	
									Own		Third-party					
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Renewables	28,420	25,919	6,717	6,677	19,400	19,371	11,935	10,681	2,716	1,658	231	218	4,531	3,540	73,950	68,064
Onshore wind	11,937	11,617	3,284	3,581	18,943	18,930	2,313	1,878	1,528	929	231	218	3,339	2,249	41,574	39,401
Offshore wind	0	0	3,433	3,097	0	0	0	0	0	0	0	0	1,184	1,283	4,617	4,380
Hydroelectric	14,620	13,111	0	0	132	120	9,622	8,803	0	0	0	0	0	0	24,374	22,034
Mini-hydro	630	682	0	0	0	0	0	0	0	0	0	0	0	0	630	682
Solar and others	1,233	509	0	0	325	321	0	0	1,188	729	0	0	8	8	2,754	1,568
Nuclear	23,193	24,316	0	0	0	0	0	0	0	0	0	0	0	0	23,193	24,316
Gas combined cycle	7,023	7,216	0	0	7	6	3,194	2,440	15,001	14,841	34,704	39,160	34	10	59,963	63,673
Cogeneration	2,331	2,166	0	0	3,184	2,745	0	0	1,644	1,640	0	0	0	0	7,159	6,550
Coal	0	237	0	0	0	0	0	0	0	0	0	0	0	0	0	237
Total	**60,968**	**59,854**	**6,717**	**6,677**	**22,591**	**22,122**	**15,129**	**13,122**	**19,361**	**18,138**	**34,935**	**39,378**	**4,565**	**3,550**	**164,266**	**162,842**

[4] Operating figures include figures corresponding to partially owned and non-controlled companies, applying the percentage interest.

[5] Hydroelectric capacity includes the 998 MW Támega project in Portugal, with the expected full startup of Daivões (118 MW) and Gouvães (880 MW) during the first half of 2022.

Approximately 75% of own production is associated with emission-free technologies.

In 2021, 56.8% of production was achieved using local sources of energy, as shown in the following table:

2021 production with local energy sources (%)	
Spain	89.5%
United Kingdom	100.0%
United States	86.6%
Brazil	100.0%
Mexico	29.4%
IEI	100.0%
Average	**56.8%**

GRI EU4

The group operates 1.2 million kilometres of electricity transmission and distribution lines.

The following table shows the detail by type of line. Due to the nature of the electricity systems in each country, the voltage levels used to classify lines as transmission or distribution are different.

Power lines (Km)[6]			
	2021	2020	2019
Transmission			
Overhead	19,489	17,871	17,841
Underground	1,342	1,234	1,292
Total	**20,831**	**19,105**	**19,133**
Distribution			
Overhead	1,022,113	994,971	979,703
Underground	197,193	192,707	192,452
Total	**1,219,306**	**1,187,678**	**1,172,155**
Total	**1,240,137**	**1,206,783**	**1,191,288**

GRI 102-6 EU3

At year-end 2021, the companies of the group, as a whole, handled a total of 36,11 million users (34,4 million in 2020). Of this total, 31.7 million are electricity users, and the rest are gas users. More than 86% are residential.

[6] Lengths of lines are calculated by circuit, regardless of the number of circuits for each power line. A double-circuit 5-km line is considered to be 10 km.

Electricity users (Millions)

	2021	2020	2019
Residential	27.2	25.9	25.5
Industrial	0.3	0.3	0.3
Institutional	0.3	0.3	0.3
Commercial	3.3	3.1	3.2
Other	0.6	0.6	0.5
Total	**31.7**	**30.2**	**29.8**

Users who are producers (No.)

	2021	2020	2019
Users that are also producers of electricity	249,286	141,483	96,465

Operations (locations)

GRI 102-7

The Iberdrola group has identified more than 1,300 sites at which the company operates. Streamlining criteria have been used in order to properly report on such a large number from the viewpoint of the disclosures required by the GRI Standards; accordingly, the number of Iberdrola's locations of operation at year-end 2021 is deemed to be 246 for the purposes of this report.

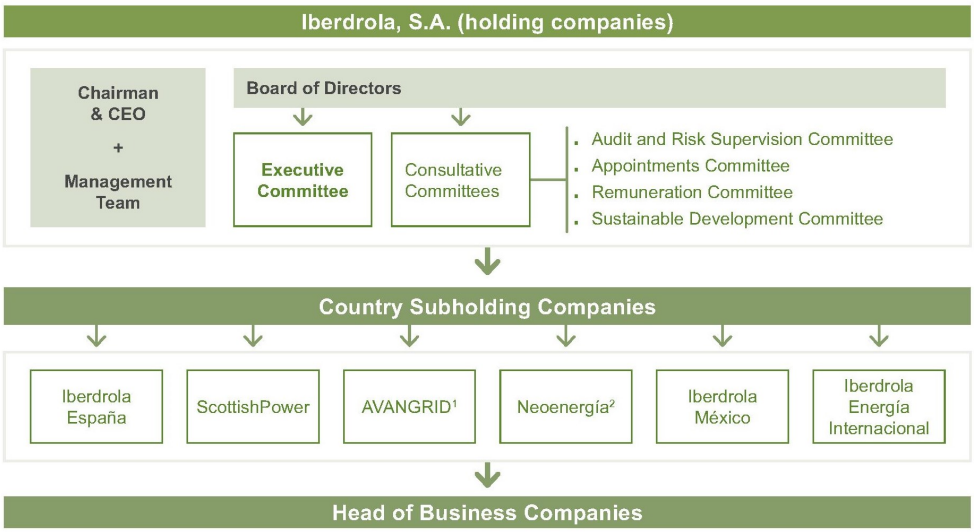
Corporate and governance structure, ownership and legal form

GRI 102-5

Iberdrola is a *sociedad anónima* (public limited company) organised under Spanish law.

The corporate and governance structure of the Iberdrola group is reflected in the following chart:

Corporate and Governance Structure



(1) Company listed on the New York Stock Exchange.
(2) Company listed on the New Market segment of BOVESPA (Brazil).

This corporate and governance structure is defined as described below, with a differentiation between the duties of supervision and control, on the one hand, and those of day-to-day administration and effective management, on the other:

a. Board of Directors of Iberdrola, S.A.: approval and oversight of the group's strategic goals, definition of its organisational model, formulation of corporate policies, as well as supervision of compliance therewith and further development thereof.

b. Chairman & CEO, with the technical support of the Operating Committee, the Business CEO and the rest of the management team: duty of organisation and strategic coordination of the group.

c. Country subholding companies: strengthening of the duty of organisation and strategic coordination through the dissemination, implementation and supervision of general strategy and basic management guidelines at the country level. These entities group together equity stakes in the energy head of business companies, which carry out their activities within the various countries in which the group does business.

   One of the main functions of the country subholding companies is to centralise the provision of services common to the head of business companies, always in accordance with the provisions of applicable law and especially the legal provisions regarding the separation of regulated activities. Country subholding companies have boards of directors that include independent directors and their own audit committees, internal audit areas and compliance units or divisions.

   The group's listed country subholding companies (currently AVANGRID, Inc. and Neoenergia, S.A.) have a special framework of strengthened autonomy.

d. Head of business companies assume decentralised executive responsibilities, enjoy the independence necessary to carry out the day-to-day administration and effective management of each of each business and are responsible for the day-to-day control thereof. They are organised through their respective boards of directors, which include independent directors where appropriate, and management decision-making bodies; they may also have their own audit committees, internal audit areas and compliance units or divisions.

Governance structure

Composition of the Board of Directors

GRI 102-18

As at 31 December 2021, Iberdrola's Board of Directors is made up of 14 members:

Board members

Position	Director	Status	Nationality	Date of first appointment	Date of last appointment	Membership on Board Committees
Chairman & CEO	José Ignacio Sánchez Galán	Executive	Spain	21-05-2001	29-03-2019	Chair of the Executive Committee
First Vice-Chair and lead independent director	Juan Manuel González Serna	Independent	Spain	31-03-2017	18-06-2021	Member of the Executive Committee Chair of the Remuneration Committee
Second Vice-Chair	Anthony L. Gardner	Independent	United States	13-04-2018	13-04-2018	Member of the Executive Committee Member of the Appointments Committee
Director	Íñigo Víctor de Oriol Ibarra	Other external	Spain	26-04-2006	02-04-2020	Member of the Remuneration Committee
Director	María Helena Antolín Raybaud	Independent	Spain - France	26-03-2010	29-03-2019	Chair of the Appointments Committee
Director	Manuel Moreu Munaiz	Independent	Spain	17-02-2015	29-03-2019	Member of the Executive Committee Member of the Remuneration Committee
Director	Xabier Sagredo Ormaza	Independent	Spain	08-04-2016	29-03-2019	Chair of the Audit and Risk Supervision Committee
Director	Francisco Martínez Córcoles	Other external	Spain	31-03-2017	18-06-2021	N/A
Director	Sara de la Rica Goiricelaya	Independent	Spain	29-03-2019	29-03-2019	Chair of the Sustainable Development Committee
Director	Nicola Mary Brewer	Independent	United Kingdom	02-04-2020	02-04-2020	Member of the Sustainable Development Committee
Director	Regina Helena Jorge Nunes	Independent	Brazil	02-04-2020	02-04-2020	Member of the Audit and Risk Supervision Committee
Director	Ángel Jesús Acebes Paniagua[7]	Independent	Spain	20-10-2020	20-10-2020	Member of the Executive Committee Member of the Appointments Committee
Director	María Ángeles Alcalá Díaz	Independent	Spain	26-10-2021	26-10-2021	Member of the Audit and Risk Supervision Committee
Director	Isabel García Tejerina	Independent	Spain	16-12-2021	16-12-2021	Member of the Sustainable Development Committee

Secretary (non-member): Julián Martínez-Simancas Sánchez.
First Deputy Secretary (non-member): Santiago Martínez Garrido.
Second Deputy Secretary (non-member): Ainara de Elejoste Echebarría.
Legal Counsel (non-member): Rafael Mateu de Ros Cerezo.

[7] Mr Ángel Jesús Acebes Paniagua was appointed for the first time on 24 April 2012, and he remained in the post until 28 March 2019. On 20 October 2020, he was reappointed as a member of the Board of Directors on an interim basis.

The changes in diversity of the Board of Directors are shown below:

GRI 405-1 102-22

Diversity on the Board of Directors

		2021		2020		2019	
		Nº	%	Nº	%	Nº	%
By gender	Men	8	57	9	64	8	57
	Women	6	43	5	36	6	43
By age group	Between 31 and 50 years old	1	7	1	7	2	14
	Over 51 years old	13	93	13	93	12	86
Total		**14**	**100**	**14**	**100**	**14**	**100**

79% of the directors are independent. Women represent 43% of the members of the Board of Directors and hold positions of the highest significance, particularly the chairmanship of two consultative committees.

Board Committees

Executive Committee

GRI 102-22 102-23

The Executive Committee has all the powers inherent in the Board of Directors, except for those powers that may not be delegated pursuant to legal or by-law restrictions.

The core activities of this Committee consist of assisting the Board of Directors in the ongoing supervision of the implementation of the strategy, compliance with objectives and the governance model, and submitting proposals to the Board of Directors or making decisions in urgent cases regarding all strategic issues. In particular, this includes investments and divestitures that are significant for the company or its group, assessing whether they are in line with the company's budget and strategy, and analysing and monitoring risks of the Business, taking into consideration any environmental and social aspects.

Chairman & CEO

The chairman of the Board of Directors is also the chief executive of Iberdrola. His re-election was proposed and approved by the shareholders at the General Shareholders' Meeting held on 29 March 2019. This proposal was supported by two reports, one prepared by a prestigious independent expert (PricewaterhouseCoopers Asesores de Negocios, S.L.) and the other by the Board of Directors. It was also favourably reported on by the Appointments Committee.

The initiative for this proposal was led by the lead independent director, who held meetings with the non-executive directors, who unanimously proposed the re-election of the chairman & CEO.

GRI 102-19

The company also has a Business CEO, who has been specially appointed by the Board of Directors and is responsible for all the Businesses of the group in order to support the chairman & CEO (together with the management team) in the function of strategic organisation and coordination of the group. In addition, the company has a structure of executives and professionals authorised to implement its strategy and basic management guidelines, with powers provided according to two operating principles: (i) the principle of joint action, which governs the exercise of powers of a decision-making or organisational nature; and (ii) the principle of joint and several action, which governs the exercise of powers of mere representation.

Consultative committees

GRI 102-22

Permanent internal informational and consultative bodies within the Board of Directors, without executive powers, with informational, advisory, control and proposal-making powers within their scope of activity.

- **Audit and Risk Supervision Committee.** Mainly performs duties relating to the supervision of the internal audit function, the review of the internal control and risk monitoring systems, the process of preparing financial and non-financial information, the audit of the financial statements, and compliance, in accordance with the terms established in its Regulations.
- **Appointments Committee.** Mainly performs duties relating to the selection, appointment, re-election and cessation in office of the company's directors and senior officers in accordance with the terms established in its Regulations.
- **Remuneration Committee.** Mainly performs duties relating to the remuneration of the company's directors and senior officers in accordance with the terms established in its Regulations.
- **Sustainable Development Committee.** Mainly performs duties relating to the review and update of the Governance and Sustainability System, the establishment of guidelines for preparing the statement of non-financial information, and supervision of the policies on sustainable development, human resources, inclusion and diversity, equal opportunity, occupational health and safety, Stakeholder engagement, respect for human rights, sustainability, etc., in accordance with the terms established in its Regulations.

For more detailed information regarding the composition, operation and activities of the company's governance bodies, see the *Annual Activities Report of the Board of Directors and the committees thereof.*

Beneficial ownership

GRI 102-5 102-7

At 31 December 2021 the company's share capital totalled 4,774,566,000 euros, represented by 6,366,088,000 shares of the same class and series, each with a par value of 0.75 euro. All shares give the holders thereof the same rights. The approximate distribution of equity interests is as follows:

- Foreign institutional investors 69.00%
- Domestic institutional investors 9.00%
- Retail shareholders 22.00%

No shareholder holds or has held a controlling interest in the equity structure of the company. The following table lists shareholders who have held a significant interest in the equity of Iberdrola or in the voting rights in the last three financial years.

Significant shareholders and percentage of direct and indirect voting rights (%)

	31/12/2021	31/12/2020	31/12/2019
Qatar Investment Authority	8.69	8.69	8.65
BlackRock, Inc.	5.16	5.16	5.13
Norges Bank	3.36	3.43	3.33

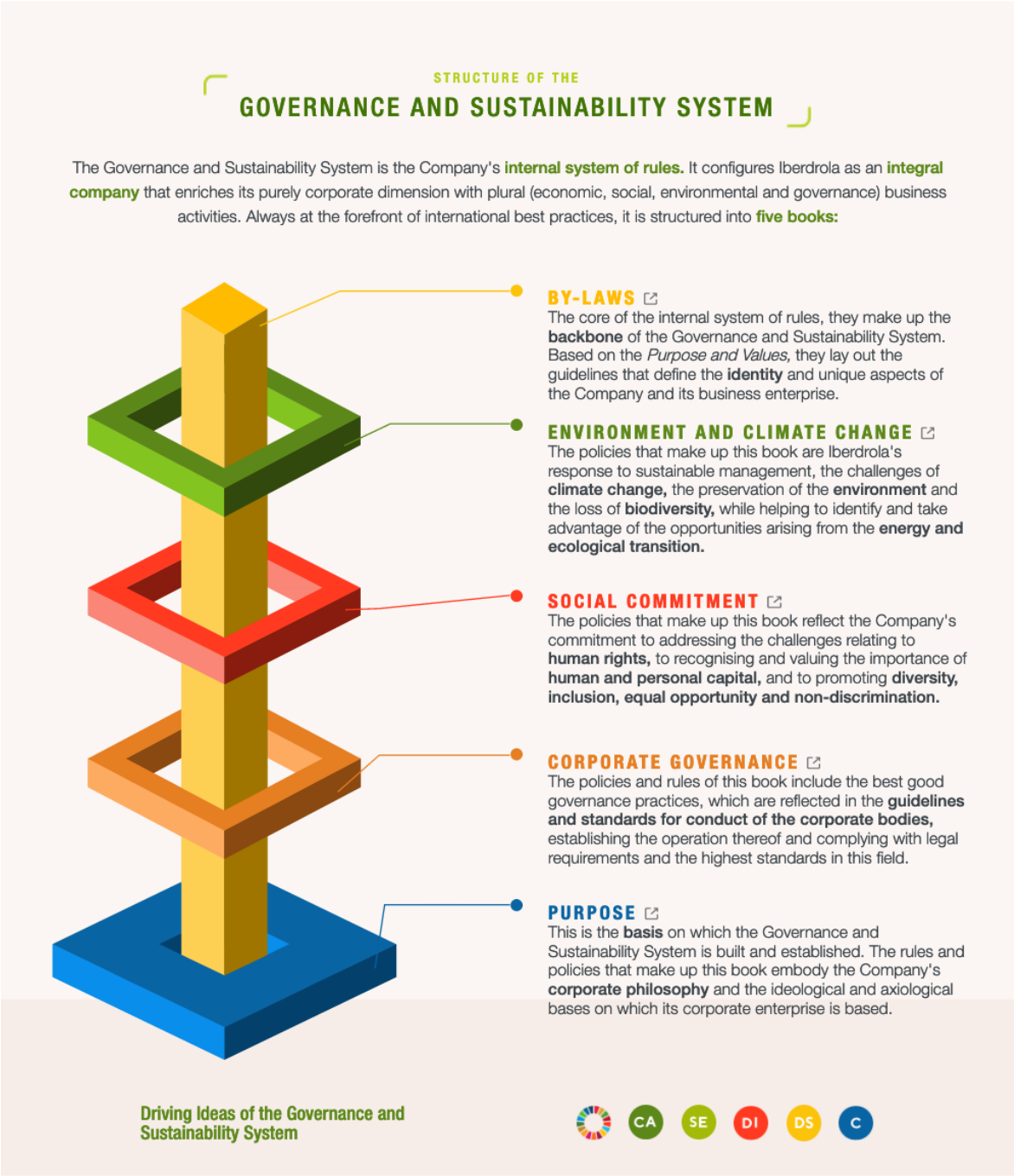
As at the date of preparation of this report, the share capital of Iberdrola, S.A. totals 4,828,172,250.00 euros and is made up of 6,437,563,000 shares, each with a nominal value of 0.75 euro, which are fully subscribed and paid up.

I.2. Governance and Sustainability System

- Introduction to the Governance and Sustainability System
- By-Laws
- *Code of Ethics*
- Policies and commitments
- Long-term risks and opportunities. Comprehensive Risk System

Introduction to the Governance and Sustainability System

The company has a Governance and Sustainability System, which evolved from the former Corporate Governance System, and which is structured around three pillars: environmental, social and corporate governance.



A commitment to sustainability, good governance and transparency is one of the hallmarks of Iberdrola's identity. The Board of Directors therefore regularly reviews the Governance and Sustainability System, keeping it updated and including therein the recommendations and best practices generally accepted in international markets.

By-Laws

The By-Laws are the core of the company's internal regulations and make up the backbone of the Governance and Sustainability System. Based on the Purpose and Values, they constitute the guidelines defining the identity and uniqueness of the company and its business enterprise.

Code of Ethics

GRI 102-16 102-26

The group's *Code of Ethics* sets forth the overall principles and guidelines of conduct intended to ensure ethical and responsible behaviour by all of its directors, professionals and suppliers. The code has been prepared taking into account the good governance recommendations generally accepted in international markets and the sustainable development principles accepted by Iberdrola, S.A., which constitute a basic tool for monitoring the group's activities. It also meets the company's prevention obligations with regard to the criminal liability of legal entities.

The code therefore applies to all the group's directors, professionals and suppliers, as well as to investees that are not part of the group but over which the company has effective control, within the legally established limits, regardless of their rank, geographic location or functional reporting, and of the group company where they perform their services.

Excluded from the scope of application are listed country subholding companies and their subsidiaries, under their own special framework of strengthened autonomy, as they have their own code of ethics or conduct, inspired by a purpose and values that are ultimately in line with the Purpose and Values of the Iberdrola group and governed by the principles set forth in the Code of Ethics.

The Code of Ethics forms part of the Governance and Sustainability System, which was approved by the Board of Directors of Iberdrola, S.A. in 2002 and last amended on 16 December 2021.

For more detailed information on the group's Compliance System, see the "Ethics and integrity" section of chapter IV.2.

Policies and commitments

The Iberdrola group has a set of corporate policies that develop the principles reflected in the Governance and Sustainability System and that contain the guidelines governing the actions of the company and the companies of its group, as well as those of the directors, officers and employees thereof, within the framework of the *Purpose and Values of the Iberdrola group*.

These policies, the full versions of which can be found in the Corporate Governance tab of the website, are grouped into four categories:

- *Purpose* (see the *Purpose and Values* section), *Code of Ethics* (see the *Code of Ethics* section), *General Sustainable Development Policy* and *Stakeholder Engagement Policy* (see the *Stakeholder Engagement* section).
- *Environment and Climate Change*
- *Social Commitment*
- *Corporate Governance*

These policies and commitments serve to guide the company and its workforce for the management of their activities, and, more specifically, as a guide on the material topics dealt with in this document.

General Sustainable Development Policy

GRI 102-16

Iberdrola has a *General Sustainable Development Policy*, approved by the Board of Directors in 2007 and last revised on 16 December 2021. It sets out the general principles and foundations that govern the group's sustainable development strategy. The goal is to ensure that all its corporate activities and businesses are carried out by fostering the sustainable creation of value for society, citizens, customers, shareholders and the communities in which the group is present, equitably contributing along with all the groups that play a role in the success of its business enterprise.

The policy contains 5 overarching principles of conduct in relation to:

- the creation of shared sustainable value
- transparency
- the development and protection of intellectual capital
- innovation
- responsible taxation

And 8 principles of conduct in relation to the principal Stakeholders:

- workforce
- shareholders and the financial community
- regulatory entities
- customers
- suppliers
- media
- with society in general
- environment

The principles of conduct included in these sustainable development policies are described throughout this report.

Environment and Climate Change Policies

Environmental policies are the response to environmental challenges such as climate change and the loss of biodiversity, while helping to identify and take advantage of the opportunities arising from the energy and ecological transition.

- *Sustainable Management Policy*
- *Environmental Policy*
- *Climate Action Policy*
- *Biodiversity Policy*

Specifically, the group's commitment to sustainability is built around the following main principles of conduct, as set out in its *Sustainable Management Policy:*

- Development of a business model based on environmentally sustainable economic activities;
- competitiveness of the energy products supplied, through efficiency in the processes of generation, storage, transmission, distribution and sale of energy;
- high quality of service and reliability and security in the supply of energy products;
- reduction in the environmental impact of all activities performed by group companies;
- creation of shared sustainable value with the company's shareholders and its other Stakeholders;
- promotion of the group's social commitment and, in particular, respect for human rights as set out in the Policy on Respect for Human Rights; and
- encouragement of the responsible energy use.

Social Commitment Policies

The policies relating to social commitment reflect, within the framework of the Company's sustainable development strategy, the group's connection with human rights, and the development of professional relationships based on diversity, inclusion and a sense of belonging, as it is essential in managing people to promote equal opportunities and ensure non-discrimination.

- *Policy on Respect for Human Rights*
- *Human Resources Framework Policy*
- *Equality, Diversity and Inclusion Policy*
- *Selection and Hiring Policy*
- *Knowledge Management Policy*
- *Innovation Policy*
- *Quality Policy*
- *Corporate Security Policy*

Corporate Governance Policies

The corporate governance policies and rules are intended to ensure the proper functioning of the main corporate bodies, the administration and management of the company, and the development of the business generally, all in accordance with applicable law.

In particular, these policies and rules are structured into four parts:

- *Corporate governance and regulatory compliance policies.*
- *Risk policies.*
- *Governance rules of the corporate decision-making bodies and of other functions and internal committees.*
- *Market abuse prevention rules.*

Long-term risks and opportunities. Comprehensive Risk System

GRI 102-15

Iberdrola's Board of Directors and senior management is firmly committed to and engaged in the management of the group's risks:

- **Ex-ante:** acceptable levels of tolerance to risk are reviewed and approved on an annual basis through risk policies that establish (through limits and indicators) the qualitative and quantitative risk appetite at the group level and at each of the main businesses and corporate functions, in accordance with the objectives established in the multi-year plan and the respective annual budgets.
- **Ex-post:** periodic monitoring of significant risks (key risk maps) and threats and the various exposures of the group, as well as of compliance with the approved limits and indicators.

Risk management within the group is based on foresight, independence, commitment to the group's business objectives and the engagement of senior management and the Board.

Functions of the Risk Committee

Active management

Credit risk

- Analysis and approval of counterparties and limits, establishment of approval criteria, and monitoring of exposures in order to minimise credit losses.

Market risk

- Analysis and approval of detailed limits and monitoring of exposures in order to constrain the effects of volatility in the markets in which the group operates.

Coordination of second lines / Enterprise Risk Management (ERM)

To ensure, under the internationally recognised three lines model, that there are mechanisms for all significant risks of the group to be controlled at all times and that they are regularly reported to the various committees and externally.

By way of supplement, the group has a Compliance System, linked to the Board's Sustainable Development Committee, with elements that include the Code of Ethics and the Compliance Unit.

Overall supervision of operational risk through the group's corporate Insurance, Security and Cybersecurity, Information Technology and Occupational Safety and Health units and the businesses.

Comprehensive Risk Control and Management System

The group's *General Risk Control and Management Policy* approved by the Board of Directors establishes the mechanisms and basic principles for appropriate management of the risk/opportunity ratio, at a risk level that makes it possible to:

Attain strategic goals with controlled volatility.

- Ensure the group's corporate stability, financial strength and reputation (Stakeholders).
- Contribute to achieving the SDGs, with a special focus on goals seven and thirteen.
- Disseminate a risk culture.

The General Risk Control and Management Policy and related policies are implemented, in accordance with the three lines model, within a comprehensive risk control and management system supported by a Risk Committee, which is based on properly defining and assigning functions and responsibilities at the operational and supervisory level that develop suitable procedures, methodologies and support tools.

Risk policies and limits of the Iberdrola group

The *General Risk Control and Management Policy* is further developed and supplemented with the following specific policies established in relation to certain risks, corporate functions or businesses of the group, which are also annually approved by the Board of Directors of the group's parent company, and which include limits and indicators that are subsequently monitored.

The country subholding companies adopt and apply the group's risk policies, approving the guidelines on specific risk limits based on the nature and particularities of the businesses in each country. The listed country subholding companies, and companies with significant interests held by other shareholders, approve their own policies under their own special framework of strengthened autonomy.

Principal risk factors of the Iberdrola group

The risk factors to which the group is subject are generally grouped into the following categories:

Category	Definition
Corporate Governance	Non-compliance with applicable law, the Governance and Sustainability System, the recommendations set forth in the CNMV's Code of Good Governance, and international standards.
Market	Exposure to volatility in variables like electricity and other energy commodity prices, emission rights, exchange rate, interest rate, solvency, liquidity, inflation, raw materials, etc.
Credit	Contractual breach by a counterparty, causing economic or financial losses, including payment and replacement cost risks.
Business	Uncertainty as to the behaviour of variables intrinsic to the business (characteristics of demand, hydraulic resources, wind, solar, etc.
Regulatory and political	Regulatory changes made by the regulators that can affect remuneration of the regulated businesses, environmental or tax provisions, etc.
Other*	External events or inadequate internal procedures, including those stemming from i) technical failures, human error and technological obsolescence, ii) operation and construction of facilities, iii) supply and the supply chain, iv) cybersecurity and systems, v) safety and health, vi) pandemics, extreme natural phenomena and climate change, vii) regulatory compliance, viii) reliability of financial and non-financial information, ix) fraud and corruption, and x) litigation, arbitration and tax matters.
Reputational	Potential negative impacts on the company's reputation arising from situations or events that fail to meet the expectations of its Stakeholders.

* Operational, technological, environmental, social and legal.

Given the multidimensional nature of the risks, the taxonomy defined in the system contemplates additional classification variables for better monitoring, control and reporting of such risks. These additional categories include the classification of risks into Structural Risks, Hot Topics and Emerging Risks, the latter being understood as potential new threats, the impact of which is as yet uncertain and the probability of which is undefined, but which are growing and could become significant for the Group.

The system contemplates the continuous monitoring and detection of emerging risks and other non-financial risks, including environmental, social and governance (ESG) risks with significant reputational consequences.

Evaluation of risk management processes

GRI 102-30

Generally, the group's Comprehensive Risk Control and Management system allows for proper ex ante identification of risks or sounds alarms that allow for the making of decisions intended to minimise the impact of the risks.

The group's Risk Committee meets at least on a monthly basis. This committee is supplemented with the Credit Risk and Market Risk Committees, which also meet on a monthly basis. On at least a quarterly basis, the Audit and Risk Supervision Committee of the Board of Directors monitors trends in the group's risks:

- It reviews the group's quarterly risk report, which includes monitoring of compliance with the risk policies and limits and the updated key risk maps submitted by the group's Risk Management and Internal Assurance Division.
- It coordinates and reviews the Risk Reports sent periodically (at least half-yearly) by the Audit and Compliance Committees of group companies that have such a body.
- On at least a half-yearly basis, it prepares a risk report for the Board of Directors.

I.3. Climate Action

- Introduction to climate action
- Climate governance
- Objetives and elements of climate action
- Strategy and management of climate opportunities and risks
- Indicators and metrics
- Other aspects associated with the energy transition

Introduction to climate action

GRI 201-2 SASB IF-EU-110a.3

Iberdrola, a global leader in the fight against climate change, firmly believes that the transition to a carbon-neutral economy by 2050 is **technologically possible, economically feasible and socially necessary.**

A common denominator of all of Iberdrola's activities is the sustainable creation of value, in accordance with its social dividend, in addition to the search for leadership. For this reason, in the last two decades, Iberdrola has undertaken a commitment to lead the energy transition, through a sustainable model executed with **innovation, flexibility and efficiency** in all of its business lines.

Climate governance

Iberdrola was a **pioneer** in the inclusion within its former Corporate Governance System of **the fight against climate change as a priority**. In 2009 it approved the first policy that addressed the fight against climate change. The current Climate Action Policy establishes the framework for Iberdrola's strategy and **business model**, which is **in line with the Paris Agreement and the 2030 Agenda**, in the fight against climate change. Through this policy, Iberdrola is committed to continue **assuming a leadership position** (directly and by establishing partnerships), **promoting awareness** (impacts, challenges and benefits of its achievement) **and contributing to a carbon-neutral and sustainable future.**

Iberdrola's principles of conduct include implementation of the recommendations of the Task Force on Climate-related Financial Disclosure (TCFD) and of other leading organisations for identifying and reporting long-term risks relating to climate change. Along these lines, Iberdrola was one of the first companies to **publicly commit** to implementing the recommendations of the Task Force on Climate-related Financial Disclosures. For this purpose, the company created an internal multidisciplinary working group in 2017 to coordinate all the work performed in this area.

So as to be always focused on the best compliance with and implementation of the policies, the Company has **several corporate bodies and internal committees that ensure the monitoring of those policies. The By-Laws approved by the shareholders in June 2021 formalised the obligation of the Board of Directors** to approve, supervise and regularly report on the Climate Action Plan. This Statement of Non-Financial Information is the instrument through which the Company and its Board of Directors fulfil this obligation.

In line with the need for professionalisation, diversification and qualification on relevant topics, the Board has a **training and refresher programme for its members**, the topics of which include decarbonisation and the fight against climate change. The Annual Activities Report of the Board of Directors and the Committees thereof describes and enumerates the issued handled by the Board and its committees, including all contents regarding climate change risk and opportunities.

For its part, the **structure of remuneration of executive directors and the management team takes into accoun**t economic/financial, operational and sustainability matters. A long-term remuneration plan (2020-2022 Strategic Bonus) was approved in April 2020. This plan sets out parameters relating to the Sustainable Development Goals, such as reducing the average intensity of CO2 emissions and increasing the number of suppliers subject to sustainable development standards, among others (see additional details in the "Remuneration policy" section under "Corporate Governance").

For more detailed information, see section I.2. Governance and Sustainability System, as well as the following link Governance and Sustainability System.

At the operational and management level, business activities are aligned with these guidelines to deliver on Iberdrola's commitment. Internal working groups have been created, including the Global Climate Change Working Group, which integrates various perspectives and organisations in this area.

Objectives and elements of climate action

Iberdrola today has stayed on its path of reducing the intensity of direct emissions, which reached 60 gCO_2/kWh in Europe and 96 gCO_2/kWh globally at year-end 2021.

Iberdrola stands out as a global leader in renewable energy, with an installed capacity of 38,138 MW in renewable generation technology. Iberdrola already generates 100% of its energy with zero emissions in countries like the United Kingdom, Germany and Portugal.

Iberdrola has continued to move forward in 2021 with its commitment to the Paris Agreement and the energy transition as well as to the goals already established in order to become a **carbon-neutral company in Europe** (Scope 1) by 2030 – 20 years in advance of the European Union's goal. In addition, at the global level, it will **reduce its emissions intensity to 50 gCO2/kWh by 2030 and reach carbon neutrality before 2050**.

It has also made a commitment to **reducing absolute GHG emissions at the global level for Scopes 1, 2 and 3** by 2030; this goal is aligned with the aim of achieving the 1.5º C limit and is recognised as science-based by the **Science Based Targets initiative (SBTi).**

The Climate Action Plan is continually evolving, and the Company is working with the goal of accelerating its decarbonisation objectives to the greatest extent possible. **The following climate targets are fully linked to Iberdrola's growth and investment strategy, which will be updated and reported at the upcoming Capital Markets Day.**

Climate goals

Climate change is a key element for defining the company's strategy, focusing on promoting clean technology, innovation and the establishment of alliances. Iberdrola treats it not only as a risk factor, but also as an opportunity for growth through mitigation and adjustment activities during the transition towards a low-carbon economy.

To meet its emissions-reduction commitment, Iberdrola will continue to promote and spearhead a business model and an investment plan fully integrated into a decarbonised future.

Investment Plan

This commitment by the Iberdrola group took the form of investments amounting to €120,000 million from 2001 to 2020, making it a world leader in renewable energy. In addition to these investments directed toward the electrification of the economy, innovation and technological advances as well as greater consumer connectivity, the 2020-2025 period will see the addition of a total of €75,000 million, the largest investment programme in the history of the group. This programme will give an important push to the renewables area, which will reach 60 GW of installed capacity in 2025, compared with the more than 38 GW currently, and 95 GW by 2030. By the end of the decade, the company also expects to double the regulated value of its network assets -- to €60,000 million -- and to install 600 MW of operational green hydrogen by 2025.

Technological and business innovation for climate action

Innovation is a **key factor in Iberdrola's strategy,** given that it is a **tool that** not only enhances the company's competitiveness and maximises its use of technology in activities that add value, but that also **contributes to the fight against climate change** through technologies making it possible to provide more sustainable, competitive and efficient solutions. For further details on Iberdrola's innovation strategy and products, see section III.2 Quality and safety for our customers through innovation and digitalisation.

Some representative examples of innovation at Iberdrola with an impact on climate change and decarbonisation are: its commitment to green hydrogen as an energy vector of the future, digitalisation and automation, and disruptive technologies.

Examples of innovation projects and new technologies with an impact on climate change

Green hydrogen

Iberdrola is at the forefront of the development of green hydrogen, with more than 60 projects in eight countries (including Spain, the United Kingdom, Brazil, the United States), in keeping with the electrification and decarbonisation needs of sectors such as industry or heavy transport.
Some of its most noteworthy projects covering different areas are:

Puertollano Plant	H2 Green Steel
The largest industrial-use green hydrogen plant in Europe, located in Puertollano, Spain. Consisting of a photovoltaic solar plant, a system of lithium-ion batteries and an electrolysis system, it will supply hydrogen to a Fertiberia ammonia factory.	Iberdrola and H2Green Steel have entered into an agreement to build a 1,000 MW-capacity green hydrogen plant on the Iberian Peninsula in order to decarbonise steel manufacturing.

Digitalisation and automation

Digitalisation together with decarbonisation and electrification are the three key trends driving the transformation of the energy system and catalysing the transition towards a sustainable energy model. The energy system is adopting such technologies as artificial intelligence (AI), the Internet of Things (IoT), the cloud and blockchain, which may make it possible to meet the challenges of integrating renewable energy sources and developing smart grids. By applying AI, Iberdrola can better foresee and predict when a device is going to fail or the potential damage to infrastructure following an extreme climate event, allowing it to make decisions to enhance the reliability of the grid.

Drones	Big Data
Examples of the use of these devices in the company's operations include inspecting components of wind farms and high-voltage lines. In the specific case of grids, they are used for emergencies, making it possible to reduce downtime in electricity supply following extreme events and emergencies.	The group is developing new solutions and improvements through big data included, inter alia, in the Meteoflow system and in predictive maintenance of offshore wind turbines. Meteoflow has evolved and has recently incorporated big data techniques. The latter development makes it possible to include and utilise a large amount of meteorological information and data, which permits the use of large information series.

Alliances, partnerships and awareness-raising

In keeping with its strategy, Iberdrola supports ambitious approaches in the framework of its climate policies and the establishment of plans and objectives. In addition, through alliances, declarations and campaigns, Iberdrola publicly supports frameworks for defining green-recovery plans, aligning its climate goals with a pathway to robust, sustainable economic growth. This is in addition to the need for all players to be aligned with and committed to the fight against climate change, which makes awareness-raising among society a key.

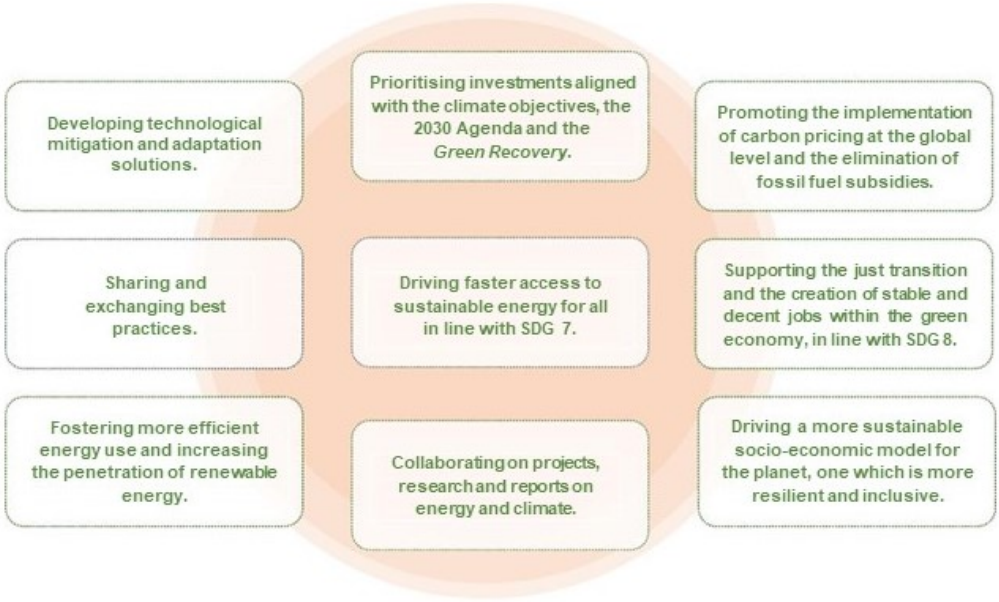
Alliances and global climate agenda

Iberdrola is an active participant, with a high degree of visibility, in the main milestones of the climate agenda, participating in a large number of technical seminars and high-level conferences. Iberdrola wants to actively and decisively contribute to a sustainable, low-carbon future – an effort that will also promote social and economic development through the creation of employment and wealth. To this end, the Company is committed to conducting its policy-impacting activities within its areas of influence and alliances in which it participates in line with the objectives of the Paris Agreement.

Hence, Iberdrola has played an important role in the inauguration of meetings of the United Nations General Assembly and the various editions of New York Climate Week, climate conferences such as the Race to Zero Dialogues and the Climate Dialogues at various meetings of the global climate agenda at all levels (meetings of the subsidiary bodies of the United Nations Framework Convention on Climate Change (UNFCCC), meetings of multilateral bodies linked to climate, etc.).

Iberdrola also belongs to various international coalitions, backs diverse external initiatives and cooperates with numerous international organisations, business and/or multi-actor coalitions, think tanks and research centres, supporting ambitious global climate action.

Iberdrola's contribution with third parties, in the fight against climate change



Iberdrola has been a member of the UN Global Compact since 2002, and **it has belonged to the Red Española del Pacto Mundial** since 2004, as a founding member. Through this membership, Iberdrola has assumed, inter alia, the commitment to implement its Ten Principles and to promote the 2030 Agenda, contributing to the attainment and dissemination of the SDGs. It has been identified as a ***LEAD company,*** owing to its high levels of commitment to the principles of the Global Compact, and it has been at the forefront of the climate action platform since its inception in 2016.

Within the framework of the **United Nations High-Level Dialogue on Energy**, held in September 2021, Iberdrola submitted an ambitious plan of objectives and actions on the energy transition, universal access and climate change, referred to as the **Energy Compact**, enhancing its leadership in and visibility on the global climate and sustainability agenda. Together with the general Energy Compact, Iberdrola submitted a specific compact on **green energy**, highlighting the company's roadmap in this regard, which will play a very important role in the roadmap to the decarbonisation of the economy.

One of the most important milestones of Iberdrola's climate activity is its **active participation** in the **Conferences of the Parties (COP)** on Climate Change, organised each year by the UNFCCC. At COP26, held in Glasgow, Scottish Power/Iberdrola was an official partner and played a leading role, organising more than 100 events and participating in the main high-level meetings and encounters.

Iberdrola is very actively involved in the We Mean Business initiative through its support for specific campaigns such as implementing initiatives in Spain to promote climate action among small and medium-sized enterprises (SME Climate Hub).

As noted above, within the framework of climate resilience, Iberdrola is a member of the Coalition for Climate and Resilient Investment (CCRI). This coalition is led by the private sector and committed to developing and testing practical solutions to integrate physical climate risks in investment decision-making.

Iberdrola is also part of **Race to Zero**, a global alliance promoted by the High Level Climate Champions and the United Nations, bringing together companies, governments and various civil society actors committed to reaching a zero net emissions future no later than by mid-century.

One of the most prominent initiatives in which Iberdrola takes part is the **Alliance of CEO Climate Leaders**, a part of the World Economic Forum platform. This is a global community of CEOs who support and promote action to achieve the transition to a net zero emissions economy. The Chairman of Iberdrola, Ignacio S. Galán, along with 70 other business leaders in various industries and regions, has joined this alliance.

Another noteworthy initiative is the **Corporate Leaders Group**, a business alliance with broad recognition in Europe and internationally for spearheading the most ambitious stances on climate policies. Iberdrola actively participates in the alliance at all levels.

Iberdrola has also been a member, since its inception, of the Powering Past Coal Alliance (PPCA), a coalition of governments, regions and companies focused on promoting the shutdown of coal within the framework of a fair transition to a clean energy model.

Industry campaigns include the very important role played by EV100 of The Climate Group, in which Iberdrola was the first Spanish company to join. This initiative is intended to accelerate the transition to electric vehicles, for which reason Iberdrola has made a commitment to electrify its entire vehicle fleet and to facilitate recharging by its employees in Spain and the United Kingdom by 2030.

In 2021, within the framework of COP26 and the main international climate milestones, Iberdrola has joined important declarations, alliances and campaigns, including the following:

- Global Coal to Clean Power Transition Statement, promoted by the Powering Past Coal Alliance (PPCA) and the COP26 Presidency, to accelerate the transition to generation based on clean non-coal sources.
- Various statements of support for an increase in the aim of the United States' NDC, promoted by European Parliament deputy Pascal Canfin and We Mean Business.
- Support for open letters to call on the G7, G20 and global leaders to raise the aim and accelerate climate action efforts, promoted by the WEF (Alliance of CEO Climate Leaders) and We Mean Business.
- Race to Zero Breakthroughs: promoted by the UN Global Compact. This initiative, launched by the High Level Climate Champions together with the COP26 Presidency, seeks to advance intermediate milestones in the roadmap of all industries to climate neutrality. Iberdrola has been invited to support a roadmap to advance toward climate neutrality in the energy sector.

Awareness Plan

In 2016, Iberdrola launched a Plan for Raising Social Awareness on Climate Change (the "Awareness Plan"). Aimed at different sectors of the public, its objectives are to generate knowledge, promote mobilisation and foster climate action. Since that time, the Awareness Plan has become a key activity within the company, focusing on four lines of action: internal actions; external actions; schools, youth and university students; alliances and institutions.

Details on some of the noteworthy projects in each of the action areas are included below.

Examples of innovation projects with an impact on climate change

Internal actions	Internal actions
Online and in-person courses 29,856 hours of employee training on these topics in 2020. **Environmental awareness-raising; Climate change; The influence of air quality.** **Event for employees** Connects with COP26, including news and 10 videos with views of COP26 from various perspectives.	**Development of initiatives available to citizens and other agents and municipalities, organisations, universities, etc.** **"Local Councils #For climate"** Industry initiative for municipalities from the broader "Community #For climate" initiative. Has a Web-based platform (ayuntamientosporelclima.es) designed to promote climate action by small and medium-sized municipalities in Spain . **"Energia4All"** Sponsorship of a number of basic online courses on energy, which received a EUROPEAN AWARD, as a Good Practice in the category of "Communication & Engagement", from the RGI Organisation Renewables Grid Initiative.
Schools, youth and universities	**Alliances and institutions**
Development on climate change content for schools **EducaClima** An initiative which through its Web platform (educaclima.com) provides the educational community with resources and information for all educational levels on climate change and sustainability.	**Global alliance with UNICEF** Three-year alliance in the area of training opportunities for vulnerable young people in the green economy, with spheres of action in Spain, Brazil and sub-Saharan countries of Africa. **Partnership with NGOs to raise awareness.**

Fair and Inclusive Transition

The transition toward a decarbonised model will entail structural changes with a strong impact on certain regions, areas and groups. So that no one to be left behind, this transition must be fair and inclusive.

In its commitment to the energy transition and green economy, Iberdrola is promoting a fair and inclusive sustainable transition having a shared value with society and aligned with the Paris objectives.

On this path, Iberdrola is part of the "Agreement for a fair energy transition for thermal plants being closed: employment, industry and territories", along with the Ministry for Ecological Transition, Ministry of Labour and Social Economy, other companies that own coal-fired thermal power plants in Spain and union organisations. In this regard, it has assumed the commitments set forth for fulfilling the 2015 Paris Agreement and the Energy and Climate Strategic Framework in its Fair Transition Strategy. This strategy promotes ensuring that workers and territories make the most of the transition opportunities and minimise the negative impacts thereof through support and recovery measures.

In 2020 Iberdrola had already taken the lead in launching the open innovation platform in the regions where coal-fired power plants have been closed in Spain, Lada and Velilla. This innovative tool promotes generating knowledge among the parties involved, actively seeking interests and synergies so as to tackle the specific demographic and economic challenges of each area.

Management of climate opportunities and risks

We are facing a systemic and global risk. Companies, governments and individuals can reduce emissions (mitigation) and/or increase their resilience with a view to the future (adaptation). Climate change poses various risks, with increasing long-term impacts that, to a greater or lesser degree, may not be considered new risks for the sector. These risks are set out in the *General Risk Control and Management Policy* and are therefore monitored. They may be classified as:

- Physical, stemming from possible material impacts on the facilities and the supply chain as a result of effects of the future evolution of climate variables (higher temperatures, rising sea levels, changes in precipitation patterns, increased extreme weather events in terms of both frequency and intensity, etc.).
- Transition, associated with all the risks that can appear in the gradual global decarbonisation process, such as regulatory changes, market, technological and reputational risks, grievances (such as for deficient reporting), changes in demand, etc.
- Other risks may arise as a result of these risks, including those relating to deterioration in the credit of counterparties (suppliers, banks, others), social phenomena (humanitarian crises, impacts on crops and fishing, refugee crises, epidemics) and greater competition for financial resources.

The identification, analysis and management of the risks arising from climate change has been integrated, with a global focus, into the ERM philosophy under which Iberdrola has focused its management of risks since the middle of the last decade. This is addressed through a multi-departmental focus, with cooperation between corporate and business functions. For more information on Iberdrola's risks, as well as its governance, identification and monitoring systems, see the "Long-term risks and opportunities. Comprehensive Risk System" of this report, the Risks Section of the Management Report of the Consolidated Annual Financial Report 2021, Section E of the Annual Corporate Governance Report 2021 and the "Risks" section of the Integrated Report March 2022.

Area	2021 improvements – identification and reporting of climate change risks
Risks	In the GRC internal risk reporting tool, a label has been enabled allowing system users to assign the "Climate change" variable to any risk, in addition to the classification of risks according to the primary categories defined in the Iberdrola group's General Risk Control and Management Policy.
CRS and Reputation	The internal tool for implementing the Global Stakeholder Engagement Model includes types of relevant issues and risks, including climate change, in order for users to identify specific issues and risks and associate them with this classification.

Identification and evaluation of transition opportunities and risks

The main risks of transition (regulatory and market risks) are essentially domestic. Climate change risks sometimes require strategic management, of which Iberdrola's growth policy is an example given its strong focus on the development of renewable energy and flexible smart grids.

Iberdrola has been a pioneer promoting renewable energy and fighting climate change, and has achieved a leadership position allowing it to anticipate the potential risks of transition included in the following table, thus actively contributing to global decarbonisation.

	Risks		Approach/management	Opportunities
Transition	Market risks	Change in the cost of raw materials and emission rights, and uncertainty as to the behaviour of the markets.	Expert unit in charge of making forecasts and preparing long-term paths. Consideration of decarbonisation plans at the European and domestic levels	- Economic decarbonisation, which requires an increase in the electrification of end uses, particularly heating (through the use of heat pumps) and transportation (through the use of electric vehicles). This transfer of energy from the fossil-fuel sector (a risk for these companies) is an opportunity for electricity companies - Increasing importance of networks (in terms of greater digitalisation, smart grids, and system flexibility) under electrification scenarios - Improved energy efficiency and associated benefits for consumers, and an improved relationship with them - Advantages in terms of attracting financing for companies with sustainable and resilient business models
	Regulatory risk	Regulatory and taxation changes, such as taxes on carbon emissions and/or fossil fuels. Uncertainty as to the financing framework and aid for the development of renewable energies.	The risk associated with climate change is yet another part of the typical analysis of regulatory risks, and thus is evaluated for each investment.	
	Financial risk	Increase in the cost of capital for investments in technologies or business models that are deemed to be unrelated to the fight against climate change.	Iberdrola's business model contributes to the decarbonisation of the economy	
	Technological risk	Profitability of generation facilities that use polluting technologies. Uncertainty about technological development. Innovation and anticipation regarding the development and implementation of new technologies.	The group has units for technological and prospective analysis, as well as for technical and performance analysis. In any event, renewable technologies are mature technologies. Reduced exposure to cycles	
	Reputational risk	Change in the behaviour and preferences of stakeholders, with pressure on unsustainable companies (risk of lawsuits). Non-compliance with reporting requirements.	Reformulation of the corporate Stakeholder Relations Policy, which is an essential element of our responsible and sustainable business model	

Analysis of transition scenarios

In 2021 Iberdrola updated its analysis of transition scenarios stemming from climate change using the same methodology as in 2020. This analysis is based on the group's strategy published in its Outlook 2020-2025, and on an update of the most recent versions of selected benchline transition scenarios. The update of the analysis thus contemplated:

- The impacts on the various time horizons
- Interaction between key parameters of the transition scenarios and the operational business indicators for the various businesses and territories of the group
- For the various businesses and territories of the group
- Comparing impacts with respect to the Iberdrola base case

Moreover, the strategic outlooks are expected to be updated in 2022, when the risks and opportunities identified in the climate change analysis scenarios will be assessed.

Benchmark scenarios

The scenarios selected are based on plausible forecasts prepared by the International Energy Agency within the framework of the *World Energy Outlook (WEO-2021)*. The Outlook 2020-2025 is based on a central scenario and another two scenarios are considered on which the potential risks and opportunities have been assessed:

- **Sustainable Development Scenario (SDS)**: scenario aligned with achieving the goals agreed to in the Paris Agreement (<2°C), improving air quality, and providing universal access to electricity, all in accordance with the UN SDGs. Base scenario used to prepare Iberdrola's Outlook 2020-2025.
- **Stated Policies Scenario (STEPS)**: provides the path towards which the energy sector will likely trend in 2040 based solely on policies and measures already implemented or announced and on the targets set.
- **Net zero emissions by 2050 scenario (NZE2050)**: scenario in line with the aim of a global energy sector with net zero emissions by mid-century, moving up the SDS scenario with respect to emissions neutrality.

2020 - 2025 period

The scenarios for the 2020-2025 period are evaluated according to an assessment of the sensitivity of the assumptions and forecasts of the different businesses and countries in which the group operates to the macroeconomic and industry parameters that define each alternative scenario. The results obtained confirm the resilience of the company's strategic plan (Outlook 2020-2025), publicly presented during *Capital Markets Day* on 5 November 2020.

This plan includes initiatives and projects allowing the group to take full advantage of the opportunities offered by decarbonisation policies regarding electricity generation, the trend toward electrification of demand, the reality of the digital transformation and the possibility of integrating the entire system thanks to the electricity grids. Also considered are alternative scenarios, and it has been verified that the company's strategy and plans minimise the identified risks. Significant short-term risks for Iberdrola arising from climate change transition factors are not identified.

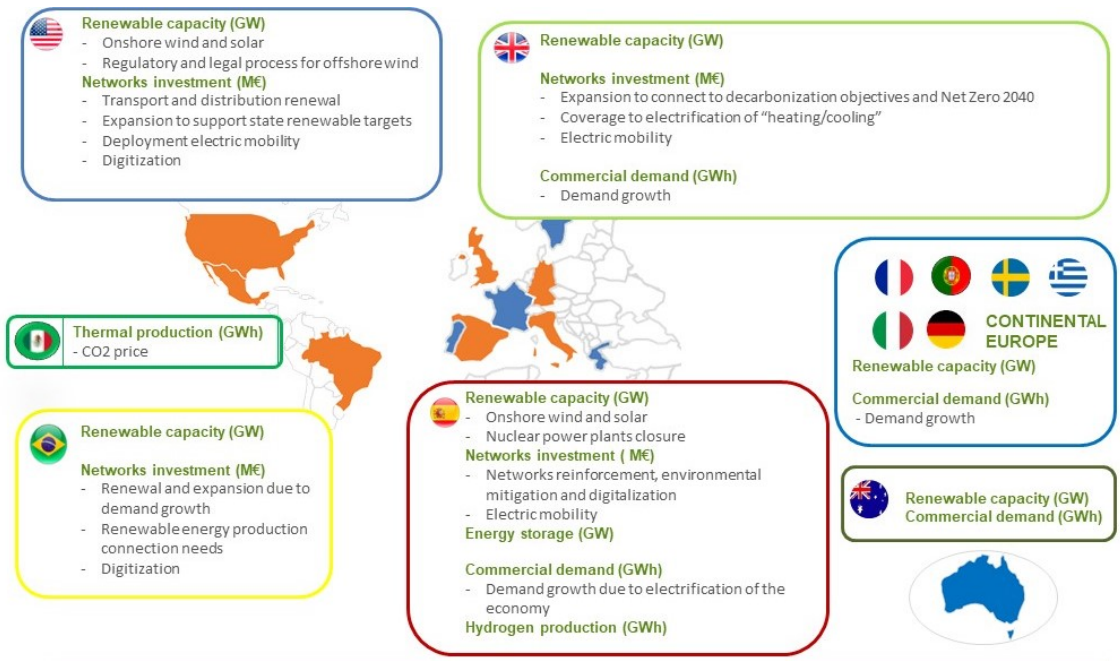
2025 - 2030 period

The scenarios for the 2025-2030 period are assessed according to a methodology that considers impacts and opportunities resulting from the change in macroeconomic or industry parameters considered most significant for the group's businesses in each country. A change in these parameters affects the group's various businesses to different degrees, and would impact different operational business indicators. The correlations and degree of intensity identified between these two types of variables are given below:

KEY PARAMETERS OF THE SCENARIOS	Total production (GWh)	Renewable capacity (GW)	Thermal capacity (GW)	Customers (GWh)	Investment in networks (M€)
Final electricity demand (TWh)	✓	✓		✓	✓
Weight of electricity in final energy consumption (%)	✓			✓	✓
Renewable share of the generation mix (%)		✓	✓		✓
Installed renewable capacity (GW)		✓			✓
Installed gas capacity (GW)			✓		
Intensity of CO_2 emissions ($grCO_2/kWh$)			✓		
Total CO_2 emissions in the electricity sector ($MtCO_2$)		✓	✓		
Carbon price (€/tCO_2)			✓		

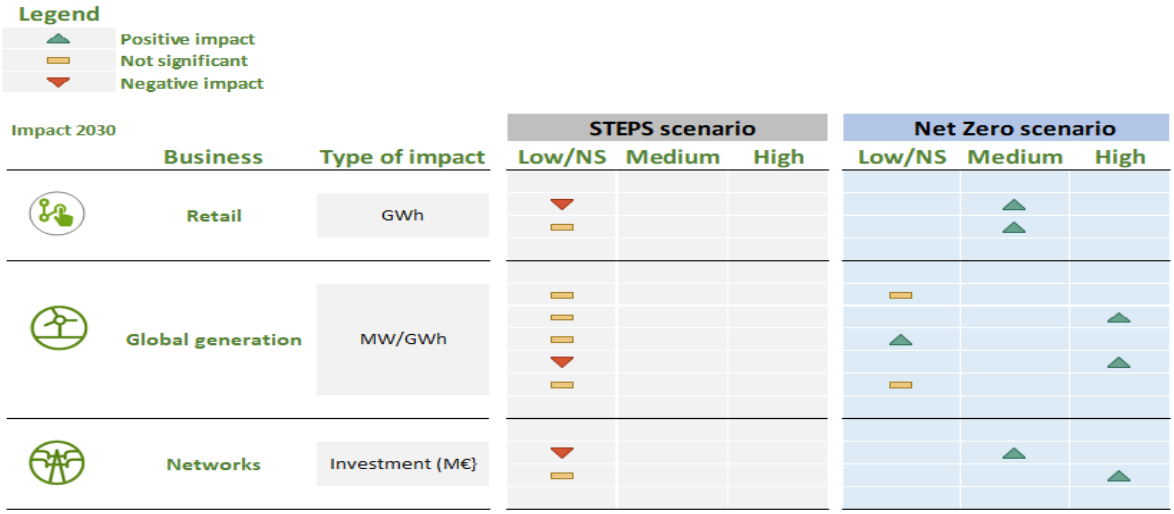
Bold: High degree of intensity in the correspondence of these two parameters
Normal font: Average degree of intensity in the correlation between these two parameters

The indicators most sensitive to potential changes in the climate scenarios for each country have been selected for the analysis, both for the main geographic areas in which the group operates and for other countries with significant activity.



The review of the analysis confirmed continuity in both positive and negative impacts, or rather the absence of a significant impact for the businesses and geographic areas analysed in the previous year. Hence, the qualitative and quantitative results obtained in reviewing the analysis of climate change scenarios do not point to significant differences with respect to those obtained in 2020.

The table below provides a qualitative description of the trend of the most relevant operating indicators for each business under the two alternative scenarios.



Under a STEPS scenario, involving slower decarbonisation than under the central scenario used as well as a lower degree of green electrification, significant impacts were generally absent in the medium term as a result of the high visibility of the investments planned by the company for the 2025-2030 period. The areas in which there could be negative impacts during the 2025-2030 period, although of relatively low importance, are: the retail business in Europe, associated with the lower per-unit consumption in this scenario; the generation business due to potential lower growth in installed capacity in the European area; and the network business in Europe, as a result of a lower level of electrification than forecast in the base scenario. The rest of the businesses will maintain the forecasted growth rates as a result of the great need for investments to strengthen networks and the penetration of renewables in the United States and Brazil.

A more ambitious global scenario (Net Zero 2050) would entail greater opportunities for the Iberdrola group as a result of a more rapid energy transition, supported by better financial instruments and policies, more ambitious emission reduction goals, and above all greater electrification of energy consumption, improved infrastructure, greater efficiency, flexibility of the electricity system, improved service quality, etc. All of the group's businesses would benefit from positive impacts of varying degrees depending on the business and geographic area analysed. The opportunities identified for the renewables and networks businesses in the United States, where the scale of the impact would be very high, as well as for the networks business in Brazil should be emphasised. The growth vectors would leverage increased investment in renewables and in transmission and distribution networks to accelerate the grid reinforcement and infrastructure improvement projects needed to ensure integration of the system and quality of supply.

The potential financial impact of the scenarios described have been analysed according to TCFD recommendations. Hence, in the 2030 horizon, the impacts analysed are a result of the business developments described in the preceding paragraphs, and show a balance of increased opportunities against the risks identified. The commercial and networks businesses could be impacted by losses of under €100 million in terms of expected EBITDA for 2030 in the STEPS scenario. By contrast, the opportunities arising from a Net Zero scenario could have a positive impact on EBITDA of more than €300 million by 2030 for each of the three businesses: retail, wholesale and networks. The Net-Zero scenario has been evaluated assuming organic growth and a stable balance sheet structure.

Impact on EBITDA 2030 (M€)

Business	Type of impact	STEPS scenario €M <100/NS	STEPS scenario €M 100-300	STEPS scenario €M >300	Net Zero scenario €M <100/NS	Net Zero scenario €M 100-300	Net Zero scenario €M >300
Retail	2030 EBITDA	▼				▲	
Global generation	2030 EBITDA	–					▲
Networks	2030 EBITDA	▼					▲

Legend

▲ Positive impact
– Not significant
▼ Negative impact

2030 - 2050 period

The qualitative exercise of extrapolating the analysis of transition risks and the group's business model was revised updated in 2021 based on available projections. This also led to a favourable conclusion regarding the group's resilience to expected trends during that period.

Identification and evaluation of physical opportunities and risks

Iberdrola monitors and manages physical risks through a permanent climate science analysis process and applies it in the Company's usual procedures, with a focus on planning, execution and control, and continual improvement.

Physical risks are specific to each site, gradual, associated with each technology, and occur over relatively long periods, although they can now be seen in the short term (e.g. in some cases as a result of increased extreme weather events).

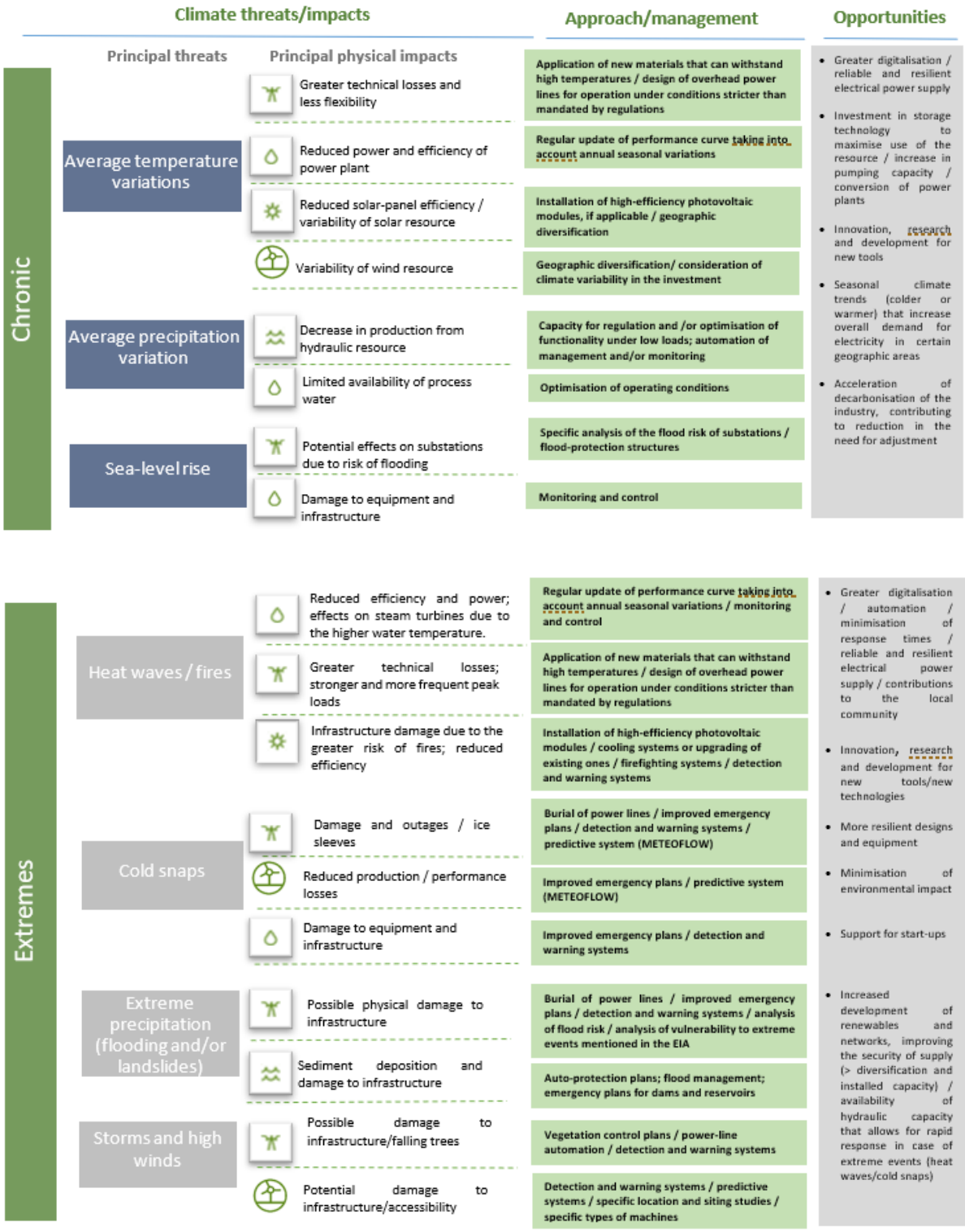
Analysis of physical scenarios

Iberdrola has analysed the evolution of the main climate threats based on the projections contained in the Fifth Assessment Report, AR5, of the IPCC for the **RCP 4.5 scenarios** (stabilisation scenario, where the efforts being made and to be made at the international level in terms of reducing GHG emissions are taken into account) and **RCP 8.5** (a more pessimistic scenario of greater concentration of GHG emissions and, therefore, greater variations in climate). The selection of the RCP 4.5 and RCP 8.5 scenarios reflects a conservative approach with regard to physical risk analysis.

Based on the evaluation conducted, it can be stated that many climate change risks, both chronic and extreme, affect the usual variables of the business and consequently the variables managed, to a greater or lesser degree, in the usual processes of its operations. Nevertheless, climate change will affect the likelihood of occurrence of these risks and, potentially, their intensity. Extreme weather events are identified as one of the main threats for the various technologies and jurisdictions.

The most recent IPCC report (AR6), published in August 2021, includes a new set of illustrative scenarios of emissions that explore the climate response for a broad range of emitters, soil uses and pollutants. Based on the new projections of this new set of scenarios, and pending the publication of the remaining reports of this new publication (AR6), the impact of the new scenarios on the evaluation of risks carried out and of the conclusions associated with the AR5 will be revised.

The table below sets out the main threats identified for the different technologies taking into account the expected evolution of the climate variables and the degree of technological sensitivity[8]. Furthermore, the main management measures in operating the facilities are identified to minimise the possible impacts for each of them.



[8] The analysis has not taken into account the specific characteristics of a given facility, and the best available information has been taken into account in relation to the evolution of threats.

See detailed information included by business area below.

Dealing with vulnerability to risks derived from climate change entails a more in-depth analysis of the concept of climate resilience. A facility or infrastructure is resilient to climate when it is designed, built and operated in such a way that it anticipates, is prepared for and is adapted to changing climate conditions. At the same time, it can resist, respond to and rapidly recover from potential interruptions caused by extreme climate conditions, which makes this an optimum strategy for mitigating the risks derived from climate change within an organisation. According to this definition, as well as an ongoing-improvement philosophy, the resilience of the various business areas is analysed based on three key concepts for framing it: **robustness** (derived from design and construction procedures), **recovery** (derived from early-detection tools and action protocols) and **adaptive capacity**.

Along this line, some examples of actions/projects under way in different areas of the group with regard to one or more aspects of resilience are listed below.

Examples of actions in response to the different elements of climate resilience

Meteoflow system – Response to storm Filomena
This is an advanced IT system, primarily intended to predict the electricity output of renewable facilities in various countries. Among other functionalities, it has the capacity to forecast weather events whose intensity or other characteristics might damage infrastructures or endanger fieldwork. This allows emergency plans to be activated sufficiently in advance. Hence, Meteoflow enhances the resilience of facilities to the growing extreme weather events caused by climate change. A recent example of the use of the Meteoflow system and its ongoing improvement was the response to storm Filomena, which primarily affected central Spain in January 2021. The inclusion of an ice-generation alarm made it possible to act in advance, mobilising the staff ahead of time, pre-locating generators and mobilising drones and helicopters.

Investment in smart grids
Investments in grids have improved the response to incidents, including those associated with extreme weather events, in terms of both the number of customers affected and the average outage time per incident. The investments have included an increase in the level of automation of the medium-voltage grid, thereby improving identification, isolation and replacement times following incidents.

DARWIND project
Development of internal component-reliability analysis tools making it possible to identify better-performing models of components, which is very important when selecting replacement parts for the fleet. Hence, in addition to increasing availability, this enhances the robustness and response to possible extreme weather events.

Analysis by business

Further information is given below on the main risks posed by an accelerator for each of the group's three global businesses with respect to climate change.

Business	Analysis
Networks	Given the geographic location of our network assets in Spain, the United Kingdom, the United States and Brazil, and according to available studies, potential rises in sea levels in coastal areas would affect a very small percentage of the regulatory base of the group's assets. Temperature increases and a higher frequency of extreme weather events could entail greater technical losses, impairment of service quality levels, an increase in operating and maintenance costs (associated with several factors such as the shorter useful life of assets) and annual investments, although in amounts that are perfectly recoverable due to the multi-annual tariff updates for these regulated businesses. The current investment and response plans, experience acquired and the grid design (mesh design with buried lines) would act as mitigating measures. In terms of transition risks, there is the possibility of widespread development of distributed generation, the impact of which would be partially offset by the growing electrification of the economy (such as electric cars) and investments in smart grids.
Renewables	The main physical risk is the potential negative future evolution of the hydro, solar and wind resource, which are the key variables in the financial results of this line of business activity. The uncertainty relating to long-term global climate projections is in addition to the need to specify the impact in the geographic areas where our assets are located. There is currently a high level of uncertainty associated with long-term projections, particularly for solar and wind resources. In the case of hydropower resources, a possible reduction in annual average rainfall could have a negative impact on the production of the group's hydroelectricity plants, which is particularly clear for run-of-the-river plants, although the negative effects on some regions could be partially offset by other regions. Climate change could also affect the seasonable distribution of rainfall. In terms of transition risks, there is a possibility of cuts in the renewable energy remuneration frameworks and of a decrease in prices in marginal wholesale markets due to increased renewable production with lower variable cost.
Liberalised	The long-term impact of climate change on the thermal generation business is not considered material in view of the fact that there will be a substantial reduction in the group's fleet in coming decades (as it will reach the end of its useful life) and will mainly be concentrated in Mexico. The impact on the retail business is considered minor, as possible negative effects arising from efficiency measures and temperature changes could be counteracted by the higher growth that the electrification of the economy is expected to bring about.

In conclusion, and based on the impacts noted above (which take account of the current uncertainty associated with climate projections) and the existing mitigating elements, it is estimated that the physical risks of climate change might not have a material, permanent impact on the consolidated figures of the group, which is estimated to be globally resilient. In terms of transition risks, the group's current positioning as a result of its investment focus on grids and renewable energy puts it in a favourable position for facing such risks. The group believes that the opportunities stemming from the decarbonisation of the global economy (growth in renewables, investments in integrated smart grids, electrification of transport, green energy, etc.) outweigh the risks.

Risk management mechanisms and resilience

The main risk management mechanisms, as well as the mitigating actions, are listed below:

- Integration of climate change as a key management and corporate governance element.
- Many risks deriving from climate change affect the normal variables of the business, and, consequently, variables already managed (to a greater or lesser degree) in the usual operations of the businesses (e.g. redundancy of equipment, emergency plans, crisis plans, etc.), which have management processes that already contribute to climate resilience.
- The fact that many impacts are primarily medium-to-long-term means that, to a large extent, it is the group's future assets, rather than its current assets, that will bear the most severe impacts, given that its assets are progressively renewed when they reach the end of their useful life.
- Regulatory coverage in the Networks business.
- Insurance coverage.
- Diversification (geographic, by technology, age, etc.) of assets.
- Strong business model, with financial capacity.
- Early action by the group in transforming the business model to adapt to climate change, allowing it to minimise transition risks and take advantage of the related opportunities.
- The design specifications of new equipment will take account of more severe weather scenarios, and technological improvements will make it possible to extract greater economic value from new projects.
- Iberdrola also maintains a proactive stance in working with third parties participating in the global and local dialogue on adaptation, as well as in partnering with other industry players and in the processes of acquiring knowledge from climate science, as a key action to move forward in a cost-efficient manner in developing the resilience of our activities.
- Innovation remains a strategic variable for the group.
- The consideration of climate change in decision-making on new investments.

Climate change and new investments

Under the philosophy of continuous improvement, and in line with the Board of Directors' commitment to facing the risks of climate change, the analysis of these risks was strengthened during 2021 in the investment dossiers, on which investment decisions on new assets ("FID", in international terminology) are based.
Given that the networks businesses are built around multi-annual reviews and that future investments in thermal power plants will be quite small, it has been considered appropriate to focus the analysis on new onshore wind and photovoltaic facilities. Based on the experience gained, the model will be expanded in the future to include offshore wind farms.
The model, promoted by several corporate divisions with the help of Renewables, has been constructed on the basis of the survey. This document should be completed by the Business (from a technical perspective), taking into account the particularities of each site.
The main variables and related risks have been identified based on existing internal studies, allowing the Business to verify all items in each survey. By contrast, physical risks, due to their nature, are analysed using climate projections from various sources, with different levels of granularity and time horizons, that are made available to the Business.

However, as part of Iberdrola's philosophy of constant improvement and taking into account the evolution of the science (new projections, more powerful tools, etc.), the markets and current legislation, as well as demands from society, the company must continue advancing and analysing the potential risks – both physical risks associated with specific facilities, as well as transition risks. It must also continue to strengthen the inclusion of the climate change variable within the various process of the Company and project phases.

Indicators and metrics

Iberdrola includes major indicators in this document to report on aspects relating to climate and to the strategy of the fight against climate change, which are key for the constant monitoring of the strategy's resilience in view of the scenarios analysed. In particular, these indicators include the greenhouse gas emissions inventory, the intensity of emissions, reduction targets, the use of energy, energy intensity, the energy mix, renewable installed capacity, water use, source of water, R&D&i and Capex in the development of low-emission products, services and/or technology.

Iberdrola believes that consistent and improved disclosure of the financial risks relating to climate change will allow for the establishment of a constructive and well-informed dialogue between investors and companies regarding the opportunities and risks relating to their activities.

In addition, for information on the company's actions to mitigate and adapt to the consequences of climate change, see the "Management of climate opportunities and risks" section of this chapter as well as the specific Climate Change section of the website.

Other aspects associated with the energy transition

Demand-side management

GRI 201-2

As part of its demand-side management programmes, Iberdrola's main objective is to improve energy efficiency and the smart use of active electrical grids to thus contribute to the more efficient use thereof by consumers and thereby reduce CO2 emissions and contribute to the fight against climate change.

The types of actions taken include those relating to information, training and the provision of solutions and technologies that help consumers improve energy efficiency and reduce the environmental impact of their energy habits and consumption. Iberdrola engages in demand-side management in all of its geographic areas and for its various types of customers.

The main activities performed are broken down separately due to the unique nature and law of each country or market.

For example, i-De continues to improve and develop smart grids allowing for the active management of demand by consumers (residential, commercial and industrial) and an improvement in the energy efficiency of the system.

Iberdrola offers home energy management services through internet-connected devices that allow customers to better manage their electricity consumption and thus obtain energy savings (range of SmartHome products). The industrial and commercial sectors also have initiatives to diagnose and propose measures for energy savings and to improve energy efficiency, like photovoltaic solar energy installation, electromobility, efficient lighting, efficient air conditioning, optimisation of heating and cooling processes, etc.

SASB IF-EU-420a.2

The percentage of the metered electric load served through the group's smart grids is close to 100% in Spain and above 53% in the United States[9]

[9] In the case of Brazil and the United Kingdom, as at the closing date, information was not available on the same basis to report this indicator according to the established criterion.

Availability and reliability

The companies of the Iberdrola group have no direct responsibility for long-term electricity planning processes for the respective electricity systems in the countries in which they operate.

Government authorities conduct studies to anticipate the long-term needs of the respective electricity system, and Iberdrola's companies act as market agents, making investment decisions consistent with their business plans.

Fuel

A key element in managing the availability of electricity service is the supply of the necessary fuel. Iberdrola is supplied through flexible gas contracts and purchases on wholesale markets, adjusting to the needs of each territory. It also ensures that it has a stable, long-term and low-risk supply of nuclear fuel.

Nuclear plant decommissioning

Iberdrola is the only 100%-owner of a nuclear plant in Spain (Cofrentes). It also has interests in Almaraz I and II (52.69%), Trillo (49%), Vandellós II (28%) and Ascó II (15%), as indicated in the Scope of information section.

According to Law 25/1964 on nuclear energy, the management of radioactive waste, including spent nuclear fuel, and the decommissioning and closing of nuclear plants, is an essential public service reserved to the State, pursuant to Article 128.2 of the Spanish Constitution. This law entrusts Empresa Nacional de Residuos Radiactivos S.A. (Enresa) with the management of this public service. Therefore, in accordance with the sixth General Radioactive Waste Plan (Plan General de Residuos Radiactivos) (PGRR) currently in effect, the State assumes ownership of the radioactive waste and is responsible for the monitoring that may be required after the closure of a nuclear plant, once the period established in the relevant closure declaration has passed.

Enresa prepares the PGRR, which, together with the corresponding economic/financial study, is the basic reference document setting forth the strategies to be followed and activities to be carried out in Spain in the fields of radioactive waste management and plant decommissioning. The PGRR is sent to the Ministry of Ecological Transition in Demographic Challenge every four years, or whenever so required by the Ministry, for approval by the Council of Ministers after a report of the Nuclear Safety Council, after hearing from the Autonomous Communities with respect to territorial and environmental ordinances. The first PGRR was adopted in 1987, and the sixth, approved in June 2006, is currently in force.

The financing system in Spain for PGRR activities is based on contributions from waste-generating entities and is known as the "Fund for the Financing of the General Radioactive Waste Plan Activities". The fund is managed by Enresa and includes provisions for the decommissioning of nuclear power plants.

Iberdrola makes contributions to the fund through a fee calculated by Enresa and approved by the government, which covers all expenses relating to managing the spent fuel and the radioactive waste generated at its plants, as well as those corresponding to the decommissioning and closure thereof, as provided in the PGRR.

Iberdrola also records a reserve on its balance sheet to cover the pre-decommissioning stage of its nuclear power plants. Pre-decommissioning refers to the period from the final cessation of operations of the plant until the decommissioning approval, at which time ownership of the plant is transferred to Enresa. The current sixth PGRR establishes a period of 3 years for this stage.

In March 2019, Iberdrola signed a protocol agreement for the closure of the nuclear plants between 2025 and 2035. This protocol includes the schedule for a gradual, orderly closure of the reactors making up the nuclear installations in Spain.

I.4. Our ESG+F proposal

- Leaders in ESG+F
- Iberdrola's contribution to the SDGs
- Our main focus: SDGs 7 and 13

Leaders in ESG+F

Iberdrola, aware that environmental, social and good governance (ESG) factors influence the medium- and long-term results and sustainability of the company, has included sustainability indicators in its business strategy.

Therefore, the group is fully committed to sustainable development and bases its investments on environmental, social and corporate governance along with financial strength (ESG+F) standards, supported by the strategic pillars that have allowed for two decades of sustainable growth, thanks to geographic diversification, leading the energy transition, promoting efficiency, focusing on innovation and generating a sustainable dividend.

Along these lines, the targets that the company has set based on environmental, social and good governance criteria should be highlighted. These objectives synthesise some of the main contents and comments of the corporate policies, which, together with the Purpose and Values, establish the ESG priorities.

The remuneration systems include the consideration of ESG factors as parameters for evaluation, linking to specific results and to initiatives to be undertaken.

		2021	2022e	2025e
E				
Emissions per kWh	gCO_2/KWh	96	~ 100	< 70
Biodiversity: reforestation	Trees, in Million	2	2,5	8
Water consumption	m^3/GWh	306,6	< 500	< 420
Smart Grid implementation	% of HV and MV grids	73	75	83
Smart meters	Number, in Million	15,3	16,7	21,2
R&D investment	Million Euros	337,5	330	400
S				
Training hours	Hours / employee year	58,6	> 55	> 55
Customers: smarts services	Number, in Million	11,1	12	18
Jobs supported	Contribution to employment	~ 400.000	> 400.000	> 500.000
Women in relevant positions	% of management positions	24,4	25	30
Gender pay gap	% women / men ratio	+7,2 %	> -2 %	> -2 %
Electricity for All	Beneficiaries, in Million	9,6	11,5	14
Foundation	Beneficiaries, in Million	2,0	1,3	1,4
G				
Best practices in Governance	Inclusion in Corporate Governance System	✓	✓	✓
Cybersecurity	Annual number of security assessments	1.670	1.800	2.000
Suppliers	% of suppliers with sustainable policies	73,7 %	70 %	75 %

Iberdrola's contribution to the SDGs

As a result of the continuing dialogue with its Stakeholders, and aware of the unquestionable economic, social and environmental impact of all its activities, Iberdrola has a sustainable development strategy aligned with the group's implementation of a business plan focused on the sustainable creation of value, primarily based on its Purpose and Values, and respect for human rights. Thus, it promotes initiatives that contribute to bringing about a more just, equal and healthy society, and, in particular, to achieving the SGDs, notably those relating to Affordable and clean energy (SDG 7) and Climate action (SDG 13), through specific lines of action focused on universal access (SDG 7.1), increasing renewable energy (SDG 7.2) and developing measures to improve energy efficiency (SDG 7.3) using tools such as fostering innovation (SDG 9), education (SDG 4), protection of biodiversity (SDG 15), gender equality (ODS 5) in particular, and reduced inequalities (SDG 10) in general, which essentially entails protecting disadvantaged groups. Iberdrola defends the role played by the SDGs and Agenda 2030 as a global social compact, because global problems such as climate change and the pandemic call for global solutions and agreements.

Iberdrola has linked its business and sustainability strategy to the Sustainable Development Goals (SDGs) since they were set in 2015, and in 2018 it approved an update of its Corporate Governance System, which was mainly intended to formalise the Iberdrola group's commitment to the SDGs, underscoring the group's contribution to achieving them with the social dividend generated through its business activity.

In December 2020 Iberdrola reformulated its governance and sustainability system, structuring it around ESG standards aligned with its sustainable development strategy and its social dividend, which cemented the company's position at the forefront of best international corporate governance practices. This was a key element for overcoming the differences resulting from COVID-19 in 2020 and 2021. The recovery from this crisis was based on strengthening institutions' social and sustainability parameters.

The SDGs thus inspired or are included as a fundamental element in the following areas:

- By-Laws
- *Purpose and Values of the Iberdrola group and Code of Ethics*
- Environmental policies.
- Social commitment policies.
- Policies and rules relating to Corporate Governance.

Ultimately, this is an attempt to see that all Stakeholders participate in the social dividend generated by the company's activities, or shared value, which is the sum of all the economic, social and environmental impacts that a company generates through its activity, within the environment in which it does business.

The *General Sustainable Development Policy* introduces the principles governing the various corporate policies relating to sustainable development. Section I.3 "Policies and commitments" describes the content and focus of these policies.

The company's commitment to contribute to the SDGs is supervised by its governance bodies. Thus, the Sustainable Development Committee of the Board (the composition and duties of which are described in the "Corporate Governance" section of chapter IV.2), is vested with the power to, among other things, "Monitor the group's contribution to the achievement of the SDGs".

Furthermore, given the overarching nature of the SDGs within the group, Iberdrola has a global SDG Advisory Committee, a multidisciplinary team that meets every three or four months in order to review the actions taken by Iberdrola and analyse the alignment thereof with the SDGs, in addition to proposing new challenges and encouraging actions that help to achieve the goals that have been set. The SDG Advisory Committee held three meetings in 2021.

Our main focus: SDGs 7 and 13

Iberdrola focuses its efforts on the SDGs where its contribution is most significant: the supply of affordable and non-polluting energy (Goal 7) and climate action (Goal 13). This commitment forms part of its governance model and of the sustainable management of the company, and is formalised in objectives tied to the remuneration of the management team: the shareholders at the 2017 General Shareholders' Meeting approved a long-term incentive plan linked to their contribution to the achievement of these two goals. At the 2020 General Shareholders' Meeting, the Board of Directors approved a new long-term remuneration plan (Strategic Bonus 2020-2022) linked to both economic/financial performance (changes in Net Profit, Financial Strength and Total Shareholder Return) and the contribution to the UN 2030 Agenda and the SDGs. In relation to the latter point, these objectives refer to the fight against climate change, the drive for sustainability in the supply chain and the commitment to equal pay for men and women, which contribute to SDGs 3, 5, 6, 7, 13, 14 and 15.

Our main focus: SDGs 7 and 13

Electricity for All programme:
Goal: 16 million beneficiaries by 2030.
By year-end 2021, the number had surpassed 9.6 million.
A global leader in renewables:
At year-end 2021, the company had more than 38,000 MW of installed renewable capacity.

Goal:

- To be carbon neutral by 2050 and reduce global emissions to 50g of CO2/kWh by 2030 (Scope 1).
- To reduce absolute Scope 1, 2 y 3 greenhouse gas (GHD) emissions, approved through the SBT initiative.

Contribution to the other SDGs

Goal: Strengthen alliances with the most underprivileged groups.
2021 Iberdrola Social Program, to mitigate the consequences of the pandemic. Social programmes offered by the various foundations

Goal: Contribute to alleviating the situation of social exclusion and poverty of many persons.
Delivery of more than 506,000 free meals in Spain, Brazil and Mexico, more than 3,000 packages of milk in Brazil, more than 74 metric tons of food in Spain, Brazil, the United Kingdom, Mexico and the United States.

Iberdrola contributes to reducing the harmful health effects of greenhouse gases with its commitment to reduce these gases.
Goal: Surpass 90% of workers at work centres in Europe covered by OHSAS 45001 / ISO 18001 certification.

Goal: Training for our employees: more than 55 hours of training per employee trained in 2022.
The master's scholarship programme continues for the 2021-2022 academic year, aiming to promote excellence and assist research.

Goal: Promotion of women to executive positions by 2025 to 30%.
Iberdrola supports the Women's Universe (Universo Mujer) programme of the Higher Council for Sports (Consejo Superior de Deportes) (CSD), supporting 16 Spanish women's federations.

Goal: For 2025, 50% reduction in water use/ production intensity ratio by 2030 compared with 2019.
Pollution prevention programmes for facilities.

Goal: Over 500,000 jobs (direct, indirect and induced employment) by 2025.
Approximately 400,000 direct, indirect and induced job positions throughout the world. More than €34,000 million in impact on the GDP of the countries in which it does business.

Goal: €400 million annually in R&D&i by 2025.
Iberdrola is the European Union's leading private sector utility by volume of investments in R&D&i.

Goal: 1.3 million beneficiaries of the Iberdrola foundations' programmes over the 2020-2022 period.
A total of 12,000 volunteers participated in the Corporate Volunteering Programme in 2021.

Iberdrola has developed a Sustainable Mobility Plan with the ultimate goal of contributing to a rational use of the means of transportation.
Goal: To install over 150,000 electric vehicle charging points in Spain by 2025.

Goal:

- 70% of providers to have sustainability policies by 2022.
- Reduce the use of paper by increasing electronic billing. 70% of bills to be electronic.

Goal: To preserve marine ecosystems through innovative measures in the construction and operation of offshore wind farms. Monitoring of marine mammals at the East Anglia ONE windfarm.
Acoustic insulation techniques (bubble curtains) during the construction of offshore wind projects.

Goal: Promotion of biodiversity through reforestation by planting over 2.5 million trees by 2022, reaching 20 million by 2030.
Overhead Lines Improvement Project, in which a large number of supports have already been adapted for birdlife protection.

Goal: Obtain independent external certifications or validations of the compliance systems of the holding company and of all of the country subholding companies of the group by 2022..
The company has renewed the UNE-ISO 37001 and UNE 19601 certifications regarding anti-bribery and compliance.

Goal: Promotion of innovative alliances, including "It Will Be The Day After" initiative and the SDGs in the supply chain, by launching conceptual capsules, journeys, videos and information aligned with the group's sustainability strategy.
Recognised as a LEAD participating company in the United Nations Global Compact.

SUSTAINABLE DEVELOPMENT GOALS

II. Environmental

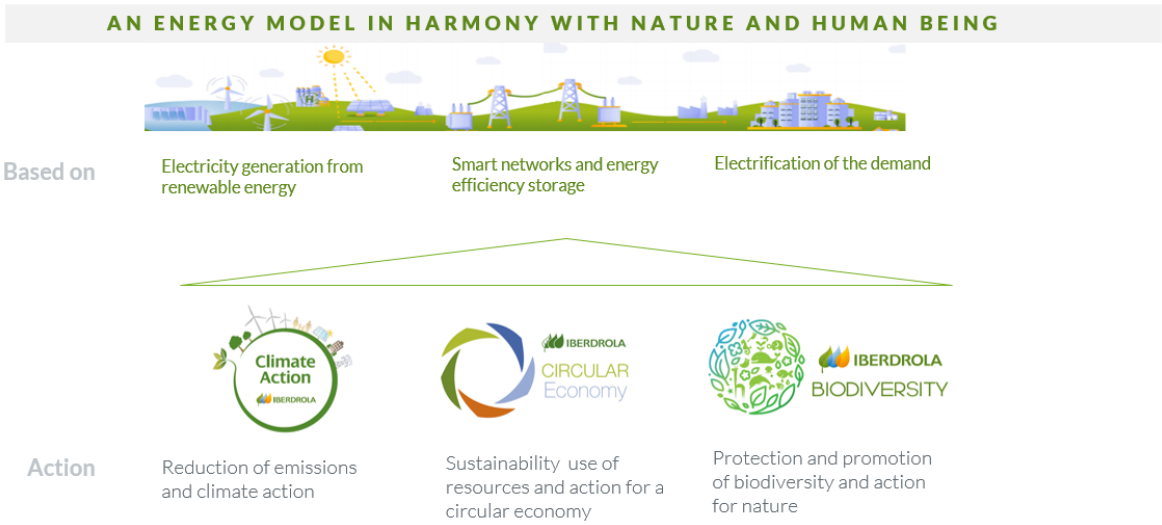
II.1.Fight against climate change and protection of biodiversity

- Iberdrola with nature
- Environmental governance and management
- Emissions reduction and climate action
- Sustainable use of resources and action for a circular economy
- Protection of biodiversity
- Environmental compliance

Iberdrola with nature

An energy model in harmony with nature and human beings

The preservation of the planet and the well-being of people are priorities for Iberdrola in determining its entire business strategy and its business model. Therefore, in a scenario characterised by strong growth in global energy demand, Iberdrola is working to build an energy model in harmony with nature and human beings as a source of sustainable development.



Economic and social development is closely linked to the use of natural capital, understood as all of the natural materials (stocks) that we use and that generate a flow of goods and services. Our use of these materials will affect not only their availability but also the integrity and biological diversity of ecosystems that share in the use thereof.

The group is therefore committed to continue leading a sustainable energy model where the reduction of emissions, the conservation, protection and promotion of biodiversity, and the sustainable and efficient use of resources are integrated into all its activities and processes. This model is based on using renewable energies, smart grids, efficient energy storage and driving the electrification of demand as an energetic vector for competitive and efficient decarbonisation.

To ensure the success of the group's commitment to conduct its business activities in harmony with nature, Iberdrola works on three fronts that, together, address its main impacts:

- Climate action: to establish the strategy, work plans and goals for reducing emissions and combating climate change.
- Circular economy: to integrate the sustainable use of resources by increasing the life of its assets and reducing the use of raw materials and the generation of waste.
- Protecting biodiversity: to integrate biodiversity conservation into decision-making, minimise problems and establish programmes to reverse and offset impacts.

Iberdrola is fully committed to this approach and establishes and regularly updates the action plans associated with each of line of work.

Environmental governance and management

Environmental and climate change policies

Environmental policies are integrated into the sustainable development strategy and constitute the Company's decisive response to the challenges, objectives and goals posed by climate change, preservation of the environment and the loss of biodiversity, while helping to identify and take advantage of the opportunities arising from the energy transition. They are therefore the living expression of Iberdrola's commitment, shared by all its Stakeholders, to create an integral business value that takes into account and respects the natural and environmental capital on which it is based and which requires its activity, thus contributing to its maximum dissemination and application among its Stakeholders and within the communities in which it is present.

These environmental policies, which are in line with the objectives of the Paris Agreement and the United Nations 2030 Agenda for Sustainable Development, are as follows:

Sustainable Management Policy

Iberdrola is committed to a sustainable energy model and its actions are in line with and contribute to achieving the Sustainable Development Goals (SDGs). Its principles of conduct are therefore based on carrying out economic activities that are environmentally sustainable, competitive, with high quality of service, that generate shared value, that respect human rights, and that promote the use of energy. The policy also establishes the instruments necessary to reduce the environmental impact of all its activities, such as leading the fight against climate change, assuming a leadership position in the conservation and protection of biodiversity, improving the circularity of its activities and its suppliers, promoting the rational and sustainable use of water, and avoiding or mitigating polluting emissions and their effects on human health.

Environmental Policy

GRI 102-11

Iberdrola's *Environmental Policy* sets out the principles for developing a sustainable model that respects nature, biodiversity and historical heritage and that promotes the conservation, protection and promotion of the development and growth of natural heritage through innovation and Stakeholder engagement. For this purpose, it implements a common environmental management model for the group, which applies the precautionary principle and the principle of continuous improvement, places the environment at the centre of the decision-making process, and is in line with the Sustainable Development Goals (SDGs).

The policy also defines three high-priority lines of action, namely: the circular economy, natural capital and biodiversity protection. All of these pillars are essential to achieving fully sustainable activity in harmony with nature.

Biodiversity Policy

The *Biodiversity Policy* shows Iberdrola's commitment to combating the loss of biodiversity and generating a positive net impact on biodiversity from its activities. This commitment involves integrating biodiversity into strategic planning, managing risk through continuous assessment of impacts and dependencies throughout the life cycle, applying the mitigation hierarchy (avoid, mitigate, restore and offset) in all our activities, avoiding the placement of new infrastructure in protected areas, implementing biodiversity action plans, working together with Stakeholders, and encouraging awareness and communication.

This Biodiversity Policy establishes four lines of action for these purposes: protect biodiversity and ensure the sustainable use of natural capital; identify, quantify and continuously assess the impacts and dependencies of the group's activities; work with Stakeholders; and enhance, raise awareness and communicate internally and externally with transparency.

Climate Change Policy

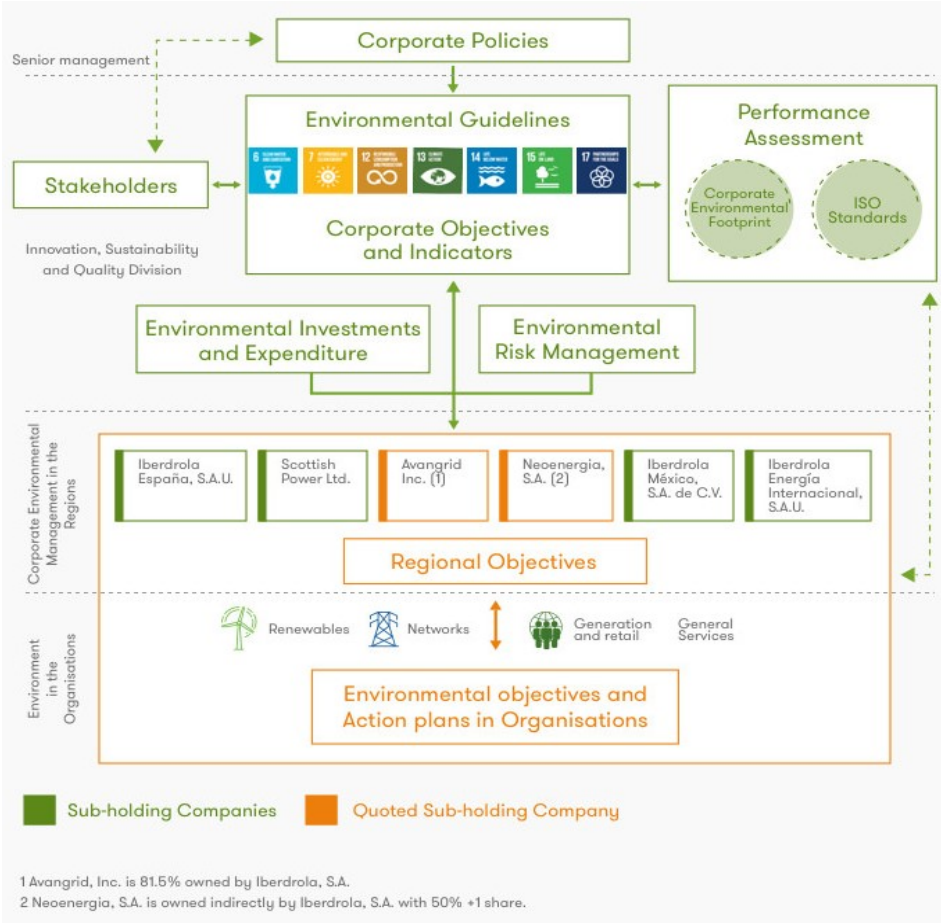
This policy establishes the framework for Iberdrola's strategy and business model, **which is in line with the Paris Agreement and the 2030 Agenda**, in the fight against climate change. Through this policy Iberdrola is committed to continue assuming a **leadership position** (directly and by establishing alliances), **promoting awareness** (impacts, challenges and benefits of its achievement) and **contributing to a carbon neutral and sustainable future**.

For more detailed information, see section I.3. Climate action.

Environmental Management System

The commitments made in the various environmental and sustainability policies mentioned above are embodied in the Iberdrola group's Environmental Management System. This system enables the alignment of the environmental dimension within the group's sustainability model, integrating the SDGs and coordinating the mechanisms for measuring and assessing the group's environmental performance in terms of the life cycle, including the concepts of circular economy and natural capital in the group's management.

The group's Environmental Management System establishes a common, homogeneous, integrated and environmental framework that is a benchmark for all of the organisations. The system also facilitates the development of an ongoing diagnosis of the company's environmental behaviour at each of its management levels.



Corporate Environmental Footprint

To gauge the group's environmental performance, Iberdrola calculates its Corporate Environmental Footprint (CEF), which evaluates the effects of the company's activities on the environment from a life-cycle viewpoint (ISO/TS standard 14072:2014). The objectives of the CEF are:

- To quantify and unify the group's environmental performance.
- To determine the effect of its activities on the various categories of environmental impact.
- To help monitor the organisation's environmental performance and allow the objectives of the businesses and environmental improvements to be tracked.
- To identify and assess the environmental aspects having the greatest significance for Iberdrola's activities.

In line with this performance, Iberdrola takes part in the European Rules Electricity Environmental Footprint (REEF) project, helping develop the Environmental Footprint (EF) product rules for the electricity sector. This makes it possible to have common rules for calculating the industry's EF.

For more information, see Iberdrola's *Environmental footprint.*

Certifications

Iberdrola's environmental management system is rooted in international procedures and standards that are audited by prestigious independent agencies. The company currently holds the following environmental certifications:

- **ISO 14001-2015.** This standard covers activities consisting of the product generation, transmission, distribution and marketing, office management and general services. In particular, more than 80% of its energy was generated at certified facilities in 2021.
- **Eco-Management and Audit Scheme (EMAS).** The group's thermal power generation plants hold certificates under this standard.
- **ISO 14064.** Iberdrola verifies its greenhouse gas emissions under this standard.
- **ISO TS 14072** under which Iberdrola verifies its Corporate Environmental Footprint. It is the only company in the industry to have obtained this certificate.
- **ISO 20121**. Sustainable Event Management. Under this standard, Iberdrola certifies the most important events for shareholders and investors, i.e. the General Shareholders' Meeting, presentations of results and Investor Day.

More information is available online, in the Certifications and Verifications section of the website.

Reserves and insurance coverage for environmental risks

Iberdrola also has insurance policies that cover environmental risks. The main types of corporate insurance policies that the company has obtained with environmental coverage are:

- Environmental Liability Insurance: Contractual limit of €130 million per incident and in the aggregate per year.
- Civil Liability Coverage for Sudden Accidental Pollution in the general civil liability policy: Limit of €500 million per incident and in the aggregate per year.

Reduction of emissions

Iberdrola is a global leader in the energy transition and the fight against climate change within the energy sector. Its ambitious decarbonisation targets place it among the most advanced companies in this regard.

For more information about the Company's management with respect to climate change, see chapter I.3. Climate action

Intensity of greenhouse gas (GHG) emissions

GRI 305 SASB IF-EU-110a.1 IF-EU-110a.3

The intensity of CO2 emissions is calculated based on direct emissions from the production facilities[10] divided by the group's net output, including steam.

The following table shows the intensity of emissions.

GRI 305-4

Intensity of CO_2 emissions

	2021	2020	2019
Specific emissions from global mix (Kg CO_2/MWh)	96	98	110
Specific emissions from global mix (Kg CO_2/€) [11]	0.316	0.376	0.363

In 2021, CO2 emissions per MWh generated remained among the lowest among domestic and international energy companies.

Inventory of Greenhouse Gas (GHG) Emissions

Iberdrola's inventory of emissions is calculated using the emissions set forth in disclosures 305-1, 305-2 and 305-3, and which are verified by AENOR in accordance with UNE ISO 14064-1:2006 for the direct and indirect emissions from all of its activities.

The inventory (with data available as of the date of approval of this report) is given below. Final data will be presented in the 2022 verification, under UNE-EN ISO 14064-1:2018.

CO_2 equivalent emissions to be verified in 2022 (t)

	Spain	United Kingdom	United States	Brazil	Mexico [12]	IEI	Total
Scope 1: Direct emissions	4,534,662	31,696	1,590,305	985,837	6,046,069	18,440	**13,207,008**
Scope 2: Indirect emissions	487,701	415,207	273,432	967,583	15,552	2,508	**2,161,983**
Scope 3: Other indirect emissions	3,498,037	8,088,493	21,996,103	2,344,106	15,996,877	1,974,724	**53,898,340**

[10] See "Direct greenhouse gas emissions. Scope 1 (per GHG Protocol)" section below.
[11] Direct emissions from energy generation facilities (305-1) compared to net revenues in euros.
[12] As noted in the EU2 indicator of the "Key operating figures" section of chapter I.1, Iberdrola uses the reporting criteria regarding its generation activities in this report, distinguishing between its "own" output and installed capacity and output and installed capacity "for third parties". The latter parameter reflects the particular operating conditions of some of our plants in Mexico, which Iberdrola operates as an Independent Power Producer (IPP) under the auspices of the Mexican Federal Electricity Commission (Comisión Federal de la Electricidad) (CFE).
Under these conditions, Iberdrola believes that the IPP plants do not comply with the requirement set out in the GHG Protocol regarding "full authority to introduce and implement operating policies at the operation" in order to be included in Scope 1.

The updated information is available in the Greenhouse Gas (GHG) Inventory section of the corporate website.

Direct greenhouse gas emissions. Scope 1 (per GHG Protocol)

Direct emissions are emissions from GHG sources owned or controlled by the company. They include:

- Emissions that result from the consumption of fuel and that are produced by owned facilities that generate electrical power.
- Emissions of methane (CH4) and nitrous oxide (N2O) associated with fuel consumption.
- Emissions from non-generation (gas storage) facilities.
- Fugitive emissions of methane (CH4) (storage and transport of natural gas).
- Fugitive emissions of sulphur hexafluoride (SF6) (distribution networks, substations, generation plants, etc.).
- Fugitive emissions of coolant gases.
- Emissions from facilities that provide services to buildings (fuel consumption).
- Emissions from mobile combustion sources associated with road transport of employees with fleet vehicles for work purposes.

The emission factors used to calculate each of these emissions are obtained from official sources.

The following two tables show the changes in Scope 1 emissions from production facilities and other facilities (offices, vehicle fleets, etc.).

GRI 305-1 SASB IF-EU-110a.1

CO_2 emissions at Scope 1 production facilities (t CO_2 eq)

	2021	2020[13]	2019[14]
Thermal generating plants	9,175,358	9,220,435	8,439,072
Cogeneration	3,515,703	3,250,773	4,516,241
Other emissions	63,101	47,656	5,284
Total	**12,754,162**	**12,518,864**	**12,960,597**

Stationary combustion emissions, from generation, account for more than 99% of total Scope 1 emissions.

SASB IF-EU-110a.1

- Gross Global Scope 1 emissions are: 13,207,008 tCO_2 eq.
- Percentage covered under emissions-limiting regulations: 95%.
- Percentage of gross global Scope 1 GHG emissions covered under emissions-reporting regulations: 100%.

[13] Data updated in the verification of the GHGs.
[14] Data updated in the verification of the GHGs.

Other Scope 1 emissions (t CO_2eq)	2021	Source of emission factors
CH_4 and N_2O emissions from combustion **(Non-renewable generating plants)**[15]	14,698	IPPC [16]
CH_4 Fugitive Emissions **(Gas storage and transport)**	222,289	IPCC
SF_6 Fugitive Emissions **(Electricity distribution)**	56,010	IPCC
Emissions in buildings **(Fuel consumption)**	46,176	MITECO: Spain. DEFRA: United Kingdom, Mexico and Brazil. EPA: United States, Mexico and Brazil.[17]
Emissions from mobile combustion **(Fleet vehicles)**	80,237	DEFRA: Spain and United Kingdom. EPA: United States, Mexico and Brazil.
Other emissions **(Gas storage, coolant gases)**	33,436	DEFRA: United Kingdom
Total	**452,846**	

For more information, see the climate change and emissions section of the corporate website.

Indirect greenhouse gas emissions. Scope 2 (per GHG Protocol)

Indirect emissions are those emissions deriving from the company's activity but generated by other entities, including emissions from the generation of electricity acquired for the company's consumption. These emissions are:

- Emissions associated with the consumption of electrical power during shutdowns of the thermal, renewable and nuclear plants, and during pumping at the hydroelectric plants.
- Emissions associated with electricity consumption in the group's buildings.
- Emissions associated with network losses during the distribution and transmission of electricity to third parties.

CO_2 is calculated by applying the emission factor of the generation mix of the respective country:

- Spain: Red Eléctrica de España.
- United Kingdom: DEFRA.
- United States: U.S. Energy Information Administration.
- Mexico: SEMARNAT.
- Brazil: Ministry of Science, Technology and Innovation for Brazil.

An action plan is being advanced internally to complement the calculation of emissions using a "market-based" methodology. This effort will continue throughout 2022.

Iberdrola continues to reduce its indirect emissions, in particular energy emissions in buildings, due to its increased use of green energy. In 2021 electrical power consumed by the offices in the United Kingdom was 100% green, while in Spain it was 99% green.

[15] Only emissions associated with owned generation are included.
[16] IPCC: Intergovernmental Panel on Climate Change.
[17] MITECO: *Ministerio de Transición Ecológica* / EPA: Environmental Protection Agency (United States).

GRI 305-2

Scope 2 emissions (t CO_2eq)

	2021	2020[18]	2019[19]
Emissions associated with network losses	1,830,631	1,407,845	1,568,304
Emissions associated with consumption of electric energy during shutdowns and pumping	310,100	451,671	473,698
Emissions associated with the electricity consumption in buildings	21,253	23,138	39,743
Total	**2,161,984**	**1,882,654**	**2,081,745**

Other indirect greenhouse gas emissions. Scope 3 (GHG Protocol)

Iberdrola has incorporated the life cycle perspective into its management model, which includes knowing the long-term impacts of the value chain. New elements are thus included each year in the calculation of its Scope 3, indirect emissions that result from the company's activities at sources not owned or controlled by it. They include the following:

- Emissions (due to fuel consumption) from electrical power generation facilities used in production for third parties. (GHG Protocol Category 3).
- Emissions associated with the transport of employees for work purposes (hired and private vehicles, aircraft and trains). (GHG Protocol Category 7).
- Emissions associated with the supply chain. (GHG Protocol Category 1 and 2).
- Emissions associated with the transport of employees commuting from their residence to their workplace. (GHG Protocol Category 6).
- Emissions associated with electrical energy purchased from third parties for sale to end customers (GHG Protocol Category 3, Activity D).
- Emissions associated with gas purchased from third parties for sale to end customers (GHG Protocol Category 11).
- Emissions arising from activities upstream of the fuels purchased and consumed[20] (GHG Protocol Category 3, Activity A).

The emission factors used in calculating each of these emissions are obtained from official sources.

In 2021 Scope 3 emissions were as follows:

[18] Data updated in the verification of the GHGs.
[19] Data updated in the verification of the GHGs.
[20] This category includes fuel transport as part of the lifecycle.

GRI 305-3 SASB IF-EU-110a.2

Scope 3 emissions (t CO_2eq)

	2021	2020[21]	2019[22]
Emissions associated with the generation of energy for third parties	12,171,586	13,748,340	13,554,651
Emissions from employee business travel	7,435	7,940	19,498
Emissions associated with the use of gas products	16,511,689	18,190,409	19,767,711
Emissions associated with the supply chain [23]	3,422,571	5,483,189	1,884,771
Emissions associated with employee commutes to/from the workplace [24]	28,870	27,910	52,467
Emissions associated with the energy purchased from third parties for sale to end customers	16,905,467	16,495,518	15,208,852
Upstream (WTT) emissions from fuel acquired and consumed	4,850,721	3,898,575	3,790,249
Total	**53,898,339**	**57,851,881**	**54,278,199**

Emissions from employee travel per employee in 2021 were 7,435 t CO_2eq.

For more information on Scope 1, 2 and 3 emissions, see the GHG Report, which is audited annually under ISO 14064-2018.

Reduction of greenhouse gas emissions

Initiatives to reduce emissions are undertaken through a broad range of products and services promoting energy efficiency and savings.

GRI 305-5

Initiatives for reducing emissions

Areas	Actions and initiatives	CO_2 avoided in 2021 (t)
Renewables	Primary energy savings through the production of renewable energy	17,172,348
Cogeneration	Savings through the supply of heat energy (steam) within the group	586,254
Network efficiency	Savings from distribution network efficiency (Spain, United Kingdom and Brazil)	53,864
Commercial	Energy savings and efficiency through green products and services (Spain, United Kingdom, United States and Brazil)	9,907,854
Total		**27,720,320**

Other atmospheric emissions

GRI 305-7 SASB IF-EU-120a.1.

Emissions of sulphur dioxide (SO_2), nitrogen oxides (NO_x) and particulate matter are also created by burning fossil fuels. Because of the changes in the generation profile discussed in the emissions section, emissions tend to decrease with the incorporation of renewable energy and the support of modern combined cycle monitoring technologies.

[21] Data updated in the verification of the 2021GHGs.
[22] Data updated in the verification of the GHGs.
[23] Estimates based on GHG emissions figures provided by suppliers. Calculated according to an overall emission factor in kg of CO_2e/€ billed.
[24] Estimated using surveys sent to the employees of the Iberdrola group to record their emissions with an emissions calculation tool.

NO_X emissions

NO_x emissions (t)	2021	2020	2019
Generating plants	51,630	56,232	48,189
Cogeneration plants	7,042	6,285	8,273
Total	**58,672**	**62,517**	**56,462**

Intensity of NO_x emissions (kg/MWh)	2021	2020	2019
Specific emission from the global mix	**0.365**	**0.375**	**0.363**

Percentage of atmospheric emissions of NO_x near densely populated areas: 66%.

SO_2 Emissions

Sulphur dioxide (SO_2) (t) emissions	2021	2020	2019
Generating plants	582	870	984
Cogeneration plants	598	482	793
Total	**1,180**	**1,352**	**1,777**

Intensity of SO_2 emissions (kg/MWh)	2021	2020	2019
Specific emission from the global mix	**0.007**	**0.008**	**0.011**

Percentage of atmospheric emissions of SO_x near densely populated areas: 58%.

Emissions of particulates

Emissions of particulates (t)	2021	2020	2019
Generating plants	1,055	1,164	1,044
Cogeneration plants	119	106	130
Total	**1,174**	**1,270**	**1,174**

Intensity of particulate emissions (kg/MWh)	2021	2020	2019
Specific emission from the global mix	**0.007**	**0.008**	**0.008**

Percentage of atmospheric emissions of PM10 particulate matter near densely populated areas: 66%

Emissions of other compounds

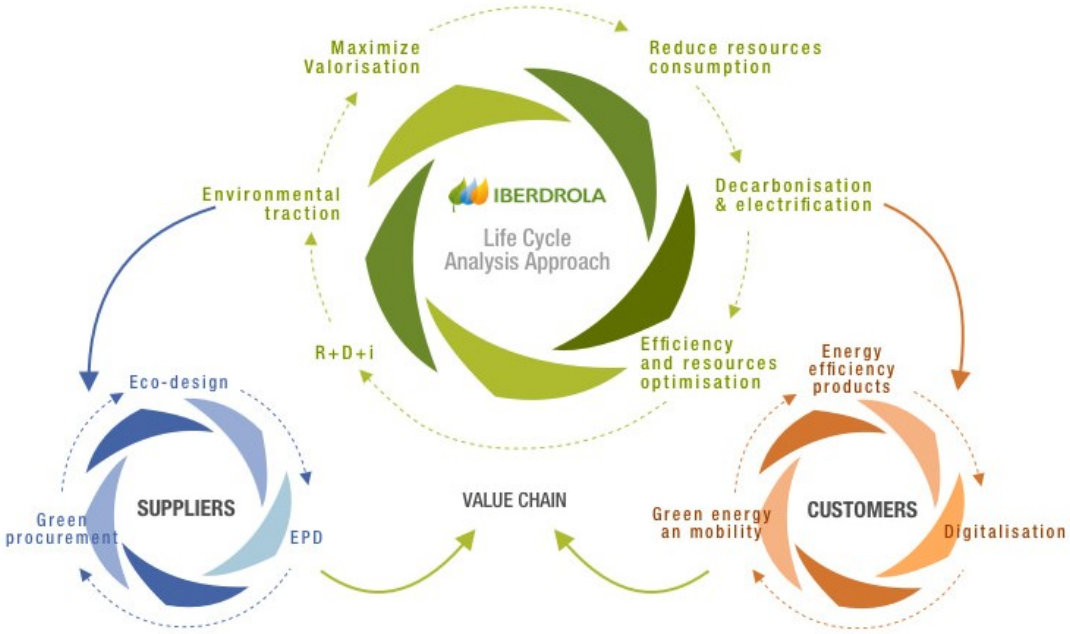
A total of 454.4 tonnes of non-methane volatile organic compounds (NMVOCs) were emitted.

Sustainable use of resources and the circular economy

For Iberdrola the circular economy is a key element for sustainable development and represents an opportunity as a driver for climate action and the energy transition.

Iberdrola's sustainable energy model, which relies on the decarbonisation and electrification of the economy as well as innovation, is directly aligned with the circular economy through the reduction of emissions, the use of renewable resources for production, improved efficiency, the optimisation of resources, and the maximisation of waste reutilisation.

The challenges of sustainability cannot be approached in an isolated manner, but rather must be addressed holistically. Therefore, in 2019 Iberdrola defined its circular economy model, which includes the entire value chain from suppliers to customers, along with its operations. The model's approach is summarised in the following chart:



Iberdrola has been a signatory to the Spanish government's circular economy agreement with the Ministry for Ecological Transition and Demographic Challenge since 2017.

The generation of electricity is one of the group's main activities. As part of its commitment to promoting a circular economy, Iberdrola continues to opt for the most efficient technologies per unit of production, with the smallest environmental impact. This is reflected in the following activities:

- Commitment to the development of renewable energy, especially hydroelectric, onshore wind, offshore wind, and solar photovoltaic energy.
- Selection of products that have a smaller environmental impact.
- Sustainable management and use of consumables, always respecting the natural environment and taking the necessary measures to reduce the risks of affecting it.
- Commitment to technologies that improve efficiency in the consumption of water.
- Solving waste-recycling problems through innovation projects with suppliers and technology centres.
- Lifecycle analysis quantifying the impacts stemming from the use of raw materials and from decommissionings.

Use of materials

GRI 301

The change in the consumption of fuel from non-renewable sources over the last three years is shown below:

GRI 301-1

Use of raw materials

	2021	2020	2019
Coal (t)	0	113,130	162,683
Fuel-oil (t)	26,327	26,227	36,084
Natural gas (Nm3)	13,719,683,127	14,649,824,720	13,984,058,419
Gas-oil (m3)	23,649	18,141	19,447
Uranium (kg)	34,899	29,899	37,148
Waste-derived fuel (WDF) (t)	2,258	0	1,841
Offgas (m3)	69,875,382	73,835,934	77,560,574

GRI 301-2

The use of waste-derived fuel (WDF) and offgas from industrial processes accounted for 0.2% of the fuel energy consumed in the year.

Fuel use (%) by country in 2021 is shown below:

GRI 301-1

Distribution of fuel consumption in 2021 (%)

	Coal	Fuel oil	Natural Gas	Gas-oil	Uranium	WDF	Offgas
Spain	0.0	96.2	14.8	26.3	100.0	100.0	100.0
United Kingdom	0.0	0.0	0.0	0.0	0.0	0.0	0.0
United States	0.0	0.0	4.9	0.0	0.0	0.0	0.0
Brazil	0.0	0.0	4.3	73.0	0.0	0.0	0.0
Mexico	0.0	0.0	75.9	0.4	0.0	0.0	0.0
Other countries	0.0	3.8	0.1	0.3	0.0	0.0	0.0

Apart from fuel, there is also consumption – to a much lower extent – of chemical products (in water purification, filtering of gases, etc.), oil and grease, etc.

Rational use of water

GRI 303 SASB IF-EU-140a.1. IF-EU-140a.3.

Water is a basic and irreplaceable natural resource in many of Iberdrola's activities. The company's awareness of this dependency and of the risks arising from water shortages has led it to set a goal of ensuring its increasingly responsible use of this resource.

The group's main actions for a more sustainable use of water are:

- Limiting the volume of withdrawal and consumption of inland water in all technologies.
- Implementing and controlling ecological flows as required by government authorities at hydroelectric generation reservoirs.
- Continually improving processes at facilities to reduce consumption and impact.
- Conducting awareness-raising campaigns to achieve a more efficient and responsible use of sanitary water by employees at offices.

Thirty-eight percent of Iberdrola' thermic plants are located in areas of high water stress, according to the water stress indicator of the Water Risk Atlas.

GRI 303-1 303-2

The water cycle needed to generate power at Iberdrola's thermal generation plants is based on the following three phases:

- **Withdrawal**: performed within regulatory limits in terms of both quantity and quality of the water withdrawn.
- **Use**: Use in cooling and auxiliary services of plants.
- **Return to the environment**: the quality of effluent discharged into the environment is always within the required limits and even improving on them compared to the values of water withdrawn.

Ensuring compliance with the law and seeking methods to minimise the risk of spills applies to all of Iberdrola's facilities, including generating plants, renewables facilities and distribution substations.

To avoid the risk of polluting discharges, with a possible negative impact, Iberdrola has:

Consolidated Environmental Management Systems: ISO 14001 and EMAS certificates, in which possible anomalies and incidents are managed, establishing plans to minimise spillage risks, by implementing predictive, preventive and corrective actions that ensure the proper condition of the water.

Water consumption and discharges by the facilities in 2021 were within the limits indicated by the relevant comprehensive environmental permit for each facility, and no anomalies were detected that might materially affect the water resources or associated habitats.

No incidents of non-compliance relating to permits, standards and regulations on water quantity or quality were declared in 2021.

GRI 303-3 303-4 SASB IF-EU-140a.1.

The following table gives total water consumption, considered to be the difference between total water withdrawn and water discharged, with a breakdown of total water withdrawal by the group by source and water stress area. The areas are classified according to the *Aqueduct Water Risk Atlas* (calculated only since 2020).

Water withdrawal, discharge and consumption

	2021		2020		2019	
	All areas	Water stress areas	All areas	Water stress areas	All areas	Water stress areas
Withdrawal by water source						
Surface water (river, lake, reservoir or wetland)						
Fresh water	502,117	369,003	520,606	346,746	529,653	N/Av.
Other water	0	0	0	0	0	N/Av.
Seawater						
Fresh water	0	0	0	0	0	N/Av.
Other water	1,340,697	338,327	1,337,549	327,684	1,467,179	N/Av.
Groundwater						
Fresh water	2,787	2,480	2,779	2,142	1,805	N/Av.
Other water	0	0	0	0	0	N/Av.
Third-party water						
Fresh water	25,498	2,896	24,577	5,123	17,478	N/Av.
Other water	0	0	0	0	0	N/Av.
Total water withdrawal						
Fresh water	530,402	374,379	547,887	354,011	548,937	N/Av.
Other water	1,340,697	338,327	1,337,549	327,684	1,467,179	N/Av.
	1,871,098	**712,706**	**1,885,436**	**681,694**	**2,016,115**	**N/Av.**
Water discharge by destination (ML)						
Total	**1,820,726**	**694,493**	**1,814,868**	**653,982**	**1,927,709**	**N/Av.**
Total water consumption (ML)						
Total	**50,362**	**18,214**	**70,644**	**27,712**	**88,406**	**N/Av.**
Total Consumption/Withdrawal (%)	**2.7 %**	**2.6 %**	**3.7 %**	**4.1 %**	**4.4 %**	**N/Av.**

Taking into account the classification of the Aqueduct Water Risk Atlas, the vast majority of the water is withdrawn in areas classified as medium-low risk.

72% of the water withdrawn is seawater or saltwater that does not affect water stress.

Total water withdrawal is the sum of the various sources, and is obtained by direct measurement (flowmeters) or by estimating the output of the water withdrawal pumps.

More than 99% of total water withdrawn is used in cooling processes. The rest of the water withdrawn corresponds to other auxiliary services of the generation plants and consumption at offices.

All of the withdrawals of water intended for use in generation are regulated strictly by government authorities, which issue the permits and determine the maximum permissible withdrawal volumes, to avoid significant negative effects.

38% of the water withdrawn and 71% of the water consumed is from high water stress areas.

GRI 303-5

The changes in the group's water use are summarized in the following table:

Water use

	2021	2020	2019
Total water consumption (ML)	50,362	70,643	88,406
Water use/overall production (m^3/GWh)	307	434	583
Water use/overall sales (m^3/€k)	1.25	2.13	2.43

Water cycle in hydroelectric generation

Water used for hydroelectric power generation is not considered to have been withdrawn, and is therefore analysed separately. The following table shows the net amount of water used in hydroelectric power generation, defined as turbined water less pumped water, in Spain, the United Kingdom and Brazil, and the change in storage of reservoir water.

Water use in hydroelectric generation (ML)

	2021	2020	2019
Net water volume	158,007,994	172,513,844	97,062,635
Volume of pumped water	3,058,700	3,266,770	1,939,270
Increase in reservoir water	-1,378,705	-571,943	1,798,489

For more information, see the Water use section of the corporate website.

SASB IF-EU-140a.2.

Number of incidents associated with water

	2021	2020	2019
Total	3	N/Av.	N/Av.

Water discharge

GRI 303-4

After use in cooling and other auxiliary processes, 96% of the water withdrawn at thermal generation and cogeneration facilities returns to the environment.

The total discharge of water by destination type is:

Water discharge by destination (ML)

	2021	2020	2019
Ocean	1,311,688	1,308,495	1,453,876
Rivers	144,977	153,709	149,929
Lakes and reservoirs	360,145	349,344	320,382
Purification network	3,916	3,320	3,522
Total	**1,820,726**	**1,814,868**	**1,927,709**

Discharge of water in fresh water or other waters is:

Total discharge by water type (ML)

	2021	2020	2019
Fresh water	509,038	506,373	N/Av.
Other water	1,311,688	1,308,495	N/Av.

Discharged water that returns to the receptor environment does so in physicochemical conditions allowing it to be used by other users without affecting the natural environment. The discharge by treatment level is:

Water treatment (ML)

	2021	2020	2019
No treatment	293,466	282,213	N/Av.
Primary treatment	292,952	341,415	N/Av.
Secondary treatment	1,224,699	1,181,299	N/Av.
Tertiary treatment	9,627	9,942	N/Av.

Efficiency in energy consumption

GRI 302

The Iberdrola group ensures optimisation in the use of energy throughout its entire value chain (production, transmission, distribution, marketing and end use), contemplating energy efficiency from a three-fold perspective:

- As an electricity generator and distributor, it seeks to improve efficiency by introducing the most advanced technologies, equipment and digitalisation.
- As an energy consumer, Iberdrola promotes the ongoing improvement of energy efficiency across all its activities (offices and buildings, mobility, etc.).
- As an electricity supplier, the company informs, promotes and supplies comprehensive efficiency solutions aligned with the emission reduction strategy, thereby contributing to more efficient energy use by consumers, while encouraging the reduction of the environmental impact of their energy consumption habits.

Energy consumption within the organisation

GRI 302-1

Energy consumption within the organisation (internal consumption) includes energy consumption at all Iberdrola group facilities, buildings and offices, and is calculated as:

Energy consumption within the organisation (GJ) = Fuel consumption + Energy purchased - Energy sold (non-renewable) - Steam sold.

The fuel consumption figure in terms of energy (GJ), obtained by directly measuring the fuel used at each facility based on its lower heating value (LHV):

$$Consumption(GJ) = Consumption\ of\ fuel\ (kg) \times PCI\ (MJ/kg)\ /1000$$

The value of energy purchased or sold is obtained by direct measurement at the facilities, buildings and offices.

$$Consumption(GJ) = \Sigma\ building\ /\ facility\ consumption\ (MWh) \times 3.6\ GJ/MWh$$

Energy consumption within the organisation in recent years is shown in the following table:

GRI 302-1

Energy consumption within the organisation (GJ)			
	2021	2020	2019
Energy consumption by type of fuel			
Natural gas	605,127,017	493,489,304	490,676,620
Uranium	258,565,631	270,669,733	264,926,154
Coal	0	3,222,009	4,566,621
Fuel-oil	1,064,873	1,037,834	1,461,030
Gas-oil	1,482,414	1,068,806	849,879
WDF	73,880	0	60,226
Offgas	1,469,003	1,696,466	1,788,091
Petrol	622,030	47,220	40,564
Ethanol	119,505	33,880	50,623
Fuel consumption	**868,524,353**	**771,265,252**	**764,419,808**
Energy purchased	**11,815,428**	**9,752,579**	**9,752,578**
Standby and pumping	11,326,651	12,945,390	8,882,243
Buildings	488,777	448,180	870,335
Non-renewable energy sold	**322,340,336**	**341,142,273**	**332,690,372**
Steam sold	**14,093,106**	**13,470,434**	**14,155,712**
Total energy consumption within the organisation	**544,287,662**	**430,046,117**	**427,326,302**

GRI EU12

Iberdrola continually takes steps to reduce administrative and non-technical losses in the transmission and distribution networks (inspections at the supply point, increase in top-level reviews, etc.). The following table shows these losses:

Transmission and distribution network losses (%)			
	2021	2020	2019
Transmission			
United Kingdom	1.90	2.01	2.13
United States	1.60	1.36	0.83
Distribution			
Spain	6.42	6.50	6.47
United Kingdom	7.24	6.78	6.51
United States	3.92	3.99	2.22
Brazil	12.82	14.70	13.20

Loss reduction programmes are implemented each year in all regions to improve the reliability and availability of the supply network, which has made it possible to reduce, or at least maintain in most cases, the level of losses.

Efficiency in thermal generation

As in prior years, the company continues to take action to improve the efficiency of the plants, avoiding leaks, decreasing emissions, reducing internal utility consumption, optimising start-up times and procedures, and installing recirculation systems, among other things.

The following table shows the average performance of the thermal power generation facilities:

GRI EU11

Average efficiency at thermal generation facilities (%)[25]

	2021	2020	2019
Spain			
Combined cycle	51.05	51.09	52.07
Conventional thermal	0.00	32.84	34.34
Cogeneration	71.37	68.14	69.48
United Kingdom			
Combined cycle	N/A	N/A	N/A
Conventional thermal	N/A	N/A	N/A
Cogeneration	N/A	N/A	N/A
United States			
Combined cycle	N/A	N/A	N/A
Conventional thermal	N/A	N/A	N/A
Cogeneration	46.87	47.53	47.23
Brazil			
Combined cycle	54.74	54.88	54.53
Conventional thermal	N/A	N/A	N/A
Cogeneration	N/A	N/A	N/A
Mexico			
Combined cycle	53.81	56.17	55.79
Conventional thermal	N/A	N/A	N/A
Cogeneration	59.79	58.45	53.67
IEI			
Combined cycle	N/Av.	N/A	N/A
Conventional thermal	N/A	N/A	N/A
Cogeneration	N/Av.	N/A	N/A
Total			
Combined cycle	**53.41**	**55.54**	**55.11**
Conventional thermal	**0.00**	**32.84**	**34.34**
Cogeneration	**56.89**	**57.72**	**56.24**

[25] Average of efficiencies weighted by the annual production of each thermal power plant.

Reduction of energy consumption

Two cornerstones of reduced energy consumption are considered: on the one hand, the energy savings from reduced fuel consumption and, on the other hand, the savings associated with steps to improve energy efficiency.

GRI 302-4

Reduction of energy consumption through the generation of renewable energy and steam (energy saved, GJ)

Areas	Energy type	2021	2020	2019
Renewables	Annual primary energy savings through the production of renewable energy	270,277,248	245,031,358	213,481,513
Cogeneration	Annual savings through the supply of heat energy (steam) within the group	14,093,106	13,470,434	14,155,713
Total		**284,370,354**	**258,501,792**	**227,637,226**

The reduction in energy consumption is equal to the savings of primary (non-renewable) energy generated by the production of renewable energy and cogeneration. This figure for the energy saved is obtained by direct measurement at the output terminals of the facilities.

$$Consumption(GJ) = \sum \text{generation}\ (MWh)\ x\ 3.6\ GJ/MWh$$

Various measures were implemented in 2021to improve energy efficiency within buildings and infrastructure elements. The energy savings produced by these measures is presented below:

Reduction of energy consumption associated with increases in efficiency (energy saved, GJ)

Areas	Item	2021	2020	2019
Efficiency in the distribution network	Savings due to efficiency in the grid	1,522,071	1,098,490	997,153
Efficiency in generation	Savings due to efficiency improvement at plants	1,654	703	663,902
Efficiency in buildings	Savings due to efficiency in buildings	5,370	7,162	509
Total		**1,529,095**	**1,106,355**	**1,661,564**

Reductions in energy requirements of products and services

Iberdrola sells new products and services to encourage energy and financial savings by its customers, efficiency and environmental protection.

GRI 302-5 SASB IF-EU-420a.3.

Energy savings from green products and services

	2021		2020		2019	
	GJ	MWh	GJ	MWh	GJ	MWh
Photovoltaic solar energy	208,886	58,024	137,192	38,109	4,182	1,162
Energy audits and plans	0	0	0	0	4,737	1,316
Gas maintenance service	0	0	0	0	821,171	228,103
Other savings and efficiency activities	371,899	103,305	499,640	138,789	171,781	47,717
Green energy supplied	265,553,475	73,764,854	221,612,321	61,558,978	48,047,064	13,346,407
Total	**266,134,260**	**73,926,183**	**222,249,154**	**61,735,876**	**49,048,936**	**13,624,704**

Energy consumption outside of the organisation

GRI 302-2

The most significant consumption of energy outside the organisation is associated with trips to/from work by the group's employees and with business travel (flights and motorways). All of this information forms part of Scope 3 of the calculation of greenhouse gas emissions. Energy consumption outside the organisation is estimated based on the distance travelled via each means of transport and is transformed using the conversion factors obtained from official sources. The energy consumption for these items was on the order of 379,169 GJ in 2021.

Waste management

GRI 306 306-1 306-2

As part of its circular economy plan, waste is managed in accordance with the following principles:

- Minimise the generation of waste at source.
- Maximise the reuse, recycling and recovery of waste.
- Promote awareness-raising campaigns regarding the minimisation of waste.
- Specific treatment and management of hazardous waste.

Waste generated

GRI 306-3

Nuclear waste

In keeping with its commitment to transparent disclosure to its Stakeholders, Iberdrola provides additional information about its nuclear power generation park ("General Radioactive Waste Plan", Enresa[26]). The radioactive waste that is generated undergoes reduction, reuse, segregation, recycling and recovery processes as part of the safe management thereof.

Iberdrola's nuclear power plants are covered by the Environmental Radiological Monitoring Programme of the Nuclear Safety Council of Spain, the purpose of which is to monitor the dispersion into the environment of controlled discharges from facilities and to determine and monitor radiological quality throughout the country.[27]

Low-low level and medium-low level radioactive waste generated in 2021 is shown in the following table:

Hazardous waste generated at nuclear facilities in 2021

	Net production (GWh)	Low-low level waste		Low-medium level waste	
		Produced (m^3)	Produced (m^3/GWh)	Produced (m^3)	Produced (m^3/GWh)
Cofrentes nuclear power plant	8,069	38	0.000	217	0.030
Partially-owned nuclear plants	15,127	78	0.010	47	0.000

Regarding high-level waste, 328 spent fuel elements were generated in 2021.

Apart from radioactive waste, hazardous waste (HW) and non-hazardous waste (NHW) generated consisted of:

Total waste by type (t)

	NHW 2021	HW 2021	NHW 2020	HW 2020
Electrical/electronic waste	76	7,097	235	5,348
Construction waste	176,458	2,133	234,646	1,261
Urban solid waste	12,239	62	21,975	65
Thermal-process waste	2,097	3	17,229	6
Oils and liquid fuels	0	4,262	0	4,518
Batteries	4	195	2	171
Other waste	265,614	2,308	237,698	4,337
Total waste	**456,489**	**16,058**	**511,785**	**15,706**

[26] Enresa: Empresa nacional de residuos radioactivos, S.A.
[27] For more information, see the technical reports on environmental radiological monitoring issued by the Nuclear Safety Council, available at www.csn.es.

Classification of use of waste

GRI 306-4

The following tables show waste that is diverted from disposal, specifying the type of operation involved (e.g. reuse, recycling and other).

Waste diverted from disposal

Waste diverted from disposal, by recovery operation (t)

	NHW 2021	HW 2021	NHW 2020	HW 2020
Reuse	49,095	2,058	1,084	3,227
Recycling	121,871	7,476	207,335	4,294
Other recovery operations	8,878	1,184	42,161	1,469
Total	**179,845**	**10,718**	**250,580**	**8,990**

Waste diverted from disposal, by composition (t)

	NHW 2021	HW 2021	NHW 2020	HW 2020
Electrical/electronic waste	76	5,334	203	4,052
Construction waste	162,074	455	213,321	302
Urban solid waste	5,906	50	12,126	30
Thermal-process waste	75	0	15,438	4
Oils and liquid fuels	0	3,124	0	3,844
Batteries	4	195	2	167
Other waste	11,709	1,559	9,490	590
Total	**179,845**	**10,718**	**250,580**	**8,990**

Waste diverted from disposal (t)

	2021		2020		2019	
	RNP	RP	RNP	RP	RNP	RP
Total waste diverted from disposal	**179,845**	**10,718**	**250,580**	**8,990**	**663,128**	**17,547**

GRI 306-5

The following tables show waste directed to disposal, specifying the disposal operation (e.g., incineration, landfilling and other).

Waste directed to disposal

Waste directed to disposal, by disposal operation (t)

	NHW 2021	HW 2021	NHW 2020	HW 2020
Incineration (with energy recovery)	895	1,765	3,588	2,532
Incineration (without energy recovery)	569	169	299	1,953
Landfilling	196,761	564	163,740	599
Other disposal operations	78,422	1,843	93,568	1,631
Total	**276,646**	**4,341**	**261,194**	**6,716**

Waste directed to disposal, by composition (t)

	RNP 2021	RP 2021	RNP 2020	RP 2020
Electrical/electronic waste	0	1,762	32	1,295
Construction waste	14,384	1,676	21,326	959
Urban solid waste	6,333	11	9,849	34
Thermal-process waste	2,022	3	1,791	2
Oils and liquid fuels	0	137	0	674
Batteries	0	0	0	4
Other waste	253,906	747	228,197	3,747
Total	**276,646**	**4,341**	**261,194**	**6,716**

Waste directed to disposal (t)

	2020		2019		2018	
	RNP	RP	RNP	RP	RNP	RP
Total waste directed to disposal	276,646	4,341	261,194	6,716	158,035	2,021

Protection of and action for biodiversity

Governance and biodiversity management

GRI 304

The degradation of ecosystems and the unprecedented decline in biological diversity, which the scientific community universally considers to be a direct result of the impact of human activities, entail grave environmental, economic and social risks. This requires urgent action to revert the loss of biodiversity.

Iberdrola, aware that ecosystem conservation is an essential condition for global sustainability, is committed to assuming a leadership role in the conservation and promotion of biodiversity in its industry, and to promoting, along with its Stakeholders, a social culture in which biodiversity is valued, preserved, restored and sustainably used, maintaining ecosystem services, favouring a healthy planet, and providing essential benefits for all.

Iberdrola understands that respect for biodiversity and ecosystems must have a preeminent position within its business strategy. Consequently, Iberdrola has had a *Biodiversity Policy* since 2017 – strengthened in 2021 – in which it makes a commitment to integrate biodiversity protection and conservation in decision-making and to develop an energy model that is responsible to nature as a source of sustainable development.

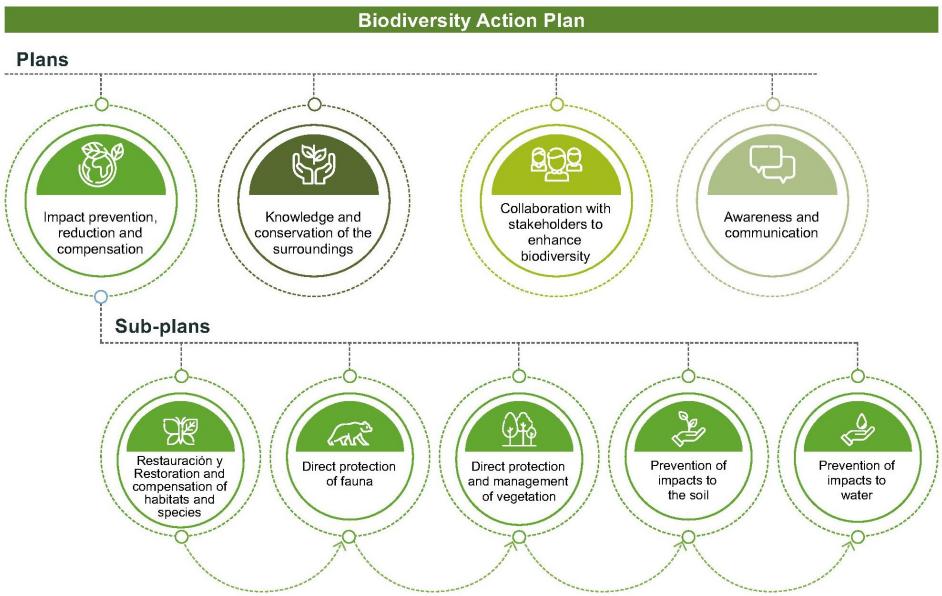
Iberdrola has the following mechanisms to integrate the protection and conservation of biodiversity within management, and for it to be taken into account in decision-making processes:

- Biodiversity Policy
- Environmental Management System
- Tools for evaluating impacts and dependencies
- Biodiversity Action Plan
- Environment and biodiversity committees

The *Biodiversity Policy* sets out the main principles of conduct and defines four priority lines of action that are reflected in the points detailed in the Action Plan:

- The protection of biodiversity and the sustainable use of natural capital, adopting the hierarchy of preservation, integrating into its management the best practices along the entire lifecycle and promoting actions in favour of regenerating and conserving natural heritage.
- Identifying, quantifying and assessing the impacts and the dependencies of the group's activities on natural capital with a focus on biodiversity during the entire lifecycle of facilities and promoting research and improving the knowledge of the ecosystems in the environments of the territories in which it operates.
- Engaging with Stakeholders, considering their needs and expectations regarding biodiversity in order to integrate these needs and expectations in action plans, and partnering on research projects.
- Communication, awareness-raising and training, both internally and externally.

The Biodiversity Action Plan can be summarised in the following chart:



Interaction with Biodiversity

Main impacts and dependencies

GRI 304-2

Iberdrola identifies impacts and dependencies stemming from the interaction of these activities on biodiversity and natural capital, in order to avoid, minimise, remedy and/or offset these impacts and dependencies. To this end, it has the following tools:

- Corporate Environmental Footprint
- Assessments of environmental impact on new projects
- Impact surveillance, monitoring and re-evaluation programmes

In addition, since 2012 Iberdrola has been working on developing methodologies to identify, quantify and assess the impacts and dependencies of its activities on natural capital. To this end it has incorporated new tools. Thus, in 2021 several pilot projects were carried out at our facilities to quantify the net effect of our activities on biodiversity, based on international benchmark methodologies.

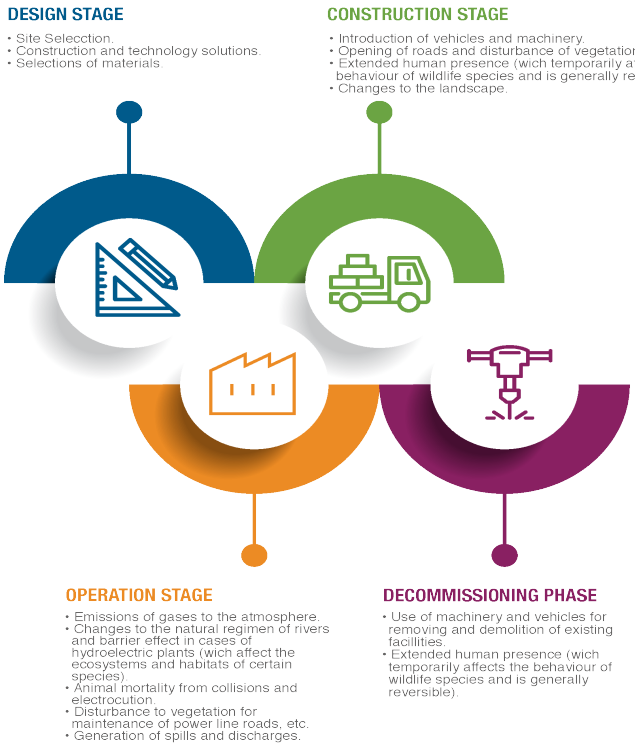
Identification of dependencies

Carrying out operations and maintenance activities requires, in addition to raw materials, the services that nature provides. By identifying these dependencies, we are able to assess those services and plan actions to prevent their modification and to protect and preserve them. An analysis of the group's activities makes it possible to identify dependencies on the following ecosystem services:

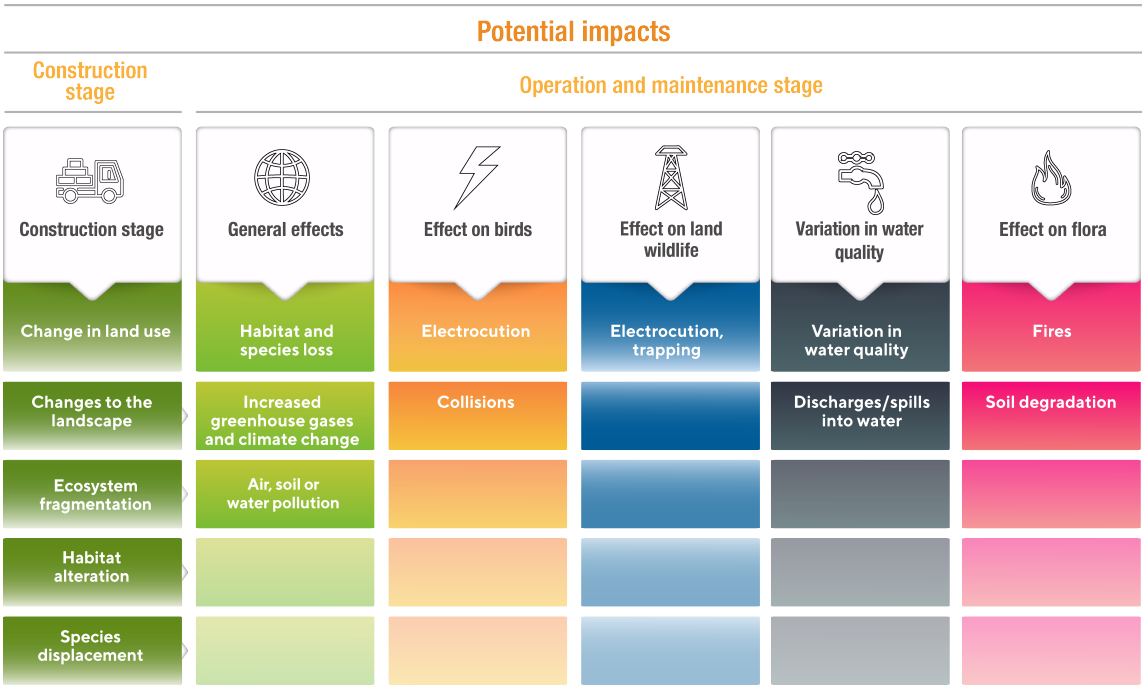
- Waterway maintenance service, through the hydrological cycle. The water cycle makes it possible to recover river flows, which is necessary to produce energy at hydro plants and for cooling processes at thermal plants.
- Climate regulation service, which is obtained through nature by means of the long-term storage of carbon dioxide in soils, plant biomass and the oceans. This service is important for all generation facilities.
- Terrain stabilisation and erosion control. Vegetation on slopes prevents avalanches and landslides. This service is important for hydroelectric plants and transmission and distribution grid facilities.
- Protection against floods and storms, through the buffer provided by vegetation during such events. This service is important for hydroelectric plants and grid facilities.
- In addition, there are also dependencies on abiotic resources, the most important of which are:
    - Water. This resource is the source of production at hydroelectric plants, and it is necessary for cooling at thermal plants.
    - Mineral and non-mineral (gas and uranium) resources as fuel in power generation at thermal plants.

Identification of impacts

Actions that may have impacts during the different phases of the life of facilities are identified in order to avoid, minimise and appropriately correct such potential impacts. The following chart shows activities that might have most significant impacts during the various phases of a project:



Based on these actions, we can single out a number of significant potential effects on biodiversity, arising from the activities, products and services of the group:



GRI 102-11

Iberdrola, in keeping with the principle of precaution, applies the mitigation hierarchy (avoid, minimise, remedy, and as a last resort, offset) in all projects . Environmental impact evaluation (EIE) processes analyse alternatives, with a view to avoiding locating new infrastructure in protected areas or areas with a high biodiversity value, even if they are not officially protected. Before beginning the process, Iberdrola consults with the various Stakeholders regarding new projects and incorporates good construction practices, going beyond the applicable legal requirements in each case. Once this process has ended, and during construction, Iberdrola continues to work with Stakeholders, seeking to ensure that the environmental impact is as low as possible, and restoring the affected areas. If significant impacts are identified during the evaluation process, the project is modified to the extent possible, and the best available techniques and any measures identified as necessary are employed to correct and minimise these impacts. Where it is not possible to avoid or fully mitigate an impact, compensatory measures are implemented.

Facilities in protected spaces or high biodiversity-value areas

GRI 304-1

The areas in which Iberdrola conducts its activities serve as habitats for a variety of flora and wildlife, some of which are under some form of protection. This is mainly due to the fact that the construction work was performed prior to the issuance of the declarations of protection by the public authorities. This is the case of certain hydroelectric plants in Spain. There are also facilities for which – after an analysis of the alternatives, giving priority to avoiding protected areas, and after an environmental assessment process in which the mitigation hierarchy was applied – the competent authorities authorised the project. Such authorisation is based on the consideration that while the protected areas or high biodiversity-value areas could not be avoided, the preventive and palliative measures prevented the activities from having significant impacts on the protected habitats and species.

Therefore, following the impact assessment process, it was determined that the presence of such facilities in protected spaces or in high biodiversity-value areas was compatible with the protected elements, with the consequent implementation of measures to prevent, mitigate and compensate possible adverse effects.

The following table shows the Iberdrola facilities within or adjacent to protected spaces or in high biodiversity-value areas:

Facilities within or adjacent to protected spaces or in high biodiversity-value areas

Facility	Location with respect to the protected area	Affected surface area/ length	Type of protection
España			
Hydroelectric plants - Reservoirs	Inside	31,505 ha	Biosphere reserves, Ramsar wetlands, Nature 2000 Network, national parks and nature parks.
Power lines	Inside	19,315 km	Nature 2000 Network, Ramsar wetlands, National Parks, Natural Parks and Biosphere Reserves.
Substations	Inside	131 units	Nature 2000 Network, Ramsar wetlands, National Parks, Natural Parks and Biosphere Reserves.
Transformer centres	Inside	8,425 units	Nature 2000 Network, Ramsar wetlands, National Parks, Natural Parks and Biosphere Reserves.
Onshore wind farms	Inside	568 ha	Nature 2000 Network, important bird and biodiversity areas
Nuclear plants	Inside	82 ha	Nature 2000 Network
	Adjacent	3 units	Nature 2000 Network and important bird and biodiversity areas
Thermal plants	Adjacent	6 units	Nature 2000 Network, Protected Landscapes, Biosphere Reserves and Protected Offshore Areas
United Kingdom			
Power lines	Inside	3,090 km	National Park, Nature 2000 Network, Ramsar Wetlands, National Nature Reserve (NNR) and Sites of Special Scientific Interest (SSSI).
Substations	Inside	419 units	National Park, National Scenic Areas (NSA), Nature 2000 Network, Ramsar Wetlands, National Nature Reserve (NNR) and Sites of Special Scientific Interest (SSSI)
Transformer centres	Inside	8,689 units	National Park, National Scenic Areas (NSA), Nature 2000 Network, Ramsar Wetlands, National Nature Reserve (NNR) and Sites of Special Scientific Interest (SSSI).
Offshore wind farms	Inside	36,700 ha	Nature 2000 Network and Protected Offshore Areas (MCZ)
Onshore wind farms	Partially inside	10,001 ha	Sites of Special Scientific Interest (SSSIs) and High-Priority Habitats, per Annex 1 to the Habitats Directive (92/43/EEC)
United States			
Onshore wind farms	Inside	32 ha	National Forest Systems
Power lines	Inside	481.1	National Forest (USFS), Natural reserve, State Forest Reserve, State Conservation Area, National Wildlife Refuge, State Forest, Wildlife Sanctuary, National Trail (NPS), National Scenic Trail.

Facilities within or adjacent to protected spaces or in high biodiversity-value areas

Facility	Location with respect to the protected area	Affected surface area/ length	Type of protection
Brazil			
Power lines	Inside	74,774 Km	Environmental protection areas (EPAs).
Substations	Inside	130 units	Environmental protection areas (EPAs).
Transformer centres	Inside	85,874 units	Environmental protection areas (EPAs).
Hydroelectric plants	Inside	4,813 ha	Important Bird and Biodiversity Areas (IBAs), High-Biodiversity Wilderness Areas (HBWAs), UNESCO-declared Biosphere Reserves, Key Biodiversity Areas (KBAs), Private Nature Park Reserves (RPPNs) in Brazil
Hydroelectric plants	Adjacent	1 units	UNESCO-declared Biosphere Reserves, National Parks and Natural Monuments (NMs) in Brazil, and the National Park in Parna, Brazil
Wind Farms	Inside	8.32 ha	Key Biodiversity Areas (KBA)
	Adjacent	1 wind farm	Key Biodiversity Areas (KBA), Environmental protection areas (EPAs).
Greece			
Wind and solar farms	Inside	161 ha	Nature 2000 Network and important bird and biodiversity area (IBA)
Hungary			
Wind farms	Adjacent	3 Parks	Near Nature 2000 Network and Ramsar Wetland areas
Portugal			
Wind farms	Inside	0.09 ha	Nature Reserve
Cyprus			
Onshore wind farm	Inside	0.18 ha	Nature 2000 Network

Threatened species in the vicinity of the facilities

GRI 304-4

Awareness of the species that live in the vicinity of the facilities is fundamental to the prevention of effects on them - all the more so if they are protected.

Iberdrola has identified threatened species included on the IUCN Red List and on the national and regional lists of the areas in which it operates that potentially could be affected by our facilities. The company also conducts species monitoring programmes and research projects at many of its facilities with a view to learning more about their patterns of behaviour and incorporating this knowledge into its operations (see Indicators **GRI 102-11** and **GRI 304-3**).

IUCN Red List Classification	No. of species
Critically endangered (CR)	16
Endangered (EN)	55
Vulnerable (VU)	100
Near threatened (NT)	113
Least concern (LC)	1,393

Habitats protected or restored

GRI 304-3

A proper habitat is essential for ensuring the successful survival of local species. For this reason, as part of Iberdrola's Action Plan, operating units carry out, in accordance with the needs of each facility and during its lifecycle, specific programmes and actions to avoid, minimise, and offset effects on habitats and species, and to restore these habitats and species, as well as to monitor their interactions in order to remedy the impacts. The most noteworthy actions and programmes carried out in 2001 are listed below. Further information on the efforts taken out through the Action Plan will be made available in the 2020-2021 Biodiversity Report.

Habitat restoration and compensation programmes

In Brazil, work to create the Biodiversity Corridor in order to establish connectivity between the forest areas of Iguaçu National Park (PNI) and the Direct Influence Areas (AID) of the Lower Iguaçu Hydroelectric Plant, in the environs of the reservoir, is underway. The corridor will comprise more than 3,000 hectares. In 2021, conservation work was carried out on more than 1,135 hectares. Also in Brazil, work continues to be carried out to develop the Permanent Preservation Areas of Corumbá, Telespires and Itapebi.

In the United Kingdom, work continues on the Habitats Management and Monitoring Plan with respect to the wind farms, covering a total area of more than 10,000 hectares. In 2021, 215 hectares of peat swamp and forestland with more than 336,000 trees were restored.

Fauna and flora species protection and conservation programmes

Iberdrola is working to minimise the impacts of its facilities on fauna and is carrying out actions to foster its protection and conservation. Special attention has been paid to the effects of our windfarms and grids on fauna, particularly birdlife. Numerous actions have been taken in this regard, from adapting supports – more than 87,211 in Spain since 2018 – to implementing new bird protection methodologies. Measures are also under way to detect the passage of birds and chiropterans and to shut down the turbines at our wind farms as needed.

In the implementation of new projects, numerous actions are being taken to conserve and improve the habitats of threatened or unique species. This includes the various actions to improve the populations of the species of *Sedum pruinarum*, *Arnica montana*, *Narcissus triandrus*, *Narcissus Bulbocoidum*, *Drosera rotundifolia* and *Sphangum spp*. at the Támega Hydro Complex and to improve the population of the Cabrera's vole (*Iberomys cabrerae*) at the Oriol Photovoltaic Plant.

Fauna tracking and monitoring programmes

Iberdrola carries out programmes to track threatened species or habitats that may be affected by its activities, in order to evaluate the success of its corrective measures, identify possible impacts and implement new measures to reduce such impacts where necessary. In addition to the tracking of birdlife and chiropterans at the group's wind farms, measures are underway to monitor fish and water bodies so as to protect the water environment in Spain, in addition to monitoring programmes with respect to herpetofauna, ichthyofauna and mastofauna at the hydro plants in Brazil, the monitoring of feline species at the combined cycle plant in Altamira and the benthic and marine mammal monitoring at the offshore wind farms.

Vegetation management programmes

Iberdrola applies the best techniques to minimise effects in the form of soil loss due to erosion and acidification. These techniques include maintaining the vegetal cover at photovoltaic plants and refraining from using herbicides as well as avoiding the mass cutting of trees for street cleaning work related to fire protection lanes.

Programmes to foster knowledge and research for habitat and species

Iberdrola supports the expansion of knowledge and research as key measures to protect and conserve biodiversity. Hence in 2021, the company continued to support research such as the work carried out through the Coralizar Project on the effects of climate change on coral reefs and the Flyways Project to monitor wading and migratory birds, some of which are at risk of extinction, in northeastern and southern Brazil.

The Migra Project also continued, the objective of which is to study the migratory movements of birds in Spain. A project has been launched with the Migres Foundation to analyse actions for the recovery of ospreys in Spain. Work is also under way to conserve habitats and species, such as the protection of feline species and mangroves in Mexico. In addition, Iberdrola has participated in the working groups of the National Commission of the Environment (CONAMA) promoted conferences such as the one on biodiversity and offshore wind held on World Oceans Day through ScottishPower Renewables and in collaboration with the UN Compact and the UICN, and conferences on ornithology, and has also sponsored the international conference of the International Association for Impact Assessment (IAIA21), among other activities.

Environmental compliance

GRI 307

To respond to the international expansion and diversity of the company's activities that have an environmental impact, in 2008 the Iberdrola group's Environmental Management System was approved, with the aim of creating a common framework for environmental matters, so as to enable the coordination of the various plans and measures while respecting autonomy and individual characteristics at the regional level.

This shared system has been developed since then, in keeping with the commitment to ongoing improvement and with the goal of fulfilling the purpose and values of the Iberdrola group, incorporating innovative actions in the area of environmental management, which enables the alignment of the environmental dimension within the group's sustainability model, with the integration of the Sustainable Development Goals and identification of the mechanisms for measuring and assessing the group's environmental performance from the perspective of the lifecycle. This approach in turn is allowing Iberdrola to integrate the circular economy and natural capital into its management activities.

The Iberdrola group's Environmental Management System translates the environmental policies of sustainable development into environmental guidelines. These environmental guidelines are then deployed by Iberdrola's organisations, in the form of environmental objectives and goals, including through the assignment of responsibilities, resources and time periods for their achievement.

Iberdrola has specific Environmental Management Systems for its businesses and processes, based primarily on the UNE-EN-ISO 14001:2015 and EMAS standards, distributed and implemented within its organisations. These systems make it possible to reduce environmental risks, improve resource management and optimise investments and environmental costs.

The group has also incorporated the Corporate Environmental Footprint, as certified under ISO 14072, as the mechanism for measuring environmental management, implementing improvements, reducing environmental risks, improving resource management, and encouraging their circularity and the optimisation of investments and environmental costs.

Incidents relating to the environment during 2021 involved the following fines and non-monetary sanctions:

GRI 307-1

Environmental compliance

	2021	2020	2019
Total amount of fines imposed (€)	3,112,069	2,761,312	2,301,170
Non-monetary sanctions (No.)	14	18	27
Cases being resolved through arbitration or similar mechanisms (No.)	0	0	0

Of the total amount of the fines levied during the financial year, €1,924,121 relates to Spain and €1,187,949 relates to Brazil. In Spain, 80% of the total amount of the fines was for issues related to tree trimming, branch fires and the electrocution of birds that came into contact with power lines. In Brazil, the fines related primarily to the cutting of trees without authorisation or not in keeping with technical standards, improper disposal of waste on public roads, or the lack of licences for supplying electricity, or supplying it in environmentally restricted areas.

Of the non-monetary sanctions, 12correspond to Brazil and 2 to Spain.

Environmental Grievance Mechanisms

Iberdrola makes grievance tools and mechanisms, and the management procedures associated therewith, available to its Stakeholders. All of this is described in the "Complaint and grievance mechanisms" section of Chapter III.3.

Specifically with regard to the environmental aspects of its activities, Iberdrola has an email mailbox, *medioambiente@iberdrola.es*, that serves as a channel of communication with its Stakeholders. It can be accessed in the contact section, which gives the ability to ask questions, offer suggestions, state grievances or submit complaints. This mailbox is included in the company's Environmental Management System and is certified under the ISO 14001 standard.

203 emails were received in the environmental inbox in 2021. Of this total, 15 were environmental queries and four were environmental complaints.

In addition to the environment mailbox, Iberdrola can also receive messages relating to the environment through the various channels that it maintains on social media.

III. Social

III.1. Commitment to quality employment

- Commitment to quality employment
- Stable labour environment
- Diversity and equal opportunity
- A safe work environment
- Professional training and development

Commitment to quality employment

Policies and commitments

GRI 401 402

Iberdrola has established a *Human Resources Framework Policy* to define, design and disseminate a human resources management model for the group making it possible to attract, promote and retain talent and foster the personal and professional growth of all the individuals belonging to the group's workforce, making them participants in its successful business enterprise and guaranteeing them dignified and safe employment.

This policy is further developed in the following specific policies:

- *Equality, Diversity and Inclusion Policy*
- *Selection and Hiring Policy*
- *Knowledge Management Policy*
- *Occupational Safety and Health Risk Policy*[28]
- *Senior Management Remuneration Policy*

Objectives

Iberdrola has identified as the following especially significant issues in relations with its employees:

- Culture: the strengthening of a group corporate culture.
- Integration: boosting integration (Orientation Programme).
- Recruitment: defining an overall recruitment model at the international level.
- Training: the implementation of an integrated training management system.
- Diversity: raising the awareness of our workforce with respect to diversity.
- Design of an personalised employee value proposition: the general principles of conduct that Iberdrola assumes and promotes to attain the objectives set out in its *Human Resources Framework Policy* include a personalised employee value proposition for the selection, hiring, promotion and retention of talent, based on competitive remuneration and a diverse, inclusive work environment, fostering work-life balance and the professional growth of the group's workforce.

Our workforce

The group has 39,955 employees at year-end 2021, with the following breakdown by country.

[28] Policy included as a section within the Corporate Risk Policies.

GRI 102-7

Employees[29]

	2021	2020	2019
Spain	9,727	9,594	9,587
United Kingdom	5,708	5,563	5,637
United States	7,349	7,031	6,597
Brazil	15,058	12,814	11,746
Mexico	1,296	1,307	1,291
IEI	817	818	516
Total	**39,955**	**37,127**	**35,374**

The distribution by types of employment and contract is reflected in the following table:

GRI 102-8

Employees by type of employment and contract

		2021[30]			2020			2019		
		Men	Women	Total	Men	Women	Total	Men	Women	Total
By employment type	Full-time	29,753	8,607	38,360	27,298	7,944	35,242	27,071	7,670	34,741
	Part-time	919	676	1,595	1,189	696	1,885	54	578	632
By type of contract	Permanent	30,516	9,242	39,758	28,365	8,599	36,964	26,890	8,179	35,069
	Temporary	156	41	197	122	41	163	236	69	305
Total		**30,672**	**9,283**	**39,955**	**28,487**	**8,640**	**37,127**	**27,125**	**8,248**	**35,374**

GRI 405-1

Employees by gender, age and professional category

		2021		2020		2019	
		No.	%	No.	%	No.	%
By gender	Men	30,672	77	28,487	77	27,125	77
	Women	9,283	23	8,640	23	8,249	23
By age group	Up to 30 years old	7,247	18	6,432	17	6,080	17
	Between 31 and 50 years old	24,163	60	21,958	59	20,638	58
	Over 50 years old	8,545	21	8,738	24	8,656	24
By professional category	Leadership	2,898	7	2,837	8	2,668	8
	Qualified technicians	14,988	38	14,056	38	13,230	37
	Skilled workers and support personnel	22,069	55	20,234	54	19,475	55
Total		**39,955**	**100**	**37,127**	**100**	**35,374**	**100**

[29] The figures in the table reflect the number of employees at year-end 2021, regardless of the type of work day. The average number of contracts is not reported because there is an insignificant change with respect to contracts at the end of the year owing to the high percentage of full-time permanent contracts and low turnover.
To perform statistical analysis regarding labour costs, it is recommended to use the number of employees in terms of Full Time Equivalents (FTEs): 35,120 in financial year 2019, 36,915 in financial year 2020 and 39,788 in financial year 2021.

[30] In 2021, the internalisation of core network services in Brazil (approximately 2,300 employees hired) has been completed, which is reflected in both the average salary of skilled workers and support personal as well as in the average total salary.

Employees by category and age group (%)

		2021	2020	2019
Leadership	Up to 30 years old	0.08	0.06	0.07
	Between 31 and 50	4.70	5.02	5.08
	Over 50 years old	2.48	2.57	2.39
	Total	7.25	7.65	7.54
Qualified Technicians	Up to 30 years old	5.64	5.37	5.35
	Between 31 and 50	23.69	23.81	23.37
	Over 50 years old	8.18	8.72	8.68
	Total	37.51	37.90	37.40
Skilled workers and support personnel	Up to 30 years old	12.42	11.89	11.77
	Between 31 and 50	32.09	30.32	29.89
	Over 50 years old	10.73	12.24	13.40
	Total	55.24	54.45	55.06
Total		**100**	**100**	**100**

Employees with disabilities

	2021	2020
Men	453	366
Women	234	188
Total	**687**	**554**

For reasons of confidentiality, and in order to comply with the requirement established by the personal data protection laws in effect in each country, the information technology systems of the companies making up the Iberdrola group do not record ethnic, religious or other diversity indicators. Information by geographic area can be found in Annex 1 Supplementary Information.

Average salary by professional level

Iberdrola (EUR)	Includes: Fixed salary Variable Supplements	Includes: Fixed salary Variable	
	2021[31]	2020	2019
Leadership	126,126	120,891	124,742
Qualified technicians	57,472	55,863	56,109
Skilled workers and support personnel	30,194	32,773	32,883
Total average salary	**47,307**	**48,038**	**48,195**

[31] In 2021, the internalisation of core network services in Brazil (approximately 2,300 employees hired) has been completed, which is reflected in both the average salary of skilled workers and support personal as well as in the average total salary.

Average salary by age group and gender

Iberdrola (EUR)	Men			Women			Total		
	Includes: Fixed salary Variable Supple-ments	Includes: Fixed salary Variable		Includes: Fixed salary Variable Supple-ments	Includes: Fixed salary Variable		Includes: Fixed salary Variable Supple-ments	Includes: Fixed salary Variable	
	2021 [31]	2020	2019	2021 [31]	2020	2019	2021 [31]	2020	2019
Up to 30 years old	25,273	23,994	23,357	26,391	26,093	25,183	25,530	24,451	23,758
Between 31 and 50 years old	42,242	43,650	43,458	49,474	51,371	50,487	43,921	45,509	45,179
51 or more years old	78,584	77,943	75,089	70,885	69,766	66,993	76,722	76,054	73,292
Total average salary	**46,529**	**47,232**	**47,614**	**49,857**	**50,679**	**50,086**	**47,307**	**48,038**	**48,195**

GRI 202-1

Entry-level wage vs. legal minimum wage (%)

	2021	2020	2019
Spain	126.1	107.7	112.6
United Kingdom	100.1	101.8	107.8
United States	123.5	128.7	128.2
Brazil	138.9	141.7	128.8
Mexico[32]	312.1	399.3	466.0

As a general principle of conduct of its human resources management model, Iberdrola promotes respect for the human and labour rights recognised in domestic and international law, guaranteeing a decent job and a living wage.

[31] In 2021, the internalisation of core network services in Brazil (approximately 2,300 employees hired) has been completed, which is reflected in both the average salary of skilled workers and support personal as well as in the average total salary.
[32] In Mexico, the minimum wage is generally not used as a reference for market wages; it is applied to penalties imposed by the labour authority, fines and limits on tax deductibility.

Stable labour environment

Recruitment and selection: new hires

GRI 202 401-1

At Iberdrola, talent management is a key factor in ensuring the organisation's success in achieving its objectives. For this reason, all of the companies forming part of the Iberdrola group work together to attract, select, empower and retain their professionals, whose performance, knowledge and skills are aligned with the company's purpose, values and current and future needs.

The group has specific policies approved by the Board of Directors that regulate recruitment activities (such as the Recruitment and Selection Policy and the Equality, Diversity and Inclusion Policy), as well as a broader recruitment and selection process applied at the global level. This ensures that the principles described in the "Diversity and equal opportunity" y "Iberdrola's commitment to human rights, related to labour practices" sections of this report are applied in the selection processes. This process also relies on local practices in order to ensure that the best talent is attracted and selected in line with the needs of each specific territory and is adapted to the specific legal system.

In 2021, in keeping with the reality of the global social context as a result of the COVID-19 pandemic, Iberdrola carried out various actions to attract, select, empower and retain the best and most diverse talent pool across its various territories. These actions include:

- In Spain, a graduate programme has been launched to attract and hire talent, accelerating their professional growth in order to have a group of future leaders and experienced specialists who can strengthen strategic areas and meet Iberdrola's future growth needs.
- Attendance at job forums and holding talks and conferences, both in person and virtually, to share the values of our company with students and encourage them to take part in our selection processes, with the attendance of more than 14,000 students at these events.

We have also continued with the following projects:

- Agreements with prestigious universities such as Comillas Pontifical University, Universidad de Salamanca, the Massachusetts Institute of Technology (MIT), Yale University, Strathclyde University, Instituto Tecnológico de Monterrey, Universidade Federal de Pernambuco and Hamad Bin Khalifa University.
- Training programmes at the company. A combined total of 331 vocational students and 580 university students have begun their training at Iberdrola España, ScottishPower, AVANGRID, Neoenergia, Iberdrola México and Iberdrola Energía Internacional.
- International scholarship programmes for master's studies. In 2021, Iberdrola awarded 35 scholarships for master's degree studies in the company's areas of interest.
- Encouraging the use of internal employee channels to promote opportunities for internal promotion and international mobility: in 2021, 40% of published vacancies were filled internally.

All of these initiatives form part of the actions that Iberdrola undertakes to attract and select talent.

The lesser degree of representation of women in the labour market, for certain technical profiles, makes it difficult to achieve gender parity in new hires. These limitations are specific to the energy sector, for which reason Iberdrola is implementing numerous actions to promote an interest in technical studies among school-age girls.

New hires

		2021		2020		2019	
		Men	Women	Men	Women	Men	Women
By age, in numbers	Up to 30 years old	1,814	562	1,308	387	1,333	406
	Between 31 and 50 years old	1,932	552	1,462	412	1,207	375
	51 or more years old	136	58	99	54	99	61
Total number out of total workforce		**3,882**	**1,172**	**2,869**	**854**	**2,639**	**842**
By age, in %	Up to 30 years old	32.47	33.86	26.19	26.91	28.17	30.12
	Between 31 and 50 years old	10.40	9.88	8.73	7.92	7.73	7.45
	51 or more years old	2.09	2.85	1.47	2.70	1.46	3.26
Total % out of total workforce		**12.66**	**12.63**	**10.07**	**9.87**	**9.73**	**10.21**

Employee turnover

Personnel leaving the company		2021		2020[33]		2019	
		Men	Women	Men	Women	Men	Women
By age, in numbers	Up to 30 years old	366	132	262	115	254	106
	Between 31 and 50 years old	911	276	731	258	618	252
	51 or more years old	1,033	230	712	176	901	212
By age, in %[34]	Up to 30 years old	6.55	7.95	5.25	8.00	5.37	7.86
	Between 31 and 50 years old	4.90	4.94	4.36	4.96	3.96	5.01
	51 or more years old	15.87	11.30	10.57	8.80	13.28	11.34
By seniority, in numbers	Up to 10 years	1,151	381	905	309	779	322
	Between 11 and 20 years	281	93	223	130	223	109
	More than 20 years	877	164	576	110	772	139
By seniority, in %	Up to 10 years	6.35	7.04	5.55	6.44	5.60	7.71
	Between 11 and 20 years	3.95	4.00	3.48	5.58	3.14	4.22
	More than 20 years	16.14	10.59	9.99	7.25	12.65	9.35
Total number		**2,310**	**638**	**1,705**	**549**	**1,773**	**569**
Total % out of total workforce		**7.53**	**6.87**	**5.99**	**6.35**	**6.54**	**6.91**

[33] Data recalculated with respect to the figures published in 2019 and 2020.
[34] Of the headcount of this group at year end.

Dismissals at the company

		2021		2020		2019	
		Men	Women	Men	Women	Men	Women
By age, in numbers	Up to 30 years old	143	24	85	26	84	25
	Between 31 and 50 years old	374	65	289	67	250	58
	51 or more years old	125	26	90	15	131	28
By age, in %	Up to 30 years old	2.56	1.45	1.70	1.81	1.78	1.85
	Between 31 and 50 years old	2.01	1.16	1.72	1.29	1.60	1.15
	51 or more years old	1.92	1.28	1.34	0.75	1.93	1.50
By seniority, in numbers	Up to 10 years	442	77	348	79	276	81
	Between 11 and 20 years	98	24	60	20	71	18
	More than 20 years	102	14	56	9	118	12
By seniority, in %	Up to 10 years	2.44	1.42	2.13	1.65	1.98	1.94
	Between 11 and 20 years	1.38	1.03	0.94	0.86	1.00	0.70
	More than 20 years	1.88	0.90	0.97	0.59	1.93	0.81
By professional category	Leadership	22	12	17	7	21	9
	Qualified technicians	137	50	97	51	108	41
	Skilled workers and support personnel	483	53	350	50	336	61
By professional category (%)	Leadership	1.05	1.49	0.83	0.88	1.09	1.22
	Qualified technicians	1.39	0.98	1.04	1.08	1.21	0.94
	Skilled workers and support personnel	2.58	1.58	2.05	1.60	2.06	1.92
Total number		**642**	**115**	**464**	**108**	**465**	**111**
Total % out of total workforce		**2.09**	**1.24**	**1.63**	**1.25**	**1.71**	**1.35**

Average seniority of workforce by region (years)

	2021			2020			2019		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Spain	18.1	13.7	17.1	18.3	14.0	17.4	18.3	13.8	17.4
United Kingdom	16.2	16.2	16.2	16.9	15.7	16.5	16.0	14.6	15.5
United States	11.3	12.4	11.6	12.4	13.0	12.6	13.3	13.6	13.4
Brazil	6.9	7.0	6.9	7.3	7.5	7.3	7.8	6.9	7.6
Mexico	7.5	5.7	7.1	6.5	4.5	6.1	5.7	4.0	5.3
IEI	4.3	3.7	4.2	5.0	4.0	4.7	6.1	5.6	5.9
Average overall seniority of workforce	**11.4**	**11.3**	**11.3**	**13.6**	**12.2**	**13.3**	**12.9**	**11.7**	**12.7**

GRI EU15

Employees eligible to retire

	In the next 5 years (%)			In the next 10 years (%)		
	2021	2020	2019	2021	2020	2019
Iberdrola total	**7.44**	**11.37**	**13.05**	**15.81**	**19.99**	**22.06**

Collective bargaining agreements

GRI 102-41

The relationship between the company and trade unions is based on respect and recognition of the legitimacy of these institutions as workers' representatives, within the principles and ethical values that guide good trade union practices. The parties rely on negotiation as the main form of establishing mutual rights and duties. Trade union negotiations are part of the labour relations management model at group companies, and collective bargaining agreements are established to reflect modern and advanced labour practices, while respecting the regional characteristics and areas of activity of the various group companies.

Generally speaking, the collective bargaining agreements of the Iberdrola group apply to all employees working under an employment relationship and for the account of the companies of the group, regardless of the type of contract entered into, the professional group to which they are assigned, their occupation or the job performed.

However, issues relating to corporate organisation, the law of each country or even the practices and customs in each country lead to certain groups being expressly excluded from the scope of collective bargaining agreements (for example, executive officers in Spain are not covered by the agreement). This is why there is not 100% coverage, as indicated in the table below:

Personnel covered by a collective bargaining agreement, by region

	2021		2020		2019	
	No. of Employees	%	No. of Employees	%	No. of Employees	%
Spain	8,578	88.2	8,383	87.4	8,380	87.4
United Kingdom	3,680	64.5	3,674	66.0	3,934	69.8
United States	3,504	47.7	3,438	48.9	3,234	49.0
Brazil	15,092	100.2	12,808	100.0	11,730	99.9
Mexico	349	26.9	348	26.6	323	25.0
IEI	178	21.8	261	31.9	228	44.2
Total	**31,381**	**78.5**	**28,912**	**77.9**	**27,829**	**78.7**

There are 9 collective bargaining agreements in Spain, 2 in the United Kingdom, 11 in the United States, 38 in Brazil, 10 in Mexico, and 3 in the other countries of Iberdrola Energía Internacional.

GRI 402-1

The different organisational changes and significant events are formally reported in compliance with the various legal provisions applicable at both the global and local level, as well as any applicable terms of the collective bargaining agreements with regard to the labour relations of the group companies. The minimum periods for giving notice range from less than one week to a maximum of four weeks in the main countries in which the group operates.

Benefits

Iberdrola offers a number of benefits to its employees, including:

- Life insurance
- Medical insurance
- Disability insurance
- Maternity/paternity leave
- Pension fund
- Remuneration in the form of company shares

Diversity and equal opportunity

Policies and commitments

GRI 405

Iberdrola has long demonstrated its commitment to diversity and inclusion, and aims to embrace the diversity of the communities it serves. The company seeks to strengthen individual capabilities based on the firm belief that each person brings a special and unique talent that enriches everyone. This commitment is shared with all those who interact directly or indirectly with us: partners, shareholders, suppliers or customers.

In 2021, the company took action to further strengthen its role as a key player for true social and economic progress. The management of diversity and inclusion is seen not only as an urgent issue of equity or fairness, but also as an opportunity for value creation from different perspectives. The following slogan was promoted within this context:

We are diverse. We are unique. We are Iberdrola.

In order to create an ecosystem that promotes diversity and is truly inclusive, structural tools have been developed to guide conduct in this area, including:

- *Equality, Diversity and Inclusion Policy*: In 2021 the Company's Board of Directors approved a decision to combine the Diversity and Inclusion Policy and the Equal Opportunity and Reconciliation Policy into a single policy.
- *Board of Directors Diversity and Member Selection Policy*: its purpose is to ensure that proposals for the appointment of directors favour diversity in the composition of the Board. This commitment has positioned the company as a leader among IBEX-35 companies, with a female representation of 43%, rising to more than 50% in the case of independent directors.
- *Global D&I Council*: Creation of a Global Diversity Committee with the aim of proposing, advancing and coordinating the company's position on diversity and inclusion and promoting its implementation in line with the existing policy. The Council works to understand the context of the group and of each country in order to act quickly in response to identified needs. This committee seeks to connect Iberdrola's senior management with the reality of the organisational culture and to influence this culture, in line with the group's strategy, so as to create an environment that facilitates and strengthens diversity and inclusion among the company's professionals. Taking into consideration its key role, the Council has established a specific action plan for 2021 and 2022.

Our Vision

Group companies promote diversity, equity and inclusion (DE&I) through initiatives focused on talent, culture and social contribution, collaborating with their employees and other Stakeholders to achieve an inclusive, innovative and sustainable energy future for all.

Our Pillars of Action

Basic elements of the Iberdrola group's positioning in D&I

Talent Pillar:

- Recruitment and selection framework: ensuring gender diversity in shortlisting and interview panels for senior positions.

Culture Pillar:

- Definition and implementation of the DE&I Business Case for senior management.
- Awareness-raising and training for employees with people management responsibilities, both in unconscious biases and in inclusive leadership.
- Inclusive and authentic communication that encourages dialogue at the company.

Social Contribution Pillar:

- Volunteering programmes and initiatives of the foundations focused on vulnerable groups.
- Promoting interest in STEM careers.

Metrics and Reporting:

- Definition and analysis of key metrics to guide decision-making.
- Review and improvement plan based on the reports and indices in which we participate.
- Assess new opportunities for partnerships and agencies with which we can collaborate.

In addition to the initiatives proposed by the D&I Global Council, Iberdrola implements other actions and objectives to promote diversity and inclusion and therefore contribute to important Sustainable Development Goals of the 2030 Agenda:

- Maintain salary equality between men and women at the group level, monitoring the salary gap;
- Increase the number of women in executive positions throughout the entire group, reaching 30% by 2025.
- Ensure that 70% of key suppliers have robust sustainability or ESG policies and practices;
- Improve the quality of life of vulnerable groups through the Foundations and the Corporate Volunteering Programme;
- Raise the ratio of training hours per employee above that of comparable companies;
- Bring electricity to more than 16,000,000 people by 2030 - Electricity for All Programme.

Our firm commitment to diversity and inclusion has progressed over the years and translated into important awards and partnerships:

- Support for UN WOMEN, a United Nations entity that promotes gender equality.
- In early 2022, Bloomberg recognised Iberdrola for the fifth year in a row by including it in the Bloomberg Gender-Equality Index (GEI) of organisations committed to equality between women and men.
- European Round Table for Industry (ERT): Iberdrola is a member of this international initiative, within which it works with the Diversity and Inclusion working group that seeks to give greater visibility and support and connect large companies in this regard.
- Commitment perceived by employees: 77% of respondents to the labour climate survey stated that Iberdrola is **committed to creating a diverse and inclusive work environment.**
- The Workforce Disclosure Initiative (WDi) recognised Iberdrola for its various initiatives to promote a high-quality work environment among its employees.
- Iberdrola was the winner of the first edition of the MAPFRE Responsible Inclusion award for its leadership in the commitment to people with disabilities.

In addition, due to the considerable impact of local cultures and context on diversity and inclusion management, the group's companies implement many other initiatives that are carried out at the local level.

Main diversity and inclusion actions in 2021

Spain	
Equality Plan and Equality Committee within the framework of the 7th Collective Bargaining Agreement.	Sponsorship of European Diversity Month, an initiative promoted by the European Commission.
Corporate Volunteering Programme that focuses on vulnerable groups.	"Growing in Diversity" training programme.
United Kingdom	
Promotion of STEM careers, more than 45,000 schoolchildren impacted.	Five employee networks: Future Connections, Connected Women, In-Fuse (LGBT+), VIBE (Multi Ethnic), iCAN (Climate), and in 2021 a new network was created: Parent & Carers network (SPACE).
Discussion sessions with leaders.	A guide to menopause and menstrual health and a guide to domestic abuse.
Implementation of paternity and adoption permits.	Campaign to collect personal data for better management.
United States	
Creation of two new employee networks: Coalition for Asian Pacific Americans (ACAPA) and Community for all Abilities and Resource for Excellence (CARE), in addition to the five existing networks. Approximately 10 % of employees are part of at least one group.	Internship programme: 53% women and 47% POC (persons of colour).
Guidelines for selecting qualified and diverse talent.	Improved positioning as an employer brand (review of engineering profiles).
Brazil	
Annual calendar of actions to promote employee reflection and awareness.	Review of the parental policy (benefits to same-sex couples).
First Diversity Week.	Development and launch of an app on Diversity (Junt+s).
Electricians' School for Women. In 2021, a total of 258 women were certified, 69% of whom have already joined the workforce.	Exclusive sponsorship of the Brazilian women's soccer team.
Mexico	
STEM Promotion Programme: Programme that seeks to promote the engineering studies among young people.	New procedures focused on accessibility.
First Diversity and Inclusion Diagnosis, through employee surveys, focus groups and interviews with leaders.	Conferences focused on strengthening inclusive leadership.

Group companies have specific policies and management mechanisms in place to deal with potential cases of discrimination or conduct that may in any way hinder the career development of our professionals.

At the local level, group companies have generally also established additional policies to broaden their commitment to diversity and inclusion in keeping with country requirements. In some countries there are local committees whose main mission is to ensure adequate implementation of the D&I strategy and compliance with planned measures.

More detailed information can be found in the Diversity and Inclusion Report, as well as on the corporate website.

Work-life balance and labour disengagement policies

Iberdrola promotes a work-life balance, as well as co-responsibility in the performance of family obligations, providing measures for looking after family members and children and flexible working hours. The Human Resources Framework Policy establishes the main principles of conduct in relation to respect for privacy and the right to digitally disconnect.

In fact, Iberdrola was the first IBEX-35 company in Spain to establish a year-round uninterrupted schedule in general to allow for a better work-life balance. In other countries, the company has also implemented flexible working hours, given employees the freedom to choose the most appropriate place to work depending on their function — as long as team requirements are met — and established measures to control overtime and/or extended maternity and breastfeeding benefits.

GRI 401-3

Parental leave and return to work

	2021		2020		2019	
	Men	Women	Men	Women	Men	Women
Employees entitled to parental leave (No.)	30,672	9,283	28,486	8,640	27,125	8,249
Employees entitled to parental leave (%)	100	100	100	100	100	100
Number of employees taking parental leave	977	366	743	332	789	424
Number of employees who returned to work after parental leave ended	1,135	327	830	264	878	365
Number of employees who returned to work after parental leave ended and who were still employed after 12 months	970	268	825	272	856	350
Return-to-work rate	94.8	89.3	97.2	79.5	99.5	86.1

Defending salary equality

Iberdrola guarantees respect for this right and has made it one of the commitments set out in its *Política de igualdad de oportunidades y conciliación*, which calls for equal pay for men and women for equal work and a wage review with uniform criteria for both genders. The current collective bargaining agreements at the companies of the Iberdrola group ensure equality in starting wages for men and women.

Total average salary of men and women at Iberdrola is quite similar. The ratio of men's average salary to that of women is 93.32% in 2021, in which year the calculation included average salary as well as fixed and variable salary and salary supplements.

The salary gap in 2020 and 2019 was 93.2% and 95.1%, respectively, considering average salary, composed of base and variable salary.

The underlying cause of the salary gap in certain age groups is the smaller presence of females within the staff, a common situation in the energy sector, and which is more pronounced in management and technical positions.

To mitigate this reality, Iberdrola is working in the following areas:

- On equitable professional development through the implementation of specific training plans for women.
- On including new generations and promoting STEM careers in groups within the industry with a higher minority representation.
- On promoting scientific careers among youth and women students, who will go on to form part of the talent pool that Iberdrola will access in the future.
- On promoting measures of work-life balance that equally benefit men and women, so that they can exercise co-responsibility in family duties and thus establish the conditions required for parity.
- On gradually increasing the presence of women in positions of responsibility. For Iberdrola, 33.7% of positions of responsibility were held by women in 2021.

  The percentage at year-end 2021 increased to 24.4% for relevant leadership positions and other positions reporting to the Board of Directors or the committees.

GRI 405-2

Average salary by age group and gender

Iberdrola (EUR)	Salary men/Salary women			(Salary men – Salary women) / Salary men		
	Includes: Fixed salary Variable Supplements	Includes: Fixed salary Variable		Includes: Fixed salary Variable Supplements	Includes: Fixed salary Variable	
	2021[35]	2020	2019	2021 [35]	2020	2019
Up to 30 years old	95.8	92.0	92.8	-4.4	-8.7	-7.8
Between 31 and 50 years old	85.4	85.0	86.1	-17.1	-17.7	-16.2
51 or more years old	110.9	111.7	112.1	9.8	10.5	10.8
Total average salary	**93.3**	**93.2**	**95.1**	**-7.2**	**-7.3**	**-5.2**

[35] In 2021 Iberdrola internalised basic network services in Brazil (approximately 2,300 contracted employees), which is reflected both in average salary of skilled workers and support personnel and in total average salary.

A safe work environment

Occupational health and safety management system

GRI 403 403-1

The 5 Essential Safety Principles summarise the logical sequence of steps to be followed by each Iberdrola employee before beginning work so as to ensure that the employee carries out their work in a manner that avoids accidents. To this end, each individual is responsible for determining – or is informed of – the procedures for each job or task and the applicable practices and legislation with respect to such work. The 5 Essential Principles are intended to ensure that the various risks are recognised, along with the likelihood of occurrence and the various mitigation measures that are set out and which are always to be kept in mind. These principles alert us to the ideal initial conditions needed before any task is performed, in order to ensure that both internal and external elements are taken into consideration. The principles also help each person adopt a responsible personal attitude both regarding themselves and regarding the other individuals who work in the same environment and who will be affected by their work, in order to avoid unnecessary risks that could affect work teams, machinery, management systems, etc. as well as other workers and contractors in the workplace.

In sum, the 5 Essential Safety Principles are the foundation that allows us to understand what must be anticipated in order to maintain safety as well as physical and mental health, giving employees complete confidence when carrying out their work.

Workers covered by the occupational health and safety management system

GRI 403-8

The purpose of the Global Safety and Health Department is to propose a global strategy and objectives to ensure uniform safety and health requirements and standards throughout the Company in the countries in which it operates, with the ultimate aim of achieving the goals established in the Global Safety and Health Strategic Plan 2019-2022. To achieve this:

- In every country, an occupational health and safety system has been established in accordance with ISO 45001 (or is in the process of being migrated to 45001 certification), as well as applicable local legal requirements.

- In general, all employees are covered by the occupational health and safety system in their respective locations. However, there may be exceptions in certain locations as a result of specific local norms. For example, in the United States, employees of the "AVANGRID Management Corporation" (5.6%) are not covered by the aforementioned management system, given that their activities are considered low-risk. Likewise, in Brazil, steps continue to be taken for 100% of the employees to be included within the scope of ISO 45001 certification. In Mexico, the corporate segment (14%) is in the process of joining in the Joint Prevention Service.

Coverage of the health and safety management system (own personnel)

	2021		2020	
	No.	%	No.	%
Employees covered by occupational health and safety management system	38,913	97	35,471	96
Employees covered by an occupational health and safety management system subject to internal audit	38,857	97	35,466	96
Employees covered by an occupational health and safety management system subject to third-party audit or certification	29,561	74	26,692	72

Main elements of the health and safety systems

	Spain	United Kingdom	U.S.	Brazil	Mexico	IEI
Is there a system?	Yes	Yes	Yes	Yes	Yes	Yes
Reference regulation	Law 31/1995	UKHS-GSP-SMS2008 Health & Safety Legal Register - Lists all the Legal Requirements	Only for offshore wind	None	None	Several
Scope	All 15 companies covered by the collective bargaining agreement	All employees	Networks and renewables businesses, Rest of the Corporation, not included because low-risk	Celpe, Cosern, Elektro, Termopernambuco and renewables business	Electricity generation businesses. In process of adherence by employees at corporation	IEI, ICI and IRI. Renewables and Commercial
Certification	ISO 45001	ISO 45001	ISO 45001 (in the onshore renewables and networks businesses)	ISO 45001 in	ISO 9001, 14001 and OHSAS 18001, the latter being migrated to ISO 45001	Onshore wind business (operation and maintenance area): OHSAS 18001 certification in Portugal, Greece, Hungary, Romania and France. Offshore wind business, ISO 45001 for the Wikinger windfarm (Germany). Iberdrola Clientes Internacional, Italy, France and Portugal are currently in transition to ISO 45001 certification.
Are there formal risk identification procedures?	Yes	Yes	Yes	Yes	Yes	Yes

Main elements of the health and safety systems

	Spain	United Kingdom	U.S.	Brazil	Mexico	IEI
Are there action plans linked to risks?	Yes	Yes	Yes	Yes	Yes	Yes
Are there formal procedures for giving notification of hazards?	Yes	Yes	Yes	Yes	Yes	There is no if no formal procedure, but there is an obligation to report to the Legal Services area in order to immediately report to HR.
Are there policies and procedures for withdrawing from situations that may cause injuries, ailments or illness?	Yes	Yes	All AVANGRID employees have Authority to stop work	Yes	Yes, as well as overall evaluations	Yes
Are there processes for investigating work-related incidents?	Yes	Yes	Yes	Neoenergia Procedure for Giving Notification of and Treating Incidents	Yes	Yes

Hazard identification, risk assessment and incident investigation

GRI 403-2

A process has been established to identify occupational safety and health hazards, as well as to evaluate and prevent occupational risks, in all the countries in which Iberdrola operates. These processes are monitored through internal and external audits to ensure quality and efficacy. In addition, the results of the specific audits and controls are used to create action plans, develop improvements to the management system and communicate better practices.

Iberdrola has also made available to its employees a system allowing them to give notice of hazards or situations involving an occupational hazard. The notification processes are specific to each location (Employee Portal in Spain; chain of command in the United States, etc.), but in no event may these communications lead to reprisals or adversely affect an employee, given that they are part of Iberdrola's preventive culture.

In line with this culture, workers are always instructed to not proceed or give priority under any circumstance to performing any task that involves a risk without having the means and knowledge needed to mitigate or eliminate the effects of the risk. Hence, at all locations, employees have the right to speak out and to stop work or refrain from working if they feel that a situation is unsafe.

Lastly, when an incident is reported in any country, an investigation is carried out on the possible root causes and contributing factors. In addition, general procedures are implemented to monitor and complete the corrective actions resulting from the investigation (through the hierarchy of controls stemming from applicable law).

GRI 403-7

Iberdrola seeks to ensure that all contractors abide by the highest possible health and safety performance standards in order to prevent any significant impact on workers' safety and health in the workplace as a result of the business relationship with the contractor. Hence, all workplace risk evaluation and prevention processes cover relationships with contractors and suppliers, in order to ensure that they comply with applicable health and safety requirements. If a supplier does not have a certified integrated management system, its contract may be delayed until specific plans under Iberdrola's control are defined in order to prevent any risk.

Occupational health services

GRI 403-3

To improve the efficiency of the processes referred to above, Iberdrola has a health service at all of its locations to eliminate hazards as well as identified risks to its employees. Workplace health is monitored using the means available in each country, while always ensuring the confidentiality of personal data. In addition, informational events and campaigns are carried out to promote health and healthy habits, along with vaccination campaigns and medical check-ups, depending on the location.

Worker participation, consultation and communication on occupational health and safety

GRI 403-4

In Spain, there is a general procedure in place for communication and another for consultation and participation, both of which reflect the legal requirements applicable in this area (Chapter V. Law 31/1995) and requirements 5.4 and 7.4 of ISO 45001:2018. There are also procedures for conduct unanimously agreed on with the trade unions that govern the operation of the safety and health committees and the powers of the prevention representatives.

At ScottishPower, the process and procedures are detailed in section 8 of the Safety and Health Management System Manual (UKHS-GSP-SMS2004).

At AVANGRID, workers may be consulted either informally or formally. Formal consultation is carried out through an established series of panels of qualified workers, through which workers nominated by their peers are consulted in relation to the development of the management system, and through the strategic safety board, where the leaders and representatives of senior workers are consulted.

At Neoenergia, worker participation takes the form of a preliminary risk analysis through the implementation of activities by certain workers; the reporting of incidents via the CEA (Accident Reporting) system; safety observations; meetings of the CIPA (Committee for the Prevention of Internal Accidents); and multidisciplinary teams to address non-compliance.

In Mexico, reporting takes place through the intranet and by e-mail. The information routinely reported includes details of accidents and operational incidents. For external communications, a reporting procedure governs requests for information as well as technical communications with customers.

At Iberdrola Energía Internacional (IEI), there are several union teams to hear the concerns of workers and raise them at periodic forums and meetings with company representatives to discuss topics of common interest, including safety and health. In the countries where Iberdrola Renovables Internacional has a presence, and in accordance with each country's legal requirements, there are committees or meetings to discuss these specific safety and health topics; in addition, the meeting minutes of the coordinating board of Iberdrola Renovables in Madrid is forwarded to these countries. In countries where Iberdrola Clientes Internacional has a presence, meetings are held and workers are given surveys allowing them to express their concerns with regard to workplace safety and health.

Own staff represented on safety and health committees (%)

	2021	2020	2019
Spain	96.6	97.1	98.5
United Kingdom	98.2	100	100
United States	100	100	99.9
Brazil	100	95.1	100
Mexico	100	85.9	99.8
IEI	0.00	12.4	43.2
Iberdrola total	**96.9**	**95.2**	**98.8**

Worker training on occupational health and safety

GRI 403-5

The company regularly releases subject-specific online or on-site courses for all employees in accordance with their duties and needs, in order to provide training on general and relevant safety topics. The online safety courses are mandatory and are calculated for purposes of annual variable salary or bonus.

In each country, the workforce's training needs are regularly identified, so as to ensure that all workers have the knowledge required to safely carry out their duties. Courses normally combine theory and practice. In addition, in order to establish a common leadership model, a safety and health leadership course was offered at the global level to officers and managers in 2021.

Promotion of health among workers

GRI 403-6

Iberdrola provides workers with material resources to promote their health, and organises non-work-related sports activities announced and promoted through the corporate intranet, in addition to sponsoring sports teams, etc. A "Health and Welfare" Global Practices Group has been created with the aim of establishing common guidelines for conduct in this area, with the involvement of specialised representatives from the medical services in the different countries.

Among other activities, and depending on the country, systems coordinated with private entities are made available to employees, offering health coverage for them and their direct family members, along with medical insurance, life insurance, advice on health problems, etc. In addition, efforts are under way to involve employees in health, fitness and well-being activities.

Furthermore, to mitigate possible non-work-related health risks, Iberdrola offers its workers voluntary services and programmes to promote health such as awareness campaigns on healthy life habits (smoking prevention, food, etc.), corporate offers and benefits for access to sports facilities and activities, illness prevention campaigns (mental health, cancer, cardiovascular disease, vaccination campaigns, etc.).

Main mental health management actions related to COVID-19 2021

Spain	
Certification by AENOR of pandemic management measures.	Support and assistance by the medical prevention service.
Staging “Employee Welfare Days”, which are delivered in three blocks: “Emotional Protection Teams”, “Promoting Healthy Habits” and “Experiential Mindfulness Workshop”.	Virtual course on managing psychosocial factors, which over 3,800 employees have now successfully completed.
United Kingdom	
Employee Assistance Programme.	Evaluation of workplace-related COVID-19 risks and implementation of the identified control measures.
EHS360 registration of a programme of formal COVID-19 inspections at the workplace.	
United States	
Physical health and wellness programmes include weight control programmes and walking challenges.	“myStrength” digital app, which will provide employees with the tools to address stress, resilience, anxiety and depression.
Multi-part programme addressing awareness and the stigma of mental health, including webinars, training for managers, mental health advocates.	
Brazil	
“Health Check” system, which verifies employees’ physical and psychological health, which is subsequently evaluated by the health team of the occupational safety and health area.	“Mais Apoio” programme, which offers orientation and support for employees affected by stress, depression, anxiety, insomnia.
Mexico	
Awareness-raising campaigns in 2020, such as safety, health and environment week.	Wellness programmes through the gym pass platform.
IEI	
The SONAR project has been implemented at Iberdrola Portugal for stress management and the conducting of risk assessments and health and well-being campaigns.	A study on an emotional management project for all employees.

Injury and absenteeism rates

GRI 403-9 SASB IF-EU-320a.1

Work-related injuries (own personnel)

	2021	2020	2019
Number of injured workers	**599**	**497**	**415**
Men	547	442	378
Women	52	55	37
With leave	**83**	**78**	**83**
Men	*73*	*72*	*77*
Women	*10*	*6*	*6*
Fatalities	3	4	1
Men	*3*	*4*	*0*
Women	*0*	*0*	*1*
With major consequences	3	3	1
Men	*3*	*3*	*1*
Women	*0*	*0*	*0*
Without leave	**516**	**419**	**332**
Men	*474*	*370*	*301*
Women	*42*	*49*	*31*
Number of hours worked	**78,455,175**	**65,504,577**	**62,845,107**
Men	61,053,122	49,928,451	47,904,440
Women	17,402,053	15,576,126	14,940,667
Number of days lost	**4,646**	**4,070**	**3,896**
Men	4,397	3,922	3,747
Women	249	148	149
Injury rate (IR)[36]	**1.06**	**1.20**	**1.33**
Men	1.20	1.44	1.61
Women	0.57	0.39	0.41
Severity index[37]	**0.06**	**0.06**	**0.06**
Men	0.07	0.08	0.08
Women	0.02	0.01	0.01

Compared with the data for 2020, and taking into account the increase in hours worked in 2021, the injury rate for accidents with leave improve significantly, and there was only a small increase in the number of cases requiring first-aid, which nevertheless did not affect the improvement in the rate of work-related injuries.

[36] Injury rate (IR) = (number of accidents with leave*1,000,000) / hours worked
[37] Severity index = (number of calendar days lost per accident, as from first day of leave/hours worked)*1,000
As the percentage interests in certain companies may not be 100%, sums may not correspond to the total presented due to rounding

Rates of work-related injuries (own personnel)

	2021	2020	2019
Fatality rate[38]	**0.01**	**0.01**	**0.00**
Men	0.01	0.02	0.00
Women	0.00	0.00	0.01
Rate of high-consequence work-related injuries[39]	**0.01**	**0.01**	**0.00**
Men	0.01	0.01	0.00
Women	0.00	0.00	0.00
Rate of work-related injuries[40]	**0.78**	**0.90**	**1.12**
Men	0.91	1.06	1.36
Women	0.33	0.39	0.37

Work-related injuries (sub-contracted personnel)

	2021	2020	2019
Number of injured workers	**812**	**645**	**583**
Men	786	642	568
Women	26	26	15
With leave	**212**	**201**	**208**
Men	*204*	*192*	*201*
Women	*8*	*9*	*7*
With high consequences	10	6	12
Men	*10*	*6*	*12*
Women	*0*	*0*	*0*
Fatalities	4	4	4
Men	*4*	*4*	*4*
Women	*0*	*0*	*0*
Without leave	**600**	**467**	**375**
Men	*582*	*450*	*367*
Women	*18*	*17*	*8*
Number of hours worked	**114,924,556**	**103,686,300**	**104,759,200**
Number of days lost	**9,770**	**7,656**	**11,992**
Injury rate (IR)[41]	**1.84**	**1.94**	**1.98**

[38] Rate of fatalities = Number of fatalities as a result of work-related injuries / Number of hours worked x [200,000]
[39] Rate of high-consequence work-related injuries (excluding fatalities) = Number of high-consequence work-related injuries (excluding fatalities) / Number of hours worked x [200,000]
[40] Rate of recordable work-related injuries = Number of recordable work-related injuries (except first aid) / Number of hours worked x [200,000]
[41] Methodology used for calculating the indicators:
Injury rate (IR) = (number of accidents with leave*1,000,000)/hours worked
Severity index = (calendar days lost per accident, as from first day of leave/hours worked)*1,000
As the percentage interests in certain companies may not be 100%, sums may not correspond to the total presented due to rounding.

Rates of work-related injuries (sub-contracted personnel)

	2021	2020	2019
Rate of fatalities[42]	0.01	0.01	0.01
Rate of high-consequence work-related injuries[43]	0.02	0.01	0.02
Rate of work-related injuries[44]	0.84	1.04	0.74

A risk assessment is carried out in the event of a high-consequence work-related injury, where each type of risk is assigned a score determined by evaluating the probability of occurrence and the consequences of the risk (FINE method). The two are multiplied to give the final classification, which will be low, medium or high. Based on these scores, the relevant measures will be taken to eliminate and/or minimise such risks.

Absenteeism among own personnel (missed hours)

	2021	2020	2019
Occupational injury and disease	55,991	37,997	N/Av.
Common illness and COVID-19	1,438,538	1,289,351	1,187,531
Total	**1,494,529**	**1,327,348**	**1,187,531**

GRI 403-10

Occupational diseases among own personnel (no.)

	2021	2020	2019
Deaths due to occupational diseases	0	0	0
Occupational diseases [45]	1	1	1
Total	**1**	**1**	**1**

Occupational diseases among subcontracted personnel (no.)

	2021	2020	2019
Deaths due to occupational diseases	0	0	0
Occupational diseases	0	0	0
Total	**0**	**0**	**0**

[42] Fatality rate = Number of fatalities as a result of work-related injuries / Number of hours worked x [200,000]
[43] Rate of major work-related injuries (excluding fatalities) = Number of major work-related injuries (excluding fatalities) / Number of hours worked x [200,000]
[44] Rate of recordable work-related injuries = Number of recordable work-related injuries (except first aid) / Number of hours worked x [200,000]
[45] In compliance with Law 11/2018, it is hereby noted that the gender of the person with an occupational disease is male.

Professional training and development

GRI 404

Iberdrola's commitments to the training and development of its professionals extend to all professional categories and all levels of responsibility.

Roadmap for implementation of the Strategic Training Framework

A R**oadmap for implementation of the Strategic Training Framework** was established in 2021, and some of the actions outlined therein were carried out. The main objective is to connect the training offered with the strategy, and to do so collaboratively with all group companies.

Ongoing learning is a key element for promoting innovation, competitiveness and the progress of Iberdrola's professionals. For this reason, Iberdrola has a solid training model that reaches all of its professionals in all categories. This firm commitment to training translated into more than two million employee training hours in 2021.

A comprehensive analysis of the current training model and the cost-benefit ratio of the training offered was also carried out in 2021. This analysis examined the type of training, formats and channels, and the employees who received training. Employees' evaluation of the training and its impact on the group was also examined. All this made it possible to identify the strengths and opportunities of the current model.

Other actions include the following:

The group companies have adapted their training plans to the restrictions imposed by the COVID-19 pandemic. Accordingly, priorities have been established and learning solutions have been updated to ensure the continuity of critical training using secure formats and respecting the guidelines and applicable laws in each case.

- Iberdrola Spain has implemented training actions in key aspects of digitalisation, creating Digital Twins, or replicas of the group's iconic facilities for training purposes. This approach allows for greater autonomy in content creation, shortens the student's learning curve, and results in greater efficiency.
- In the United Kingdom, employees hired under ScottishPower's apprenticeship and graduate programme received training through a variety of programmes ensuring that they acquire the skills required by their business areas.
- In 2021 AVANGRID extended the training offered through LinkedIn Learning to all employees, creating learning paths that reinforce the current development programmes (such as the AMP'D Leading People and the Engineering Development Programme) and that also help ensure that the group behaviour model is adopted through development paths for each behaviour.
- At Neoenergia, in addition to programmes to improve the technical qualification of its professionals, educational incentives are offered for undergraduate, technical and MBA/post-graduate courses. These actions are completely focused on mandatory technical competencies, which cover strategic aspects of the business, in face-to-face or digital formats.

Model of Principles and Behaviours

Since the launch of Iberdrola's new Behavioural Principles Model in 2019, and in order to bring these principles into line with the Group's purpose and values, several actions have been carried out that contribute to the cultural change being pursued. This is a unique model, covering all employees and countries of the Iberdrola group, which seeks to inspire the conduct of the company's employees during each stage of their professional career. The principles in question are:

Learn to develop, Empower to grow, Share to evolve, Influence to be a leader, Focus to attain results, and Simplify to be agile.

This model is the framework to which the Human Resources processes (recruitment, training, development and performance) have been adapted, both globally and locally.

At the global level, in 2021 new reinforcement actions were designed to boost participation and engagement within the e-Leaders Challenge programme that was launched the previous year. This programme is based on the 70/20/10 learning model applied by Iberdrola in all of its training and development actions, according to which 70% of learning comes from on-the-job experience ("learning by doing"), 20% is acquired through conversations, feedback, coaching and mentoring, and only 10% comes from structured training courses and programmes.

At the local level, the United Kingdom, Spain, Brazil, Mexico and the United States have continued to strengthen the Behavioural Principles Model in all their Professional Development Programmes, carrying out different training, development and internal communication initiatives.

In Spain, a variety of resources have been designed, including:

"Development Conversations" – interviews in digital format with leaders in various professional fields. These training sessions have been brought into line with our values and behavioural principles.

- Training itineraries based on our principles designed in LinkedIn Learning.
- The Savia programme has been strengthened with a more comprehensive self-assessment questionnaire that is more in line with our behavioural model.
- "An idea in 5 minutes" – development videos with well-known speakers in areas of expertise relating to business and general issues aligned with our principles.
- "The change show" – internal videos where employees who are a leaders in each of the principles recount their first-hand experiences and challenges.
- Team Leader Programme, with a four-year modular structure that is based on our principles (work was carried out on "Simplify to be agile" and "Share to build" in 2021).
- Work was carried out this year on the Lead your Personal Effectiveness programme for executives.
- "We are speaking with" – online conferences with key figures in the business world where employees will have the opportunity to discuss and exchange experiences.
- In the United Kingdom, the self-assessment process continued so that all employees have a clearer vision of where they stand in relation to each of the six principles, including areas to be developed and suggested training actions.
- In the United States, the behaviours have been reinforced in the various learning tools and through internal communications.
- The "Living Our Behaviours" programme – a contest that rewards the implementation of the behaviours.

- A system of questions was created for the selection processes that is in line with the behavioural model and adapted to the different levels.
- A self-assessment tool based on our behavioural principles was also launched, allowing us to identify both strengths and areas for development.
- Design of LinkedIn Learning itineraries depending on the different levels of the behavioural model.
- In Mexico, in addition to the internal communication initiatives, six TED Talks have been held, an online conference format with internal leaders in each of the six behavioural principles. Each leader gave a live talk where they shared their challenges and professional experiences related to each principle, providing a space for questions and dialogue with those attending.
- In Brazil, several internal communication initiatives were developed, such as the "letters of recognition" programme, linked to each of the six principles of behaviour, the aim of which is for leaders and employees to be able to make acknowledgements by sharing these letters, by email, WhatsApp, Yammer or LinkedIn. In addition, the Onboarding programme for new employees has been strengthened in order to integrate, facilitate and accelerate adaptation.

Professional Development Programmes

Given the ongoing COVID-19 pandemic, many of the Professional Development Programmes (PDPs) continued to be carried out as online events in 2021, both globally and locally. In order to support the PDPs locally, we have a global online guide available in all three languages, which includes specific information on the behavioural model.

We continue to foster an environment across the group in which our employees can manage their own growth and development. With this goal in mind, we continued to work to support employees throughout 2021 in their journey to becoming future leaders through the High Potential Programme, within the framework of our talent pool management process. In 2021, a total of 146 professionals took part across the group, all of whom completed an online assessment and built a Personal and Individual Development Plan to be implemented throughout the year.

Also in 2021, a skills evaluation process was carried out for executives in order to define development activities and identify candidates to strengthen the Company's succession plan.

To monitor the development of new team managers, the company has continued to carry out a specific programme to hone the skills and competencies needed for employee management. This programme is especially important for professionals in the early stages of their management career.

Coaching and Mentoring programmes

Mentoring programmes — which involve pairing up an employee with a long professional career or specific knowledge and a less experienced employee or an employee who needs to broaden their knowledge in a specific area — facilitate the ongoing training of employees, stregnthen a collaborative culture and promote the exchange of ideas and knowledge. The following initiatives were carried out across the group:

The first global Digital Mentoring programme was completed in May 2021. This initiative seeks to contribute to the digital transformation process at Iberdrola by connecting employees who need support in innovation and digital transformation projects with others who have previous experience in these areas. In this version, more than 7,300 hours were dedicated to the programme, with a participant satisfaction rating of 4.4 out of 5.

The initiative also contributes to the company's inclusion strategy by connecting employees of different generations, genders and cultures. In this first version, 30% of the 185 pairs were from different countries, and 54% from different generations. In order to continue with the programme, the call for a second version was launched in September 2021.

In 2021, Iberdrola's Digital Mentoring programme was selected as one of the best "high impact" business initiatives within the framework of the 'JOBS 2030-Future of Work' project launched by Forética, a leading business association in Spain in the area of sustainability.

Both through the Digital Mentoring programme and through the mentoring initiatives carried out by the countries, skills have been developed relating to the strategic needs of the business, including: new technologies, knowledge management, transformative leadership, change management, resilience, and diversity and inclusion. Overall, the seven programmes involved nearly 400 pairs and 3,500 hours of learning.

Programmes for skills management and lifelong learning

GRI 404-2

The Iberdrola group believes that professional development helps the company achieve its results and makes the organisation more efficient, by equipping employees with the skills and competencies they need to perform their work efficiently today, while preparing them to undertake greater responsibilities and challenges down the line.

All of Iberdrola's training and development activities are based on the 70/20/10 learning model.

The content of all development programmes has been updated to bring them into line with our principles and behaviours.

- Iberdrola has various programmes aimed at high-potential professionals, including the MBA in the Global Energy Industry, which is offered by Comillas Pontifical University in Madrid and Strathclyde University Business School in Glasgow. This is a global programme that lasts two and a half years, in which professionals from Spain, the United States, the United Kingdom, Brazil and Mexico take part.
- Iberdrola has an extensive training and development catalogue for professionals pursuing a career in management. Nevertheless, in light of the sector in which Iberdrola operates, technical training is key to attaining the company's objectives. For this reason, we continue to carry out a global programme in collaboration with IMD, in an online format, intended for professionals with technical degrees, in order to provide them with the required behavioural skills and techniques.
- Iberdrola offers its technical specialists, middle managers and some of its executives a global development model based on the group's Behavioural Principles Model, which is implemented through the Personal Development Plans (PDPs) created by these professionals.

Specific training for executives

For its management team, Iberdrola carries out a number of development programmes in collaboration with the best internationally recognised schools and institutions:

- **Energising Leadership Programme**, an advanced management programme offered by ESADE Business School.
- **Driving Leadership Transformation Programme**, delivered by IESE and IMD Business School.

- NEXUS, in collaboration with IMD, which offers training resources such as round-table discussions for C-level executives from around the world.
- The offering of digital Masterclasses was broadened for the entire global management team in 2021. The classes were taught online by globally recognised experts, with the participation of close to 340 professionals.

To ensure that the complexity of managers' agendas is not an obstacle to their continued growth, the company continues to provide them with a broad range of resources in various formats and platforms, giving them access to relevant, high-quality content that strengthens their leadership skills.

A major update of the leadership model was carried out in 2021 in order to continue development of the training offer. After a comprehensive internal and external benchmarking analysis, a new leadership development model was designed, which is more strategic and provides greater differential value. This model will be implemented starting next year.

At the local level, training initiatives for executives have also been adapted to the online format.

- In Spain, the Leadership and Digital Culture, Lead your Personal Effectiveness, Leader's Communication and Leading in a Digital Context programmes were offered.
- ScottishPower has continued with its Advance Leadership: Leaders of Leaders and the Leadership Mastery Programme: New Senior Leaders, designed based on the needs detected in the Climate Survey, and it has developed and offered a new programme on effectiveness called Team Performance (Effectiveness).
- AVANGRID has continued to offer the Purpose-Driven Leaders programme in partnership with Yale University.
- In Brazil, a Management Leadership programme was offered to contribute to the development of a strategic business vision. the company also continued its "Business Strategy" workshop, an event on business objectives.
- In Mexico, a "DNA of a Leader" programme was offered for the management team, with the design of an executive version for senior officers. Negotiation workshops were also offered to the management team.

GRI 404-1

Hours of training by professional category and gender

		2021		2020		2019	
		Men	Women	Men	Women	Men	Women
Hours of training	Leadership	85,078	31,054	77,415	30,563	61,428	26,094
	Qualified technicians	440,433	207,835	352,221	171,403	307,451	135,162
	Skilled workers and support personnel	1,449,663	183,248	1,178,017	160,035	1,091,123	154,822
Total		**1,975,175**	**422,140**	**1,607,653**	**362,000**	**1,460,002**	**316,079**
Average hours of training by trained personnel	Leadership	39.32	35.49	38.57	38.01	35.90	40.33
	Qualified technicians	43.41	39.82	38.52	37.31	37.82	37.14
	Skilled workers and support personnel	75.87	53.85	68.53	50.85	69.88	58.76
Average hours of training - trained personnel		**62.87**	**44.45**	**56.73**	**42.36**	**57.36**	**45.67**

The specific training varies according to the diverse professional profiles of the staff, not according to gender. The high numbers of training hours received by skilled workers and support personnel, about 85% of whom are men, explains the difference in average hours between men and women.

Employees receiving performance and career development reviews

GRI 404-3

As indicated in Iberdrola's *Human Resources Framework Policy*, employee performance evaluations, and communication of the results to the employees evaluated, are considered essential aspects for their professional development. Some of the basic principles of conduct relating to this aspect and described in the policy are:

- Perform periodic evaluations of the performance of the employees of the group.
- Communicate the results thereof to the employees evaluated so as to favour their professional development.

At the Iberdrola group, employees are included in formal performance review processes, which vary based on professional category and level of responsibility, as well as the country in which the employees are located.

Employees can be reviewed through two types of processes, according to professional category and the level of responsibility relating to their position.

Leadership

- Goals review ("What"): measurable, quantifiable and specific goals to be achieved over the course of the review period, relating to the goals of the Company.
- Performance review ("How"): review of conduct during achievement of the goals, which must be aligned with the Iberdrola group's mission and purpose.

Qualified technicians, skilled workers and support personnel

- Performance review ("How"): employees are reviewed on the basis of a number of personal competencies, which must be aligned with the Iberdrola group's mission and purpose.

These processes are based on a corporate SAP-based tool that allows management of the Human Resources processes relating to the review. In this way, all users involved in these processes (employee, evaluator and Human Resources team) can work in real time and globally. Furthermore, the main advantage of this tool is that it makes it possible to standardise and unify the focus and the applicable guidelines and criteria.

Employees with performance reviews (%)

		2021	2020	2019
Men (%)	Leadership	93.73	93.48	94.99
	Qualified technicians	86.72	90.02	88.56
	Skilled workers and support personnel	65.54	70.03	69.81
Average men		**74.20**	**77.97**	**77.36**
Women (%)	Leadership	95.02	94.71	93.79
	Qualified technicians	85.86	89.82	87.68
	Skilled workers and support personnel	59.57	67.02	66.85
Average women		**77.25**	**81.57**	**79.76**
Average Iberdrola		**74.91**	**78.81**	**77.93**

Employees hired in the last quarter of the year are not eligible for the performance evaluation for that year.

III.2. Quality and safety for our customers through innovation and digitalisation

- Innovation and digital transformation projects
- Our commitment to our customers

Innovation and digital transformation projects

Today Iberdrola is the utility company of the future thanks to its ongoing commitment to innovation, as shown by the fact that it has been recognised for the first time as the **private utility company that invests the most in R&D worldwide, according to the European Commission's ranking**.

Iberdrola invested a total of 337.5 million euros in R&D&i in 2021, a 15% increase over 2020. The R&D&i efforts within the Iberdrola group are organised around five main pillars, which in turn are aligned with the fundamental vectors of transformation of the energy industry, decarbonisation and the electrification of the economy:

- **Disruptive technologies** that are increasingly efficient, sustainable and environmentally friendly, enabling optimisation of facilities and processes.
- **Green hydrogen, innovative renewable energy, sustainable mobility, energy storage, smart grids,** the electrification of heat, and the recycling of clean technology components will contribute to industrial transformation, with a focus on sustainability, green and affordable energy, and employment.
- **New products and competitive services** that meet customers' needs, with more personalised content and offerings.
- **Digitisation and automation in all businesses and processes,** with the introduction of new technologies such as blockchain, big data, the Internet of Things, virtual reality, artificial intelligence, etc.
- **Innovation with start-ups, entrepreneurs and suppliers,** intended to develop partnerships and new, disruptive business models, encourage the exchange of knowledge, and act as a driving force among its partners.
- **A culture of innovation and talent.** Iberdrola promotes a culture of innovation through the transfer of knowledge, the attraction of talent and the encouragement of the entrepreneurial spirit. The **Universities Programme**, Iberdrola U, involves the development of various initiatives with academia, such as endowed chairs, R&D projects, student training, in-house training and young entrepreneurs. It is a network that promotes training, entrepreneurship and research, connecting 490,000 members including students, researchers, teachers, etc.

This year marked the inauguration of the **Iberdrola Campus**. This is a global centre for knowledge, innovation and employability, where nearly 13,000 people receive training in its classrooms every year, and it represents Iberdrola's commitment to technology, R&D and collaboration with technology centres as drivers to lead the energy transition. There was also the inauguration of the Global Smart Grids Innovation Hub in Bilbao, the primary goal of which is to drive and streamline the development of innovation in smart grids, which will be critically important to speeding up the energy transition and driving the development of the associated industry.

Some of the innovative initiatives are set out below, classified by major category:

Renewable energy

Improved efficiency at wind farms, photovoltaic plants and hydroelectric facilities. Big data technologies have been used to obtain weather forecasts for wind farms and photovoltaic plants, such as in the ENERPREDIC project, and to take into account climate variability, including solar variability, making it possible to visualise and process information thanks to the CHINOOK tool. These technologies have also been used for data analysis and decision making in the CARTERAREN project. Metrics associated with the maintenance and operation of the wind farms have been created using highly visual graphics, and new solutions have been developed to improve the efficiency of the tools of the DOMINA system as part of the REN-EFIC project. Work on the ASPA project continued for the development of new models and tools for early detection of failures based on artificial intelligence and big data techniques; and the AEROEXTENS project focused on understanding the performance of wind turbines in relation to machine control strategies. The DIAGNOSGRE and GRIDFORMIN projects have included digital twin methodologies to verify the operating parameters of a wind farm, calibrating the sensitivity and stability of the wind farm, and to analyse the configuration of the equipment required in order to stabilise the grid.

Iin the area of hydroelectric energy, the possibility of increasing the pumping capacity at the hydroelectric plants was studied, with an analysis of future energy requirements, the best location for this increase, and the technological improvements that will make it possible, such as reversible variable-speed turbines or lower-cost penstocks (such as those being developed by the NEWPUMPING and CONDUCCIONES projects). In addition, two projects were financed by the CDTI – HYDROSMART and HYDRODEMAND – which supplement the development of these lines of work.

Regarding innovation in offshore wind projects, at East Anglia One in the United Kingdom, work continues on several projects such as CROWN2, which studies various types of anti-corrosion solutions, and Lidar trials, which studies wind resources. Iberdrola is planning the construction in upcoming years of the **East Anglia Hub,** which will combine three projects with a total installed capacity of 3,100 MW: *East Anglia One North, East Anglia Two and East Anglia Three*. Work has begun on a new design for the foundations of the East Anglia Three wind farm, and studies are under way to export energy using HVDC technology. Noteworthy in the Baltic Sea is the construction of Baltic Eagle, where a new monopile design, adapted to the seabed conditions and the size of the new 9.5 MW wind turbines is being implemented. Lastly, there is the FLAGSHIP project, an initiative of the H2020 programme for the design, manufacture and operation of a new semi-submersible floating concrete platform and a 10 MW turbine in the waters surrounding Norway's Metcentre (Marine Energy Test Centre).

To encourage a culture of innovation, work is continuing on the ***YO SOY INNOVADOR*** initiatives for the launch of internal and external challenges and the **Renewables Digital Evolution Plan** (2018-2022), which seeks to standardise, globalise and improve the efficiency of processes in the quest for operational excellence, through a global, multidisciplinary team.

Clean generation technologies

Efforts in the generation area focused on digitalisation, operational flexibility and efficiency, reduction of environmental impact, and improved safety at the facilities during 2021:

- **In the nuclear area,** work on the COATI project continued for the development of software to enable the implementation of specific loading plans for spent fuel elements, which elicited the interest of potential users such as ENRESA. In addition, 3D models are being used to simulate critical processes such as container loading, along with the use of augmented reality and virtual reality.
- **In the thermal generation and industrial heat area,** progress is continuing satisfactorily with the pioneering REDEMIS project, which has achieved exceptional results in reducing the emissions and start-up times of combined-cycle plants. A highlight of the digital area is the FLAGSHIP project, which, through the creation of digital "twins", enables the simulation of operating environments that differ from the ones in the basic design of the plant, displaying the results of the operations and making a possible to improve them in terms of operational flexibility, reliability and efficiency. In addition, work on the SIRO project began in 2021, which involves technological development based on artificial intelligence and aims to develop and validate a robotic inspection system for generators. This area includes the Industrial Heating and Cooling equipment, the aim of which is to decarbonise the industry by electrifying production processes.
- **In the energy management area,** the launch of projects such as Thirties should be noted. This project seeks to improve voltage control and to optimise the use of transmission grids. The area also includes projects such as Flexener, which is oriented toward research on new technologies, simulation models, and flexibility services that to encourage the creation and operation of a 100% renewable energy mix. Also noteworthy is the European Posytyf project, which analyses from a theoretical approach the contribution of renewable energies to the provision of services to the grid through Virtual Power Plants, as well as the BeFlex project, which aims to design an ecosystem to facilitate adequate coordination between all players involved in the provision of services to the distributor, with a special focus on the consumer.

Retail - New projects and services

Innovation is essential in retail activities, in order to offer customers the products and services best suited to their needs. Thus, in 2021 Iberdrola worked on:

- **New initiatives to improve customers' experience:** Work continued on new functionalities integrated into the Iberdrola Customer Apps. Hence, registration processes were simplified, and processes were automated. Integration of the management of domestic chargers from the Public Charging App has also been completed, and Smart Solar installations in Portugal have been monitored.
- **New products and functionalities:** Progress has been made on the internationalisation of **Smart Solar,** the distributed generation solution for self-consumption, which was launched in the United Kingdom and France, with the first installations being carried out in Germany. The first installations of Solar Communities have also been carried out. Residents within 500 metres of a Solar Community can take part in energy self-consumption as a service with no need for installation or investment, and will be able to monitor their savings with the App. Iberdrola has created a management platform offering subsidies for Smart Solar customers that will make it easier for them to access subsidies from Next Generation Europe funds.
- With respect to **Smart Home**, the Advanced Smart Assistant and the Company Smart Assistant were launched, allowing customers to optimise their consumption.

- **Smart Mobility** most notably includes the boost given to the deployment of high-power stations in the public charging network that will facilitate intercity travel in electric vehicles, enabling vehicles to charge more than 200 km in 5 minutes (charging points of up to 350 kW). In addition, the launch of the global charging point management system, or EVA Platform, will provide technological support for the deployment of charging points that Iberdrola intends to undertake in coming years.
- Creation of **Smart Clima** to drive the decarbonisation of homes through the electrification of heat. In 2021, the pilot aerothermal installations entered into operation with equipment from the main manufacturers and the development of new energy performance certificates in homes, with a high component of intelligence and digitalisation that enable high-quality energy diagnostics at minimum cost.
- Iberdrola also participates in R&D&i projects in the **area of electric mobility** and has completed the CIRVE project, bringing into service the initial experiments in interoperability among the major recharging operators in the Spanish market. IBERDROLA also participated in the **MADRID in MOTION** project, in which the challenges posed by collaborative recharging and street lighting were launched, as well as developing prototype banks of batteries to be exchanged for discharged batteries from electric engines at various locations in the city.

Smart grids

i-DE Redes Eléctricas Inteligentes continued to focus on various R&D&i initiatives in 2021, particularly for improving customer service, maintaining and expanding the smart-grid model and the digitalisation of the grid, and advancing toward greater integration of renewable energy into the grid, electric vehicles and storage systems, at both the Spanish and European levels.

In Europe, work on the ONENET project continued to develop new customer-centric flexibility tools, with an open, streamlined architecture based on the concept of an interoperable network of platforms with coordinated operation. The COORDINET project continued and will coordinate carriers, distributors and consumers of electricity in order to offer a framework that encourages the participation of all players. The ATELIER project was launched with the goal of developing Positive Energy Districts (PEDs) in eight European cities, including Bilbao. I-DE continues to participate in the ASSURED project, which aims to develop fast-charging solutions for heavy-duty electric vehicles.

In Spain, work has continued on four projects to improve the control, monitoring, analysis, prediction and management in real time of low voltage: i-Trafo,eLVIS, CT Inteligente, Technical Supply Management. Progress also continued satisfactorily on the FLEXENER project to research new simulation technologies and models in the areas of renewable generation, storage systems, flexible demand management and operation of the distribution network. Notable in the field of network integration are the second phase of the Caravaca BESS project, which launched the FLEXIPOWER project to achieve the integration of various battery-based energy storage systems, and progress continued on the DSO-DTR project, validating the first pilots, which make it possible to determine how much additional energy the network can carry.

In addition, the **2021 NFC ST Pilot Project** began, the aim of which is the NFC tagging of switching elements in substations to digitally verify the identification tag of the switching element. In cybersecurity, the **TrueValSec** project has been launched with the aim of designing in depth the security mechanisms used at the different levels of communication in the electric metering infrastructure of Smart Cities.

In the United Kingdom, the projects under way include the DISTRIBUTED ReStart project, which studies how distributed energy resources can be used to restore power in the event of a total or partial disruption to the national electricity transmission network, and the HEAT-Up project, which is financed by Ofgem and will enable tests to be developed that assess the impact of domestic adaptations of heat pumps on electricity grids.

In Brazil, innovative projects are being implemented in a variety of technological areas: smart grids, energy storage, microgrids, recharge infrastructures, network quality and reliability, facilities security, energy recovery and sustainability. Also noteworthy is the collaborative project with Iberdrola Innovation Middle East in Qatar for the development of new algorithms and analytical metrics that will make it possible to improve the quality of telecommunications service and equipment. The initiatives that have been implemented include the **DSO Atibaia** project, which calls for the installation of a new automation system, smart meters and a telecommunications network.

In the United States, projects are under way with Yale University and the Massachusetts Institute of Technology (MIT). Studies have been conducted of the network effect on the electrical grid, the utility of customers connected to the grid, the speed at which new energy technologies and business models are adopted, and the effect of climate change on electrical distribution networks. Iberdrola has also participated in developing a digital platform designed to measure accurately and standardise worldwide emissions of greenhouse gases based on artificial intelligence, blockchain technology and digital twins.

Iberdrola Innovation Middle East (Iberdrola's technology hub in Qatar) has developed highly digitalised R&D projects with significant commercial potential in various areas, including smart grids, the integration of renewables and energy management.

Green Hydrogen

Iberdrola remains committed to **the generation of green hydrogen for industrial use.** Accordingly, construction of the largest green hydrogen plant for industrial use in Europe has begun.

The **Puertollano plant** (located in Ciudad Real), which consists of a 100 MW photovoltaic solar plant, a lithium-ion battery system with a storage capacity of 20 MWh, and one of the world's largest (20 MW) systems for the production of hydrogen by electrolysis, will enable the generation of 1,200 tonnes of green hydrogen for inclusion in the ammonia production processes.

In addition, with regard to the decarbonisation of mobility, the first phase of the **new Barcelona hydrogen plant** has begun commercial operation, making it possible to supply hydrogen to 24 TMB buses.

Iberdrola Ventures - Perseo

Iberdrola Ventures - PERSEO is the start-up programme created by Iberdrola in 2008 with €125 million in funding in order to encourage the development of a dynamic ecosystem of start-ups and entrepreneurship in the energy sector. The programme focuses on new technologies and business models that allow for improvements to the sustainability of the energy model through greater electrification and decarbonisation of the economy.

Since its creation, the programme has channelled investments of more than **€85 million in start-ups in the energy sector worldwide**. Its base of 34 million consumers and nearly 55 GW of installed capacity have allowed Iberdrola to provide the start-ups with a sizable "real-life laboratory" that is aiding the technological and commercial development of the companies. The major achievements in 2021 include:

- **Pilot projects:** In 2021, more than 25 pilot projects were carried out with start-ups in technological areas such as IoT, robotics and batteries, and in network construction and maintenance, hybridisation of land use (agrivoltaics), electric mobility, and energy efficiency, with the aim of improving the construction and management of assets, optimising operations and maintenance, and improving the services offered to our customers.
- **Challenges:** In 2021, Iberdrola introduced nine challenges for the start-up community in the areas of renewable generation, in both onshore wind-based and photovoltaic power generation, electric mobility, and the construction, operation and maintenance of electricity grids.
- **Investment:** It is important to mention the IPO on the NYSE of two of the companies in which Perso holds an interest, Wallbox Chargers, S.L., which develops electric mobility solutions, and Stem Inc., which manages distributed energy assets (batteries). There were also three new investments through the Programme in the areas of energy efficiency, mobility and decarbonisation.
- **"Venture Builder":** Perseo continued the initiative launched in 2020 for investing in and creating (from scratch) electrification and the circular economy businesses — in areas such as the recycling of photovoltaic modules, wind-turbine blades and batteries — and in sectors resistant to decarbonisation, such as industrial heat production and heavy transport. This initiative prompted the **Net-Zero MAR Partnership**, which focuses on the decarbonisation of the maritime sector.

More information about the R&D&i projects in which the Iberdrola group is participating can be found in the Innovation in our businesses section of the corporate website.

Our commitment to our customers

Supply quality

GRI EU 28 SASB IF-EU-550a.2

Quality of service is an essential element, and its ongoing improvement is one of the fundamental goals of Iberdrola's activity. A quality-evaluation system enables the achievement of objectives linked to this ongoing improvement. This system involves the implementation of strict internal and external audit procedures to ensure compliance with the established quality standards. Moreover, in Spain as well as in the United Kingdom and Brazil, distribution companies have regulatory incentives linked to improvement in the quality of supply. In addition, Spain has regulatory incentives associated with reducing losses in distribution networks.

Iberdrola monitors the quality of the service provided in the various countries, measuring it on the basis of the frequency and duration of interruptions in supply. However, the measurements in each country are made according to different standards following the respective legal or regulatory requirements.

Indicators used to measure the frequency of interruptions in supply

Indicators of frequency of interruptions

		2021	2020	2019
Spain [46]	**NIEPI**	< 0,9	1	1
United Kingdom	**CI**	37.3	36.6	43.7
United States	**SAIFI**	1.4	1.4	1.2
Brazil	**FEC**	5.1	5.1	5.5

- The Installed Capacity Equivalent Interrupt Number (*Número de interrupciones equivalentes de la potencia instalada*) (NIEPI) is used in Spain. The regulatory NIEPI is reported.
- The Customer interruptions per 100 connected customers (CI) is used in the United Kingdom.
- The System Average Interruptions Frequency Index (SAIFI) is used in the United States.
- The Equivalent Duration of Interruption per Consumer Unit (*Freqüência Equivalente de Interrupção por Unidade Consumidora*) (FEC) is used in Brazil.

GRI EU 29 SASB IF-EU-550a.2

The indicators and the average durations of electrical outages for 2021 are given below.

Indicators of average duration of interruptions

		2021	2020	2019
Spain [47]	**TIEPI**	< 39 min	48.30 min	48.10 min
United Kingdom[48]	**CML**	33.92 min	31.55 min	35.27 min
United States	**CAIDI**	1.87 h	1.84 h	1.93 h
	SAIDI	2.7 h	N/Av.	N/Av.
Brazil	**DEC**	10.22 h	11.24 h	11.02 h

- The Installed Capacity Equivalent Interrupt Time (*Tiempo de interrupción equivalente de la potencia instalada*) (TIEPI) is used in Spain. The regulatory TIEPI is reported.
- Customer minutes lost per connected customers (CML) is used in the United Kingdom.
- The Customer Average Interruption Duration Index (CAIDI) is used in the United States.

  The United States also has the System Average Interruption Duration Index (SAIDI). There were no days with serious incidents in 2021.
- The Equivalent Duration of Interruption per Consumer Unit (D*uração equivalente de interrupção por unidade consumidora*) (DEC) is used in Brazil.

[46] Quality data for Spain (NIEPI and TIEPI) include commercially sensitive information.
[47] Quality data for Spain (NIEPI and TIEPI) include commercially sensitive information.
[48] The value reported for 2021 does not exclude a particular exceptional event (force majeure), as the official confirmation of the data by the regulator was not available at the closing date of reporting for this report.

Customer satisfaction

Iberdrola uses various mechanisms to measure customer satisfaction levels and to gather customer opinions, verify compliance with its quality standards within the customer service and sales channels, and implement suggestions for improvement. The most significant studies by country are:

In Spain, in the Wholesale and Retail business, there are various indicators for measuring users' satisfaction level, including the Detailed Satisfaction Study. Twice a year, it measures overall satisfaction with the service received by the customer and offers detailed information about attributes such as agility, training, and handling of channels, clarity of the invoice, claims management, quality of supply, price competitiveness and electronic billing, whether for large customers, companies, small businesses or residential customers. In 2021, for the seventh consecutive year, overall satisfaction exceeded a score of 7 out of 10.

Most of the studies use the NPS (Net Promoter Score) index, which ranks the recommendations made by Iberdrola's customers. This index highlights points received for customer service and the use of products and services.

The company also implemented a **Voice of the Customer Measurement Programme,** which allows satisfaction surveys to be performed in a transactional manner (immediately following an interaction) at various key times in the customer relationship, while also analysing unstructured information through the use of text analytics. All of the foregoing enables more agile detection of customers' opinions and the prioritisation and implementation of improvements. This programme measures and analyses factors in the following principal areas:

- Attention to the Telephone Channel
- Attention to the Points of Attention
- Attention to the Digital Channels (Web/App)
- Use of products and services.

Regarding the Networks Business, calls are made periodically to customers who have contacted the company, giving them the opportunity to complete a satisfaction survey about the service that was provided. These results are used for the Customer Satisfaction Index and to detect and resolve problems with the service.

In the United Kingdom, customer satisfaction is measured by a number of internal and external studies conducted by the Customer Insight department. These analyses include various satisfaction surveys that vary in frequency from monthly to annually.

At the external level, the key comparative studies measuring the satisfaction of ScottishPower's customers as compared to its competitors' customers are USwitch, Which? (with annual surveys) and the UK-CSI study, which is published twice per year. These studies analyse specific areas, such as customer billing, campaign follow-up and complaints. ScottishPower received an overall customer-satisfaction rating of 60.7% in the USwitch survey, improving in the categories of renewable services, energy efficiency, mobile apps and the installation of smart meters. In Which?, it received a score of 55 out of 100, and stood out for the speed of its telephone response. In UK-CSI, its satisfaction indicator rose to 68.1 out of 100.

The most significant internal analysis is *Pulse*, which is performed monthly and measures confidence, loyalty, ease of use, value, etc., with the overall satisfaction level in 2021 increasing by 10 out of 100. Based on this analysis, measures are being implemented to improve the handling of customer complaints. In addition, 22,000 customers participated in the TalkEnergy panel, which gathers information on important topics and prepares action plans.

In the regulated business, the scores reported in the Broad Measure of Customer Satisfaction (BMCS) study conducted by Ofgen (the British electricity market regulator) were used as an indicator to set the regulatory incentive. The index is calculated on the basis of a survey that covers all customers who requested customer service, and takes into consideration various aspects of the service that the customers received. The scores received by the distributors ScottishPower Manweb, ScottishPower Distribution and Energy Networks Transmission in 2021 were 9.24, 9.23 and 8.6 out of 10, respectively.

In the United States, the subsidiaries of AVANGRID measure perception of the service and customer satisfaction through telephone surveys. In 2021, the AVANGRID companies obtained an overall score of 91.3%: RG&E 91.0%; NYSEG 90.6%; CMP 89.3%; UI 89.0%; CNG 91.9%; SCG 93.0%; and BGC 94.6%.

In Brazil, the Brazilian Association of Electric Power Distributors (Associação Brasileira de Distribuidores de Energia Elétrica - ABRADEE) carries out a satisfaction study known as the Perceived Service Quality Satisfaction Index (ISQP) based on an evaluation of performance in the following areas: operational excellence, economic/financial management, customer assessment, social responsibility and management quality. The ISQP is obtained through evaluations made by customers through the surveys administered by Instituto Innovare. Neoenergia received a score of 65.7% for overall satisfaction in 2021.

The ratio of complaints received in the main markets where the company operates is given below.

Complaints received

Number of complaints per 100 customers		2021
Spain	Mercado liberalizado	1.51
	Mercado regulado	1.34
United Kingdom	Mercado liberalizado	6.45
	Mercado regulado	0.17
United States	Mercado regulado	0.02
Brazil	Mercado regulado	1.82

Responsible communication

Marketing communications

GRI 417

Iberdrola goes beyond regulatory compliance in its advertising and marketing communications, and adopts mechanisms and voluntary codes that ensure such communications are transparent and truthful. The *Code of Ethics* also applies in this area for all employees regardless of their area of responsibility.

Iberdrola not only complies with applicable advertising practices codes in all locations, but has also implemented internal approval procedures to ensure that all advertising material presented to society is in accordance with responsible advertising practices.

GRI 417-3

Incidents of non-compliance concerning marketing, advertising, promotion and sponsorship (No.)

	2021	2020	2019
Resulting in a fine	13	15	20
Resulting in a warning	0	0	0
Relating to voluntary codes	0	0	0
Total incidents	**13**	**15**	**20**

The preceding table lists the incidents that occurred due to non-compliance regarding marketing, advertising, promotion and sponsorship in financial year 2021, in which there were 13 incidents resulting in a fine in Spain.

Information on and labelling of electricity sold

GRI 417-1

Regarding labelling, Iberdrola informs its customers about the sourcing of the energy sold by the retailer and its associated environmental impact, generally through its electricity bills and other commercial communications, and always abiding by assurance standards and the format required by the various national agencies (CNMC in Spain, Ogfem in the United Kingdom, ANEEL in Brazil, etc.).

Information on customer complaint mechanisms and communication channels is included in the "Stakeholder engagement" section.

Health and safety of customers and of the general population

GRI 416

Users' safety is of paramount importance to Iberdrola. For this reason, it makes information and training available to the various emergency services and law enforcement services in order to explain the conflicts that they may encounter during the performance of their work and how to act in situations involving electrical risks.

All stages of the life-cycles of electricity and gas (*planning, production activities, transmission and distribution, marketing*) are closely regulated because these products are essential to the country's economy and improve the quality of people's lives.

At all stages, alignment with each country's environmental and labour regulations is essential to minimise possible operational risks (operation of generation plants, electrical risks and risks associated with the handling of gas, etc.). In addition, in the planning and marketing stages, public participation (through social and political representatives) and communication with consumers are two other key factors for protecting public health and safety.

All processes required for the supply of electricity and gas at all stages as described above ensure that these products arrive at the consumer with an appropriate level of assurance for their health and safety.

The following table lists incidents in terms of impacts of products and services on the health and safety of customers. There were 48 incidents in 2021, all in the United States, due primarily to alleged violations of federal safety regulations for facilities.

GRI 416-2

Incidents stemming from non-compliance with regulations or voluntary codes regarding health and safety (No.)

	2021	2020	2019
Resulting in a fine	42	0	0
Resulting in a warning	6	0	0
Relating to voluntary codes	0	0	0
Total incidents	**48**	**0**	**0**

GRI EU25

Furthermore, as described above, the construction, operation and maintenance of electric infrastructure involves certain risks, which may at times give rise to incidents affecting people outside of the company. In most of the cases detected, the incidents are related to third parties working without safety measures in the areas around the distribution facilities, as well as accidental contacts with the network. The number increased over the previous year as a result of the easing of restrictions on mobility relating to the pandemic in 2020.

The following table shows the accidents of this kind that occurred during 2021. Nineteen of these accidents (including three deaths) occurred in the United Kingdom; five in Spain (including two deaths); 14 in the United States; and 152 (including 43 deaths) in Brazil. Despite the higher numbers compared with the previous year, significant work has continued in the areas of awareness-raising and training for the general public in order to reduce these numbers as much as possible.

Accidents involving persons not belonging to the company (No.)

	2021	2020	2019
Accident victims	190	124	186
Fatalities	48	39	72

The claims listed in the following table have been filed against companies of the group on these or other similar grounds not involving injuries and have given rise to legal proceedings in the respective jurisdictions. At year-end 2021, 76 legal proceedings had been resolved or were pending in Spain, 61 in the United States and 97 in Brazil.

Annual legal proceedings (No.)

	2021	2020	2019
Resolved and pending, stemming from these accidents	234	212	245

Electromagnetic fields

Historically, the possible influence of electrical and magnetic fields on human health has been the subject of a certain amount of public debate. However, the various studies performed in this regard have identified no detrimental effects on human health for the maximum emission figures established by applicable law. Iberdrola, following the precautionary principle, applies the rules in this regard and has shown itself willing to work with the public authorities in adopting such preventive or mitigating measures as may be deemed appropriate to avoid risks or harm to health.

Only one appeal relating to health impacts was received in 2021. The appeal in question was received in the United States regarding a ruling of the Public Utilities Commission of Maine on the possible use of smart meters. The appellants allege potential health effects resulting from electromagnetic and radio-frequency exposure that these meters may produce. The Maine Public Utilities Commission has approved the use of these meters, but this ruling was appealed, which appeal should be decided during 2022.

Education on the safe use of electricity

To ensure consumers' health and safety, it is very important to inform them of and educate them on safety guidelines for using electricity.

Iberdrola thus uses the group's websites to provide recommendations and information to consumers on the safe use of electricity and gas, as well as guidelines to follow in case of an electrical accident. It also publishes informational booklets on the potential risks of electricity that affect its proper use and promotes informational and educational campaigns on safety measures and energy savings for the general public.

Depending on the location and its level of exposure to adverse weather conditions or other external contingencies, Iberdrola also provides information and recommendations on actions to take in the event of an emergency.

III.3.Contribution to the well-being of our communities

- Access to energy
- Protection of human rights
- Support to local communities
- Contributions to society
- Foundations
- Iberdrola and the Global Compact

Access to energy

The *Sustainable Development Policy* approved by the company's Board of Directors embraces the promotion of universal access to the power supply, with environmentally sustainable, economically assumable and socially inclusive models, as a basic principle of conduct in the creation of sustainable value. In addition, it attends to customers who are economically disadvantaged or in any other situation of vulnerability, establishing specific procedures of protection and collaborating in providing ongoing access to electric power and gas supply according to the policies established by the competent government authorities in each case.

Access to energy for off-grid customers

The companies of the Neoenergia group have continued to develop rural electrification programmes, undertaken jointly with government authorities, as an instrument for the social inclusion and development of rural homes not served by electric utilities. In 2021, the funds allocated to these programmes totalled 51 million euros (326 million Brazilian reais) in consolidated terms for the group.

Globally, Iberdrola has launched the Electricity for All Programme in response to the call of the international community to ensure universal access to affordable, reliable and modern energy services. Iberdrola has set the ambitious goal of providing electricity to 16 million persons who currently lack it by 2030.

For more information, see the Electricity for All Programme section of the corporate website.

Access for vulnerable customers

SASB IF-EU-240a.4.

The companies of the group have procedures to protect customers at risk of exclusion or in vulnerable situations so as to facilitate access for the most disadvantaged groups: Iberdrola's measures in this regard include a lengthening of collection periods and making payment terms more flexible, so as to prevent the suspension of electric and/or gas supply due to non-payment of bills by users who are economically disadvantaged or who have been declared vulnerable due to reasons of age, health, disability or other serious reasons. In some countries such as Spain (with a subsidised electricity rate, called the *Bono Social de Electricidad*) and Brazil, there is a special, differentiated rate for low-income customers, offering them advantageous prices and special terms.

Initiatives to improve the access of vulnerable customers and communities to electricity

Country	Initiative
Spain	Subsidised Rate (*Bono Social*), agreements with the regional governments to avoid the suspension of service for vulnerable customers.
United Kingdom	War Home Discount
United States	Government Energy Assistance Programs, and Hardship & Low Income Program
	Hardship & Low Income Programme (company-sponsored)
Brazil	Subsidised Electricity Rate (*Tarifa Social de Energia Elétrica*)
Italy	Subsidised Rate (*Bono Social*)

Information regarding disconnections and subsequent reconnections in accordance with the Electric Utilities Sector Supplement of the Global Reporting Initiative (GRI) is shown in the following table:

GRI EU27 SASB IF-EU-240a.3

Residential disconnections (no.)

	2021	2020	2019
Paid up to 48 h after disconnection	958,886	779,851	1,185,356
Paid between 48 h and one week after disconnection	155,758	120,257	211,859
Paid between one week and one month after disconnection	212,944	164,689	229,173
Paid between one month and one year	199,878	131,316	195,071
Paid after more than one year	15	91	26
Outstanding and unclassified	5,958	17,267	107,337
Iberdrola total	**1,533,439**	**1,213,471**	**1,928,822**

In 2020, as a result of the COVID-19 pandemic, service shutdowns for non-payment were suspended before gradually resuming in 2021.

Residential reconnections following payment of unpaid bills (No.)

	2021	2020	2019
Less than 24 h after payment	1,213,785	996,700	1,575,039
Between 24 h and one week after payment	184,014	111,383	146,630
More than one week after payment	89,025	97,078	125,925
Unclassified	5,582	14,020	84,719
Iberdrola total	**1,492,406**	**1,219,181**	**1,932,313**

Iberdrola's commitment to human rights

GRI 407 408 409 412

The group has a firm commitment to the defence of human rights, and has a set of tools that ensure and promote the protection of and respect for people, in order to prevent, mitigate and redress any possible impact on human rights. The company's practices are thus in line with the principles underlying the United Nations Global Compact; the Guiding Principles on Business and Human Rights: Implementing the United Nations "Protect, Respect and Remedy" Framework (the UNGP), the OECD Guidelines for Multinational Enterprises; the Tripartite Declaration of Principles Concerning Multinational Enterprises; the *Social Policy of the International Labour Organization*; and the Sustainable Development Goals (SDGs).

Iberdrola's *Policy on Respect for Human Rights* approved by the Board of Directors in 2015 and last updated in April 2021, sets out mandatory principles for all professionals of the group, regardless of where they work. The company has made the following commitments, among others:

- To respect the human and labour rights recognised in domestic and international law, as well as comply with international standards in those countries in which human rights legislation has not reached an adequate level of development.
- To reject child labour and forced or compulsory labour or any other form of modern slavery and to respect freedom of association and collective bargaining, as well as non-discrimination, the freedom of movement within each country, and the rights of ethnic minorities and of indigenous peoples in the places in which it carries out its activities.
- To advance a culture of respect for human rights and promote awareness-raising in this field among its professionals at all companies within the group, and especially at those where there may be a higher risk of violation of such rights.

It has also defined its overall human rights due diligence framework with the aim of better integrating all issues relating to human rights into a single comprehensive due diligence system.

The human rights risk map was updated this year by prestigious independent external specialists in this field in order to identify the main risks in the countries in which the group has operations, as well as in those countries in which it purchases supplies. The advisors used their own methodology to prepare this risk map based on the Global Human Rights Risk Index (GHRRI) of Business & Human Rights (BHR), which, unlike other generic indices on the market, allows the risks specific to the energy sector to be weighted. The index is supplemented with the particular characteristics of Iberdrola's activities, providing results more closely aligned with the company's profile.

GRI 407-1 408-1 409-1 412-1

According to the result of the analysis of human rights risks at the 246 main locations of operation (100% of the main locations), none of these locations presents risks relating to collective bargaining, forced labour or child labour.

However, some locations in the United States, Brazil, Mexico and Greece (150, or 61%) present possible risks in one or more of the following human rights issues: labour conditions; environmental impact; occupational safety and health; public safety; indigenous peoples; and lands and property.

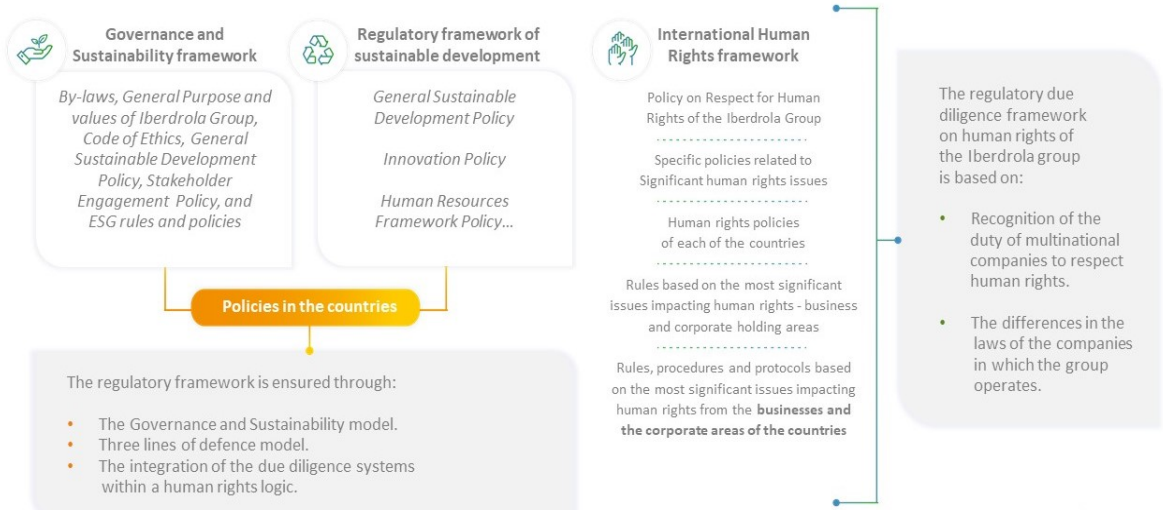
Human rights due diligence system

Iberdrola has defined its human rights expectations for its various Stakeholders: employees, suppliers and investment partners, requiring them to strictly respect human and labour rights recognised in domestic and international law in the conduct of their activities.

Iberdrola's Human Rights Due Diligence System seeks to promote the implementation of the Guiding Principles (Principle 18.a of the UNGPs) adjusted for the size of the company and the diversity and particularities of the facilities in the various countries.

This is illustrated in the following diagram:

Iberdrola Group's Human Rights regulatory framework



In summary, the methodology applied adopts the recommendations of the UNGP at three successive levels of refinement and depth in the identification of human rights impacts:

1. **Potential impacts** for the industry, affected by country risk (principle 17). In the specific case of the utilities sector in which Iberdrola operates, the following potential impacts are identified:
   - Ethics and integrity: corruption, responsible taxation..
   - Impact on local communities: universal access to energy, natural resources, land and housing, cultural heritage, public health, security, slave labour.
   - Environmental impact: environmental safety, water availability and management, waste management, biodiversity, climate change and decarbonisation.
   - Labour practices: diversity, equality, discrimination, labour relations and labour rights.
   - Innovation and new technologies: cybersecurity and data protection.
   - Operation of facilities and business essentials: opening of new facilities and facility closures, facility operations and safety, subcontractor issues, anti-competitive practices, consumer rights.
2. **Significant impacts** for the company, based on the severity, possibility of remediation and linkage of impacts (principle 19.b). The main relevant human rights issues according to our Stakeholders are:
   - Labour practices.
   - Impact on local communities and the rights of indigenous peoples.
   - Cybersecurity and information privacy.
   - Citizen insecurity and labour practices in the hiring of security services.
3. **Priority impacts** for the Action Plan, giving preference to the elimination of due diligence gaps, if any (principle 19.a). Progress on the necessary improvement measures detected through the human rights due diligence system is detailed below.

Complaint and grievance mechanisms

Iberdrola has the channels necessary for affected persons to contact the company directly and report their concerns, complaints or grievances relating to impacts on local communities, employees, suppliers or any other Stakeholder. And in order to facilitate access to mechanisms of remediation for victims (third pillar of the Ruggie Framework), the complaint and claim mechanisms were updated in 2020 and a procedure for formalising the classification, monitoring and control of complaints and grievances was drawn up.

The information related to human rights complaints and grievances received in the area of Compliance are described in the chapter on Ethics and Integrity; those relating to Human Resources and Legal Services in indicator **GRI 406-1**, those relating the Environment are reported in the chapter on the Environment and in the section on Contribution to the well-being of our communities; those involving Cybersecurity and information privacy in indicator **GRI 418-1** and, lastly, those involving Socioeconomic compliance in indicator **GRI 419-1**.

Examples of remedial actions carried out during the year are listed in the "Population displacement management", "Social impact assessments", "Development programmes for local communities", etc.

Progress and results

Following the human rights due diligence analysis in 2021, the company worked on the improvement opportunities that were detected. The gap analysis, together with the review and update of the ad hoc risk map for the company's business activity, sets out the process for prioritising actions to prevent and mitigate possible impacts. Specifically, the focus has been on the following:

- The human rights risk map was prepared by an independent third party. In the short term, the information obtained will be used for the company's ongoing due diligence processes and, if necessary, new management mechanisms will be activated. This action is part of the commitment to periodically update the risk analysis as required by the UNGP.
- After developing a guide with recommendations at the group level for holding public consultations with local communities following the recommendations of the UNGP, in 2021 a digital tool was designed and developed at the group level to manage and document these public consultations. The aim is to facilitate the management, mitigation and remediation of any potential impact on the communities in the vicinity of Iberdrola's operations.
- The strengthening of external communication on issues relating to respect for human rights, through the creation of a new section on the corporate website.
- The human rights due diligence system — underpinned by the 360º supplier monitoring system, among others — detected the risk of a potential impact on the supply chain, specifically in China's Xinjiang region. Consequently, Iberdrola has taken proactive measures, requiring that its suppliers of components for photovoltaic plants scrupulously comply with the commitments they have signed and requesting extraordinary measures to ensure the non-use of forced labour in their supply chain (more detailed information can be found in Supplier social assessment section).

Main significant human rights issues for our Stakeholders

Below are examples of how Iberdrola is managing specific human rights issues that are significant for its Stakeholders.

Labour practices

Non-discrimination was an issue that was particularly significant for Stakeholders in this regard.

GRI 406

The principles of non-discrimination and equal opportunity applied within the Iberdrola group are set out in both the *Code of Ethics* and the global policies and procedures approved and implemented (*Human Resources Framework Policy*, *Recruitment and Selection Policy*, *Equal Opportunity and Reconciliation Policy*, *Equality Diversity and Inclusion Policy* and they are intended to avoid any discrimination on the basis of gender, gender identity, age, origin, race, colour, language, religion, political opinion, social status, belonging to an indigenous community, disability, health, marital status, pregnancy, sexual orientation or other personal circumstances unrelated to requirements for performing one's job.

In addition, specific plans and policies are in place in each country to ensure that the most relevant challenges are addressed at the local level (policies to prevent discrimination against any type of group, harassment prevention policies, etc.).

Group employees can report behaviour that may constitute labour discrimination both through the ethics mailbox and through their respective supervisors or Human Resources.

The group received 29 grievances regarding labour discrimination through the various channels in 2021, Thirteen are being reviewed and the other 16 have already been closed. Of the grievances already closed, one ended in a written warning and three ended in dismissals as a result of improper action relating to human rights. In addition, three complaints were received in Spain concerning the right to organise. The Human Resources area is in charge of taking the appropriate disciplinary action.

GRI 406-1

Incidents of discrimination reported (no.)

	2021	2020	2019
Iberdrola total	29	34	33

Iberdrola has not received any complaint through the Legal Services channels in regarding other human rights issues in 2021, nor is it aware of court claims that could have a specific social impact.

Impact on local communities and the rights of indigenous peoples

GRI 411 411-1

In applying the *Code of Ethics* and the corporate policies (especially the *Policy on Respect for Human Rights*), Iberdrola and its employees commit to respect both ethnic minorities and the internationally recognised rights of indigenous peoples, in accordance with applicable law and the obligations set out in Convention 169 of the International Labour Organization (ILO).

Presence of the company in indigenous territory, incidents and projects implemented

The company, with a presence in four countries where there are indigenous communities (Brazil, Mexico, the United States and Australia) encourages business activities to be carried out with respect for different cultural identities, traditions and environmental wealth, as many times these communities depend on natural resources for their subsistence. Therefore, it has channels of dialogue with these communities and their representatives, as well as for the participation of the government, in order to report on the projects with due transparency and integrity. However, as there may occasionally be direct or indirect impacts on these communities at some facilities, the company endeavours to promote ethical practices with the goal of preventing conflicts and generating mutual benefit, which in the long term is the foundation of social value.

Facilities in territories held by indigenous communities are listed below:

Country	Facility	Indigenous community
Mexico	Topolobambo II combined cycle	In the Ahome municipality: El Chalate, Juricahui, Bajada de San Miguel, Nuevo San Miguel, San Miguel Zapotitlan, Zapotillo Uno, Choacahui and La Tea. In the El Fuerte municipality: Téroque Viejo, El Carricito, La Ladrillera, El Bajío, Las Higueras de los Natoches, La Loma , El Ranchito, 2 de Abril, La Cruz, La Línea and Júpare.
	Tamazunchale combined cycle	In the municipality of San Martín Chalchicuautla, the Lalaxo and Ocuiltzapoyo and Bordones communities; in the municipality of Matlapa, the Terrero Colorado, Chalchocoyo and Nexcuayo communities; in the municipality of Tampacán, the El Refugio, Las Vegas, El Ojital, Huexco aand Mixcotla communities; in the municipality of Tamazunchale Palictla, Cuixcuatitla, El Tepetate; Barrio la Vega and Cuixcuatitla.
	Dos Arbolitos wind farm	La Ventosa, Juchitán, Oaxaca
	Bii Nee Stipa wind farm	In the Espinal Zapotec community
	Mexico Ecological Parks	Juchitán de Zaragoza
Brazil	Subestação de Águas Belas, Estado de Pernambuco	FULNI-Ó community, in the city of Águas Belas
	Coelba Networks in Banzaê	Kiriris, Tuxá and Truká (Bahia)

Three lawsuits are under way with respect to the Brazilian electricity distribution company Coelba relating to indigenous rights, seeking compensation for the use of the right of way of the electricity grids on community lands of the Kiriris, Tuxá and Truká indigenous peoples. The lawsuit relating to the Truká community was filed in 2021. During the reporting period, the action regarding the Kiriris indigenous people was adjudicated. It is now in the appeal stage. The other two actions are in the investigatory phase, awaiting judgement.

In the United States, an appeal was filed relating to the Lund Hill solar project water permit in 2020 by the Confederated Tribes of the Yakama Nation. After the appeal was dismissed by the competent authorities, the matter was resolved in 2021.

Projects in indigenous territories are described below:

In the United States, the following actions were taken with regard to projects under construction in the state of Oregon, pursuant to the requirements of the Oregon Energy Facility: At the Golden Hills wind farm, at the request of the Confederated Tribes of the Umatilla Indian Reservation, the certificate for the specific type of pylons used at the site was delivered; and at the Bakeoven photovoltaic park, at the request of the Warm Springs Confederated Tribes, the fulfilment of all the settlement requirements at the site was verified.

Regarding solar projects under development, also in the United States, the following actions have been carried out: work is under way with the Yakama Indian Nation to detect issues that might affect the traditional cultural territories in the vicinity of the Bluebird photovoltaic park; actions have also been carried out with respect to the Badger Mountain project with the Yakama Indian Nation and the Colville Tribe, as well as the Tower Road project with the Yakama Indian Nation and the Confederated Tribes of the Umatilla Indian Reservation.

In Mexico, the “Luces de Esperanza” (Lights of Hope) project is being developed with indigenous communities, offering solar power electrification solutions to rural communities without electricity in Huasteca Potosina, San Juan Guichicovi and Matías Romero. In 2021, more than 400 persons benefited, and 100 stage-2 houses in Oaxaca were electrified. And in the rural communities of the Huesteca Potosina, more than 700 people benefited from the electrification of 99 homes and a health centre serving 36 communities.

Incidents detected relating to indigenous employees

There were no incidents relating to the violation of the rights of employees from indigenous communities in the group during 2021.

Citizen insecurity and labour practices in the hiring of security services

GRI 410

The *Security Policy* approved by Iberdrola’s Board of Directors and the specific procedures adopted by the Corporate Security Division for each situation and country are compatible both with international human rights standards and the laws of the countries where the company is present.

The protocols of conduct have been defined and implemented in all activities and services provided by the Corporate Security Division, with a Quality Management System that has been certified since 2003 under ISO 9001 and externally reviewed each year by AENOR in the countries where it has been implemented in order to ensure compliance with the requirements of this standard, as well as with the standards of the management system.

Security and monitoring services providers are hired in accordance with the Purchasing Policy, model and procedures in effect. The Corporate Security Division is responsible for setting the technical specifications and standards to be met by such suppliers in order to be hired, in terms of physical security, resources, training and cybersecurity, as well as the assessment thereof during the performance of their contract. This assessment is performed annually in order to identify areas for improvement.

Both the company’s personnel and that of subcontractors are qualified for their duties and enhance their knowledge through a rigorous Training Plan, which is continually assessed and monitored. It should be noted, however, that training has been more limited and protracted due to the pandemic.

GRI 410-1

Security personnel trained in human rights

		2021	2020	2019
Own personnel	Own personnel (No.)	194	187	155
	Own personnel trained in human rights (No.)	150	175	149
	Own personnel trained in human rights (%)	77.3	93.6	96.1
Subcontracted personnel	Subcontracted personnel (No.)	1,166	1,228	1,353
	Subcontracted personnel trained in human rights (No.)	850	865	837
	Subcontracted personnel trained in human rights (%)	72.9	70.4	61.9

Employee training on human rights

GRI 412-2

Due to the importance that respect for human rights has for the company, it has various training initiatives to inform the entire organisation of the social and labour rights affecting the activities of the company and to train all employees on risk prevention in its operations, on mitigation and on the remediation of any violation of human rights.

Employee training on human rights (h)[49]

	2021	2020	2019
Spain	138,450	124,991	106,570
United Kingdom	70,717	83,795	90,232
United States	116,212	69,952	109,570
Brazil	291,817	206,389	187,179
Mexico	40,061	395	28,387
IEI	5,675	119	1772
Iberdrola total	**662,932**	**485,641**	**523,710**

Iberdrola continues to act as a lever to promote respect for human rights in its supply chain, for which purpose it has developed an awareness-raising module regarding respect for human rights aimed at suppliers.

[49] Number of Full Time Equivalents (FTEs): 35,120 in financial year 2019, 36,915 in financial year 2020 and 39,788 in financial year 2021.

Support to local communities

Development programmes for local communities

GRI 413

Iberdrola takes various types of actions to minimise, mitigate and offset any socioeconomic impacts caused by its facilities. These actions are usually established by and agreed on with local authorities and with various Stakeholders, including the protection of biodiversity and recovery of spaces, improvements in communication infrastructure, water supply or roadways, public lighting, creation of direct and indirect employment, professional training courses and activities to support entrepreneurs. The above is in addition to engaging in various sponsorship and patronage activities.

Social impact assessments

GRI 413-1 413-2

Environmental Impact Assessment studies prior to the construction of facilities include a Social Impact Assessment in accordance with current law in each of the countries, and must be approved by the competent public authorities. In countries with indigenous communities, a Social Impact Study specific to these communities is always included.

These evaluations include an analysis of potential impacts on human rights, such as the right to a safe, clean, healthy and sustainable environment, through an evaluation of the natural environment (including assessments of the environmental impacts of such factors as emissions, leaks, waste, fires, effects on local biodiversity, changes in land use, changes in the aesthetics and quality of the landscape, restricted access to water and forest resources, etc.). Regarding the fundamental right to enjoy a social and international order or an adequate standard of living, an evaluation of the social and economic environment is also carried out on demographic aspects such as population changes in nearby municipalities; their historical and cultural heritage; increased demands for jobs in certain sectors; and the deterioration or development of basic infrastructure elements, such as roads or railroad networks, etc.

Applicable law ensures consultation with and the participation of both the interested parties and the government administrations during the performance of these impact studies, and part of the project documentation is subject to public review for a period of time that varies according to applicable law in each country. In addition, the Iberdrola group has implemented the Stakeholders Relations Model as well as the Recommendations Guide for Conducting Public Consultations. The viewpoints of the Stakeholders consulted will thus be taken into account in defining the future project.

These impact studies include the preventive and corrective or compensatory measures required to mitigate the issues identified. Almost 100% of the company's main locations of operation are thus subject to these types of activities, focused on meeting the needs of its Stakeholders, especially in local communities, and on conducting the most appropriate activities in all areas that most directly affect them.

Consultation processes with local communities

In order to better manage and mitigate the impact on the communities in which the group has a presence, operating procedures were reviewed last year to ensure that the public consultation processes were in line with UNGP recommendations. To facilitate the inclusion of these recommendations in formal procedures, a *Guideline for the implementation of good practices* in the relationship with local communities was prepared along with a medium-term plan for its implementation.

A digital tool for the documentary management of the consultations in the communities was designed and developed in 2021 for the implementation of the guideline. Together with the monitoring of the R*ecommendations Guide for Conducting Public Consultations* in all of the stages of the useful life of the sites, this will ensure that consultations are better managed and documented, thus making it possible to efficiently monitor the steps set forth in the action, mitigation and remediation plans with respect to any impact in the vicinity of the facilities.

The objective is to launch this tool throughout the group. This year it was presented in all the countries, and was launched in Mexico in order to test its effectiveness.

Energy planning (energy sources, technology and long-term needs) is carried out by governmental authorities; this is the institutional area in which the various Stakeholders can participate in accordance with the mechanisms established in each country. Once the most appropriate infrastructure is selected, the viewpoints of the affected communities are taken into account through consultation processes, which vary depending on the country and the type of facility.

In addition, during the development phase of each project, relations are established with local authorities, communities and any other groups that may be relevant to the project, and dialogue channels are established with the main Stakeholders.

Furthermore, there are channels in the Environmental Management System allowing Stakeholders to send their concerns, complaints, requests for information or any other kind of request to minimise impacts in the area.

Set out below are the most significant examples from all of the activities conducted by Iberdrola in this field for projects currently under development:

In Spain, the Iberdrola Renovables group, from the initial awarding of a new project (whether wind or photovoltaic), informs the various Stakeholders of the development of the project and of the benefits that the new infrastructures as well as its operation entail. To this end, meetings are held with municipalities and residents. Communities also benefit from the compensatory measures established and agreed with the local authorities. Local Development Programmes have been carried out at the main locations of operation, including the promotion of activities such as livestock raising and beekeeping and contributions to local employment (agrovoltaics) in order to preserve biodiversity and foster the circular economy.

In the United Kingdom, all proposals on new onshore wind farms and on the repowering of existing wind farms undergo a broad consultation process in which ScottishPower participates with local residents, communities and other Stakeholders. Various rounds of consultation are conducted in the development phase and as the project moves forward, in which the relevant information is shared, including blueprints, visualizations, environmental information, etc. The project team attends these sessions, which are announced in the local press, with informational brochures being distributed.

In Brazil, the Caetié wind plant has been developed. This included drafting and implementing a *Stakeholder Commitment Plan*, as well as implementing an *Action Plan for the Socio-economic Environment*, in accordance with the Ecuador Principles. One example includes the *Social Communication and Environmental Education Programmes*, carried out with the local communities. In 2021, three environmental education courses were prepared in the areas of influence of the Caetités Complex, in order to train instructors in environmental practices.

In the United States, social evaluations within the context of project permits (with regard to community development and other impacts) are usually included in due diligence procedures and project permitting during the planning and development stages. Some of the impact studies conducted in 2021 were for the Camino Solar Project in California, the St. Croix Valley Solar Project in Wisconsin, the Tower Road Solar Project in Oregon, the Mohawk Solar Project in New York and the Powell Creek Solar project in Ohio.

In Mexico, the renewables business conducted social impact studies at the Cuyoaco Photovoltaic Plant. In addition, social-welfare contributions were also made to the communities located near the projects – specifically, to local authorities for application of social-welfare contributions at infrastructure works that benefit and affect the areas of education, the environment, culture, sports, health, and the infrastructure of the communities.

Management of population displacements

During the planning phase for new projects, Iberdrola evaluates the land that will potentially be occupied, choosing the land that involves the least displacement of people who either reside in the immediate area or whose economic activities will be affected. In the event of displacement, Iberdrola and the relevant government authorities review the economic, environmental and social consequences of the projects, and jointly hold consultations with the local communities to adopt suitable corrective measures. In addition, in the case of indigenous communities, pathways of dialogue are established with the participation of the government and of various organisations representing these communities, to report on the projects with the required transparency and integrity.

GRI EU22

In the construction of the Tâmega hydroelectric complex (Portugal), detailed socio-economic studies have been conducted for several years on the possible affected dwellings. A prior assessment has been conducted, taking into account the needs of each of them and examining possible relocations to houses with similar characteristics. A total of 59 dwellings were ultimately identified, of which only 50% were permanent residences. The identification of displacements as necessary and the respective financial compensation have been made in accordance with the law on expropriations in Portugal and the methodology implemented regarding the management and definition of displacements and potential economic damages. In addition, in partnership with the Portuguese government and the municipalities, as approved in the Socio-economic Action Plan, financial compensation of 1.4 million euros was determined in addition to the compensation provided in the expropriation process, making it possible to improve the relocation conditions of the affected families and maintain their customs and traditions. Until 2021, 51 dwellings had been we located, 39 during that year, when the Daivões reservoir was filled. In 2022 and 2023, another eight families were relocated, when the Alto Tâmega reservoir was filled. To date, €0.5 million of the €1.4 million approved in the Economic Compensation Plan has been paid.

In the United Kingdom, the development of the East Anglia One, One North and East Anglia Two offshore wind farms has caused 74 displacements of economic activity, for which financial compensation has been provided. In addition, the annual geotechnical and geophysical campaigns in the East Anglia One North, East Anglia Two and East Anglia Three projects have affected 60 fishermen (71 boats), for which financial compensation has also been provided.

Contributions to society

Iberdrola has selected the Business for Societal Impact B4SI model to measure and assess business contributions to the community due to its broad international recognition. It is considered the most highly valued standard for measuring the results and impacts of social programmes, both for the company and for the community. This standard only recognises projects that involve voluntary contributions for social or environmental protection ends, for non-profit purposes, and that are not restricted to groups related to the company.

Iberdrola has used the model as a basis to report its contributions to society in2021.

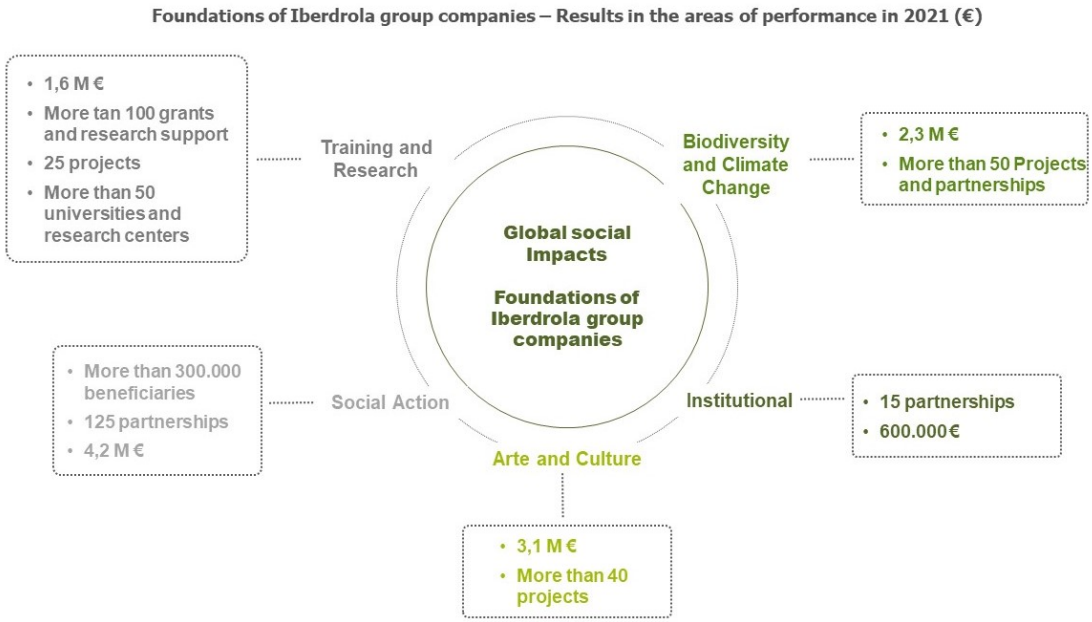
Contribution to the community in 2021 (€)	
By category	
Specific contributions	6,514,325
Community investment	40,517,080
Initiative aligned with the business	7,731,630
Management costs	3,353,290
By type of contribution	
Cash contributions[50]	53,987,144
Staff time	259,557
In-kind contributions	516,333
Management costs	3,353,290
By area of contribution	
Socioeconomic development of the community	8,495,569
Energy sustainability	13,488,243
Art and culture	4,029,321
Education and training	7,197,209
Cooperation and community service	15,711,003
Other	5,841,690
Total	**58,116,325**

[50] Contributions made mostly to non-profit organisations and foundations but also to universities, government administrations, etc., provided that they meet the aforementioned B4SI Model standards.

Foundations

ScottishPower Foundation, AVANGRID Foundation, Fundación Iberdrola México, Instituto Neoenergia y Fundación Iberdrola España; represent Iberdrola's commitment to the sustainable the development of the countries in which it does business. Pursuant to the Master Plan, the foundations have updated their mission, vision and values to include the contribution to the SDGs among their purposes and principles.

Iberdrola uses various indicators to measure the results achieved through its community support programmes.



Training and Research Area

This work area focuses on young students, supporting their undergraduate, technical or language studies and providing opportunities for those with fewer resources and/or disabilities. It also includes calls for assistance for research, including the launch of the new international *Energy for Future* programme for young researchers in the energy sector. There are also research grants and scholarships in restoration and conservation in partnership with prestigious museums, such as the Museo del Prado and the Bilbao Fine Arts Museum. These initiatives contribute to the attainment of specific objectives of SDG 4: Quality Education.

A Green Economy programme – *Programa Inspira* – has been relaunched in Castile-La Mancha, in order for young people between 16 and 30 years of age at risk of exclusion to resume their studies.

In addition, in partnership with various universities, Iberdrola is promoting the representation of women in STEM careers in all of the countries where it is present.

Biodiversity and Climate Change Area: conservation of birds, habitats and ecosystems

This work area partners with public institutions and entities devoted to the protection of the environment and birdlife, contributing to the achievement of the specific objectives of SDG 13: Climate action, and 15: Life on Land. Among other initiatives, Iberdrola supports habitat conservation work, such as through its Campos de Tiro Militar reforestation programme in Spain, called "Forest Defence-Iberdrola", where more than 60 hectares have been reforested in less than three years. In addition, Iberdrola is carrying out multi-annual cooperation efforts with SEO Birdlife and supporting land and marine habitats through the projects being carried out at the foundations in Scotland (restoration of seagrass and oysters), Brazil (coral restoration), the United States (river water conservation) and Mexico (conservation of the Cañón de Fernández).

Art and Culture Area: programmes for lighting, restoration and support to museums

This area partners with cultural entities, prestigious museums, public institutions and religious entities to promote culture, as well as to restore and preserve the artistic heritage, favouring local development. These actions directly impact Goals 8: Economic growth, and 11: Sustainable cities and communities.

There at two very important sections within this area. Through the lighting programme, lighting interventions are carried out with respect to important historic-artistic heritage sites in order to foster local development and sustainable tourism. The lighting projects include those at the Santiago de Compostela Cathedral, the Guadalupe Monastery, the Salamanca Cathedral, and the Madrid Supreme Court. In addition, the restoration programme helps conserve and preserve the artistic and cultural heritage. Numerous restorations have been carried out with the Museo Nacional del Prado and the Museum of Fine Arts of Bilbao.

At all of the foundations, workshops, programmes and free visits also provided to promote culture and create new and exciting learning opportunities.

Social Action Area

This work area partners with non-profit organisations, foundations and development agencies to promote social and humanitarian projects aimed at the most vulnerable people and that contribute to achieving the specific objectives of SDGs 1: End poverty; 3: Good health and well-being; 5: Gender equality; 7: Affordable and clean energy; and 10: Reduced inequalities.

The **Social Programme of the Foundations** is implemented in five countries with the support of projects that promote overcoming child poverty, supporting the inclusion of people with disabilities, improving the quality of life of persons who are seriously ill and supporting women, always prioritising attention to the most vulnerable groups. The more significant partnerships include: Down Syndrome Foundation, Proyecto Hombre, Ciudad Joven, Ayuda en Acción, Save the Children, Upacesur.

In addition to the social programmes, Fundación Iberdrola México is carrying out a multi-year project named "Urological Brigades" to contribute to the well-being of low-income women who have complex urological problems by providing them with surgery.

Iberdrola and the Global Compact

Iberdrola has been a member of the Global Compact since 2002, when it made the commitment to support, promote and disseminate its ten principles regarding human rights, labour practices, the environment and the fight against corruption, both internally and within its area of influence, as well as its commitment to achieving the Sustainable Development Goals and disseminating them at the various communities in which it operates. The company has continued to further develop the policies proposed by the Compact, which it has made public through its annual Statement of Non-Financial Information and its corporate website.

Since 2004, the company has belonged to the *Red Española del Pacto Mundial* (Spanish Global Compact Network) as a founding member, and has prepared progress reports on compliance with the principles of the Compact, which are publicly available on the website of the Red Española del Pacto Mundial and on the UN Global Compact.

In 2021, Iberdrola took the following actions in connection with the Global Compact:

- Submission of the Progress Report 2020 on compliance with the principles of the Compact, rated at the highest level for this type of report ("GC Advanced").
- Attendance at the 2021 General Assembly of the Red Española.
- The company was identified as a LEAD company for its high levels of commitment as Participants in the United Nations Global Compact, and was the only Spanish company to have received this recognition.
- Active participation in the main platforms and initiatives at the global level, including:
    - The climate action platform ("Caring for Climate"), in which Iberdrola has been a main partner since its creation..
    - The Business Ambition for 1.5°C in support of the goal of net-zero emissions by 2050.
    - Science Based Targets initiative (SBTi), with approved targets in line with the 1.5º C scenario and committed to achieving net-zero emissions.
    - The CEO Water Mandate initiative to encourage sustainable practices in the use of water.
    - Iberdrola is a signatory to the Women's Empowerment Principles, which aim to promote gender equality and women's empowerment in the workplace, marketplace and community.
- In addition, within the framework of the milestones of the multilateral agenda, the following activities should be noted:
    - Very active involvement in the preparation of the United Nations High-Level Dialogue on Energy, both at the technical level as a member of the Finance and Investment group and through participation in ministerial events.
    - The Chairman of Iberdrola, Ignacio Galán, took part in the Caring for Climate high-level panel, which took place at COP 26, as well as in several events in support of the climate ambition within the framework of the United Nations General Assembly. He was accompanied by business, multilateral agency and government leaders.
    - The Chairman of Iberdrola participated in the 2021 United Nations Global Compact–Accenture CEO Study on Sustainability

In 2022 Iberdrola will continue to actively participate in the activities of the Red Española del Pacto Mundial in a manner similar to the past years.

IV. Governance

IV.1.Good governance, transparency and Stakeholder engagement

- Corporate governance
- Ethics and integrity
- Public policies
- Stakeholder engagement
- Fiscal responsibility
- Competition
- Public policies
- Cybersecurity and information privacy
- Socioeconomic compliance

Corporate governance

The Governance and Sustainability System constitutes the internal regulation of Iberdrola and its group. Within this system, the block on corporate governance includes best practices and positions Iberdrola a leader in this area. The corporate governance rules of the decision-making bodies and internal committees establish their rules of operation, always in line with the highest international standards and focused on the best compliance with and implementation of the Purpose and Values of the Iberdrola group.

An independent and plural Board of Directors

The Board of Directors focuses its activity on defining and supervising the general guidelines by addressing, inter alia, the following matters: (i) establishing the group's policies and strategies and (ii) supervising the general development of the policies, strategies and guidelines by the country subholding companies and by the head of business companies.

GRI 102-34

For more detailed information regarding the composition, operation and activities carried out by the governance bodies of the Company, see the Activities Report of the Board of Directors and of the Committees thereof. This Report describes issues of crucial interest dealt with during the year.

A brief description of the composition and activities of the committees of the Board of Directors can be found in section C.2.1. of the Annual Corporate Governance Report.

Selection and nomination of the members of the highest governance body

GRI 102-24

The appointment, re-election and removal of directors is within the purview of the shareholders at the General Shareholders' Meeting.

Vacancies that occur may be filled by the Board of Directors on an interim basis until the next General Shareholders' Meeting, whereat the shareholders confirm the appointments or elect the persons who should replace directors who are not ratified, or the vacant positions are withdrawn.

To this end, the *Board of Directors Diversity and Member Selection Policy* ensures that proposals for the appointment of directors are based on a prior and objective analysis of the needs of the Board of Directors. The *Equality, Diversity and Inclusion Policy* also contains principles and guidelines that must be taken into account for these purposes.

A Board of Directors made up of 14 directors, with a diversity of nationalities and professional profiles.

The *Appointments Committee* advises the Board of Directors regarding the most appropriate configuration of such body and on aspects like the size of and balance among the various classes of directors existing at any time and the personal and professional requirements that the candidates must fulfil. For such purpose, the Committee reviews the structure of each body on a regular basis. Independent directors are appointed on the basis of a proposal of the Appointments Committee, while the other appointments require a report of such Committee.

In any event, the Board of Directors, and the Appointments Committee within the scope of its powers, will endeavour to ensure that the candidates submitted to the shareholders at a General Shareholders' Meeting for appointment or re-election as directors, as well as the directors appointed directly to fill vacancies in the exercise of the power of the Board of Directors to make interim appointments, are respectable and qualified persons, widely recognised for their expertise, competence, experience, qualifications, training, availability and commitment to their duties.

The members of the Board of Directors must be irreproachable professionals, whose professional conduct and background are aligned with the principles set forth in the *Code of Ethics* and with the corporate values contained in the Purpose and Values of the Iberdrola group.

If the Board of Directors deviates from the proposals and reports of the Appointments Committee, it shall give reasons for so acting and shall record such reasons in the minutes.

In addition, the selection of candidates shall endeavour to ensure that the composition of the Board of Directors is diverse in the broadest sense and balanced as a whole, such that decision-making is enriched and multiple viewpoints are contributed to the discussion of the matters within its purview. To this end, the selection process shall promote a search for diverse candidates with knowledge and experience in the various countries in which the group does or will engage in activities. The directors must also have sufficient knowledge of the Spanish and English languages to be able to perform their duties.

In turn, the Board has entrusted to the Appointments Committee the responsibility of ensuring that when new vacancies are filled or new directors are appointed, the selection procedures are free from any implied bias entailing any kind of discrimination, particularly due to gender.

Collective knowledge of highest governance body

GRI 102-27 102-21

The Company has a programme to provide directors with training and updates in response to the need for professionalisation, diversification and qualification of the Board of Directors.

> A diverse Board of Directors in terms of skills, nationalities and gender

Directors receive training regarding significant issues relating to the group and its Businesses, as well as the environment in which they operate, which are supplemented by reports, articles and other publications of interest made available to the directors through the directors' website (a software application that has a specific section and a blog dedicated to training).

This website also facilities the performance of the directors' duties and the exercise of their right to information, incorporating documents deemed appropriate to prepare for meetings of the Board of Directors and the committees thereof based on the agenda, as well as materials from the presentations made during the meetings.

In addition, at each meeting of the Board of Directors, a space is used to present financial, legal or socio-political issues of interest to the group.

For such purpose, an Orientation Programme covering aspects such as the business and organisational model of the Company and its group, the corporate governance structure and its ownership, and the Governance and Sustainability System is made available to the members of the Board of Directors through the directors' website.

GRI 103-33

Training and informational sessions during 2021

Board of Directors	Political situation in the United Kingdom
	Reporting on non-financial information
	Progress of renewable projects in Spain
	Energy policy situation in the European Union
	Electricity market situation in Spain
	Innovation in offshore energy, hydrogen and electric mobility
	Electricity sector situation in the United Kingdom.
	Electricity sector situation in Spain
	Fit for 55 package
Audit and Risk Supervision Committee	Aspects of the annual CNMV corporate governance report relating to audit committees
	Tax inspection in Spain
	CNMV report relating to financial information of Ibex-35 companies
	New accounting developments
	Cybersecurity and financial information technologies of Ibex-35 companies
Appointments Committee	Best practices in skills matrices
	International best practices in talent recruitment, retention, management and promotion, as well as management training and mentoring programmes.
Remuneration Committee	New legislative developments with long-term impact on shareholders of listed companies in the area of director remuneration
	International trends and comparative practices in director remuneration
	Comparative analysis of director remuneration policies approved by the shareholders of major listed companies
Sustainable Development Committee	Non-financial reporting, taxonomy and metrics
	Aspects of Spanish procedural law
	ESG reporting and metrics
	Corporate social responsibility and biodiversity
	Responsible human resources leadership
Training documents on the directors' website.	The European Single Electronic Format and its implications for Iberdrola, S.A.
	Next Generation funds
	The Iberdrola group's foundation system
	Codes of Ethics. Background and nature
	Sustainable event management within Iberdrola: application of the ISO 20121 standard
	Impact of the COVID-19 crisis on the operation of listed companies' governing bodies
	Iberdrola group's quality model
	A legal perspective on Cybersecurity at Iberdrola.
	Climate Change and Energy Transition Act.
	New features of the Spanish Companies Act introduced by Law 5/2021
	The Iberdrola group's Digital Strategy and Culture

GRI 102-28

Pursuant to the provisions of the *Regulations of the Appointments Committee*, this Committee coordinates the evaluation of the Board of Directors and of the committees thereof and submits to the full Board the results of said evaluation together with a proposed plan of action.

Within the framework of the evaluation process for financial year 2021, Iberdrola has decided to draw on the help of PricewaterhouseCoopers Asesores de Negocios, S.L.

This process is based on the review of a large number of quantifiable and measurable indicators that are objectively updated every year based on the latest trends. As a result of this process, the company develops and adopts ongoing improvement plans designed to implement the specific measures that may help to further perfect corporate governance practices. A summary of this process can be found in section C.1.17 of the *Annual Corporate Governance Report 2021*.

Identifying, managing and evaluating economic, environmental and social impacts

GRI 102-29 102-31

The Board of Directors of Iberdrola S.A. is structured as described in chapter I.1 "About Iberdrola", and its consultative committees assist it in its task of supervising the management of the company's economic, social and environmental performance. This includes both the supervision of the risks and opportunities generated by the group's activities and compliance with international principles, codes and standards applicable to the tasks for which it is responsible. The Board of Directors and its consultative committees perform periodic evaluations of the aforementioned aspects of the group's performance, drawing for such purpose on external information of interest thereto, with the assistance of external independent advisers, and on information provided to them by the rest of the organisation itself, primarily through periodic appearances of the group's officers.

These appearances are reported in the Activities Report of the Board of Directors and of the Committees thereof.

GRI 102-20

The Sustainable Development Committee has supervised the company's conduct in the area of sustainability, corporate reputation, corporate governance and compliance. The appearances of the director of Corporate Social Responsibility and Reputation, Climate Change and Alliances as well as the director of Innovation, Sustainability and Quality have been frequent in this regard, and have dealt with the most significant aspects of what is referred to as "climate governance". The director of the Compliance Unit has also appeared on a recurring basis. The secretary of the Board of Directors, the general secretary and director of Legal Services and the heads of the various areas have also been invited to make presentations at meetings during which issues within their purview have been discussed.

Remuneration policies

GRI 102-27 102-35 102-36

As provided in the By-Laws and the Regulations of the Board of Directors, the Board of Directors, at the proposal of the Remuneration Committee, is the body with power to set the remuneration of directors within the overall limit set by the By-Laws and in accordance with law, except for such remuneration as consists of the delivery of shares or of options thereon or which is indexed to the price of the shares, which must be submitted to the shareholders for approval at the General Shareholders' Meeting. The Remuneration Committee is a consultative committee chaired by an independent director and made up mostly of independent directors.

The Remuneration Committee is responsible for evaluating the level of achievement of the targets to which variable annual and multi-annual remuneration is linked and for submitting it to the Board of Directors for approval.

As a result of the group's commitment to sustainability, the long-term incentive plan (2020-20222 Strategic Bonus) proposed by the Board of Directors to the shareholders at the 2021 General Shareholders' Meeting includes objectives linked to the fight against climate change, notably the acceleration of the emissions reduction objectives. This commitment is aligned with the goal of reducing overall emissions intensity, which contributes to SDGs 7 and 13, by 2030. Other objectives linked to the long-term incentive plan relate to (i) increasing the number of suppliers that adhere to sustainable development policies and standards and (ii) eliminating the wage gap.

Pursuant to the By-Laws, the Company will annually allocate as an expense an amount equal to a maximum of two percent of the group's consolidated profit during the preceding financial year for the following purposes:

a. To remunerate the directors both for their status as such and for any executive duties, based on the positions held, dedication and attendance at meetings of the corporate decision-making bodies.

b. To maintain a fund to cover the obligations incurred by the Company with respect to pensions, the payment of life insurance premiums and the making of severance payments to former and current directors.

The allocation, with a maximum limit of two percent, can only accrue if the profit from the preceding financial year is sufficient to cover the requirements of the legal reserve and other mandatory reserves and if the shareholders are entitled to receive a dividend of at least four per cent of the share capital with a charge to said financial year.

Regardless of the provisions of the preceding sections, the remuneration of the directors may consist of the delivery of shares or options thereon, as well as remuneration linked to the value of the Company's shares, subject always to the approval of the shareholders acting at a General Shareholders' Meeting.

Annual total compensation ratio and annual total compensation percentage increase ratio

Iberdrola's Corporate Governance Model provides for the existence of a holding company, Iberdrola S.A., and for country subholding companies in the main countries in which it does business, as shown in the "Corporate and governance structure, ownership and legal form" section of the chapter and described on the Company's website.

The main countries in which the Iberdrola group does business are Spain, the United Kingdom, the United States, Brazil and Mexico, where the compensation remuneration ratios are set forth in the table below.

GRI 102-38 102-39

Country[51]	Highest level of remuneration	Annual total compensation ratio [52]			Percentage increase in annual total compensation ratio [52]		
		2021	2020	2019	2021	2020	2019
Spain	Director/a	21.37	21.69	21.75	-1.44	0.00	1.72
United Kingdom	CEO	20.08	16.69	19.04	3.77	-0.89	3.39
United States	CEO[53]	11.59	8.82	18.95	6.24	N/A	-3.02
Brazil	Director/a[54]	18.80	14.31	14.72	N/A	0.21	-1.4
Mexico	CEO[55]	24.83	20.67	7.12	3.96	N/A	1.28

Shareholder engagement

Iberdrola is a pioneer in implementing shareholder engagement as one of the fundamental pillars of its corporate governance strategy, with the General Shareholders' Meeting being the shareholders' main channel for participation in corporate life.

As in 2020, the 2021 General Meeting was held 100% online due to the COVID-19 pandemic, introducing the following innovations to continue encouraging the informed participation of shareholders:

1. Proactive sending of proxy and remote voting cards by Iberdrola to shareholders.
2. QR code included in the proxy and remote voting cards to facilitate electronic participation.
3. New channels for remote participation, including the WhatsApp instant messaging application and email, for shareholders and proxy holders to send images of their voting cards.
4. Prize draw for 100 pairs of virtual reality goggles among shareholders voting or granting proxies through the corporate website's participation portal.
5. Extending to proxy representatives, in addition to shareholders, the ability to attend the General Meeting online.

[51] Spain: Iberdrola, S.A.; Iberdrola España; Iberdrola Energía Internacional. United Kingdom: ScottishPower. United States: AVANGRID. Brazil: Neoenergia. Mexico: Iberdrola Mexico.
[52] Annual total compensation includes fixed salary, cash salary supplements and variable remuneration. Does not include long-term incentives or benefits.
[53] Total annual compensation for 2021 includes annualised fixed and variable salary. Total annual compensation for 2020 includes annualised fixed salary, due to the CEO position changing hands on 20 July 2020.
[54] The highest paid person and position in 2021 has changed with respect to 2020.
[55] In 2020 change of position regarding the highest level of remuneration in 2019. There is no comparable benchmark in 2019 for the higher level of remuneration in 2020.

The General Meeting held on 18 June 2021 achieved a quorum of 65.83% of share capital (6.46% present and 59.37% by proxy), with all resolutions proposed by the Board of Directors being approved by a broad majority.

Since 2016 the Basque Government (through the state-owned company Ihobe) and AENOR certify that the management of Iberdrola's General Shareholders' Meeting meets the standards for the environmental sustainability of events in the Basque Country (Erronka Garbia) and the ISO 20121 standard on sustainable event management, respectively.

> Constructive, continuous, effective and transparent dialogue with the shareholders, encouraging their engagement and promoting their active participation through various channels like the interactive On Line Shareholders (OLS) system and the Shareholders' Club, among others.

The company has implemented several specific channels of communication to promote accessibility, the understanding of information, and ultimately the engagement of the shareholders, including the following:

a. **Shareholder's Office.** From the call to the General Shareholders' Meeting through the end thereof, the shareholders can rely on the support of the Shareholder's Office (Oficina del Accionista), which is in permanent contact with those shareholders who have voluntarily entered their names in its database, and provides a specific service to minority shareholders for the organisation of presentations and events prior to the General Shareholders' Meeting.
b. **OLS Shareholders' Club.** This is an open and permanent channel of participation between the company and shareholders who are interested in monitoring the company's evolution on an ongoing basis.
c. **Investor Relations Office.** This responds on a regular and personalised basis to the questions of analysts and qualified institutional investors in equities, fixed-income securities and socially responsible investments.
d. **Relations with shareholder associations and institutional shareholders.** Both shareholder associations and institutional shareholders may request meetings with representatives of the company through the Investor Relations and External Communication Division.
e. Last, the **Governance and Sustainability System** makes provision for the ability of the Board of Directors or its chairman & CEO to empower the first vice-chair and lead independent director or other directors to engage in dialogue with specific shareholders on issues relating to corporate governance and sustainable development.

> First Spanish company and one of the pioneers worldwide in formalising a Shareholder Engagement Policy, which is one of the main pillars in the corporate governance strategy.

Stakeholders' engagement in remuneration

GRI 102-37

The Annual Director Remuneration Report for financial year 2020 was approved by an ample majority of the shareholders at the General Shareholders' Meeting held on 18 June 2021, which had a quorum of 65.83%.

The Annual Director Remuneration Report for financial year 2021 will be submitted to a consultative vote of the shareholders at the General Shareholders' Meeting to be held in 2022.

Ethics and integrity

GRI 205 102-17

Policies and protocols

The group's Compliance System is structured around the regulations approved by the Board of Directors. The Unit, under the powers conferred upon it by the Regulations of the Compliance Unit, prepares and approves supplementary regulations that are also binding for all group employees.

Regulations approved by the Board of Directors

- Professionals' Code of Ethics
- Crime Prevention Policy
- Anti-Corruption and Anti-Fraud Policy
- Suppliers' Code of Ethics
- Internal Regulations for Conduct in the Securities Markets
- Internal Rules for the Processing of Inside Information

Regulations approved by the Unit

- General Compliance System Framework
- General Coordination, Collaboration and Information Protocol
- Protocol for Management of the Risk of Third-Party Fraud and Corruption
- Corporate Transactions Protocol
- Protocol for Conduct in Professional Relations with Government Administrations
- Protocol for Social Contributions, Donations and Sponsorships
- Procedure for Management of Conflicts of Interest and Related-Party Transactions of Senior Officers
- Competition Protocol
- Gifts and Hospitality Protocol
- Action Protocol in the Event of Notification of Court and Administrative Sanctioning Procedures
- Case Processing Guide
- Risk Assessment Guide
- Third-Party Risk Assessment Guide

Evaluation of risks

GRI 205-1

One of the main elements of the Compliance System is the existence of a process of regular and continuous identification and evaluation of the compliance-related risks of each of the corporate functions and in the businesses of the group.

Thus, in terms of risk assessments, two types of evaluations are carried out, which include the risk of corruption:

1. For the purpose of developing the *Crime Prevention Policy,* the companies of the group have implemented a set of measures making up the *Crime Prevention Programme*, which has been implemented at each country subholding and head of business company, all within the framework of the process of review and adjustment to the most recent changes to the Spanish Criminal Code following the introduction of criminal liability for legal entities, without prejudice to the legal provisions applicable in any other jurisdiction in which the company does business.

   To implement these *Crime Prevention Programmes*, there is a regular evaluation of the risks of committing criminal acts that might ultimately be alleged against the various companies of the group based on their activities, as well as an identification of existing controls and the establishment of new controls for the prevention thereof.

2. The Compliance Unit and the Compliance Divisions regularly update a compliance risk map covering the entire Group and following the guidelines established in the *Compliance Risk Evaluation Guide*, established by the Unit, including an assessment of the likelihood of each risk occurring and the impact that this would have.

Each Compliance Division analyses the presence of such risks at each of its companies. With the information obtained, a compliance risk map is prepared for each entity, identifying the main controls within the group to mitigate such risks, and if appropriate proposing improvement actions to strengthen the effectiveness of said controls.

Although Iberdrola, Iberdrola España, and their head of business companies are not subject to Law 10/2010 on the prevention of money laundering and terrorist financing (the "**Money Laundering Act**") and, therefore, that Act and the formal and administrative obligations imposed thereunder on certain groups do not apply to them, the risk of perpetration of money laundering offences is contemplated as part of the *Crime Prevention Programme* of such companies, given the breadth of the definition of the crime and taking into account that this type of crime can be committed by careless action.

The general controls associated with these offences include: (i) the *Code of Ethics*, (ii) the *Purchasing Policy*, (iii) the *Protocol for Social Contributions, Donations and Sponsorships*, (iv) the *Master Plan for Sponsorships, Donations and Partnership Agreements*, and (v) the *Protocol for Management of the Risk of Third-Party Fraud and Corruption*. These companies also have a series of specific controls for this type of crime, which are also identified in their respective programmes.

However, Iberdrola Inmobiliaria, S.A.U., due to the nature of the activity it carries out, is subject to the Money Laundering Act and, therefore, in addition to the aforementioned preventive controls, this company has implemented additional specific controls primarily aimed at preventing this type of crime. By way of example, the company has approved rules like the *Procedure to Prevent Money-Laundering and Terrorist Financing* and *Contract Approval Endorsements*, the *Leased Assets Billing Procedure and Payment Order Validation*.

Communication and training related to anti-corruption rules

Training and communication are two fundamental pillars of Iberdrola's Compliance System to ensure that all of its professionals are aware of and comply with the *Code of Ethics*.

Within this context, the Compliance Division plans its training and communication activities on an annual basis in collaboration with the corresponding Human Resources and Internal Communications divisions.

Corporate policies, including the *Anti-Corruption and Anti-Fraud Policy* and the *Crime Prevention Policy*, as well as the *Code of Ethics*, are available on the corporate website and on the employee portal.

The protocols and other procedures approved by the Compliance Unit are available on the employee portal and are circulated by email to all departments where these procedures may be applicable.

GRI 205-2

The table below shows the training hours associated with the various training activities carried out in 2021.

Employee training on anti-corruption

		2021		2020	
		Number of employees trained	Percentage of total workforce	Number of employees trained	Percentage of total workforce
Spain	Leadership	508	43.6	517	43.2
	Qualified Technicians	1,409	32.1	2,823	69.2
	Skilled workers and support personnel	1,214	29.1	2,823	65.4
	Total	3,131	32.2	6,163	64.2
United Kingdom	Leadership	14	1.7	673	87.3
	Qualified Technicians	87	2.7	2,623	83.4
	Skilled workers and support personnel	68	4.2	1,150	69.8
	Total	169	3.0	4,446	79.9
United States	Leadership	330	100.0	N/Av.	N/Av.
	Qualified Technicians	2,861	100.0	N/Av.	N/Av.
	Skilled workers and support personnel	4,244	100.0	N/Av.	N/Av.
	Total	7,435	100.0	7,099	100.0
Brazil	Leadership	379	97.7	338	96.3
	Qualified Technicians	3,062	96.6	2,796	96.3
	Skilled workers and support personnel	10,714	93.2	8,997	94.1
	Total	14,155	94.0	12,131	94.7
Mexico	Leadership	38	40.4	109	100.0
	Qualified Technicians	373	50.2	93	12.1
	Skilled workers and support personnel	135	29.4	16	3.6
	Total	546	42.1	218	16.7
IEI	Leadership	44	50.0	42	35.0
	Qualified Technicians	284	44.9	148	24.5
	Skilled workers and support personnel	25	25.8	8	8.6
	Total	353	43.2	198	24.2
Iberdrola total	**Leadership**	**1,313**	**45**	**1,679**	**58**
	Qualified Technicians	**8,076**	**54**	**8,483**	**59**
	Skilled workers and support personnel	**16,400**	**74**	**12,994**	**64**
	Total	**25,789**	**6,455**	**30,255**	**8,149**

Monitoring

Grievance mailboxes of the group

GRI 102-17

One of the basic elements of the Compliance System are the detection and/or monitoring mechanisms allowing for verification of the effectiveness of the controls and prevention activities carried out at the group. Such mechanisms include the ethics mailboxes for employees, which are tools that professionals can use to make queries or report conduct that may involve the commission of any improper conduct or any act contrary to law or the rules.

The group also has suppliers' ethics mailboxes. These mailboxes are communication channels to enable the suppliers of the group, as well as any companies that they subcontract, their respective employees and companies that have participated in a tender, to report conduct that might entail (i) violation by any group professional of the Governance and Sustainability System, the *Code of Ethics* or applicable law, or (ii) the commission by a supplier, its subcontractors or the respective employees thereof of any act contrary to law or to the provisions of the section of the *Code of Ethics* applicable to suppliers within the framework of their business relations with the group. These mailboxes are available in the purchasing portal of the website.

The group also has a shareholders' ethics mailbox. This mailbox represents a channel of communication through which shareholders can report conduct that night involve a breach of the company's Governance and Sustainability System or the commission by any professional of the group of an act contrary to the law or to the rules of conduct of the *Code of Ethics*. This mailbox is available on the group's corporate website, specifically within the interactive system provided for the shareholders known as "OLS – On-Line Shareholders".

Response and remediation plans

GRI 205-3

As regards the communications received through the ethics mailboxes, a total of 2,177 communications were received in financial year 2021, of which 1,159 were queries and 1,018 were complaints. Of the 1,018 complaints received, 527 were accepted for processing. In 9 % of the cases of complaints allowed to proceed, some type of disciplinary measure was taken upon a showing that there had been improper conduct or conduct contrary to the Code of Ethics. Regarding the total of 527 complaints that were accepted for processing, 77 were classified as having a potential impact on human rights.

Information regarding the existence of cases of corruption during the financial year

The company has not been informed through the ethics mailboxes of any confirmed cases of corruption during the year. There have also been no incidents recorded through the mailboxes available for this purposes resulting in the cancellation of orders or of contracts with group suppliers due to negative social impacts.

The Iberdrola group is working with the courts to clarify the circumstances relating to the hiring of the company Cenyt in order to enforce any liabilities that arise and to defend its good name and reputation.

The corresponding court proceedings are being heard before Central Investigating Court no. 6. Iberdrola, S.A. appears as an aggrieved party in these proceedings. For its part, the head of business company Iberdrola Renovables Energía, S.A.U. appears as a person of interest (investigado). The Chairman & CEO, an external director, two executives and five former executives of Iberdrola, S.A., among other individuals and entities, also appear in this capacity.

A review and analysis of the internal processes performed with the help of independent experts and pursuant to the group's Governance and Sustainability System has not revealed any violation of the internal control systems or of the *Code of Ethics* or of any other rules or procedures. Therefore, the impact of these cases on Iberdrola, S.A. or its group companies would be limited to reputational matters.

In addition, Iberdrola Renovables Castilla y León has been summoned as a subsidiary civil party in the opening of the Oral Hearing ordered by Investigating Court No. 4 of Valladolid in relation to the wind power scheme in Castilla y León. The order states that those vicariously liable must provide the following amounts as surety for their secondary civil liability: Iberdrola Renovables Castilla y León, in the amount of €11,257,500, severally with the Castile and Leon Government.

Proceedings from prior years with an impact on the financial year

On 22 December 2017, the European Investment Bank (the "EIB"), Iberdrola Ingeniería y Construcción, S.A.U. and Iberdrola S.A. (in its capacity as owner of all of the share capital of Iberdrola Ingeniería y Construcción, S.A.U. through the country subholding company Iberdrola Participaciones, S.A.U.) signed a settlement agreement (the "Agreement") within the framework of the EIB's investigation relating to the Riga TEC-2 project to rebuild a thermal plant in Riga (Latvia), which was awarded to Iberdrola Ingeniería y Construcción, S.A.U. on 8 December 2005 and financed by this institution.

The obligations agreed to with the EIB under the Agreement by Iberdrola Ingeniería y Construcción, S.A.U. and Iberdrola, S.A. include the development, financing and implementation of a specific programme to sponsor activities in the area of compliance by taking actions and measures in favour of the fight against corruption and fraud for a period of four years from the signing of the Agreement. After the parties agreed to extend the deadline by a further year, in 2021 the company complied fully with the commitments assumed.

Public policies

Relations with regulatory entities and social institutions

GRI 415

Iberdrola has two kinds of relationships with regulatory entities:

- Relationships geared towards contributing to the enactment of efficient regulatory provisions allowing for the development of a competitive market in activities that are not subject to a natural monopoly, and sufficient remuneration for regulated businesses. To that end, there is a continuous and constructive dialogue where information, knowledge and positions are exchanged. Iberdrola is thus acquainted with the concerns and proposals of regulatory entities and provides them with its own positions in the legitimate defence of its interests and those of its shareholders and customers. The company also actively participates in "public hearings" held by regulatory entities in order to ascertain the opinions of the players involved in the processes prior to the revision of regulations or the determination of domestic and European energy policies. It also participates in the official processes of enactment of the laws and regulations and in monitoring the application thereof.
- Provision of all information required by regulatory entities, whether in connection with the normal conduct of its business or as a result of any transitory issue.

In addition to its direct relationships with regulatory entities, Iberdrola and the companies in its group participate in the regulatory process through the various domestic and international trade associations of which they are members.

GRI 102-13

Principal domestic and international associations

Global	World Energy Council (Consejo Mundial de Energía)	WindEurope
	Energy Networks Association	Electric Power Research Institute (EPRI)
	Solar Power Europe	European Distribution System Operators (EDSO)
	Union of the Electricity Industry EURELECTRIC	Global Wind Energy Council (GWEC)
	CSR Europe	Nuclear Industry Association (NIA)
	International Emissions Trading Association (IETA)	World Association of Nuclear Operators (WANO)
	European Technology and Innovation Platform on Wind Energy (ETIP Wind)	European Utilities Telecom Council-EUTC
	European Round Table (ERT)	International Council on Large Electric (CIGRE)
	European Network of Cibersecurity (ENCS)	European Association for Storage of Energy (EASE)
	Prime Alliance	European Technology Platform Smart Grids
	World Nuclear Association	European Utilities Technology

Principal domestic and international associations

Spain	Foro de la Industria Nuclear Española y SNE	Unión Española Fotovoltaica (UNEF)
	Asociación Española del Gas (SEDIGAS)	Red Española del Pacto Mundial
	Plataforma Española de Redes Eléctricas (FUTURED)	Confederación Española de Organizaciones empresariales (CEOE/Cepyme)
	Asociación Española de la Industria Eléctrica (AELEC)	Círculo de empresarios
	Instituto Tecnológico de la Energía (ITE)	Cámara de Comercio de España
	Asociación Española de Normalización (AENOR)	Asociación de Directivos de Responsabilidad Social Empresarial (DIRSE)
	Fundación COTEC para la Innovación	Club Español de la Energía
	Asociación Empresarial para el Desarrollo e Impulso del Vehículo Eléctrico	Asociación empresarial Eólica (AEE)
	Corporate Excellence	Club de Excelencia en Sostenibilidad
	Asociación Española del Hidrógeno	Asociación de fabricantes de equipos de climatización
United Kingdom	Scottish Fuel Poverty	OFGEM
	The Scottish Renewables Forum	Energy UK - Energy Efficiency Group
	Offshore Wind Accelerator	National Skills Academy for Power
	Energy Networks Association	Business Disability Forum
	Renewables UK	Energy Institute
	Energy & Utility Skills	Energy Efficiency Group
	Institute of Customers Service	Smart DCC Limited
	Institute of Engineering &Technology	British Hydro Association
	National Energy Action	Edinburgh Chamber of Commerce
United States	American National Standards Institute (ANSI)	American Wind Energy Association (AWEA)
	The Wind Coalition (TWC)	Center for Energy Workforce Development (CEWD)
	North American Transmission Owner and Operator Forum (NATF)	Clean Grid Alliance
	American National Standards Institute (ANSI)	Operations Technology Development (OTD)
	Industrial Asset Management Council (IAMC)	The Wind Coalition (TWC)
	Gas Technology Institute (GTI)	American Gas Association (AGA)
	Edison Electric Institute (EEI)	Wind on the Wires (WOW)
	Center for Energy Efficiency and Renewable Technologies (CEERT)	Interwest Energy Alliance
	North American Electric Reliability Corporation (NERC)	Industrial Asset Management Council (IAMC)
Brazil	Associação Brasileira de Distribuidoras de Energia Elétrica (ABRADEE)	Associação Brasileira da Infraestrutura e Indústrias de Base (ABDIB)
	Associação Brasileira dos Comercializadores de Energia (ABRACEEL)	Federação das Indústrias do Estado da Bahia (FIEB)
	Associação Brasileira dos Contadores do Setor de Energia Elétrica (ABRACONE)	Associação Brasileira das Empresas Geradoras de Energia Elétrica (ABRAGE)
	Associação Brasileira de Energia Solar (ABSOLAR)	Câmara Americana de Comèrcio (AMCHAM)
	Associação Brasileira de Geradoras Termelétricas (ABRAGET)	Associação Brasileira de Energia Eólica (ABEEOLICA)
	Associação Brasileira das Empresas de Transmissão de Energia Elétrica (ABRATE)	Associação Brasileira de Relações Institucionais e Governamentais (ABRIG)
	Instituto Acende Brasil	Centro de Pesquisas de Energia Elétrica (CEPEL)
	Associação brasileira de Comunicação Empresarial (ABERJE	Associação Brasileira dos Produtores Independentes de Energia Elétrica (APINE)

Principal domestic and international associations

Mexico	Asociación Mexicana de Energía Eólica (AMDEE)	Asociación Mexicana de Parques Industriales (AMPIP)
	Asociación Mexicana de Energía, A.C (AME)	Consejo Coordinador empresarial A.C
	Confederación Patronal de la República Mexicana (Coparmex)	Cámara de la Industria de Transformación Ensenada
	Consejo Ejecutivo de empresas Globales, AC	Centro Mexicano para la filantropía (CEMEFI)
IEI	Associazione Italiana Energia Libera	Associaçao Portugesa de Energia (APE)
	Associazione Italiana di Grossisti di Energia e Trade (AIGET)	Associaçao de Gás Natural (AGN) en Portugal
	Electiricy Supply Board, en Irlanda	Agencia para a Energia (ADENE) en Portugal
	Commission for Regulation of Utilities, en Irlanda	Agência para a Energia, en Portugal (ADENE)
	Australian Energy Council (AEC), en Australia	Committee for Economic Development of Australia (CEDA), en Australia

External initiatives to which the organisation subscribes or which it endorses

GRI 102-12

The company has subscribed to or endorsed external initiatives aligned with sustainable development and encouraged its minority-owned companies to adhere to them. Iberdrola supports or subscribes to the following:

- Iberdrola is fully aligned with the Sustainable Development Goals (SDGs), including them in its business strategy and its Sustainable Management Policy.
- World Economic Forum (WEF) –CEO Climate Leaders–.
- World Business Council of Sustainable Development (WBCSD)
- EV100 (The Climate Group)
- UN Global Compact LEAD.
- European Round Table of Industrialists.
- Corporate Leaders Group.
- Green Growth Platform
- Carbon Pricing Leadership Coalition.
- Powering Past Coal Alliance
- CLG Europe
- European Climate Foundation

Iberdrola joined the Global Compact in 2002. Iberdrola has also participated in the preparation of the Wind Europe and ETIP Wind publications on recycling wind turbine blades.

In each country, Iberdrola also supports and collaborates with the initiatives it regards as most significant in terms of their importance at local level (the Spanish Office of Climate Change in Spain, the Cancer Research association in the United Kingdom, the Brazilian Business Council for Sustainable Development (CEBDS) in Brazil, the Clean Energy Council in Australia, etc.).

Lobbying activities and contributions to political parties or to related institutions

As regards lobbying activities, Iberdrola is registered with the Transparency Register created by European institutions to provide adequate transparency to the relations of such institutions with companies, NGOs, citizens' associations, think tanks, etc. The register was created by the European Parliament and the European Commission, and the Council of the European Union supports the initiative. Iberdrola's record in such register can be found on the EU's website. In its activities to influence public policies, AVANGRID has made the financial contributions shown in the US register.

Iberdrola has a neutral position from a political standpoint. In financial year 2021, none of the group companies, with the exception of the United Kingdom and the United States, contributed to the financing of political parties.

GRI 415-1

Contribution to political parties (€)

	2021	2020	2019
United Kingdom	16,285	0	44,412
United States	45,011	3,942	32,153
Federal level	*0*	*0*	*0*
State level	*45,011*	*3,942*	*32,153*
IEI	0	0	0
Total	**61,296**	**3,942**	**76,565**

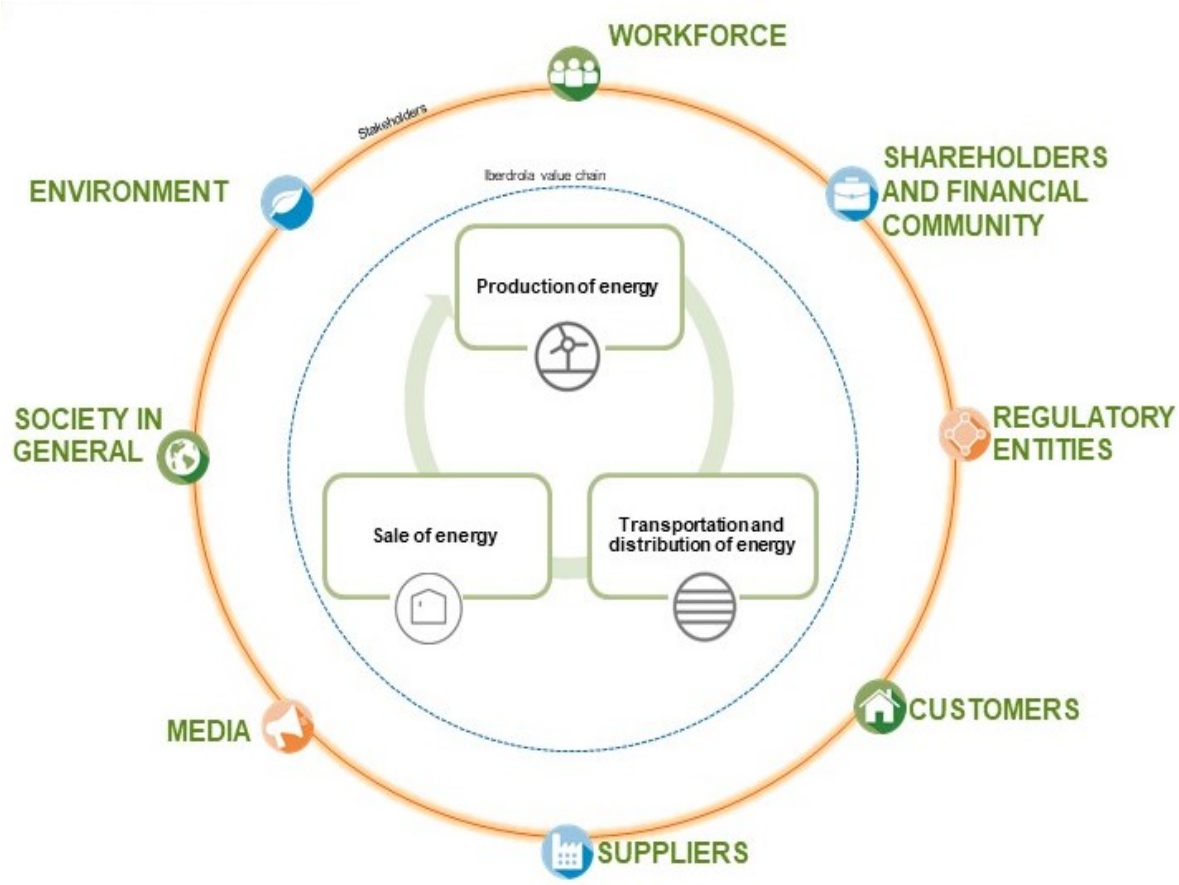
In the United Kingdom, ScottishPower has contributed a total of €16,285, distributed among different parties across the political spectrum, for the sponsorship of conferences and events, in accordance with the Political Parties, Elections and Referendums Act (2000). These events are an important opportunity for the group to present its views to representatives across all political camps on a non-partisan basis. This contribution does not signal support for any specific party.

In the United States, AVANGRID's Renewables Business has contributed a total of €25,782 ($30,500) to candidates and political parties, reporting these contributions in accordance with current legislation. These represent the contributions made by the company and do not include additional voluntary contributions from employees. The Networks Business has made various contributions to different organisations and institutions, totalling €19,230 ($22,750).

Stakeholder engagement

Iberdrola's *Stakeholder Engagement Policy* –approved by the Board of Directors in February 2015 and last amended in December 2020– emphasises that "it is not possible to achieve the social interest and develop a responsible and sustainable business model without the strong engagement of the Company's Stakeholders, which are defined as those groups and entities whose decisions and opinions have an influence on Iberdrola and who, at the same time, are affected by the Iberdrola group's activities". The value chain comprised of Iberdrola's businesses means that there is a large number of these groups, for which reason the company has decided to group them into eight different categories that constitute its Stakeholders:

GRI 102-33 102-40 102-42



The initial identification and selection of Iberdrola's Stakeholders was carried out through processes of internal reflection conducted by the management team. The *Stakeholder Engagement Policy* later ratified the Stakeholder categories described in the preceding section in 2015 and subsequent updates.

On this basis, for the proper management of each of the Stakeholders, Iberdrola's various areas and businesses identify different Sub-Stakeholders that they deem relevant for more specific treatment.

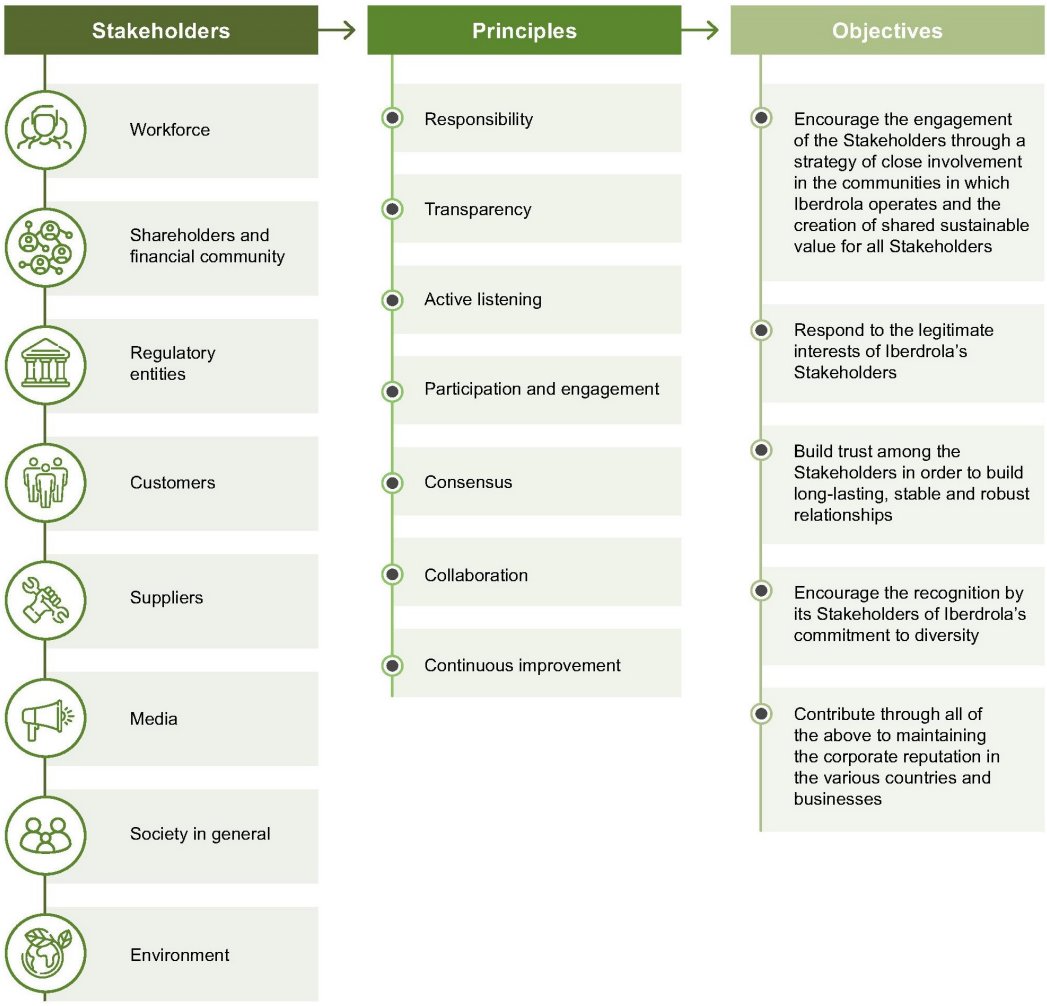
Approach to Stakeholder engagement

GRI 102-43

Iberdrola has a responsible and sustainable business model, which puts Stakeholders at the centre of its strategy. The company's objective is thus to build relations of confidence with the various Stakeholders, as well as to deepen their participation, engagement and collaboration.

The By-Laws, the Purpose and Values of the Iberdrola group and the various corporate policies express the company's focus on the creation of shared sustainable value for Stakeholders related to our business activities and our institutional reality in view of the commitments made in the Code of Ethics.

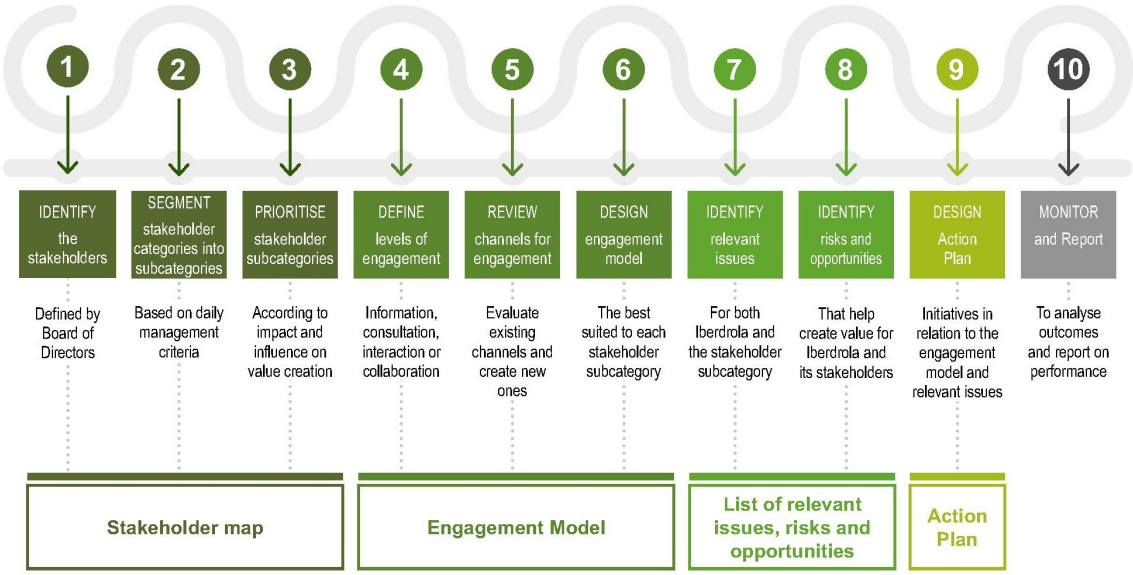
In this regard, the *Stakeholder Engagement Policy* further develops this business philosophy and establishes five objectives and seven principles of conduct, which serve as a guide for all the group's professionals to act and engage with Stakeholders.



Iberdrola has decisively driven compliance with its *Stakeholder Engagement Policy* (mentioned above), through a Global Stakeholder Engagement Model based on the AA1000 Stakeholder Engagement Standard 2015 (AA1000SES 2015), the AA1000 AccountAbility Principles 2018 (AA1000AP 2018) standard, and in its four principles of inclusiveness, materiality, responsiveness and impact.

Among other objectives, this Model seeks to systematise Stakeholder relations throughout the Iberdrola group, in all countries and businesses, and to create a corporate culture with respect to the significance of dialogue with the Stakeholders for more sustainable performance by the company. The Model constitutes a process of continuous improvement in and of itself, as shown below:

Stakeholder engagement model ensuring a process of continual improvement



This process is implemented in the management of Iberdrola's eight Stakeholder groups in the five main countries and at most of the Generation and Renewables facilities, as well as in the various geographic areas of the Networks business.

Relationship channels, relevant topics and best practices

GRI 102-44

Iberdrola keeps the relationship channels[56] with its Stakeholders updated and makes continuous efforts to identify the issues that are most important to each of them. An analysis of these issues shows that, while there are issues exclusive to each geographical area, most are common to Iberdrola's five main countries. The company also identifies best practices in relation to Stakeholders, which are shared by the entire group.

Set out below is a summary of the most important Stakeholder engagement channels, both face-to-face and online, and the main global issues detected, both generally among all Stakeholders and specific to each Stakeholder group. Also included is a best practice example for each of the main countries in which Iberdrola operates.

[56] The By-Laws state that "the Company's corporate website, its presence on social media and its digital communication strategy generally are channels of communication serving the *Stakeholder Engagement Policy*.

Relevant general channels and issues for all Stakeholders

GENERAL CHANNELS	FREQUENCY	SIGNIFICANT GENERAL ISSUES
Telephone, email, website and intranet	Constant	Ethics, integrity and transparency
Meeting and interviews	Periodic	Fight against climate change and energy transition
		Innovation, digitalisation and cybersecurity
		Electricity prices
		Vulnerable customers
		Strategy, investment plans, financial outlook and regulatory changes
		Human rights
		Sustainable Development Goals

Relevant Stakeholder-specific channels and issues

Workforce

SPECIFIC CHANNELS	FREQUENCY	SIGNIFICANT SPECIFIC ISSUES
Meetings with CEO and management team	Periodic	Occupational health and safety
Intranet, newsletter and employee management platform	Constant	Diversity and equal opportunity
Volunteer Channel and Unique Employment Channel	Constant	Talent recruitment, development and retention
Labour climate surveys	Periodic	Corporate culture (purpose, values, etc.), employee benefits and measures for work-life balance and digital disconnection
Ethics mailbox	Constant	

Shareholders and financial community

SPECIFIC CHANNELS	FREQUENCY	SIGNIFICANT SPECIFIC ISSUES
General Shareholders' Meeting	Periodic	Economic and financial performance
Shareholders' Club, shareholders' website, exclusive OLS channel	Constant	ESG performance and ratings
Shareholders' Bulletin	Periodic	Evolution of share price and dividends
Presentation of results, Capital Markets Day and roadshows	Periodic	Socially responsible investment and green finance
Investor Relations App	Constant	
Corporate reports	Periodic	
Shareholders' Ethics Mailbox	Constant	

Regulatory entities

SPECIFIC CHANNELS	FREQUENCY	SIGNIFICANT SPECIFIC ISSUES
Queries and procedures	Constant	Transition to an economy neutral in emissions
Informational websites and capsules	Constant	Present and future regulatory framework of the energy sector, and remuneration of the businesses
		Supply quality
		Public policy issues

Networks Business customers

SPECIFIC CHANNELS	FREQUENCY	SIGNIFICANT SPECIFIC ISSUES
Digital channels (customer website, app)	Constant	Service quality
Remote channel (telephone)	Constant	Customer experience and satisfaction
Satisfaction surveys	Constant	Management of complaints, claims and incidents
Complaint systems	Constant	Smart grids
Communication and dissemination campaigns	Periodic	Access and connection to the network

Liberalised Business customers

SPECIFIC CHANNELS	FREQUENCY	SIGNIFICANT SPECIFIC ISSUES
Digital channels (customer website, social media, chat, Iberdrola Customers app, Public Recharge app)	Constant	Customer experience and satisfaction
Remote channel (telephone)	Constant	Management of complaints, claims and incidents
Customer service desks, pop-ups	Constant	Smart solutions (Smart Mobility, Smart Home, Smart Home, Smart Climate)
Satisfaction surveys	Constant	Customised plans
Communication and dissemination campaigns	Periodic	

Suppliers

SPECIFIC CHANNELS	FREQUENCY	SIGNIFICANT SPECIFIC ISSUES
Supplier registration and classification platform	Constant	Supply chain sustainability
Satisfaction survey	Periodic	Procurement, contracting and payment conditions
Bidding software systems Supplier Service Centre	Constant	Stimulus campaigns
Suppliers' website	Constant	New projects and facilities
Suppliers' ethics mailboxes	Constant	

Media

SPECIFIC CHANNELS	FREQUENCY	SIGNIFICANT SPECIFIC ISSUES
Corporate website	Constant	ESG, economic and financial performance
Press releases/announcements	Periodic	Social impact and contribution
Events and meetings	Periodic	New projects and facilities
Social media	Constant	Equality and diversity through women's sport

Society in general

SPECIFIC CHANNELS	FREQUENCY	SIGNIFICANT SPECIFIC ISSUES
Media and social media	Constant	Iberdrola's impact on community development (employment, investment, taxes, local procurement, etc.).
Working events and groups	Periodic	Engagement of local communities and Stakeholders in operations
Partnership agreements	Periodic	Fostering relations with institutions and organisations, agreements and alliances
Network of institutional delegations in the autonomous communities	Constant	Awareness-raising, disclosure and training on specific industry issues

Environment

SPECIFIC CHANNELS	FREQUENCY	SIGNIFICANT SPECIFIC ISSUES
Corporate website and reports	Constant	Biodiversity
Inspections and audits	Periodic	Circular economy
Alliances, partnerships, events and conferences	Periodic	Water availability and management
		Management of natural resources

Iberdrola's Wholesale, Networks and Renewables facilities mainly manage three Stakeholder groups: Regulatory entities, Society and Environmental[57]. The most significant issues of interest refer to regulatory compliance, the economic and social impact of the facilities on local communities, and environmental impacts and the mitigation thereof.

[57] In the case of the cogeneration plants, the main Stakeholder group is 'Customers', for whom the most significant issue is compliance with contracts.

Best practices by country

Spain	Through the *"Ayuntamientos por el clima"* ("Town Councils for the Climate") initiative, Iberdrola España contributes to promoting climate action by local councils committed to the environment, in order to achieve emissions neutrality by 2050. This initiative consists of an online platform and community providing tools for measuring carbon footprints, disseminating solutions for greater sustainability, highlighting the actions of those who participate, and generating a knock-on effect to extend climate action to all stakeholders.
United Kingdom	In the context of the restrictions imposed by the pandemic, ScottishPower has adjusted its consultations with local communities on different renewable projects to an online format. This means that public events are held online, tailor-made information is available on the website, and members of the community can submit questions about the projects through the website itself.
United States	AVANGRID has engaged in intensive Stakeholder engagement efforts as part of the Excelsior Connect project to build a 420-kilometre underground power line to boost renewable energy in New York State. AVANGRID uses social media to promote the project, as well as organising round tables with all relevant parties, including government, business, labour and environmental organisations.
Brazil	Support from Neoenergia towards combating wildfires in Pernambuco, through different actions carried out jointly with the State Environment Agency. The aim is to prevent fires in sugar cane plantations and along power distribution and transmission lines and their resulting impact on the environment and local communities. For such purpose, Neoenergia organises environmental education conferences and workshops, produces educational material for all ages, releases media content, and carries out inspections and visits to plantation areas and other key sites identifying potential hazards.
Mexico	Iberdrola Mexico encourages its local suppliers to apply for and obtain the Socially Responsible Company label, and supports and guides them throughout the process. The aim is to foster the adoption of CSR principles, in particular those related to business ethics, quality of life in the company, community involvement and environmental protection and preservation.

Iberdrola's response to all of these issues is reflected not only in the various indicators of this Statement of Non-Financial Information. Sustainability Report, but also in the various Annual reports of the Company. The corporate website and the websites of the businesses and the foundations also contain information in this regard.

Similarly, this Statement of Non-Financial Information. Sustainability Report includes Iberdrola's main impacts on its various Stakeholders, in line with the "social dividend" concept established by Iberdrola's Governance and Sustainability System, understood as "the direct, indirect, or induced contribution of value that its activities represent for all Stakeholders". The Stakeholder Engagement Model also includes the impact of the action plans associated with relevant issues.

Iberdrola believes that stakeholder panels are a very useful and effective tool of engagement with its Stakeholders. They are a typical practice in the UK Networks business, and in 2019 Iberdrola created a **Stakeholder CSR Panel** in Spain made up of 10 outside panellists, all of whom are major opinion leaders in this field.

In recent years, Iberdrola has launched numerous measures to strengthen internal culture regarding the importance of stakeholder engagement throughout the group. These measures include the creation of a global working group called the **Iberdrola Stakeholders' Hub** and the internal dissemination of ten guidelines on how to relate to and engage with its Stakeholders.

The methodology described in the preceding sections enables the company to identify material issues through direct sources. This analysis is completed with the analysis through indirect sources, such as the Dow Jones Sustainability Index (DSJI), the Carbon Disclosure Project, the Materiality Analysis, etc., described in the "Defining report content" section.

Considering all of the foregoing, Iberdrola has a complete Stakeholder management system, subject to a process of continuous improvement, which allows it to increasingly engage all of the groups with which it relates and to encourage their participation in all of the company's decisions[58]. This is shown by the fact that Iberdrola achieved the highest rating in the "stakeholder engagement" section of the DJSI index in 2021, for the second year in a row.

Fiscal responsibility

GRI 207-1 207-2 207-3

Iberdrola has a Corporate Tax Policy that sets out the group's tax strategy, based on ensuring compliance with applicable tax regulations, excellence and the commitment to applying good tax practices, within the framework of the group's corporate and governance structure. The Corporate Tax Policy applies to all group companies.

The Board of Directors of Iberdrola S.A. is tasked with designing, evaluating, approving and permanently reviewing corporate policies, including the Corporate Tax Policy. In addition, the Board of Directors is responsible for preparing the tax strategy and approving investments or transactions which are of special tax relevance due to the magnitude or characteristics thereof.

The Corporate Tax Policy is publicly available on the group's corporate website.

Aware of the importance that tax information represents for all Stakeholders, and as part of its commitment to transparency and best practices, Iberdrola voluntarily prepares the annual "Report on Tax Transparency of the Iberdrola group. Our commitment to society".

This report sets out all significant issues from a tax standpoint, together with an analysis of the group's tax contribution at the global level, and complements the information provided herein. This report is publicly released and available on the group's corporate website.

[58] Iberdrola prepares an annual Management Report on Iberdrola's Stakeholder Relations, which summarises issues of interest detected within the various communication channels, as well as the company's response through action plans.

Fiscally responsible behaviour

The purpose of the *Corporate Tax Policy* is to set out the Company's tax strategy, based on ensuring compliance with applicable tax regulations, excellence and commitment to applying good tax practices, within the framework of the group's corporate and governance structure.

The *Corporate Tax Policy* defines the main principles of conduct, including:

- Compliance with tax regulations in each of the countries in which the group operates, paying the taxes that are due. All tax-related decisions are based on a reasonable interpretation of applicable law in close connection with the group's activity.
- The prevention and reduction of significant tax risks, ensuring that taxes bear an appropriate relationship to the structure and location of activities, human and material resources, and the group's business risks.
- The strengthening of the relationship with tax authorities based on respect for the law, fidelity, reliability, professionalism, cooperation, reciprocity and good faith.
- Envisaging the taxes that group companies pay in the countries and territories in which they operate as the principal contribution to sustaining public expenditures, and therefore as one of their contributions to society.

By application of these principles, the group assumes the following good tax practices, among others:

- Not to use artificial structures unrelated to the group's business for the sole purpose of reducing its tax burden nor, in particular, enter into transactions with related entities solely to erode the tax basis or to transfer profits to low-tax territories.
- Avoid opaque structures for tax purposes, which are understood as structures calculated to prevent knowledge by the competent tax authorities of the party ultimately responsible for the activities or of the ultimate owner of the assets or rights involved.
- Not to create or acquire companies resident in countries or territories deemed by Spanish law to be tax havens or included on the EU blacklist of non-cooperative jurisdictions, with the sole exception of those cases in which it is obliged to do so in the case of an indirect acquisition in which the company resident in a tax haven is part of a group of companies being acquired, in which case, the provisions of the *Procedure for the creation or acquisition of shares in special purpose vehicles or companies domiciled in tax havens*, approved by the Board of Directors, must be taken into account.
- Follow the recommendations of the good tax practices codes implemented in the countries in which the companies of the group do business, taking into account the group's specific needs and circumstances.Make the necessary whistleblower channels available to anyone who wishes to report any conduct that may involve any wrongdoing or conduct contrary to the law or to the *Governance and Sustainability System*, including the rules of conduct set forth in the *Code of Ethics* that are also applicable to tax-related activities.

The fiscally responsible behaviour of all companies of the Iberdrola group forms part of the *General Sustainable Development Policy,* which contemplates basic principles of conduct that must be respected. Iberdrola's tax policy is guided by the *Purpose and Values of the Iberdrola group* and the *Code of Ethics*, and is based on a commitment to ethical principles, good corporate governance, transparency and institutional loyalty.

The group companies share the principles reflected in the *Purpose and Values of the Iberdrola group* and the *Code of Ethics*, and see the social dividend as the contribution of direct, indirect or induced sustainable value that its activities represent for all Stakeholders.

Tax governance and risk management

Responsibility

The Board of Directors of Iberdrola, S.A., through its chairman & CEO and the management team, fosters the monitoring of tax principles and good tax practices. Likewise, the respective boards of directors of the country subholding companies are responsible for ensuring compliance with the *Corporate Tax Policy* at the country level.

Control and monitoring

Taxation is not static and is subject to continuous revision, which requires the *Corporate Tax Policy* to be constantly reviewed in order to reflect the best practices in this area, with the last update taking place in June 2021.

To achieve efficient control and correct compliance with tax governance requirements, the applicable tax laws and the principles of the *Corporate Tax Policy* are monitored at all levels.

The Company's Global Tax Division approves and periodically reviews guidelines for the evaluation and management of tax risk applicable to all companies of the group. It is also the body responsible for tax compliance within the Company, in coordination with the Company's Compliance Unit.

Furthermore, the head of business companies report to the country subholding companies regarding the level of compliance with the *Corporate Tax Policy*, and in turn, the Audit and Compliance Committees of the country subholding companies report to the Audit and Risk Supervision Committee of Iberdrola S.A. Finally, the Audit and Risk Supervision Committee of Iberdrola, S.A. reports its findings to the Board of Directors.

Risk management and compliance

Iberdrola seeks to prevent and reduce significant tax risks, and for such purpose has established objective criteria to classify transactions according to their tax risk. In keeping with this commitment, the company does not include within its controlled affiliates and assets any that are resident in tax havens, pursuant to the laws in this regard (Royal Decree 1080/1991) or in territories classified by the European Union in its blacklist as non-cooperative jurisdictions for tax purposes.

Stakeholder engagement in tax matters

Iberdrola, S.A. adheres to the *Code of Good Tax Practices* approved on 20 July 2010 by the full Forum of Large Businesses (*Foro de Grandes Empresas*), established on 10 July 2009 at the behest of the National Tax Administration Agency (*Agencia Estatal de Administración Tributaria*). Iberdrola's commitment to compliance with, further development and implementation of the Code extends to any other good tax practices that stem from the recommendations of the Code in effect at any time, even if not expressly set forth in the *Corporate Tax Policy*. The group is also committed to compliance with the OECD Guidelines for Multinational Enterprises in tax matters.

Within the framework of the Code, since financial year 2015 Iberdrola, S.A. has voluntarily submitted to the Spanish tax authorities an *Annual Tax Transparency Report for companies adhering to the Good Tax Practices Code*, which includes detailed information on the group's taxation. This report is currently the most important tool for cooperative relations with the tax authorities.

Furthermore, Iberdrola has voluntarily prepared its annual *Report on Tax Transparency of the Iberdrola group* since 2019. This report sets out all significant issues from a tax standpoint and will be prepared again in 2022. The report contains the Country by Country Report for the previous year presented in the same terms as those submitted to the Spanish tax authorities. This report is publicly available on the corporate website.

Finally, Iberdrola makes available to its Stakeholders specific ethics mailboxes, which constitute tools to report conduct that could involve improper conduct or conduct contrary to law or to the internal rules or procedures, including those relating to taxes.

The taxes paid are presented in the following table:

Tax contribution (€ millions)

	2021	2020	2019
Company contributions	3,125	2,938	2,941
Contributions due to third-party payments	4,711	4,537	5,215
Iberdrola consolidated total	**7,836**	**7,475**	**8,156**

Tax contribution (€ millions)

Corporate income tax paid	2021	2020	2019
Spain	404	361	367
United Kingdom	75	135	101
United States	2	7	2
Brazil	118	143	102
Mexico	169	121	214
Germany	49	68	0
Argelia	0	1	0
Canada	1	0	1
Costa Rica	0	0	0
Greece	5	4	10
Hungary	1	2	1
Italy	-1	0	0
Netherlands	0	-2	2
Portugal	8	1	-3
Romania	1	1	0
Iberdrola consolidated total	**832**	**843**	**797**

Global tax contribution (€ millions)

	2021	2020	2019
Spain	3,469	3,380	3,529
Company contributions	1,586	1,478	1,500
Contributions due to third-party payments	1,883	1,902	2,029
United Kingdom	720	630	639
Company contributions	341	372	357
Contributions due to third-party payments	379	258	282
United States	1,037	935	963
Company contributions	753	661	665
Contributions due to third-party payments	284	274	298
Brazil	2,058	1,984	2,570
Company contributions	179	202	177
Contributions due to third-party payments	1,879	1,782	2,393
Mexico	266	243	258
Company contributions	177	128	221
Contributions due to third-party payments	89	115	37
Other	286	303	197
Company contributions	89	97	21
Contributions due to third-party payments	197	206	176
Iberdrola consolidated total	**7,836**	**7,475**	**8,156**
Company contributions	**3,125**	**2,938**	**2,941**
Contributions due to third-party payments	**4,711**	**4,537**	**5,215**

GRI 207-4

Total tax contribution by country (millions)

Tax jurisdiction	Income - Third Parties [59]	Income - Related party	Income - Total	Pre-tax profit	Corporate income tax - paid	Corporate income tax - accrued (total)	Corporate income tax - accrued (current)	Stated capital + Undistributed results [60]	Number of professionals (FTEs) [61]	Tangible assets [62]
Spain	15,389	1,241	16,630	3,372	404	870	754	13,558	9,680	24,576
United Kingdom	6,296	56	6,352	720	75	468	76	8,222	5,577	16,938
United States	5,964	3	5,967	611	2	178	10	11,547	7,349	26,167
Brazil	7,399	0	7,399	860	118	226	97	1,982	15,076	7,952
Mexico	3,582	-31	3,551	507	169	146	121	2,664	1,296	5,508
Ireland	31	9	41	-13	0	0	0	7	12	33
Germany	292	146	438	128	49	44	33	795	97	1,571
Argelia	0	0	0	0	0	0	0	0	0	0
Australia	155	0	155	15	0	5	-4[63]	380	120	1,048
Bulgaria	0	0	0	-1	0	0	0	13	0	0
Canada	10	0	10	5	1	2	2	-215	0	0
Qatar	0	0	0	-2	0	0	0	0	16	0
Cyprus	5	0	5	3	0	0	0	4	1	19
Costa Rica	0	0	0	0	0	-2	-2	-2	0	0
Egypt	0	0	0	0	0	0	0	0	0	0
France	178	54	232	-54	0	-25	0	535	147	1,025
Greece	63	0	63	33	5	7	7	152	100	207
Honduras	0	0	0	0	0	0	0	0	0	0
Hungary	32	0	32	16	1	1	1	155	10	137
Italy	320	94	414	-61	-1	0	0	180	124	27
Japan	2	0	2	-5	0	0	0	21	17	0
Kenya	0	0	0	0	0	0	0	0	0	0
Latvia	3	0	3	1	0	0	0	0	1	0
Morocco	0	0	0	0	0	0	0	0	0	0
Luxembourg	0	0	0	10	0	3	0	94	0	0
Montenegro	0	0	0	0	0	0	0	0	0	0
Malta	0	0	0	0	0	0	0	0	0	0
Norway	0	0	0	0	0	0	0	0	0	0
Netherlands	84	304	388	135	0	-6	0	46	0	0
Poland	16	0	16	7	0	0	1	38	4	126
Portugal	771	3	774	6	8	1	4	205	151	1,267
Romania	19	0	19	16	1	-3	-1	85	5	60
Singapore	0	0	0	0	0	0	0	0	1	0
South Africa	0	0	0	-8	0	0	0	-10	0	0
Taiwan	0	0	0	-1	0	0	0	-1	0	0
Vietnam	0	0	0	0	0	0	0	24	4	25
Total	**40,609**	**1,880**	**42,489**	**6,301**	**832**	**1,914**	**1,099**	**40,479**	**39,788**	**86,688**

[59] Mainly comprises net turnover, other operating income and financial income.
[60] Includes the parent company's equity and the amount associated with subordinated perpetual debentures.
[61] Number of Full Time Equivalents (FTEs).
[62] Mainly includes tangible assets and amounts associated with distribution and transmission concessions in Brazil.
[63] The current corporate income tax expense by jurisdiction for CbCr purposes is due to a reclassification in the consolidated income statement resulting in deferred income tax income from the recognition of the deferred tax asset in Spain. Thus, looking at the movement of the deferral as a whole (expenditure in Australia and Income in Spain), the current income tax expenditure in Australia is 0. The total expense in Australia is deferred income tax expense from the offset of tax losses.

Spain: No significant deviations in 2021 between nominal rate and effective rate.

United Kingdom: The spread between the nominal and effective rate is mainly due to the impact of the change in the tax rate applicable to deferred tax balances following the change in the tax rate to 25% from April 2023.

United States: The effective rate is very similar to the nominal rate (federal plus state). The deviation is due (i) on the one hand, to tax credits associated with the renewables business ("PTCs") as well as investment credits ("ITCs"); and (ii) on the other hand, to the restatement of deferred tax balances to the prior year-end state tax rate ("DT true-up") as well as the restatement of the valuation according to the potential future application of tax credits ("valuation allowance").

Brazil: the effective rate is below the nominal rate mainly due to the (optional) application of the presumptive profit regime in the taxation of some of the companies, the payment of interest on equity and the existence of the SUDENE tax incentive.

Mexico: changes in exchange rates, considering that dollarised accounts are presented, and the existence of certain accounting and tax differences (provisions, deferred income, inflationary effect, valuation of derivatives and recognition differences in fixed assets and the depreciation rates thereof) justify the difference between the nominal and effective rate.

Other countries: the differential compared to nominal rates is due to accounting standards for capitalisation of tax loss carryforwards and the subsequent application thereof, considering that the tax consolidation regime does not apply in all cases.

Competition

GRI 206

As provided in the Code of Ethics, the group undertakes to compete fairly in the market and not to engage in advertising that is misleading or denigrates its competitors or third parties.

The group also undertakes to obtain information from third parties in accordance with regulations, to promote free competition for the benefit of consumers and users and to encourage transparency and free market practices, as set out in the group's *General Sustainable Development Policy*.

At the country level, each of the country subholding companies endeavours to ensure strict compliance with legal provisions on separation of activities and, in many jurisdictions, the applicable internal regulation goes beyond what is required by law, significantly reinforcing measures to prevent any unfair competitive practices stemming from the lack of separation between liberalised and regulated businesses.

The liberalised head of business companies also have specific controls to avoid any type of anti-competitive practices, particularly in areas like advertising campaigns directed towards individuals and price manipulation.

Pending cases

GRI 206-1

No cases related to monopoly practices or anti-competitive behaviour have been recorded during the financial year. Nor do any cases filed in prior years remain open.

Cybersecurity and information privacy

Companies in the energy sector rely on a technological infrastructure, both physical and digital, to support their processes and operations. Growing reliance on technology, highlighted by the COVID-19 pandemic, can expose businesses to a range of risks, which, if exploited, could disrupt operations, harm assets, put people's safety at risk, undermine the organisation's ability to deliver reliable energy services, or expose the company to penalties or third-party liability.

As a leader in innovation and smart grids, Iberdrola attaches strategic importance to cyber-resilience, and in 2015, the Board of Directors approved a Cybersecurity Risk Policy, pledging to introduce the necessary measures for promoting a robust cybersecurity culture throughout the group by encouraging the secure use of cyber-assets, and strengthening the capacity to detect, prevent, defend against, and respond to cyberattacks or cybersecurity threats.

Its scope of application includes not only information and communications systems and technologies, but also the protection of industrial control systems and smart grids, whether operated by its own personnel or supported by third-party operations and services.

The Policy builds on a set of cybersecurity rules underpinned by the *Global Cybersecurity Framework* which, in turn, is further developed by the *Global Cybersecurity Incident Response and Crisis Management Framework* and the *Global Assurance Framework* and other cybersecurity standards, procedures and protocols focused on the different aspects of cybersecurity threat.

To lead the deployment of the Policy throughout the group, Iberdrola has appointed a Chief Information Security Officer (CISO), who reports to senior management. The CISO is responsible for defining, leading and supervising the cybersecurity strategy throughout the group, as are the CISOs of the various country subholding companies to ensure the implementation of the Policy in each country, taking into account the regulations and legislation applicable in their territory. The global CISO and the CISOs of each country subholding company regularly report to the audit and risk supervision committees of their respective boards of directors, which are tasked with supervising this risk.

The Iberdrola group's defined cybersecurity risk strategy and global framework are focused on integrating cybersecurity in all strategic and operational decisions of the company and on taking it into account beginning with the design of new projects and processes, and is supported by the following pillars:

- **Governance**: The Iberdrola group is committed to a cybersecurity governance model based on a sound understanding of the risks to the business and on common policies and standards, with clear assignment of roles and responsibilities that shifts the responsibility for cybersecurity to the company's various business and support divisions, all under the coordination and oversight of the Cybersecurity Division. To this end, in addition to the global and local CISOs, specific cybersecurity managers have been appointed in IT and in each of the company's businesses and areas, responsible for defining and deploying the necessary action plans in their respective areas of competence. There is also a Global Cybersecurity Committee comprising all the aforementioned global managers, established for the purpose of supervising, coordinating and disseminating the group's cybersecurity and personal data protection culture, identifying and preventing cybersecurity and personal data protection threats, and identifying, promoting and sharing best practices in this area. Similarly, local managers meet in committees in each country subholding company.

- **Cybersecurity culture:** Iberdrola believes it is essential to promote a strong cybersecurity culture throughout the group, ensuring that all employees at all levels of the organisation have the training and knowledge necessary to minimise exposure to cybersecurity risks, including an understanding of risks and internal regulations and access to tools that allow for proper protection. The cybersecurity training programme covers the entire workforce, and includes annual training initiatives, simulated phishing campaigns and ad-hoc training for technical groups or those exposed to specific risks. The Board of Directors also receives specific cybersecurity training, which is also included in the orientation programme for new directors.
- **Risk management**: The company's various businesses and divisions define, implement and prioritise the necessary technical or organisational measures based on an analysis of cybersecurity risks in their respective areas of responsibility, focusing on systems that support critical infrastructure and essential services, personal data and other sensitive information, as well as other business-critical processes. To this end, there is a global risk methodology and a global framework of capabilities, supported by a governance, risk and compliance (GRC) system, which includes measures for controlling identities and access, the protection of communications, equipment and systems and the secure design and development of new projects, as well as the management of supply chain related cybersecurity threats. All of this is set out in multi-year cybersecurity master plans, specific to each Business and to IT, which are approved and supervised by the Cybersecurity Committee, and whose effectiveness is monitored through a global cybersecurity dashboard. Proactive threat and vulnerability scanning programmes are also in place, including mechanisms such as scheduled and regular vulnerability scanning activities, ad-hoc security reviews (penetration tests, Red Teams, etc.), system audits in the context of auditing financial statements, critical infrastructure or the General Data Protection Regulation, and the review of cybersecurity ratings through specialised market services, allowing potential risks to be anticipated. The cybersecurity measures extend to the protecting our customers, suppliers and other Stakeholders against possible risks of social engineering attacks that impersonate our brand.
- **Resilience**: With a view to minimising the impact on the business and on the continuity of essential services, Iberdrola has implemented technology (SIEMs/SOCs) and global and local cybersecurity incident response teams (CSIRTs), which operate 24x7 and act as a point of contact to ensure the successful detection and management of security threats, vulnerabilities and incidents. Iberdrola's global CSIRT is a member of the Forum of Incident Response and Security Teams (FIRST). Furthermore, operational continuity and recovery procedures for cybersecurity incidents are planned, deployed and tested in the different technological areas (IT/OT). The necessary coordination mechanisms at the global level are outlined in the *Global Cybersecurity Incident Response and Crisis Management Framework*, which is regularly tested by organising and participating in cyber exercises and crisis simulations. As a complementary measure, the Iberdrola group has a global cyber-insurance programme to mitigate the financial risks of a possible incident or security breach.
- **Assurance**: As a listed company and operator of an essential service, the Iberdrola group is subject to strict security regulations in the various countries in which it operates (GDPR, SOX, NIS, PIC, NERC, etc.) and undergoes regular external audits, which include the evaluation of cybersecurity controls on critical systems and assets covered by those regulations. Beside complying with externally imposed obligations, Iberdrola has deployed

an enhanced assurance programme for critical systems and assets that support essential operational processes of its businesses at global level, aimed at identifying potential vulnerabilities and prioritising and focusing protection and supervision measures in the area of cybersecurity.

- **Partnerships**: Iberdrola actively partners with law enforcement agencies, government agencies, product and service providers, other companies and industry expert groups to continuously reinforce and improve its own cybersecurity capabilities and help improve the cyber resilience of the energy ecosystem as a whole. Iberdrola has co-chaired the World Economic Forum's working group on Cyber Resilience in the Electricity Industry since it was established in May 2018.

GRI 418

With regard to information privacy, Iberdrola pays special attention to ensuring the privacy of the personal information of the group's Stakeholders. For this purpose, the company follows a *Personal Data Protection Policy* approved by the Board of Directors and conforming to the *European Global Data Protection Regulation (GDPR).* Its purpose is to ensure the right to the protection of data of all individuals dealing with companies belonging to the group, ensuring respect for the right to dignity and privacy in processing of the personal data, and particularly to establish the common principles and guidelines to govern the group regarding the protection of data, ensuring compliance with applicable law on this topic in all countries in which the group is present.

Iberdrola has chosen to handle privacy with a holistic focus, the goal of which is to integrate privacy and data protection within the management system and the culture of the company. Responsibility for the protection of personal data lies with the businesses and corporate functions, organisations that process this data, under the coordination and supervision of the **Data Protection Officer**, with the support of the Legal Services.

The Iberdrola group deals with a large volume of personal data in its day-to-day activities, and given its international nature, international transfers of data among its various companies occur on a daily basis. On 15 December 2020 the Spanish Data Protection Agency issued a decision approving[64] the Binding Corporate Rules of the Iberdrola group, one of the mechanisms established in the GDPR to make such international transfers of personal data within a group of companies. The approval of these rules has been the culmination of another of the steps implemented by the group to ensure full respect for the fundamental rights to privacy of data subjects in all of the countries in which it operates, not limited to European companies directly subject to the GDPR, but also to all other territories.

During financial years 2018 and 2019 the Iberdrola group developed and implemented a data protection management system in order to ensure systematic compliance over time with the GDPR, the Binding Corporate Rules and the personal data protection laws of each of the EU countries in which the group is present. This management system has been reviewed within the framework of continuous improvement, through the development of an external evaluation plan. This 3-year plan began during the last quarter of financial year 2019. The first 2019-2021 external evaluation cycle encompasses all of the countries of the European Union in which the retail business is present, as well as the United Kingdom, United States and Mexico. The second external evaluation sector will begin in 2022 (2022-2024 cycle).

[64] Resolution of the Director of the Spanish Data Protection Agency dated 15 December 2020. Available at www.iberdrola.com.

The table below shows substantiated complaints regarding breaches of violations of privacy and losses of customer data:

GRI 418-1 SASB IF-EU-550a.1

Incidents relating to privacy (No.)

	2021	2020	2019
From regulatory entities	115	100	106
From other sources, substantiated	17	54	109
Total substantiated complaints	**132**	**154**	**215**

Of the complaints received from regulatory bodies, 37 occurred in Spain, 74 in the United Kingdom, 1 in Brazil, 2 in Portugal and 1 in Italy. Of those having another origin, there were 16 in the United Kingdom and 1 in Brazil.

During 2021, there was only 1 case of minor information leakage or loss in Spain.

Socioeconomic compliance

GRI 419 419-1

The following table sets the significant fines and sanctions. Highlight that the breaches of environmental regulations are set forth in chapter II.1 "Fight against climate change and protection of biodiversity".

Significant fines and non-monetary sanctions in the social and economic area

	2021	2020	2019
Fines imposed (€)	3,251,672	33,091,180	107,589,713
Non-monetary sanctions (No.)	10	1	0
Cases being resolved through arbitration or similar mechanisms (No.)	412	217	636

Most of the fines in the table above have been appealed.

Of the total amount, fines of €2,269,497 have been imposed in Spain, of which €1,350,000 correspond to a fine from the CNMC for alleged lack of transparency in the communication of new prices in gas supply contracts, €514,998 correspond to 13 fines imposed in relation to advertising and marketing due to alleged non-compliance with the regulations applicable to sales of electricity and gas and related products and services, €157,288 relating to unlicensed trench digging or unauthorised installations, and €164,000 euros for violations of personal data protection regulations.

In Brazil, fines totalling €85,344 were imposed on the Networks Business, of which €28,497 were for infringement proceedings related to state and municipal taxes and €56,847 for various consumer protection-related matters.

In the United States, fines of €784,424 of which €748,077 were fines imposed for reasons related to customer health and safety and €36,347 for fines related to customer information.

Iberdrola Energía Internacional has received fines totalling €95,000, of which €90,000 correspond to fines related to advertising and marketing for non-compliance with consumer regulations and €5,000 for infringement of data protection regulations.

In addition, 16 labour fines with a value of €93,605 were imposed in 2021, of which 15 related to Neoenergia for failure to comply with the inspection aimed at verifying the apprentice quota, another relating to working hours, two relating to apprentice quotas, one relating to the quota for persons with disability and the last 10 relating to non-compliance with NR10 and one to Ascó-Vandellós relating to an occupational accident.

No fines were imposed during 2021 in the other countries in which the company operates.

10 non-monetary sanctions were received, of which 7 were imposed in the United States (6 for alleged breaches of consumer health and safety regulations; 1 for alleged breaches of electricity and gas distribution and marketing regulations) and 3 in Brazil for alleged breaches of electricity distribution and marketing regulations.

With regard to cases processed through arbitration mechanisms, a total of 412 arbitration awards have been handed down. Of the total number of arbitration awards, Legal Services has been notified of 406 awards, of which 266 correspond to Iberdrola Clientes España, 76 of them favourable to Iberdrola, 32 conciliatory, 127 unfavourable, and 31 of the awards specify “no assessment returned”; 139 correspond to Iberdrola Clientes Internacional, 62 favourable and 77 unfavourable; and 1 to Brazil. In relation to employees, 5 have been reported at AVANGRID and 1 at Ascó-Vandellós.

IV.2. Promotion of socially responsible practices in the supply chain.

- Description of the supply chain
- Sustainable management of the supply chain

Description of the supply chain

GRI 102-9

The Iberdrola group's supply chain consists of two different processes:

- The procurement of material and equipment and the contracting of works and services, which is the responsibility of the group's Purchasing and Insurance Division.
- The procurement of fuel, which is handled by the Wholesale and Retail Business.

Both processes are guided by the same principles embodied in the corporate policies and the *Code of Ethics*. However, each of them has specific characteristics in their various phases: registration and classification of suppliers, bidding process, execution of contracts, monitoring of contractual terms, and quality control.

Procurement of material and equipment and contracting of works and services

The mission of the group's Purchasing and Insurance Division is to establish the strategy and procedures for and to supervise the purchasing of equipment and material (other than fuel), as well as works and services contracts and insurance programmes (other than life and casualty, health and pension insurance) for the entire Iberdrola group, meeting the strategic goals established by the Board of Directors and respecting at all times the company's Corporate Governance System:

The purchasing process is periodically audited both internally and by external entities, with no non-conformities having been identified during the financial year. Recommendations and opportunities for improvement that arise during these reviews are analysed and put into place in order to maintain continuous improvement in the processes.

Iberdrola placed orders with more than 19,000 suppliers during 2021. A breakdown of the economic and geographic volume is set out in the following table:

General supply of equipment, materials, works and services (millions of euros)

	2021[65]	2020	2019
Spain	2,405	2,070	1,815
United Kingdom	1,225	1,484	2,014
United States	3,031	2,790	2,583
Brazil	1,400	1,283	1,622
Mexico	395	507	510
IEI	967	360	173
Total	**9,424**	**8,494**	**8,717**

Of note in 2021 were the volumes invoiced by suppliers related to offshore wind projects in Europe and the United States, onshore wind in Spain, the United States and Australia, as well as investments in electricity distribution networks in Spain, the United States, the United Kingdom and Brazil.

The group's high purchasing volumes are a driver of growth for those countries in which the company engages in procurement, favouring their business, industrial and social development through the creation of employment at suppliers and contractors and their auxiliary industries.

Procurement of fuel

Iberdrola dedicated more than €4,694 million to the procurement of natural gas and uranium in 2021. Uranium is procured in Spain and only through Empresa Nacional del Uranio (Enusa). Natural gas is procured on the international market, mainly through long-term commercial relationships with approximately 9 large domestic and international suppliers and market operators (producers and traders). These purchases are for the production of electricity (mainly in Mexico) and the distribution and sale of gas in the United States and the United Kingdom - Continental Europe, respectively.

Procurement of fuel (millions of euros)

	2021	2020	2019
Coal	0	0	0
Natural Gas	4,639	2,204	3,210
Uranium	55	55	70
Total	**4,694**	**2,259**	**3,280**

Spending on local suppliers

Iberdrola follows a local supplier strategy for its strategic contracting that has allowed for the creation of indirect employment and the maintenance of a strong industrial fabric in the geographical areas in which it does business.

The following table shows the percentage volume of purchasing from local suppliers:

[65] Volume billed during the financial year. Amount awarded in 2021: €12,163 million.

GRI 204-1

Procurement or contracting of materials, equipment, works and services from local suppliers (%)[66]

	2021	2020	2019
Spain	83.8	81.7	79.0
United Kingdom	89.3	90.8	84.0
United States	96.4	97.0	98.0
Brazil	99.3	99.6	99.0
Mexico	71.2	62.7	76.0
IEI	60.2	64.7	50.0
Total	**87.9**	**89.0**	**89.0**

Sustainable management of the supply chain

GRI 102-9 204

Promotion of sustainability and social responsibility

Iberdrola has the responsibility and the ability to motivate its suppliers to improve their environmental, ethical and social performance through actions that foster excellence in their management of sustainability.

Highest level commitment to the sustainability of our supply chain

Iberdrola's commitment to Environmental, Social and Governance (ESG) standards and their expansion to cover its main suppliers is embodied in the ambitious goal of ensuring that at least 70% of the group's main suppliers are subject to sustainable development policies and standards by 2022.

The significance of this goal is reflected by its inclusion in the 2020-2022 Strategic Bonus objective approved by General Shareholders' Meeting in 2020.

Specifically, the objective measures the number of key suppliers covered by sustainable development policies and standards, such as having a human rights strategy, a code of conduct for their suppliers, health and safety standards (SDG 3) and a global environmental sustainability strategy, including strategies on water (SDG 6), energy (SDG 7) and biodiversity (SDGs 14 and 15).

The objective is based on a specific model of evaluation for the supply chain and has been integrated into the new systems implemented by the Purchasing Department, both in the supplier classification system and in the purchasing management system itself, including sustainability within decision-making.

[66] Suppliers registered in the main countries in which Iberdrola does business are considered to be local based on the Tax ID assigned to the supplier.

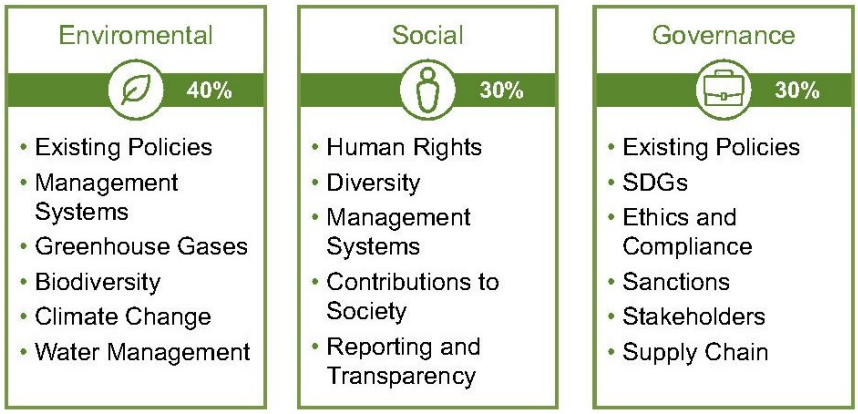
Supplier sustainability evaluation model

In 2021 the Purchasing Division consolidated the use of the global supplier sustainability evaluation model, which is conformed to the international reality of the Iberdrola group and organised around three core ESG pillars of sustainability.

The evaluation of a supplier measures the supplier's performance in highly significant attributes: identification of objectives linked to the Sustainable Development Goals (SDGs), management of climate change risk, circular economy strategy, human rights due diligence, etc.

The supplier must provide supporting evidence and documentation for its statements and performance.

The following information is assessed as part of the three dimensions analysed:



After the analysis, the suppliers are rated at two levels: "adequate" if their score exceeds 51 of 100 points (and at least 30% of the points on each of the ESG pillars), and "inadequate" otherwise.

At year-end 2021, more than 73% of the group's main suppliers awarded contracts in the 2020-2021 period already met the established criteria and followed sustainable development policies and standards.

Furthermore, in 2021, €10,827 million have been allocated to suppliers evaluated on the basis of this ESG model. This amount represents 89% of the total amount awarded to the different suppliers making up the Iberdrola group's supply chain. Of this amount, €10,014 million (82.5% of the total) was awarded to suppliers surpassing the above mentioned level of sustainability.

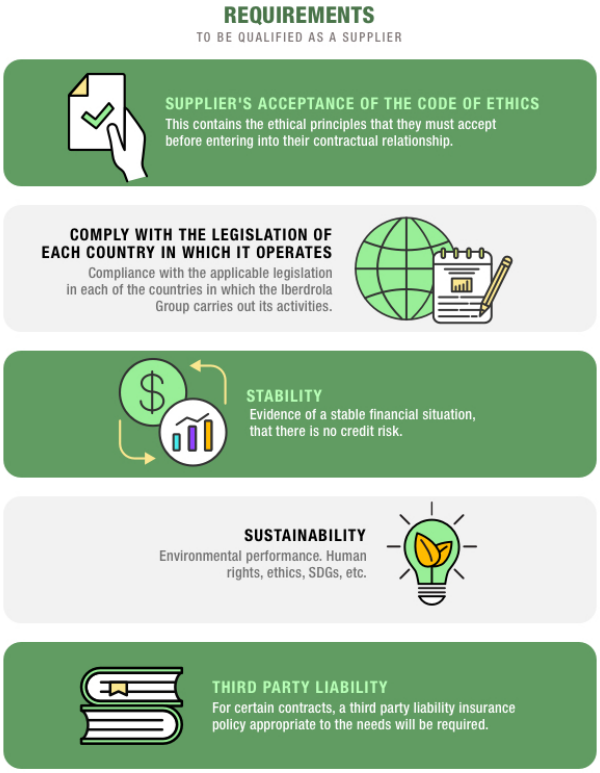
It should be noted that in 2201, the objectives relating to the increase in purchases from key suppliers evaluated as "adequate" were met and that monitoring of improvement plans were introduced for those suppliers not achieving the minimum scores established by Iberdrola. To this end, improvement plans were sent to 529 suppliers of the group and 53% of them have improved their level of sustainability.

Not only is the supplier motivated by this model to improve its profile by taking actions that promote excellence in business management, but the Purchasing Division is also incentivised through quantifiable objectives to choose those companies showing good performance in sustainability or making a commitment to improve.

Factors evaluated for supplier classification

Iberdrola verifies that its suppliers' actions are aligned with the policies, principles and responsibilities of the group.

The requirements for classifying suppliers are:



Fuel purchasing is also subject to the general principles of Iberdrola's sustainable development policies, which are intended to encourage suppliers to engage in activities that are socially responsible, respectful of the environment and preventive of occupational risks.

Iberdrola carries out an internal evaluation of its main fuel suppliers in accordance with economic, logistical, environmental and social standards. The aspects evaluated include: the existence of an environmental policy, information regarding CO2 emissions, emission reduction initiatives, energy efficiency, biodiversity conservation, occupational health and safety, equal opportunity, human rights and ethical behaviour (anti-bribery and anti-corruption practices).

During 2021, three external complaints related to the supply chain were received through the channels set up for this purpose. One claim from a third party over a disagreement in the company's tendering process when it was unsuccessful and two claims of alleged collusion between employees and other suppliers. All three complaints were duly investigated and dismissed owing to lack of evidence. None of these complaints has resulted in the cancellation of any contract or order for reasons related to human rights, corruption, labour practices or environmental practices.

Supplier environmental assessment

GRI 308

Alignment in Purchasing and in supplier management with respect to the environment and sustainability

Internal Procurement Mechanisms	
Purchasing Policy	Sets out principles on the environment that suppliers must follow and sustainable and responsible management in the Iberdrola group's supply chain
Supplier Registration and Classification	Environmental certification weighted in the overall assessment of the supplier Must accept Iberdrola's Environmental Policy
Bid Process	The environmental assessment of the supplier is included during the ITEO (offer evaluation) phase and in the PA (proposed award) for purposes of the contract.
Annual Improvement Goals	Innovative aspect: annual improvement goals directly relating to improvement in sustainability of suppliers established for the Purchasing team and linked to variable remuneration
Global Environmental System	The Procurement Division is part of Iberdrola's Global Environmental System Committee: monitoring of environmental guidelines, established goals and related indicators. Audits.
Reporting	*Contribution to Sustainability* infographic and *Annual Procurement and Supplier Management Report* published on the corporate website

External Supplier Mechanisms	
Code of Ethics	Includes environmental principles Must be accepted by the Group's suppliers and is attached to orders and contracts
Specific T&Cs	Environmental clauses that suppliers must comply with during the term of the contract
Stimulus Campaigns	As a business driver, we proactively promote the environmental certification of the suppliers, supporting them in the search for excellence and generating a multiplier effect
Carbon Footprint Measurement	Regular supplier greenhouse gas measurement campaign
Sustainability Evaluation Model	Includes environmental aspects: biodiversity, circular economy, risks of climate change, etc. Evaluation of suppliers, quantifying their relative position based on their management
Supplier of the Year Award	Environmental category: this promotes the environmental responsibility of suppliers and publicly recognises those who stand out in this area

At the end of 2021, the volume billed to the Iberdrola group by suppliers with a documented or certified environmental management system represented around 66.9% of the total volume billed (general suppliers).

Fuel purchasing is subject to the general principles of Iberdrola's social responsibility policies, which require that suppliers be encouraged to engage in conduct that is socially responsible, respectful of the environment and preventive of occupational risks. Fuel suppliers with a certified environmental management system represented 70% of those evaluated.

GRI 308-2

No supplier with a significant negative environmental impact has been detected. Furthermore, Iberdrola does not have major suppliers located in areas with water stress.

Supplier social assessment

GRI 414 414-2 407-1 408-1 409-1

The contracting terms of the group for purchasing equipment, material, works and services, include specific supplier corporate social responsibility clauses based on the UN Universal Declaration of Human Rights, the conventions of the International Labour Organization, the principles of the Global Compact, and compliance with the Code of Ethics. For other fuels, the company aims to include these clauses as new contracts are signed.

During the term of the contract, the supplier must allow Iberdrola to review the level of compliance with the principles established in the contracts, and if non-compliance is detected and corrective plans are not adopted, the company reserves the right to cancel the contracts.

All major suppliers of general goods and equipment and of fuel (as most of them are long-term closed contracts still in effect) are assessed under this management approach and considering their material risks in relation to human rights and negative social impacts. These risks are mitigated and managed through the quality processes in place and the regular audits carried out by each business unit. This strategy will be reinforced in 2022 with a global campaign of social audits of key general goods suppliers to ensure compliance with the group's ESG criteria and to validate the supplier assessment model.

Based on the sources consulted, and taking into account the suppliers of goods and services from countries identified in 2021 as being at high risk of human rights violations, the following risks may emerge:

- in connection with the risk to freedom of association and collective bargaining, in 0.82% of the volume of purchases made in 2021,
- in connection with child labour, in 0% of the total volume of purchases made in 2021, and
- in connection with forced labour, in 0.82% of the total volume of purchases made.

With regard to fuel supplies, the percentage of purchases made in countries where there is a risk of violation of the rights to freedom of association and collective bargaining, child labour and forced labour was 0%.

There was no identification in 2021 of any contracting with suppliers that has generated incidents relating to freedom of association, collective bargaining, or the use of child or forced or compulsory labour, nor is there evidence of receiving complaints on these grounds. Nor have suppliers been detected with a material negative social impact, or incidents reported through the channels established for such purpose, resulting in the cancellation of orders or of contracts with group suppliers due to negative social impacts.

However, during 2021, a potential risk was identified following several reports of forced labour in the Xinjiang region of China, linked to equipment for photovoltaic plants. Iberdrola reacted by requiring suppliers potentially exposed to such risk to scrupulously comply with the Code of Ethics and the commitments signed. Work is also being carried out on different ways to minimise this risk, including the possibility of conducting audits and looking into component traceability mechanisms, as part of the Solar Power Europe industry initiative.

Evaluation of supplier risks

Iberdrola ensures the evaluation of supplier risk during the procurement process, as set forth in the *Purchasing Policy*. In particular, the following risks are identified: Credit risk, fraud risk, cybersecurity risk, CSR risk, human resources risk and tax risk.

Review of the provision of general supplies in countries presenting a risk of corruption

In order to analyse the risk of corruption in procurement, the company uses the *Transparency International Corruption Perceptions Index 2020 (TI CPI 2020)*[67] as a source to classify countries according to their level of risk.

[67] Latest available at the date of preparation of this report.

The volumes of purchasing in countries classified according to said index based on their level of risk of corruption are set out in the following table:

Corruption risk[68]	% of 2021 general supply purchases in countries on the CPI Index 2020
Purchasing in countries classified as low-risk	81.1
Purchasing in countries classified as medium-risk	0.2
Purchasing in countries classified as high-risk	18.7

Brazil and Mexico are the main countries classified as having a high risk of corruption by the aforementioned TI CPI 2020 and in which there have been purchases from registered suppliers. The purchasing volume is directly related to Iberdrola's presence and investment efforts in these countries, and is consistent with its practice of promoting the local industrial fabric.

Iberdrola has not made any significant purchase of general supplies from suppliers located in tax havens.

Review of the provision of fuel supplies in countries presenting a risk of corruption

An analysis of the purchases of fuel shows the following ratios in 2021:

Corruption risk[69]	% provisions of fuel in 2021 in countries included in the CPI 2020 index
Provisions of fuel in countries classified as low-risk	51.7
Provisions of fuel in countries classified as medium-risk	0.0
Provisions of fuel in countries classified as high-risk	48.3

According to the aforementioned TI CPI 2020, Mexico and Brazil are the main countries with a high risk of corruption in which fuel has been purchased from registered suppliers. However, the company believes that the calculation should exclude these two countries because these purchases are made in strongly regulated environments that require contracting with state-owned companies. Excluding both countries from the calculation, the percentage of fuel purchasing in at high-risk countries would decrease to 0%.

[68] Low-risk: country index ≥ 60 / Medium-risk: 59-50 / High risk: < 50 on a scale from 0 (perception of high levels of corruption) to 100 (perception of low levels of corruption).
[69] Low-risk: country index ≥ 60 / Medium-risk: 59-50 / High risk: < 50 on a scale from 0 (perception of high levels of corruption) to 100 (perception of low levels of corruption).

V. Financial

V.1. Sustainable economic growth

- Economic/financial impact
- ESG Finances
- Taxonomy

Economic/financial impact

GRI 201

The electricity industry is and will be a significant driver of the economy, to which it contributes by means of high investments and the creation of both direct and indirect high-quality jobs. An example of this is the energy model towards which Iberdrola undertook a deep transformation more than 20 years ago, a sustainable, safe and competitive model that would make it possible to address the fight against climate change. After more than €100,000 million of investment during this period, it has been able to generate a total annual employment impact of some 400,000 direct, indirect and induced jobs worldwide, contribute annually more than €35,000 million to global GDP, and make an annual tax contribution of more than €14,000 million.[70]

GRI 201-1

Direct economic value generated, distributed and retained (€ millions)[71]

Iberdrola consolidated total	2021	2020	2019
Direct economic value generated			
Revenue (sales and other income)	40,349	34,947	37,673
Economic value distributed			
Operating costs	25,002	19,866	23,027
Employee remuneration (excluding company social security costs)	2,684	2,505	2,532
Payments to providers of capital	3,423	2,958	2,916
Payments to government administrations	3,125	2,939	2,941
Community investments (verified according to the LBG Model)	58	84	52
Economic value retained			
Economic value retained	6,057	6,595	6,205

During the period, Iberdrola made gross investments totalling € 9,531 million[72]

Financial assistance received

Financial assistance received by the Iberdrola group is shown in the following table on a consolidated basis:

[70] PwC study "Economic, social and environmental impact of Iberdrola worldwide" (based on 2020 data).
[71] Revenues: sales of €39,113 million, €33,145 million and €36,438 million and other revenues of €1,235 million, €1,805 million and €1,235 million in 2021, 2020 and 2019 respectively.
Operating costs primarily include external supplies and services.
Payments to capital providers: financial charges and dividend payments to shareholders and minority interests.
Payments to public administrations: own tax contribution.
[72] Total amount includes all investments involving cash outflows or debt assumed.

GRI 201-4

Financial assistance (€ millions)

	2021	2020	2019
Capital subsidies	8	8	12
Operating subsidies	6	3	3
Investment tax credits [73]	0	0	0
Production tax credits [74]	164	135	84
Assistance for other items included in the GRI Protocol	0	0	0
Iberdrola total	**178**	**146**	**99**

GRI 203

In addition to the direct economic impacts that occur as a result of the cash flows that are generated, the Iberdrola group also induces additional effects or indirect economic impacts such as those described below:

GRI 203-2

From an economic standpoint, the expansion of electricity systems drives the regional economy in the region where it occurs and creates employment opportunities, contributing to economic and social enhancement.

The positive effects at the local level include, among others, the improvement of the economy and employment (direct and indirect), the revitalisation and repopulation of underpopulated rural areas, the generation of fees, taxes and duties at the different stages of activity and areas of operation, the training of professionals, the support of local communities through different sponsorship initiatives, the promotion of economic development, and improvement of the quality of life through electrification, etc.

Likewise, and at a general level, renewable projects help to reduce the overall CO2 emissions of the energy mix of the country where they are implemented, contributing to the decarbonisation not only of the region where they are located, but also of the country and the planet as a whole, thus helping to curb global warming and supporting each country's decarbonisation targets.

Potentially negative effects, which the company seeks to avoid, can be considered to include the following:

- Environmental risks, which may give rise to undesirable consequences for the environment, such as spills and improper emissions, or waste management.
- The impact on terrain of the facilities, especially large ones, and the possible negative effects (during construction or operation) on traditional activities, particularly in the rural environment, such as ranching, hunting or fishing.

GRI 203-1

During the construction and operation of its facilities, Iberdrola also carries out certain infrastructure activities that are unrelated to its facilities and without a specific commercial purpose, but rather that are intended to meet the needs of the social environment, resolving existing shortcomings in the local communities.

A summary of these projects with strong social impact during 2021 is provided below:

[73] Investment tax credits.

[74] Production tax credits.

- Improvement of paths and walkways, leading to a better quality of life for residents in the surrounding area.
- In the United Kingdom, actions continue to be implemented to improve various infrastructures and to make landscape improvements for the enjoyment of people near the various production centres. There is also a visitor centre at the Whitelee wind farm, where visits are received from the general public and from school groups. In support of clean transport, ScottishPower Energy Networks, in partnership with Dumfries & Galloway Council, introduced two new £1.04 million high-tech refuse collection vehicles, funded by ScottishPower Energy Networks' £20 million Green Economy Fund. These vehicles were the first in the country serving routes in a rural area and were introduced in the local communities of Dumfries and Stranraer. In addition, Edinburgh's first all-electric double-decker buses were officially unveiled in partnership with Lothian, the municipal bus company.
- In Brazil, the Quilombola culture programme is of particular note, especially the construction of the headquarters of the Quilombos de Santa Rosa Community Association, where different activities can be carried out. In addition, various workshops have been held in connection with this programme to gain a deeper insight into their culture and the activities they carry out.
- In Mexico, an annual social contribution is made to the communities surrounding the projects. It is based on the following criteria: culture, sport, health, education and social development. In parallel, repairs are made to the roads used for on-site Operation and Maintenance tasks, and by local residents. Also noteworthy is the construction of the waiting room at the Huexco rural hospital..
- Finally, one should note the partnership with Hydrographic Confederations and other entities in Spain, especially those focused on environmental issues, to enable various activities near hydroelectric reservoirs (sports events, support for the reproduction of certain species, etc., such as the international descent of the Sil River and the repopulation of eels in the Júcar and Mijares rivers), by adjusting flows at certain times

ESG Finances

In keeping with its sustainable business model, Iberdrola is positioned as one of the world's leading and pioneering business groups in ESG financing. This has the threefold objective of (i) aligning its financial strategy with its purpose, values and investment strategy, (ii) optimising the cost of its debt, and (iii) diversifying its sources of financing, transforming sustainability into both an end and a means to the financial strength it pursues and which characterises it.

Iberdrola demonstrates this commitment to ESG financing in the various regions in which it operates and through the different instruments and formats it uses to finance itself.

By way of summary, at year-end 2021, the composition of the group's ESG financial operations portfolio was as follows:

IBERDROLA GROUP ESG FINANCIAL TRANSACTIONS (31/12/2021) Millions of euros	
Green	**20,922**
Bonds	14,961
Bank loans	354
Multilateral loans	2,658
Structured funding	2,949
Sustainable	**17,836**
Loans	250
Credit facilities	12,586
Commercial paper programmes	5,000
Total ESG	**38,758**

Green finance transactions

The group has signed new green finance transactions in 2021 in the total amount of €7,080[75] million. This brings the total amount of green finance at the end of 2021 to €20,922 million[75].

The differentiating feature of this financing is the commitment to use the funds to invest in environmentally sustainable and socially responsible projects, fundamentally in renewable energy; expansion and digitalisation of electricity transmission and distribution grids; researching new, more efficient technologies; or in intelligent mobility projects. The company also commits to regularly report the environmental return that its investments in these projects have yielded during the respective period.

The funds secured through all these operations have gone towards financing or refinancing investments in projects that meet certain environmental and sustainable development criteria, as described in Iberdrola's respective Frameworks[76] for green financing, AVANGRID or Neoenergia. These Frameworks are aligned with the Green Bond Principles endorsed by the International Capital Markets Association (ICMA).

[75] Including 100% of the financing in which Iberdrola participates with partners.
[76] *Iberdrola Framework for Green Financing*, *Avangrid Framewrok for Green Financing* and *Green Finance Framework do Grupo Neoenergia*

Green bonds

For public bond issues, Iberdrola relies on VigeoEiris to validate the green nature of its transactions. VigeoEiris delivers its assessment not only on the transaction and the projects it finances, but also on the issuer's overall sustainability policy. These opinions are available on the corporate website, in the Information related to green finance, section, and they are more than satisfactory in all cases.

In the capital markets, for yet another year Iberdrola is the world's leading corporate group in terms of green bonds issued. The company issued its first green bond in 2014, and since then has intensified its financing through this type of instrument, with many more issues and in various areas: both public and private issues, involving senior and subordinated debt (hybrid bonds) issued by the Corporation or other subsidiaries (AVANGRID green bonds and Neoenergia green debentures and all other companies under these sub-groups).

At year-end 2021, Iberdrola has a total of 15 current green bonds issued by the Corporation in the total amount of €11,994 million. Information and details on these transactions can be found in the 2021 Report on Green Financing Returns.

In addition, Iberdrola, through its subsidiary AVANGRID and several of its subsidiaries, has green bonds outstanding in the US market in the combined amount of 2,725 million dollars aimed at financing renewable and distribution projects in the United States. Information and details on these transactions is described in the Avangrid 2021 Sustainability Report.

Neoenergia and its subsidiaries also have green transactions outstanding on the capital markets, totalling R$3,560 million, earmarked for financing renewable and transmission or distribution projects in Brazil. Information and details of these transactions is described in the Neoenergia 2021 Sustainability Report.

Green loans in the banking market

In the banking market, Iberdrola received the first green loan obtained by an energy company in 2017, which was followed by other green transactions. In 2018 Iberdrola México, a wholly-owned subsidiary of Iberdrola, executed the first green corporate loan in Latin America for US$400 million, which was used to refinance the company’s renewables assets in Mexico.

Green project financing

In 2020 Iberdrola signed its first green Project Financing through its 63.55%-owned subsidiary Iberdrola Renovables de la Rioja, S.A., provided by BBVA in the amount of €23.3[77] million, to refinance 12 wind farms in La Rioja.

In 2021 Iberdrola signed 2 *green* Project Finance agreements through its subsidiaries Parques Eólicos Alto Layna, S.L.U and Energías Renovables Ibermap, S.L., 20% owned subsidiaries of Iberdrola, granted by BBVA for €106[78] million, and by BBVA, Banco Santander and BNP for €191.8[79] million, respectively, to refinance wind farms in Spain.

[77] Outstanding balance of Iberioja loan at 31/12/2021: €14 million. The Iberioja loan had a Second Party Opinion from G-Advisory. Iberdrola Renovables de la Rioja is a company that is 63.55 %-owned by Iberdrola.
[78] The Parques Eólicos Alto de Layna loan had a Second Party Opinion from G-Advisory. Parques Eólicos Alto de Layna is a company that is 20 %-owned by Iberdrola.
[79] The Energías Renovables Ibermap loan had a Second Party Opinion from G-Advisory. IEnergías Renovables Ibermap is a company that is 20%-owned by Iberdrola.

In September 2021 AVANGRID signed the first green financing deal for an offshore wind project in the United States, the 800 MW Vineyard Wind I offshore wind farm. The financing has been structured through a US$2,344 million project finance arrangement. Information on this transaction is described in the Avangrid 2020 Sustainability Report.

In 2021 AVANGRID increased its financing under the form of Green Tax Equity Investment to US$637 million through two new transactions, the Aeolus VII and Aeolus VIII portfolios, with Tax Equity Investment investors. Information and details on these transactions is described in the Avangrid 2021 Sustainability Report.

Green loans with development institutions

With regard to green loans, in May 2019, Iberdrola obtained its first green loan from development institutions and since then it has continued to execute a series of green corporate loans with development banks for assets under construction, specifically: i) with the multilateral European Investment Bank (EIB), and ii) with Instituto de Crédito Oficial (ICO), a Spanish state-owned bank, in the total amount of €2,201 million. These public institutions have their own standards for evaluating projects and for allocating green instruments. All of the assets financed by these institutions are included as projects capable of green financing within the framework of Iberdrola's *green* financing.

Two loans have been signed with multilateral or development institutions in 2021:

- Green loan with the European Investment Bank, in the total amount of €600 million, to modernise, automate and adapt distribution networks to the electrification of consumption.
- First Green Hydrogen loan signed with the Instituto de Crédito Oficial (ICO)[80] in the amount of €6 million for the project to supply green hydrogen to Barcelona's municipal transport company. This project was labelled as a *Connecting Europe Facility* (CEF) project and received a grant from the European Union.

In December 2021, Neoenergia signed a €200 million green loan with the EIB to finance renewable projects in Brazil, bringing the total amount financed by the EIB to Neoenergia at year-end 2021 to €457 million. Information on this transaction is described in the Neoenergia 2021 Sustainability Report.

Further details on these green operations and their sustainability returns can be found in the Report on Green Financing Returns for transactions carried out by the Corporation), the AVANGRID Sustainability Report d(for transactions carried out by AVANGRID and subsidiaries) and the Neoenergia Sustainability Report (for transactions carried out by Neoenergia and subsidiaries).

Financial transactions linked to the achievement of sustainable objectives

The group has also entered into other financial agreements bearing the ESG, or sustainability, label. These are transactions that, rather than earmarking funds, link certain elements of the instrument to sustainability metrics or the achievement of strategic objectives aligned with the Sustainable Development Goals (SDGs). For example, the credit facilities that the group has in place to manage and optimise its liquidity, or commercial paper, a very short-term financing instrument.

[80] The green ICO Loan for Electric Mobility had a Second Party Opinion from G-Advisory.

As in the case of green financing transactions, most of the financial transactions linked to the achievement of sustainable objectives are also certified by an independent expert in terms of the alignment of the established metrics and targets with the company's sustainable strategy and with the Sustainability-Linked Loan Principles (SLLP).

Credit facilities linked to sustainable objectives

At year-end 2021, Iberdrola has a volume of credit facilities with costs linked to achieving sustainable objectives in the aggregate amount of €12,586 million available to the Corporation and to AVANGRID. The main objectives set out in these credit facilities are associated with environmental and social KPIs:

- €1,500 million sustainable syndicated credit facility:
  - Environmental KPI: Renewable capacity installed in the group.
  - Social KPI: number of people in developing countries benefiting from electricity access.
- €5,300 million sustainable syndicated credit facility:
  - Environmental KPI: intensity of CO_2 emissions, measured in grams per kilowatt hour produced (g/KWh).

In 2021, a new facility was signed in the amount of €2,500 million. This new credit line is subject to two sustainability indicators, linked to environmental and social targets. The first of these concerns the reduction of emissions intensity, in line with the UN Sustainable Development Goals (SDGs) 7 and 13. The second indicator is associated with increasing the number of women in leadership positions in the company, in line with UN SDG 5.

These same indicators are also included in another new 5-year credit line of JPY 16,000 million signed in June 2021.

Furthermore, on 23 November 2021 AVANGRID extended the maturity and limit of the syndicated credit facility signed in 2018 until 2026 and up to US$3,575 million respectively, maintaining the initial indicator that requires reducing CO_2 emissions.

ESG commercial paper

On 15 April 2021 Iberdrola formalised the update of its framework programme for the issuance of short-term notes in the Euromarket (ECP), increasing the maximum outstanding limit to €5,000 million (from the previous figure of €3,000 million) and incorporating the sustainable label linked to the achievement of three objectives associated with the areas of the ESG strategy:

a. Environmental: intensity of CO_2 emissions, measured in grams per kilowatt hour produced (gr/KWh) (contribution to SDGs 7, 13).

b. Social: Percentage of women in positions of leadership in the company (contribution to SDG 5).

c. Governance: Implementation of the eleven recommendations of the Task Force on Climate-related Financial Disclosures (“TCFD”) (contribution to SDG 16).

Financial transactions in the circular economy

Iberdrola has secured the first loan in the European energy sector linked to the reduction of water consumption, in the amount of €250 million. The operation includes an incentive linked to meeting certain circular economy objectives.

Taxonomy

This section complies with the reporting obligations established by Article 8 of European Union Regulation 852/2020 on the establishment of a framework to facilitate sustainable investments, supplemented by Delegated Regulation 2139/2021, which determines eligible activities with respect to climate change mitigation and adaptation objectives, and in accordance with Delegated Regulation 2178/2021, which develops the reporting methodology.

Under this regulatory framework, companies are required to report their eligibility and alignment through three economic indicators; as a percentage of turnover, investment and operating expenditure.

In 2021 the reporting obligation is limited to the percentage of eligibility, representing the weight of the activities described by Royal Decree 2139/2021. For subsequent years, these eligible activities will have to be analysed from the point of view of alignment with the Taxonomy.

The eligible activities performed by the companies of the Iberdrola group are also eligible under the climate change mitigation and adaptation objectives.

The weights of the eligible activities in the Iberdrola group are presented in the table below.

	Revenues (Thousands of euros)	OpEx (Thousands of euros)	Investments (Thousands of euros)
Total eligible activities (a)	19,615,644	-2,601,982	8,201,822
Total Iberdrola group (b)	39,113,454	-4,051,718	9,531,354
Eligibility percentage (a/b) %	**50.2 %**	**64.2 %**	**86.0 %**

Eligible activities included in the values shown above, according to the nomenclature of Annex I and II of the Delegated Regulation, are: 3.1 Hydrogen production, 4.1 Electricity generation from photovoltaic solar technology, 4.3 Electricity generation using wind energy, 4.5 Electricity generation using hydropower, 4.9 Transmission and distribution of electricity, 4.1 Electricity storage, 7.4, 7.5 and 7.6 Installation, maintenance and repair of: charging stations for electric vehicles in buildings, instruments and devices for measuring, regulating and controlling the energy efficiency of buildings, and renewable energy[81].

The criteria applied to calculate the eligibility percentages (ratio published in this report) are described below.

[81] This heading includes the following products sold:
Smart Home: control of the energy consumption of each household appliance, changes in consumption and advice on how to save on bills.
Smart Mobility: solution for charging electric vehicles with 100% renewable energy. Installation of a charging point, electric contract with zero CO_2 emissions and control from mobile phone with the *Smart Mobility Home App*.
Smart Solar: complete solar solution, with installation and maintenance of solar panels so that customers can generate their own electricity.

Calculation of the percentage of eligible turnover

The proportion of eligible Turnover referred to in Article 8(2a) of Regulation (EU) 2020/852 is calculated as the share of net turnover resulting from products or services, including intangibles, associated with economic activities that are eligible according to the taxonomy (numerator), divided by the net turnover (denominator) as defined in Article 2(5) of Directive 2013/34/EU.

Turnover includes revenue recognised in accordance with International Accounting Standard (IAS) 1, paragraph 82(a), as adopted by Commission Regulation (EC) No 1126/2008.

Therefore, for the calculation of the eligibility percentages corresponding to the consolidated Iberdrola group, and included in the table above:

- the numerator includes the sum of the Turnover (group 70 ledger accounts of the Spanish General Accounting Plan) of the activities of the companies/subgroups that are eligible and,
- the denominator corresponds to the Iberdrola group's total amount of turnover.

In this turnover ratio, the company includes all the income associated with the main activity, considering that it contributes to the turnover.

Calculation of the percentage of eligible CapEx

The eligible CapEx ratio referred to in Article 8(2b) of Regulation (EU) 2020/852 is calculated as the numerator divided by the denominator; the denominator being the additions to tangible and intangible assets during the relevant financial year before depreciation, amortisation and any new valuations, including those resulting from revaluations and impairments, for the relevant financial year, excluding changes in fair value. The denominator also includes additions to tangible and intangible assets resulting from business combinations.

For non-financial companies applying International Financial Reporting Standards (IFRS) as adopted by Regulation (EC) No 1126/2008, CapEx should cover costs that are recognised according to:

a. IAS 16 Property, plant and equipment, paragraph 73(e)(i) and (iii);
b. IAS 38 Intangible Assets, paragraph 118(e)(i);
c. IAS 40 Investment Property, paragraph 79(d)(i) and (ii) (for the cost model);
d. IFRS 16 Leases, paragraph 53(h).

Leases that do not give rise to the recognition of a right to use the asset are not accounted for as CapEx.

The numerator, on the other hand, includes the part of the fixed asset investments included in the denominator that:

a. relates to assets or processes that are associated with eligible economic activities;

b. forms part of a plan to expand the economic activities aligned with the taxonomy or to enable economic activities eligible under the taxonomy to be brought into line with the taxonomy in the future ("CapEx plan") under the conditions specified in the second paragraph of this point 1.1.2.2 (relating to the "CapEx plan");

c. relates to the purchase of production from economic activities aligned with the taxonomy and individual measures that enable the targeted activities to become low-carbon or achieve greenhouse gas reductions, in particular the activities listed in points 7.3 to 7.6 of Annex I of the Annexes to the Delegated Act, as well as other economic activities listed in the Delegated Acts adopted pursuant to Articles 10(3), 11(3), 12(2), 13(2), 14(2) and 15(2) of Regulation (EU) 2020/852 and provided that those measures are implemented and operational within 18 months.

Therefore, for the calculation of the eligibility percentages corresponding to the consolidated Iberdrola group, and included in the table above:

- the numerator includes only the CapEx aggregation of the activities of the companies/ subgroups considered eligible and,
- the denominator corresponds to the Iberdrola group's total CapEx, which includes investments (on an accrual basis with current or future disbursement) in intangible assets, investments in property, plant and equipment, investments in rights-of-use assets, and investments. CapEx includes the work carried out by the company for its fixed assets and capitalised financial expenses.

For the purpose of reporting the CapEx and OpEx ratio, purchases of assets necessary to carry out a particular eligible activity have been included.

Calculation of the percentage of eligible *OpEx*

The eligible OpEx ratio referred to in Article 8(2)(b) of Regulation (EU) 2020/852 is calculated as the numerator divided by the denominator; the latter including non-capitalised direct costs associated with research and development, building renovation measures, short-term leases, maintenance and repairs, as well as other direct costs related to the day-to-day maintenance of tangible fixed assets, by the company or a third party to whom activities are outsourced, and which are necessary to ensure the continuous and efficient operation of those assets.

In addition, non-financial companies that apply national GAAP and do not capitalise right-of-use assets are required to include leasing costs in OpEx.

The numerator, on the other hand, includes the part of the operating expenses included in the denominator that:

a. relates to assets or processes associated with eligible economic activities including training and other human resource adaptation needs, and non-capitalised direct costs representing research and development;

b. forms part of the CapEx plan to expand the economic activities eligible according to the taxonomy or to enable economic activities eligible under the taxonomy to be aligned with the taxonomy within a pre-defined timeframe, as set out in the second paragraph of this point 1.1.3.2 (relating to the "CapEx plan");

c. relates to the purchase of production from economic activities aligned with the taxonomy and individual measures that enable the targeted activities to become low-carbon or achieve greenhouse gas reductions, as well as individual building renovations, as identified in the Delegated Acts adopted pursuant to Articles 10(3), 11(3), 12(2), 13(2), 14(2) or 15(2) of Regulation (EU) 2020/852 and provided that those measures are implemented and operational within 18 months.

Therefore, for the calculation of the eligibility percentages corresponding to the consolidated Iberdrola group, and included in the table above, all the costs defined in the Net Operating Expenses section of the income statement have been considered for the OpEx indicator. Income from the results of non-current assets, income from disposed facilities and deferred income associated with property, plant and equipment are excluded from the Net Operating Expense. In addition, the company includes in the operating expenses figure all the direct personnel expenses associated with this activity, as it considers these expenses to be necessary for the development of its activities. For the purpose of reporting the OpEx ratio, the processes and services necessary to carry out a particular eligible activity have also been included. Also excluded are the costs for the provision of services from the corporations to the businesses, and:

- the denominator includes the expenditure of the aforementioned items for the entire Iberdrola group and,
- the numerator will be formed by the same items, but only from the activities of the eligible companies/subgroups.

Finally, the controls that ensure the homogeneity of currencies, accounting criteria and the avoidance of duplicate amounts or intercompany balances are the controls carried out during the process of preparing the audited consolidated financial statements of the Iberdrola group. In addition, Registration and Presentation controls have been included in the files prepared to obtain the data referring to the Taxonomy.

VI. About this report

- VI.1. Scope of information
- VI.2. Defining report content. Materiality Analysis
- VI.3. Disclosures from the *Statement of Non-Financial Information*
- VI.4. GRI content index
- VI.5. SASB content index
- VI.6. Content index in relation to the principles of the Global Compact
- Contact point for questions regarding the report

Iberdrola has been a world leader in transparency and in its commitment to a sustainable and environmentally-friendly growth model since 2004, the year in which the company prepared its first Sustainability Report. Continuing with this commitment, Iberdrola once again submits its *Statement of Non-Financial Information. Sustainability Report 2021*, authorised for issuance by its Board of Directors on 22 February 2021.

Iberdrola publishes this report so as to allow its Stakeholders to see the company's performance in the area of sustainability during financial year 2021, with relevant information on the social dividend provided by the group and on its contribution to the Sustainable Development Goals of the 2030 Agenda of the United Nations, pursuant to the commitments made in the Company's By-Laws and in its General Sustainable Development Policy.

Iberdrola thus satisfies the growing demand by society in general, and shareholders and investors in particular, for companies to provide a detailed report of their non-financial performance in the environmental, social and corporate governance (ESG) fields, with the understanding that good performance in these areas is an essential factor for the long-term success of the companies.

This document forms part of the *Management Report of Iberdrola, S.A.* and of the M*anagement Report of Iberdrola, S.A. consolidated* with its subsidiaries for financial year 2021, and is subject to the same approval, deposit and publication standards as said reports. By issuing this report, Iberdrola, S.A. complies with the provisions of Section 262 of the Companies Act (*Ley de Sociedades de Capital*) and Article 49 of the Code of Commerce (*Código de Comercio*) as amended by Law 11/2018 of 28 December on non-financial and diversity information, which transposes into the Spanish legal system Directive 2014/95/EU, reporting with the detail required by these laws on environmental and social aspects, the management of people, diversity, respect for human rights and the fight against corruption and bribery, particularly describing the risks, policies and results connected to all of these issues.

This section also complies with the provisions of Article 8 of Regulation 852/2020 on the establishment of a framework to facilitate sustainable investments ("Regulation on Taxonomy of Sustainable Activities"), and Delegated Regulation (EU) 2021/2178, which implements the above-mentioned Article 8 and establishes the methodology for reporting the degree of eligibility and alignment with the Taxonomy.

This report has been prepared in accordance with the reporting requirements and recommendations of the *Consolidated Set of Global Reporting Initiative (GRI)*[82] Sustainability Reporting Standards (CORE option). The document also complies with the information requirements of the GRI *Electric Utilities Sector Supplement*. The company has also reported on the reporting requirements and recommendations of the Sustainability Accounting Standards Board (SASB) in its specific standard for Electric Utilities & Power Generators. References to the GRI and SASB indicators covered in each section have been added in the texts (e.g.: **GRI 102-7** **SASB IF-EU-000.B**).

Anyone reading the Statement of Non-Financial Information. Sustainability Report 2021 may also access the *Annual Financial Report 2021* and the *Annual Corporate Governance Report 2021*, as well as the microsite with Annual Non-Financial Information which will be available in its online version, all of which are accessible in the Annual Reports section of the website, which contains additional useful information for better understanding Iberdrola's performance during the year and its future outlook, based on the principles of transparency and communication set out in the *Stakeholder Engagement Policy*.

[82] All in the latest version available.

Finally, to facilitate maximum access to other available information, direct links are included throughout this report to both the corporate website (www.iberdrola.com) and to other pages of the group, as well as to official documents published thereon in PDF format. To open these links, click with the left button of your mouse directly on texts identified with the following format: example link.

Notes:

- The report boundary is described in chapter VI.1. About the Report in this document.
- The figures included in this translation follow the customary English convention, with figures in thousands separated by a comma (,) and decimals indicated by a full stop (.).
- Slight variations may appear in the 2020 and 2019 data with regard to those published in last year's report due to rounding of figures. Those cases in which recalculations have been performed are indicated with a footnote. As the percentage interests in certain companies may not be 100%, the sums added may not correspond to the total presented due to rounding.

VI.1. Scope of information

Introduction on the scope of information

Iberdrola has followed the GRI recommendations for defining the boundary of this report, taking into account the entities over which it has control, those over which it has significant influence, and those activities that are significant for the group from the economic, environmental and social standpoint.

For purposes of this report, the following terms have the meanings set forth below:

- "Iberdrola" or the "company": the Spanish company Iberdrola, S.A., parent company of the Iberdrola group.
- "Iberdrola group" or the "group": Iberdrola (as parent company) and the group of subsidiaries over which Iberdrola has the power of control or joint control.
- "minority-owned companies": the group of companies in which Iberdrola has a percentage interest but not the power to exercise control. At these minority-owned companies Iberdrola promotes the policies approved within the group through the governance bodies of such companies and includes information on those considered significant in terms of sustainability.

The document *Consolidated Financial Statements, Consolidated Management Report, and Audit Report* for financial year 2021 lists all of the companies in which Iberdrola has direct or indirect ownership interests.

Information boundaries of this report

Time scope

GRI 102-50 102-51 102-52

2021. The report is published on an annual basis and covers a 12-month calendar year.

Organisational scope

GRI 102-6 102-45

The preparation of this report considers the following frames of reference, which determine its structure, scope and contents:

- The financial information published in this report must be consistent with the financial statements and, therefore, comply with the relevant Spanish and European legal provisions.
- Sustainability, or ESG, information is prepared by applying a reporting standard or framework pursuant to Spanish legislation. Iberdrola has opted to use the GRI Standards, in the core option thereof, taking into account the scope of this standard, its recognition and universality, and over a decade of experience in its application.

To reconcile these frames of reference, Iberdrola has established two quantitative reporting boundaries for the report: global boundary and report boundary.

Global boundary (Iberdrola consolidated total)

Relates to all group companies, their subsidiaries and investees.

The financial information included in this *Statement of Non-Financial Information. Sustainability Report 2021* is based on the Annual Financial Report for financial year 2021. It therefore corresponds to the global boundary defined above.

Report boundary (Iberdrola total)

Comprising Iberdrola, S.A. and the consolidated subsidiaries under its control[83], which operate in the countries and carry out the activities shown in the table below.

Significant countries and activities for the Iberdrola group in terms of sustainability(1) and included in the 2021 reporting boundary

	Group office	Electricity production		Transmission and/or Distribution of electricity or gas	Electricity and/or gas supply (2) (3)		Gas storage	Real estate
		Conven-tional	Renewable (4)		Wholesale market	Retail market		
Spain(5)	X	X	X	X	LIB	LIB /REG		X
United Kingdom	X		X	X	LIB	LIB		
United States	X	X	X	X	LIB	REG		
Brazil	X	X	X	X	LIB	REG		
Mexico	X	X	X		LIB	LIB		X
Portugal	X		X		LIB	LIB		
Australia	X	X	X					
Germany	X		X		LIB	LIB		
Greece	X		X(6)					
Hungary	X		X					
France	X		X(7)		LIB	LIB		
Poland	X		X					
Romania	X		X					
Italy	X				LIB	LIB		
Ireland	X				LIB	LIB		
Canada	X						X(8)	
Other countries (9)	X		X					X

1. The countries set out herein are those in which the company does business, with facilities and employees. Countries in which the company makes purchases of general supplies and procures fuel are not included. The workforce reported is as at year-end.
2. Types of sales activities:
   - LIB: activities in liberalised markets, independent of distribution activities.
   - REG: activities in regulated markets, together with distribution activities. The supply to these markets has not been considered as an activity in the wholesale market.

[83] With regard to co-controlled subsidiaries, such as companies owning nuclear generation assets, in addition to installed capacity and production indicators, other indicators are reported where considered relevant.

3. Environmental information on sales activities in Germany and the Republic of Ireland is not consolidated, because it is not yet integrated into the corporate systems as at the date of preparation of this report. It will be included in future reports to the extent the systems collect this information. These activities are not considered to be material in the context of the group.
4. It includes the activities of hydroelectric, wind and solar generation. Environmental information on construction projects is not included, except in the area of biodiversity.
5. Any reference to the 7th Collective Bargaining Agreement includes the following companies at 31 December 2021: Iberdrola, S.A., Iberdrola España, S.A.U., Iberdrola Generación, S.A.U., Iberdrola Generación España, S.A.U., Iberdrola Generación Nuclear, S.A.U., Iberdrola Clientes, S.A.U., Iberdrola Operación y Mantenimiento, S.A.U., i-DE Redes Eléctricas Inteligentes, S.A. (Sociedad Unipersonal), Iberdrola Infraestructuras y Servicios de Redes, S.A.U., Iberdrola Renovables Energía, S.A.U. and Iberdrola Ingeniería y Construcción, S.A.U.
6. Renewables activities in Cyprus are included in Greece.
7. Activities related to the Saint Brieuc offshore facility, currently under development, as well as Aalto Power's assets.
8. Activities are not significant from the environmental standpoint. Labour information is included in the information for the United States.
9. Other countries: Bulgaria, Qatar, Netherlands, Japan, Luxembourg, South Africa, Taiwan, Singapore, Vietnam, Morocco. In social information relating to people (excluding salary data), Belgium, Bulgaria, Qatar, Japan, Latvia, Singapore, Vietnam are reported. These countries are not included in the environmental information or the other social information as the activities are not considered relevant in terms of sustainability.

At affiliate nuclear plants, the percentage interest held by Iberdrola in each of them is used to consolidate environmental performance data: Vandellós (28%), Almaraz (52.69%); Trillo (49%) and Ascó (15%). For social information, on the other hand, because of the structure of the available information systems, nuclear plants are consolidated according to the percentage interest held by Iberdrola in the economic interest grouping created for that purpose; such interest is 51.44% in the case of Trillo-Almaraz and 14.59% in the case of Ascó-Vandellós. A 50% share of the environmental and social data corresponding to the activities of Nuclenor, S.A. is applied according to consolidation by the equity method.

Summary of the information boundaries by country

Following the GRI recommendation, the information in this report is structured by country. The table below shows the structure of information by country applied to the boundaries described above:

Structure of information by country in this report

Report boundary (Iberdrola Total) = Iberdrola, S.A., controlled subsidiaries and co-controlled affiliates considered to be significant for sustainability purposes.	Spain United Kingdom United States Brazil Mexico IEI: Australia, France, Germany, Greece (incl. Cyprus), Hungary, Ireland, Italy, Poland, Portugal, Romania (*) IEI also includes Belgium, Bulgaria, Qatar, Japan, Latvia, Singapore and Vietnam in the social information relating to people.
Global boundary (consolidated Iberdrola Total) = report boundary plus the information of affiliates consolidated by the equity method that are not considered significant for purposes of this report.	Information reflected in the corporate boundary of the Consolidated Financial Statements.

Limitations on the scope of information

Iberdrola believes that this report reflects the economic, environmental and social performance of the company in a reasonable and balanced manner, on the understanding that the exceptions to the scope of the report described in the table “Significant countries and activities for the Iberdrola group in terms of sustainability and included in the 2021 reporting boundary” do not significantly alter the consolidated indicators and therefore do not affect the reader's assessment of the company's performance.

Explanatory footnotes are added in case a particular indicator could not be compiled in accordance with the reporting boundary. In addition, the following GRI indicators **GRI 302-1 303-3 303-4 303-5 304-1 304-4 305-5 306-4 412-2** do not include Neoenergia Brasilia, which became part of the Iberdrola group in 2021.

Significant changes to the organisation and its supply chain

GRI 102-10

Changes in activities and/or in operations

In the course of their business, the various subsidiaries and affiliates of Iberdrola have engaged in transactions that change the composition of their assets in 2021, including the following:

- In the Wholesale and Retail Business, the largest complex in Europe for green hydrogen for industrial use has been built. The plant has a capacity of 20 MW of electrolysers and is fed from a 100 MW photovoltaic solar plant with 20 MWh of battery storage capacity. The complex, located in Puertollano (Ciudad Real), will enter operation in early 2022 and will supply green hydrogen to produce green fertilisers at the Fertiberia plant.

  Construction was also completed on the first commercial plant for producing and dispensing green hydrogen for heavy mobility. The plant, for public use, has been operational since January 2022 and will supply the new fleet of green hydrogen buses of Tranports Metropolitans de Barcelona (TMB) and will also enable other logistics operators in the area to decarbonise.

- In the Renewables Business, the following notable corporate transactions were carried out during the year.
  - In Japan, Iberdrola Renewables Japan K.K. acquired a 34.9% stake in Aomori-Seihoku-Oki Offshore Wind from Hitachi Zosen with a view to developing a 600 MW offshore wind project in Round 2 (expected to be awarded in 2022); this would mark Iberdrola's first wind farm in Japan.
  - In Taiwan, Iberdrola Renewables Taiwan has been formed to bid in offshore wind tenders.
  - In Ireland, a 90% stake in three pipeline projects of up to 3 GW of offshore wind has been acquired from DP Energy.
  - In Poland, a framework agreement was signed with partner SeaWind to form a joint venture for developing offshore wind farms.

- Finally, AVANGRID Renewables announced the restructuring of Vineyard Wind, LLC in a joint venture with Copenhagen Infrastructure (CIP). Vineyard One will remain a 50/50 joint venture, with AVANGRID Renewables taking full ownership of lease area 534, housing the Park City Wind (804 MW) and Commonwealth Wind (1,200 MW) projects, and CIP retaining 100 % of lease area 522.
- In Poland, the group reached an agreement with CEE Equity Partner for the acquisition of 163 MW of new renewable capacity in the country: two projects, with a capacity of 112.5 MW, are already in operation, while the third, with a capacity of 50.4 MW, is currently under construction.
- In Vietnam, the group acquired Sowitec Vietnam, with a portfolio of 550 MW of renewable energy in the country, spread over six projects.
- Iberdrola signed an agreement with GS Energy for the joint development of projects in South Korea and other Asian regions.

- In terms of organic growth in the Renewables Business, highlights include the Francisco Pizarro photovoltaic plant (590 MW - Spain), the Golden Hills wind farm (201 MW - United States), the Chafariz wind farm complex (471 MW - Brazil), the Port Augusta wind-solar hybrid project (317 MW - Australia), the Gouvaes and Daivoes hydroelectric plants (998 MW - Portugal) and the 50 MW batteries at Whitelee (United Kingdom), Gormans (Ireland) and Wallgrove (Australia).

Changes in capital structure

The shareholders acting at the General Shareholders' Meeting of Iberdrola held on 18 June 2021 approved two increases in capital by means of a scrip issue in order to once again implement the *Iberdrola Retribución Flexible* optional dividend system, implementing the first increase in capital in July 2021 and the second in February 2022. To offset the dilutive effect of the capital increases and to maintain earnings per share, a capital reduction was implemented in July 2021 under the terms approved at the aforementioned Shareholders' Meeting.

Changes in supply chain

There were no significant changes in the company's supply chain during the financial year.

VI.2. Defining report content. Materiality Analysis

GRI 102-46

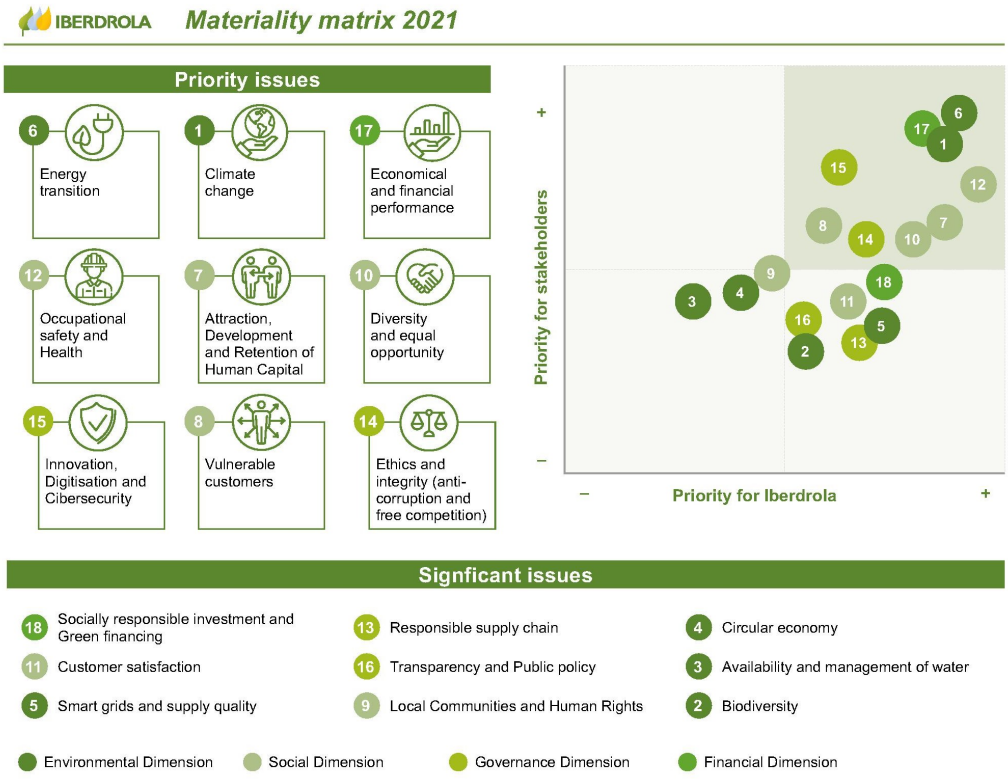
Iberdrola directly identifies material aspects for its Stakeholders and for the company itself, by preparing an in-house *Materiality Study* conducted with the advice of an independent outside firm and by consulting in-house and outside sources. Iberdrola uses this process to identify economic, social, environmental and governance issues that are significant to its focus on sustainable development.

Iberdrola also takes into account the Topics of the *GRI Sustainability Reporting Standards* as well as the *Electric Utility Sector Supplement* in this analysis.

Together with these global processes of identification of and response to material issues, the company also has a Global Stakeholder Engagement Model, which, although initially based on the AA1000 Stakeholder Engagement Standard (AA1000SES, 2015) in its process of implementation already includes the four requirements of the AA1000 AccountAbility Principles 2018 (AA1000AP, 2018), i.e. inclusiveness, materiality, responsiveness and impact[84], as described in the "Stakeholder engagement" section of chapter IV.2.

All topics reported are specifically identified in the GRI Content Index that is included in this chapter of the report. In its commitment to transparency with its Stakeholders, apart from the topics of the GRI Standards identified as material in the table below, Iberdrola also reports on other topics included in such Standards.

The analysis for 2021 classifies those topics of interest identified through the analysis in accordance with their significance both to Stakeholders as well as to the company's strategy. In this way, 18 material topics have been identified, of which 9 topics are considered "priority". The following image shows the result of the analysis:



The various sections of this report offer a concrete response to the aspects identified, as shown in the following table:

[84] Iberdrola has been continuously applying Assurance Standard AA1000 for the last eleven years. In 2016 Iberdrola's Operating Committee approved a Global Stakeholder Engagement Model, which was implemented for the first time in 2017.

GRI 102-47

Main material topics 2021

Priority topics	Description	Iberdrola's response
Energy transition	• Transition towards a low-carbon economy. Regulatory changes to encourage greater inclusion of renewable energies in the mix. • Energy efficiency to reduce the industry's energy requirements. • Improvements in the systems for inclusion of renewable production within the grid. • Nuclear plant decommissioning. Nuclear waste safety and management plans.	"Key operating figures" section of chapter I.1. "Business model" section of chapter I.1. "Climate action" section of chapter I.3 "Efficiency in energy consumption" section of chapter II.1.
Climate change	• Recognised as a global emergency, the focus is now on setting science-based emission reduction targets through various mechanisms: carbon footprinting, emissions trading, CO_2 storage systems, available adaptation and mitigation mechanisms, economic impacts of climate change, assessment of risks and opportunities, awareness raising, etc.	"Business model" section of chapter I.1. "Economic and financial impact" section of chapter V.I. "Climate action" section of chapter I.3. "Emissions reduction" y "Efficiency in energy consumption" sections of chapter II.1. "Innovation and digital transformation projects" section of chapter III.2.
Economic and financial performance	• Action plans to guarantee results in uncertain environments. • Development of resilience mechanisms and crisis management systems. • Economic value generated and distributed. - Tax policy and strategy, cooperation with the tax authorities, tax contributions. • Indirect economic impacts and creation of social value.	"Business model" section of chapter I.1. "Economic and financial impact" section of chapter V.I. "Fiscal responsibility" section of chapter IV.1.
Occupational health and safety	• Management of health and safety of employees and contractors, prevention policies and plans. • Workplace management and individual and collective protection of workers. This management activity was particularly important as a result of the COVID-19 pandemic. • Employee, supplier and subcontractor training and awareness-raising.	"A safe work environment" section of chapter III.1.

Main material topics 2021

Priority topics	Description	Iberdrola's response
Human Capital recruitment, development and retention	• Knowledge management. • Worker benefits. • Performance assessment • Map of skills, expertise and career projection by category • New hires and turnover rate.	"Commitment to quality employment", "Stable labour environment" y "Professional training and development" section of chapter III.1.
Diversity and equal opportunity	• Non-discrimination against women in the labour market and especially in management positions and governance bodies. • Merit- and skill-based selection, salary and promotion equality.	"Diversity and equal opportunity" section of chapter III.1. "Protection of human rights" section of chapter III.3.
Innovation, Digitalisation and Cybersecurity	• New forms of working and improving digital performance. • Cybersecurity action plans and strategies, cyber-attack prevention. • Customer-centric digitalisation (products and services arranged digitally, customer service, etc.)	"Cybersecurity and information privacy" section of chapter IV.1. "Proyectos de innovación y transformación digital" section of chapter III.2.
Vulnerable customers	• Procedures/mechanisms to avoid disconnections due to non-payment, energy poverty. Creation of financing and aid systems (social vouchers) for communities affected socially and economically by the pandemic. • Public policies to improve access to energy in disadvantaged areas through the development of new networks.	"Access to energy" section of chapter III.3.
Ethics and integrity (Anti-corruption and free competition)	• Specific anti-corruption/bribery/fraud/ money laundering risks • Complaints, claims and fines for regulatory breaches	"Environmental compliance" section of chapter II.1. "Customer satisfaction" section of chapter III.2. "Ethics and integrity", "Competence", "Socio-economic compliance" sections of chapter IV.2.

More detailed information on the most relevant issues for the company's stakeholders can be found in the "Stakeholder Engagement" section.

VI.3. Disclosures from the Statement of Non-Financial Information

The table below sets out the pages of this document in which you can find the information required by *Law 11/2018 of 28 December on non-financial information and diversity*:

Disclosures from the Statement of Non-Financial Information

	GRI Disclosures[85]	SNFI pages
Description of the group's business model		
business environment	102-1 102-2 102-3 102-4 102-6 102-7 102-14	4-8, 15-17, 19-20, 24-25, 96, 217-221
organisation and structure		
markets in which it does business		
objectives and strategies		
main factors and trends that might affect its future progress		
Description of policies that the group applies regarding such issues		
due diligence procedures applied to identify, evaluate, prevent and mitigate significant risks and impacts and for verification and control	103	27-30
Measures adopted		
Results of policies		
key indicators of relevant non-financial results that allow for monitoring and evaluation of progress and that favour comparability among companies and industries, in accordance with the domestic, European or international reference frameworks used for each topic	103-2 103-3	13, 28-30
Main risks relating to these issues in connection with the group's activities		
when relevant and appropriate, the commercial relations, products or services thereof that might have negative impacts in these areas, and how the group manages these risks, explaining the procedures used to detect and evaluate them in accordance with leading domestic, European or international frameworks for each area	102-15 413-1 407-1 408-1 409-1	14, 31-33, 141, 148-149, 197-199
information on the impacts detected, providing a breakdown thereof, particularly regarding the main short-, medium- and long-term risks.		
Key indicators of non-financial results that are relevant regarding the specific business activity and that meet the standards of comparability, materiality, relevancy and reliability	102-54	*Global Reporting Initiative Standards* (GRI content index)
I.Information regarding environmental surveys		
Detailed information regarding the current and expected effects of the company's activities on the environment and, if applicable, on health and safety	102-11 201-2 308-2	35, 52, 63, 87, 197
environmental evaluation or certification procedures		
resources dedicated to the prevention of environmental risks		
application of the precautionary principle		
amount of reserves and coverage for environmental risks		
Specifically:		
– Pollution:		
measures to prevent, reduce or repair carbon emissions that seriously affect the environ; taking into account any form of atmospheric pollution specific to an activity	305-5 305-7	70-71
including noise and light pollution.	Non-material indicator for the company, as described in the Materiality Analysis 2021 (page 228).	
– Circular economy and waste prevention and management:		
measures for the prevention, recycling, reuse, other forms of recovery and elimination of waste	301-2 306-2 (2020) 306-3 (2020) 306-4 (2020) 306-5 (2020)	73, 81-84
actions to combat food waste.	Non-material indicator for the company, as described in the Materiality Analysis 2021 (page 228).	

[85] The GRI indicators correspond to the latest version of the GRI Standards in all cases.

Disclosures from the Statement of Non-Financial Information

	GRI Disclosures[85]	SNFI pages
– Sustainable use of resources:		
water consumption and supply in accordance with local limitations	303-2 (2018) 303-5 (2018) 301-1 301-2 302-1 302-2 302-4 303-3	73-75, 76-78, 80-81, 256
consumption of raw materials and measures adopted to improve the efficient use thereof		
direct and indirect consumption of energy		
measures taken to improve energy efficiency and the use of renewable energy		
– Climate change:		
On important elements of greenhouse gas emissions generated as a result of the company's activities, including the use of property and services that produce it	305-1 305-2 305-3 305-4 305-5 201-2	35, 52, 67-70, 257
measures adopted to adapt to the consequences of climate change		
voluntarily established medium- and long-term targets established to reduce greenhouse gas emissions and the means implemented to such end		
– Protection of biodiversity:		
measures taken to preserve or restore biodiversity	304-1 304-2 304-3 304-4 306-5	83-90, 256
impacts cause by activities or operations in protected areas		
II. Information regarding social issues and personnel		
– Employment:		
total number and distribution of employees by gender, age, country and professional classification	102-8 405-1	23, 96-97, 259-269, 278, 279
total number and distribution of types of employment contracts		
annual average of permanent contracts, temporary contracts and part-time contracts by gender, age and professional classification,		
number of dismissals by gender, age and professional classification	103	101
average remuneration and evolution thereof broken down by gender, age and professional or similar classification;	103	97-98
salary gap	405-2	107-108
remuneration of same or average job positions of the company	103	98
average remuneration of directors and officers, including variable remuneration, attendance fees, severance pay, payment into long-term savings benefit systems and any other remuneration broken down by gender	102-35 102-36 102-38 102-39	*Note 49 of the Annual Financial Report 2021* Report 2021
implementation of labour disengagement policies	103	107
employees with disabilities	405-1	97
– Organisation of work:		
organisation of work time	103	107
number of hours of absenteeism	103 403-9 401-3	107, 115-117, 276
measures to facilitate enjoyment of reconciliation and encouragement of the responsible co-exercise of responsibility by both parents	103	107
– Health and safety:		
occupational health and safety conditions	403-1 (2018) 403-2 (2018) 403-3 (2018) 403-7 (2018)	109-112
occupational accidents, particularly the frequency and seriousness thereof broken down by gender	403-9 (2018)	115-117
occupational diseases; broken down by gender	403-10 (2018)	117
– Social relations:		
organisation of social dialogue, including procedures to inform and consult with staff and negotiate with them	407-1	140-144, 197-199
percentage of employees covered by collective bargaining agreements by country	102-41	102
balance of collective bargaining agreements, particularly in the field of workplace health and safety	403-4 (2018)	112-113

Disclosures from the Statement of Non-Financial Information

	GRI Disclosures[85]	SNFI pages
– Training:		
policies implemented in the field of training	404-2	121-122
total hours of training by professional category	404-1	123
– Universal accessibility of disabled persons	103	103-106
– Equality:		
measures adopted to promote equality of treatment and opportunities between women and men	405	103-108
equality plans (Chapter III of Organic Law 3/2007, of 22 March, for the effective equality of women and men)	405	103-108
protocols against sexual and gender-based harassment	405	103-108
measures adopted to promote the employment, integration and universal accessibility of disabled persons	405	103-108
policy against all types of discrimination and, if applicable, management of diversity	406-1	144-145
III. Information regarding respect for human rights:		
application of human rights due diligence procedures	102-16 102-17 412-2 412-3 410-1 412-1	13, 28-30, 164, 167, 141-144, 147
prevention of the risks of violating human rights and, if applicable, measures to mitigate, manage and repair possible abuses	412	140-141
complaints of human rights violations	406-1, 411-1	145-146
promotion of and compliance with the provisions of the basic treaties of the International Labour Organization regarding respect for the freedom of association and the right to collective bargaining; the elimination of discrimination in respect of employment and occupation; the elimination of forced or compulsory labour; the effective abolition of child labour	407-1 406-1 409-1 408-1	141-144, 197-199
IV. Information regarding the fight against corruption and bribery:		
measures adopted to prevent corruption and bribery	102-16 102-17 205-2 205-3	13, 28-30, 164-168
measures to combat money laundering	205-2	165
contributions to non-profit foundations and entities	103 201-1	151
V. Information about the company:		
– Commitments of the company to sustainable development:		
impact of the company's operations on employment and local development	203-1 203-2 204-1 413-1	148, 194,203-204
impact of the company's operations on local communities and on the land	203-1 203-2 411-1 413-1 413-2	145-146, 148, 194, 203-204
relations with local players and types of dialogue therewith	102-43 413-1	148-150, 174-175
association or sponsorship activities	102-12 102-13 201-1 415-1	169-172, 202
– Subcontracting and suppliers:		
inclusion of social, gender equality and environmental issues in the purchasing policy	102-9	*Purchasing Policy* 192-194
supervision and auditing systems and results thereof	308-2 414-2	197-199
– Consumers:		
grievance systems, complaints received and resolution thereof	416-2 418-1	133-136, 189
– Tax information:		
profits per country	207-4 (2019)	184
taxes on profit paid	207-4 (2019)	184
public subsidies received	201-4	203

VI.4. GRI content index

GRI 102-54 102-55 102-56

This report has been prepared in accordance with the GRI Standards: CORE option.

Independent External Assurance

Iberdrola engages in an audit of its annual information, the annual financial statements and directors' reports (individual and consolidated with those of its subsidiaries) through KPMG Auditores, S.L., as well as the Statement of Non-Financial Information. Sustainability Report". The External Independent Assurance Report is included at the beginning of this document.

Supplement for electricity sector companies

This index includes the topics and disclosures required by said supplement, published by GRI in 2014. The symbol * indicates those general standard disclosures and topics of the of GRI Standards where specific sector information is requested.

GRI content index

GRI Standard	Description	SNFI page	Omissions	External assurance	Relation to SDGs
GRI 100 UNIVERSAL STANDARDS					
GRI 101 Foundation 2016 (Note: does not require disclosure of information)					
GRI 102 General disclosures 2016					
1.- Organisational profile *					
102-1	Name of the organisation	Iberdrola S.A.		✓	
102-2	Primary activities, brands, products and services	16		✓	
102-3	Location of headquarters	The registered office of Iberdrola, S.A. is: Plaza Euskadi número 5 48009 Bilbao, Biscay Spain		✓	
102-4	Location of operations	15		✓	
102-5	Ownership and legal form	21		✓	
102-6	Markets served	16, 19, 217		✓	
102-7	Scale of the organisation	20, 24, 96		✓	
102-8	Information on employees and other workers	96, 259 Iberdrola supervises the subcontracted activities performed, and does not deem it necessary to keep statistics regarding subcontracted personnel, except as regards health and safety		✓	8
102-9	Supply chain	192, 194		✓	
102-10	Significant changes to the organisation and its supply chain	220		✓	
102-11	Precautionary Principle or approach	63, 87		✓	

GRI content index

GRI Standard	Description	SNFI page	Omissions	External assurance	Relation to SDGs
GRI 100 UNIVERSAL STANDARDS					
102-12	External initiatives	171		✓	
102-13	Membership of associations	169		✓	
EU1*	Installed capacity	18		✓	7
EU2*	Energy output	18		✓	7, 14
EU3*	Electricity users and producers	19, 251		✓	
EU4*	Transmission and distribution lines	19		✓	
2.- Strategy					
102-14	Statement by senior executive decision-makers	4		✓	
102-15	Key impacts, risks and opportunities	14, 31		✓	
3.-Ethics and integrity					
102-16	Values, principles, standards and norms of behaviour	13, 28, 29,		✓	16
102-17	Mechanisms for advice and concerns about ethics	164, 167		✓	16
4.- Governance					
102-18	Governance structure	22		✓	
102-19	Delegating authority	24		✓	
102-20	Executive level responsibility for economic, environmental and social matters.	160		✓	
102-21	Processes for consultation between Stakeholders and the Board of Directors	158		✓	16
102-22	Composition of the highest governance body and its committees	23, 24		✓	5, 16
102-23	Chair of the highest governance body	23		✓	16
102-24	Appointment and selection of the highest governance body	157		✓	5, 16
102-25	Conflicts of interest	Section D.6 of the Annual Corporate Governance Report for financial year 2021 details the mechanisms established to detect, determine, and resolve potential conflicts of interest between Iberdrola and its directors, senior officers, and significant		✓	16
102-26	Role of highest governance body in setting purpose, values and strategy	13, 28		✓	
102-27	Collective knowledge of highest governance body	158		✓	4
102-28	Evaluating the highest governance body's performance	160		✓	
102-29	Identifying and managing economic, environmental and social impacts	160		✓	16

GRI content index

GRI Standard	Description	SNFI page	Omissions	External assurance	Relation to SDGs
GRI 100 UNIVERSAL STANDARDS					
102-30	Effectiveness of risk management processes	33		✓	
102-31	Review of economic, environmental and social topics	160		✓	
102-32	Highest governance body's role in innovation, sustainability and quality reporting	Iberdrola's Board of Directors is the body responsible for approval of the Statement of Non-Financial Information. Sustainability Report. 2021, which was approved on 23 February 2021 (following a report from the Sustainable Development Committee), the date of preparation of the company's annual financial statements for financial year 2021. This report will be submitted to the shareholders for approval at the General Shareholders' Meeting.		✓	
102-33	Communicating critical concerns	173		✓	
102-34	Nature and total number of critical concerns	157		✓	
102-35	Remuneration policies	161		✓	
102-36	Process for determining remuneration	161		✓	
102-37	Stakeholders' involvement in remuneration	163		✓	16
102-38	Annual total compensation ratio	162		✓	
102-39	Percentage increase in annual total compensation ratio	162		✓	
5.-Stakeholder engagement					
102-40	List of stakeholders	173		✓	
102-41	Collective bargaining agreements	102 Iberdrola supervises the subcontracted activities performed, and does not deem it necessary to keep statistics regarding subcontracted personnel, except as regards health and safety		✓	8
102-42	Identifying and selecting stakeholders	173		✓	
102-43	Approach to stakeholder engagement	174		✓	
102-44	Key topics and concerns raised	175		✓	
6.-Reporting practice					
102-45	Entities included in the consolidated financial statements	217		✓	
102-46	Process of defining the content of the report	223		✓	
102-47	List of material topics	224		✓	

GRI content index

GRI Standard	Description	SNFI page	Omissions	External assurance	Relation to SDGs
GRI 100 UNIVERSAL STANDARDS					
102-48	Restatement of the information	All indicators referring to professional category have been recalculated, including team leaders under the "leadership" category. The previously published values of the EU12 indicator as well as the percentage of dismissals by professional category for 2019 and 2020 have been recalculated. The 2020 values for indicator 403-9 have also been adjusted. If a specific additional indicator requires reformulation, it will be specifically explained in the indicator itself.		✓	
102-49	Changes in reporting practice	There were no changes deemed significant in the scope, coverage or methods of valuation used in the report in financial year 2021, keeping the ability to compare the group's key figures with those of prior years. In the specific case of breakdown by country, the acquisition of the Brazilian company CEB-D in 2021 may be significant.		✓	
102-50	Reporting period	217		✓	
102-51	Date of most recent report	217		✓	
102-52	Presentation cycle of reports	217		✓	
102-53	Contact point for questions regarding the report	248		✓	
102-54	Claims of reporting in accordance with the GRI Standards	231		✓	
102-55	GRI content index	231		✓	
102-56	External assurance	231		✓	
GRI 103 Management approach 2016					
General management approach, applicable to all aspects of this report.		13, 28, 29, 30		✓	1,5, 8, 12, 13, 14, 15, 16

GRI Standard	Description	SNFI page	Omissions	External assurance	Relation to SDGs
GRI 200 ECONOMIC DIMENSION					
A. Topics of the GRI Standards					
– GRI 201 Economic performance 2016	Management approach (103-1, 103-2 and 103-3)	202		✓	2, 5, 7, 8, 9, 13
	201-1	202, 254		✓	
	201-2	35, 52		✓	
	201-4	203 Iberdrola, S.A. is not aware of government participation in the shareholding structure.		✓	
– GRI 202 Market presence 2016	202-1	98		✓	
– GRI 203 Indirect economic impacts 2016	Management approach (103-1, 103-2 and 103-3)	203		✓	1, 2, 3, 5, 7, 8, 9, 10, 11, 17
	203-1	203		✓	
	203-2	203		✓	
– GRI 204 Procurement 2016	Management approach (103-1, 103-2 and 103-3)	194		✓	12
	204-1	194		✓	
– GRI 205 Anti-corruption 2016	Management approach (103-1, 103-2 and 103-3)	164		✓	16
	205-2	166		✓	
	205-3	167		✓	
– GRI 206 Anti-competitive 2016	Management approach (103-1, 103-2 and 103-3)	185		✓	16
	206-1	185		✓	
– GRI 207 Tax 2019	Management approach (103-1, 103-2 and 103-3)	184		✓	
	207-1	180		✓	
	207-2	180		✓	
	207-3	180		✓	
	207-4	184		✓	
B. Specific topics of the electric utilities sector supplement					
– Availability and reliability	Management approach (103-1, 103-2 and 103-3)	53		✓	7
– System efficiency	Management approach (103-1, 103-2 and 103-3)	77		✓	7, 8, 12, 13, 14
	EU11	79		✓	
	EU12	78		✓	
– Demand-side management	Management approach (103-1, 103-2 and 103-3)	52		✓	
– Research and development	Management approach (103-1, 103-2 and 103-3)	126		✓	
– Nuclear plant decommissioning	Management approach (103-1, 103-2 and 103-3)	53		✓	

GRI Standard	Description	SNFI page	Omissions	External assurance	Relation to SDGs
C. Specific topics of the Iberdrola group					
– ESG Finance	Management approach (103-1, 103-2 and 103-3)	205		✓	
– Fiscal responsibility	Management approach (103-1, 103-2 and 103-3)	180		✓	
– Cybersecurity	Management approach (103-1, 103-2 and 103-3)	186		✓	
– Privacy of the personal information of Stakeholders	Management approach (103-1, 103-2 and 103-3)	186		✓	
GRI 300 ENVIRONMENTAL DIMENSION					
A. Topics of the GRI Standards					
– GRI 301 Materials * 2016	Management approach (103-1, 103-2 and 103-3)	73		✓	8, 12
	301-1	73		✓	
	301-2	73		✓	
– GRI 302 Energy 2016	Management approach (103-1, 103-2 and 103-3)	77		✓	7, 8, 12, 13
	302-1	77, 78		✓	
	302-2	81		✓	
– GRI 303 Water* 2018	Management approach (103-1, 103-2 and 103-3)	73		✓	6, 8, 12
	303-1	74		✓	
	303-2	74		✓	
	303-3	74, 256		✓	
	303-4	74, 76		✓	
	303-5	76		✓	
– GRI 304 Biodiversity * 2016	Management approach (103-1, 103-2 and 103-3)	84		✓	6, 14, 15
	304-1	87		✓	
	304-2	85		✓	
	304-3	90		✓	
	304-4	89, 256		✓	
– GRI 305 Emissions * 2016	Management approach (103-1, 103-2 and 103-3)	66		✓	3, 12, 13, 14, 15
	305-1	67, 257		✓	
	305-2	69		✓	
	305-3	70		✓	
	305-4	66		✓	
	305-5	70		✓	
	305-7	70, 71, 258		✓	
– GRI 306 Waste * 2020	Management approach (103-1, 103-2 and 103-3)	81		✓	3, 6, 12, 13, 14, 15
	306-1	81		✓	
	306-2	81		✓	
	306-3	82		✓	

GRI Standard	Description	SNFI page	Omissions	External assurance	Relation to SDGs
– GRI 307 Environmental compliance 2016	Management approach (103-1, 103-2 and 103-3)	91		✓	12, 13, 14, 15, 16
	307-1	92		✓	
– GRI 308 Supplier environmental assessment 2016	Management approach (103-1, 103-2 and 103-3)	197		✓	
	308-2	197		✓	
GRI 400 SOCIAL DIMENSION					
A. Topics of the GRI Standards					
– GRI 401 Employment * 2016	Management approach (103-1, 103-2 and 103-3)	95		✓	5, 8
	401-1	99, 270		✓	
	401-3	107		✓	
– GRI 402 Labour/ management relations * 2016	Management approach (103-1, 103-2 and 103-3)	95		✓	8
	402-1	102		✓	
	EU15	101, 274		✓	
	EU18	The group's terms of contract, which can be found in the section of the website containing the group's terms and conditions, set out the specific contractual requirements that apply in each country. The company is confident that 100% of its subcontractors' employees, regardless of type or category, have received appropriate health and safety training.		✓	
– GRI 403 Occupational health and safety * 2018	Management approach (103-1, 103-2 and 103-3)	109		✓	3, 8
	403-1	109		✓	
	403-2	111		✓	
	403-3	112		✓	
	403-4	112		✓	
	403-5	113		✓	
	403-6	113		✓	
	403-7	111		✓	
	403-8	109		✓	
	403-9	115, 275		✓	
	403-10	117		✓	

GRI Standard	Description	SNFI page	Omissions	External assurance	Relation to SDGs
– GRI 404 Training and education 2016	Management approach (103-1, 103-2 and 103-3)	118		✓	4, 5, 8
	404-1	122, 277		✓	
	404-2	121		✓	
	404-3	123		✓	
– GRI 405 Diversity and equal opportunity 2016	Management approach (103-1, 103-2 and 103-3)	103		✓	5, 8, 10
	405-1	23, 96, 278, 279		✓	
	405-2	108		✓	
– GRI 406 Non-discrimination 2016	Management approach (103-1, 103-2 and 103-3)	144		✓	5, 8, 16
	406-1	144, 145		✓	
– GRI 407 Freedom of association and collective bargaining* 2016	Management approach (103-1, 103-2 and 103-3)	140		✓	8
	407-1	141, 197		✓	
– GRI 408 Child labour 2016	Management approach (103-1, 103-2 and 103-3)	140		✓	8, 16
	408-1	141, 197		✓	
– GRI 409 Forced or compulsory labour 2016	Management approach (103-1, 103-2 and 103-3)	140		✓	8
	409-1	141, 197		✓	
– GRI 410 Security practices 2016	Management approach (103-1, 103-2 and 103-3)	146		✓	16
	410-1	147		✓	
– GRI 411 Rights of indigenous peoples 2016	Management approach (103-1, 103-2 and 103-3)	145		✓	2
	411-1	145		✓	
– GRI 412 Human rights assessment 2016	Management approach (103-1, 103-2 and 103-3)	140		✓	
	412-1	141		✓	
	412-2	147		✓	
	412-3	The policies, codes and procedures governing the operation of the company are applied in all of Iberdrola's activities, including investments. Specifically, the Purchasing Policy, which contains the general contracting terms of the Iberdrola group, includes a specific section on respect for human rights. As in Australia, specific human rights clauses are also included in the United Kingdom by application of the Modern Slavery Act.		✓	

GRI Standard	Description	SNFI page	Omissions	External assurance	Relation to SDGs
– GRI 413 Local communities * 2016	Management approach (103-1, 103-2 and 103-3)	148		✓	1
	413-1	148		✓	
	413-2	148		✓	
	EU22	150		✓	
– GRI 414 Supplier social assessment 2016	Management approach (103-1, 103-2 and 103-3)	197		✓	5, 8, 16
	414-2	197		✓	
– GRI 415 Public policy 2016	Management approach (103-1, 103-2 and 103-3)	169		✓	16
	415-1	172		✓	
– GRI 416 Customer health and safety* 2016	Management approach (103-1, 103-2 and 103-3)	135		✓	16
	416-2	136		✓	
	EU25	136		✓	
– GRI 417 Marketing and labelling 2016	Management approach (103-1, 103-2 and 103-3)	135		✓	12, 16
	417-1	135		✓	
	417-3	135		✓	
– GRI 418 Customer privacy 2016	Management approach (103-1, 103-2 and 103-3)	188		✓	16
	418-1	189		✓	
– GRI 419 Socioeconomic compliance 2016	Management approach (103-1, 103-2 and 103-3)	189		✓	16
	419-1	189		✓	
B. Specific topics of the electric utilities sector supplement					
– Access to electricity	Management approach (103-1, 103-2 and 103-3)	139		✓	1, 7
	EU27	140, 280, 281		✓	
	EU28	132		✓	
	EU29	132		✓	
C. Specific topics of the Iberdrola group					
– Iberdrola and the Global Compact		154		✓	
– Iberdrola's contribution to the community		151		✓	

VI.5. SASB content index

SASB content index

Dimension	Material topics	Metric - Code	Metric	Page
Environment	Greenhouse gas emissions and energy resource planning	IF-EU-110a.1	(1) Gross global Scope 1 emissions	Pag. 66-67
		IF-EU-110a.1	(2) Emissions-limiting regulations	0.95% (Only Europe is subject to emissions-limiting regulations).
		IF-EU-110a.1	(3) Emissions-reporting regulations	Iberdrola reports 100% of its emissions, as it is regulated in all countries where it operates. An assured Greenhouse Gas Report is also available
		IF-EU-110a.2	Greenhouse gas (GHG) emissions associated with power deliveries	16905467
		IF-EU-110a.3	Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	305-4 Climate Action section Climate Action Report Group GHG Report
		IF-EU-110a.4	(1) Number of customers served in markets subject to renewable portfolio standards (RPS)	Only applies to the United States. Avangrid Renewables serves 2 large retail customers in Oregon as an electricity service provider (ESS). ESS entities are subject to Oregon's RPS statute (ORS 469A).
		IF-EU-110a.4	(2) percentage fulfilment of RPS target by market1	Only applies to the United States. The rule for the most recent compliance year, 2020, is 20%.

SASB content index

Dimension	Material topics	Metric - Code	Metric	Page
Environment	Air quality	IF-EU-120a.1	Air emissions of the following pollutants (percentage of each in or near areas of dense population): (1) NOx (excluding N2O)	58,670.7 0.66%
		IF-EU-120a.1	Air emissions of the following pollutants (percentage of each in or near areas of dense population): (2) SOx	1,180.3 0.58%
		IF-EU-120a.1	Air emissions of the following pollutants (percentage of each in or near areas of dense population): (3) particles (PM10)	1,174.6 0.66%
		IF-EU-120a.1	Air emissions of the following pollutants (percentage of each in or near areas of dense population): (4) lead (Pb)	Not applicable. These emissions are associated with coal combustion which Iberdrola did not produce in 2021 as it closed all its coal-fired power plants in 2020.
		IF-EU-120a.1	Air emissions of the following pollutants (percentage of each in or near areas of dense population): (5) mercury (Hg)	
	Water management	IF-EU-140a.1	(1) Total water withdrawn, percentage in regions with high or extremely high baseline water stress	1,871,097.7
		IF-EU-140a.1	(2) Total water consumed, percentage in regions with high or extremely high baseline water stress	50,353.6 0.37% 0.64%
		IF-EU-140a.2	Number of incidents of non-compliance associated with water quantity and/or quality permits, standards, and regulations	3
		IF-EU-140a.3	Description of water management risks and discussion of strategies and practices to mitigate those risks	Non-material indicator, as the overall level of risk in extraction and consumption is very low. Information is likewise published in the CDP Water report.
	Coal ash management	IF-EU-150a.1	Amount of coal combustion residuals (CCR) generated, percentage recycled	Iberdrola has closed all its coal-fired power plants in 2020.
		IF-EU-150a.2	Total number of coal combustion residual (CCR) impoundments, broken down by hazard potential classification and structural integrity assessment	

SASB content index

Dimension	Material topics	Metric - Code	Metric	Page
	Energy affordability	IF-EU-240a.1	Average retail electric rate for (1) residential customers	Pag. 252
		IF-EU-240a.1	Average retail electric rate for (2) commercial customers	Pag. 252
		IF-EU-240a.1	Average retail electric rate for (3) industrial customers	Pag. 252
		IF-EU-240a.2	Typical monthly electric bill for residential customers for (1) 500 kWh	Pag. 252
		IF-EU-240a.2	Typical monthly electric bill for residential customers for (2) 1,000 kWh of electricity delivered per month	Pag. 252
		IF-EU-240a.3	Number of residential customer electric disconnections for non-payment, percentage reconnected within 30 days 2	Pag. 140
		IF-EU-240a.4	Discussion of impact of external factors on customer affordability of electricity, including the economic conditions of the service territory	Pag. 14
Human capital	Workforce health and safety	IF-EU-320a.1	(1) Total recordable incident rate (TRIR)	Pag. 115
		IF-EU-320a.1	(2) fatality rate	Pag. 116
		IF-EU-320a.1	(3) near miss frequency rate (NMFR)	Not available at the date of preparation of this report. To be reported in the report for financial year 2022.
Business model and innovation	End-use efficiency and demand	IF-EU-420a.1	Percentage of electric utility revenues from rate structures that (1) are decoupled and (2) contain a lost revenue adjustment mechanism (LRAM)	The applicable percentage in the tariff structures applicable to the United States were: (1) 79% and (2) 0 %
		IF-EU-420a.2	Percentage of electric load served by smart grid technology	Pag. 52
		IF-EU-420a.3	Customer electricity savings from efficiency measures, by market	Pag. 81

SASB content index

Dimension	Material topics	Metric - Code	Metric	Page
Leadership and governance	Nuclear safety & emergency management	IF-EU-540a.1	Total number of nuclear power units, broken down by U.S. Nuclear Regulatory Commission (NRC) action matrix column	Not applicable as there are no nuclear power plants in the United States.
		IF-EU-540a.2	Description of efforts to manage nuclear safety and emergency preparedness	Not applicable as there are no nuclear power plants in the United States.
	Grid resiliency	IF-EU-550a.1	Number of incidents of non-compliance with physical and/or cybersecurity standards or regulations	AVANGRID did not experience any breaches of NERC's Critical Infrastructure Protection (CIP) standards leading to physical security or cyber security events. Any such event would have been reported under CIP-008-6, as required by requirement R4 of CIP-008-6. This indicator does not apply to the rest of the group's companies, as this regulation only applies to the United States.
		IF-EU-550a.2	(1) System Average Interruption Duration Index (SAIDI)	Pag. 132
		IF-EU-550a.2	(2) System Average Interruption Frequency Index (SAIFI)	Pag. 132
		IF-EU-550a.2	(3) Customer Average Interruption Duration Index (CAIDI), inclusive of major event days 5	Pag. 132

SASB content index

Dimension	Material topics	Metric - Code	Metric	Page
Activity Metrics		IF-EU-000.A	Number of: (1) residential customers served	Pag. 251
		IF-EU-000.A	Number of: (2) commercial customers served	Pag. 251
		IF-EU-000.A	Number of: (3) industrial customers served	Pag. 251
		IF-EU-000.B	Total electricity delivered to: (1) residential customers	Pag. 253
		IF-EU-000.B	Total electricity delivered to: (2) commercial customers	Pag. 253
		IF-EU-000.B	Total electricity delivered to: (3) industrial customers	Pag. 253
		IF-EU-000.B	Total electricity delivered to: (4) all other retail customers	Pag. 253
		IF-EU-000.B	Total electricity delivered to: (5) wholesale customers	Pag. 253
		IF-EU-000.C	Length of transmission and distribution lines	Pag. 252
		IF-EU-000.D	Total electricity generated, percentage by major energy source, percentage in regulated markets	Pag. 18 The vast majority of our United States assets are in unregulated markets.
		IF-EU-000.E	Total wholesale electricity purchased	The Iberdrola group operates in a number of markets, simultaneously carrying out electricity generation activities, supply on regulated markets, marketing on deregulated markets, and electricity trading on spot and forward markets. For this reason, this indicator is not considered to describe any significant aspect of business performance.

VI.6. Content index in relation to the principles of the Global Compact

The table below shows the GRI indicators of this report that offer more relevant information on compliance with the 10 Principles of the Global Compact, as well as the content of the management approaches to each GRI aspect. Using the table's index, each Stakeholder can assess the level of Iberdrola's advancement with respect to each of such principles:

Global Compact content index

Issue	Global Compact Principles	Most relevant GRI Indicators	SDGs
Human rights	Principle 1. Businesses should support and respect the protection of internationally proclaimed human rights.	410-1 a 412-1, 412-2, 413-1, 413-2	
	Principle 2. Businesses should make sure they are not complicit in human rights abuses.	414-2	
Labour Rules	Principle 3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.	102-41, 407-1, 402-1	
	Principle 4. Businesses should uphold the elimination of all forms of forced and compulsory labour.	409-1	
	Principle 5. Businesses should uphold the effective abolition of child labour.	408-1	
	Principle 6. Businesses should uphold the elimination of discrimination in respect of employment and occupation.	102-8 202-1, 401-1, 401-3, 404-1, 404-3, 405-2, 406-1	

Global Compact content index

Issue	Global Compact Principles	Most relevant GRI Indicators	SDGs
Environment	Principle 7. Businesses should support a precautionary approach to environmental challenges.	201-2, 301-1, 302-1, 303-1, 305-1 a 305-3, 305-7	
	Principle 8. Businesses should undertake initiatives to promote greater environmental responsibility.	301-1 a 307-1, 308-2	
	Principle 9. Businesses should encourage the development and diffusion of environmentally friendly technologies.	302-4, 302-5, 305-5	
Anti-corruption	Principle 10. Businesses should work against corruption in all its forms, including extortion and bribery.	102-16, 102-17 205-2, 205-3, 415-1	

Contact point for questions regarding the report

GRI 102-53

General questions regarding this report may be mailed to Iberdrola's Social Responsibility Division at Plaza Euskadi número 5 48009 Bilbao, Bizkaia – Spain, or via *responsabilidad_social@iberdrola.es.*

Specific questions relating to the environment may be addressed to Iberdrola's Innovation, Sustainability and Quality Division at C/ Tomás Redondo, 1 - 28033 Madrid – Spain, or via *medioambiente@iberdrola.es.*

The addresses and telephone numbers of Iberdrola's international centres, available contact channels, Customer Services and the Queries Mailbox can be found in the Contact section of the website.

VII. Annexes

- Annex 1:Information Supplementary to the *Statement of Non-Financial Information - Sustainability Report 2021*
- Annex 2: Statement

VII.1. Annex 1: Information Supplementary to the Statement of Non-Financial Information - Sustainability Report 2021

Key figures

GRI EU3 SASB IF-EU-000.A

Electricity users (Millions of users)[86]

		2021	2020	2019
Spain	Residential	7.96	7.97	7.97
	Industrial	0.20	0.20	0.20
	Commercial	1.70	1.72	1.78
	Institutional	0.12	0.12	0.11
	Other	0	0	0
	Total users	**9.99**	**10.01**	**10.07**
	Users that are producers of electricity	**0.03**	**0.01**	**0.00**
United Kingdom	Residential	2.67	2.66	2.65
	Industrial	0.06	0.06	0.06
	Commercial	0.12	0.11	0.11
	Institutional	0.00	0.00	0.00
	Other	0	0	0
	Total users	**2.85**	**2.83**	**2.82**
	Users that are producers of electricity	**0.07**	**0.07**	**0.07**
United States	Residential	2.02	2.01	1.99
	Industrial	0.01	0.01	0.01
	Commercial	0.27	0.26	0.24
	Institutional	0.00	0.00	0.00
	Other	0	0	0
	Total users	**2.30**	**2.28**	**2.26**
	Users that are producers of electricity	**0.04**	**0.04**	**0.01**
Brazil	Residential	13.91	12.60	12.35
	Industrial	0.04	0.04	0.04
	Commercial	1.08	0.93	0.98
	Institutional	0.17	0.16	0.17
	Other	1	1	1
	Total users	**15.74**	**14.29**	**14.05**
	Users that are producers of electricity	**0.11**	**0.03**	**0.02**
Mexico	Residential	0.00	0.00	0.00
	Industrial	0.00	0.00	0.00
	Commercial	0.00	0.00	0.00
	Institutional	0.00	0.00	0.00
	Other	0	0	0
	Total users	**0.00**	**0.00**	**0.00**
	Users that are producers of electricity	**0.00**	**0.00**	**0.00**
IEI	Residential	0.67	0.62	0.50
	Industrial	0.01	0.01	0.00
	Commercial	0.10	0.09	0.07
	Institutional	0.00	0.01	0.01
	Other	0	0	0
	Total users	**0.78**	**0.73**	**0.58**
	Users that are producers of electricity	**0.00**	**0.00**	**0.00**
Iberdrola total	Residential	27.22	25.86	25.47
	Industrial	0.32	0.31	0.31
	Commercial	3.26	3.11	3.18
	Institutional	0.29	0.29	0.29
	Other	1	1	1
	Total users	**31.66**	**30.13**	**29.77**
	Users that are producers of electricity	**0.25**	**0.14**	**0.10**

[86] User information reported for Spain, the United Kingdom, Mexico and IEI are provided by the Generation and Retail Business, as they correspond to liberalised markets. Fort he United States and Brazil they are provided by the Networks Business as they correspond to regulated markets.

GRI EU4 SASB IF-EU-000.C

Power lines (Km)

		Transmission			Distribution		
		2021	2020	2019	2021	2020	2019
Spain	Overhead	0	0	0	160,857	162,284	162,062
	Underground	0	0	0	108,738	107,845	108,196
	Total	0	0	0	269,595	270,129	270,258
United Kingdom	Overhead	3,756	3,709	3,759	38,392	38,478	38,553
	Underground	737	636	690	67,796	67,441	67,081
	Total	4,493	4,345	4,449	106,188	105,919	105,634
United States	Overhead	13,400	13,483	13,403	136,540	140,074	140,065
	Underground	605	598	602	17,499	16,666	16,460
	Total	14,005	14,081	14,005	154,039	156,740	156,525
Brazil	Overhead	2,333	679	679	686,324	654,135	639,023
	Underground	0	0	0	3,160	755	715
	Total	2,333	679	679	689,484	654,890	639,738
Iberdrola total	**Overhead**	**19,489**	**17,871**	**17,841**	**1,022,113**	**994,971**	**979,703**
	Underground	**1,342**	**1,234**	**1,292**	**197,193**	**192,707**	**192,452**
	Total	**20,831**	**19,105**	**19,133**	**1,219,306**	**1,187,678**	**1,172,155**

SASB IF-EU-240a.1

Average retail electric rate in regulated markets (local currency/kWh)[87]

		2021	
United States	Residential	0.17	$/KWh
	Industrial	0.13	$/KWh
	Commercial	0.10	$/KWh
Brazil	Residential	0.54	R$/KWh
	Industrial	0.58	R$/KWh
	Commercial	0.54	R$/KWh

SASB IF-EU-240a.2

Average retail electric rate for residential customers in regulated markets (local currency)

		2021	
United States	500 kW/h	92.3	$/KWh
	1,000 kW/h	169.1	$/KWh
Brazil	500 kW/h	500	R$/KWh
	1,000 kW/h	1,000	R$/KWh

[87] Does not include other markets as they are liberalised markets (Spain, United Kingdom, Mexico and IEI).

SASB IF-EU-000.B

Total electricity supplied (GWh)

		2021
Spain	Retail customers	59,107,000
	Residential customers	31,042,000
	Commercial customers	0
	Industrial customers	28,065,000
	Other retail customers	0
	Wholesale customers	0
	Iberdrola total	59,107,000
United Kingdom	Retail customers	19,383,000
	Residential customers	10,704,000
	Commercial customers	6,317,000
	Industrial customers	2,362,000
	Other retail customers	0
	Wholesale customers	0
	Iberdrola total	19,383,000
United States	Retail customers	36,430,608
	Residential customers	16,171,821
	Commercial customers	12,301,724
	Industrial customers	6,119,954
	Other retail customers	1,837,109
	Wholesale customers	0
	Iberdrola total	36,430,608
Brazil	Retail customers	66,255,986
	Residential customers	22,713,958
	Commercial customers	12,149,668
	Industrial customers	17,752,399
	Other retail customers	13,639,961
	Wholesale customers	0
	Iberdrola total	66,255,986
Mexico	Retail customers	0
	Residential customers	0
	Commercial customers	0
	Industrial customers	0
	Other retail customers	0
	Wholesale customers	0
	Iberdrola total	0
IEI	Retail customers	0
	Residential customers	2,838,000
	Commercial customers	7,274,000
	Industrial customers	0
	Other retail customers	0
	Wholesale customers	10,112,000
	Iberdrola total	10,112,000
Iberdrola total	**Retail customers**	**83,469,779**
	Residential customers	**38,042,392**
	Commercial customers	**54,299,353**
	Industrial customers	**15,477,070**
	Other retail customers	**191,288,594**
	Wholesale customers	**0**
	Iberdrola total	**191,288,594**

Economic dimension

The main figures relating to turnover, value of assets and liabilities and composition of consolidated property, plant and equipment can be seen in the *2021 Annual Financial Report.*

GRI 201-1

Economic value generated, distributed and retained (€ millions) [88]

		2021	2020	2019
Spain	Revenue (sales and other income)	15,282	13,236	15,079
	Operating costs	8,626	6,758	8,944
	Employee remuneration (excluding company social security costs)	911	808	858
	Payments to providers of capital	1,253	1,368	1,235
	Payments to government administrations	1,586	1,478	1,500
	Investments to the benefit of the community (verified according to the LBG Model)	22	42	22
	Economic value retained	2,884	2,782	2,520
United Kingdom	Revenue (sales and other income)	6,268	5,858	5,881
	Operating costs	3,942	3,296	3,695
	Employee remuneration (excluding company social security costs)	366	404	398
	Payments to providers of capital	347	296	247
	Payments to government administrations	341	372	357
	Investments to the benefit of the community (verified according to the LBG Model)	27	21	20
	Economic value retained	1,245	1,469	1,164
United States	Revenue (sales and other income)	5,894	5,303	5,540
	Operating costs	2,714	2,394	2,387
	Employee remuneration (excluding company social security costs)	961	936	873
	Payments to providers of capital	498	460	505
	Payments to government administrations	753	661	665
	Investments to the benefit of the community (verified according to the LBG Model)	4	6	5
	Economic value retained	964	846	1,105
Brazil	Revenue (sales and other income)	7,397	5,912	7,099
	Operating costs	5,290	4,295	5,257
	Employee remuneration (excluding company social security costs)	315	261	326
	Payments to providers of capital	820	529	708
	Payments to government administrations	179	202	177
	Investments to the benefit of the community (verified according to the LBG Model)	3	13	3
	Economic value retained	790	612	628
Mexico	Revenue (sales and other income)	3,551	2,959	2,564
	Operating costs	2,662	1,835	1,567
	Employee remuneration (excluding company social security costs)	60	49	52
	Payments to providers of capital	477	276	201
	Payments to government administrations	176	129	221
	Investments to the benefit of the community (verified according to the LBG Model)	2	2	1
	Economic value retained	174	666	522

[88] The grouping by country corresponds to the registered office of each company and does not necessarily coincide with the segmentation of the information for management.

Economic value generated, distributed and retained (€ millions) [88]

		2021	2020	2019
Other countries	Revenue (sales and other income)	1,957	1,679	1,510
	Operating costs	1,768	1,286	1,176
	Employee remuneration (excluding company social security costs)	71	47	26
	Payments to providers of capital	28	29	20
	Payments to government administrations	91	97	21
	Investments to the benefit of the community (verified according to the LBG Model)	0	0	1
	Economic value retained	-1	220	266
Iberdrola consolidated total	Revenue (sales and other income)	**40,349**	**34,947**	**37,673**
	Operating costs	**25,002**	**19,866**	**23,027**
	Employee remuneration (excluding company social security costs)	**2,684**	**2,505**	**2,532**
	Payments to providers of capital	**3,423**	**2,958**	**2,916**
	Payments to government administrations	**3,125**	**2,939**	**2,941**
	Investments to the benefit of the community (verified according to the LBG Model)	**58**	**84**	**52**
	Economic value retained	**6,057**	**6,595**	**6,205**

Pre-tax profit (€ millions)[89]

	2021	2020	2019
Spain	3,824	2,223	2,203
United Kingdom	624	957	566
United States	496	461	667
Brazil	803	624	555
Mexico	506	639	647
IEI	49	150	156
Iberdrola consolidated total	**6,301**	**5,053**	**4,794**

[89] Includes the consolidated results from ongoing activities.

Environmental dimension

Water

Water withdrawal by source

GRI 303-3

Use of water in thermal generation 2021(hm^3)[90]

	Withdrawal				Discharge	
	Total withdrawal	Water withdrawal from offices	Withdrawal process and standby services	Withdrawal for cooling	Evaporation of water used for cooling	Discharge into receptor environment
Spain	2,912,742	83	4,354	1,438,446	51,963	1,417,896
United Kingdom [91]	86	81	5	0	0	0
United States	8,145	230	15	3,950[92]	2,472	1,477
Brazil	486,997	42	174	243,391	0	243,391
Mexico	349,013	2	1,346	178,972	18,689	150,005
IEI	0	0	0	0	0	0
Total	**3,756,983**	**438**	**5,894**	**1,864,759**	**73,124**	**1,812,769**

Biodiversity

Threatened species included in the UICN Red List and national and regional lists

GRI 304-4

IUCN Red List Classification

	Critically endangered (CR)	Endangered (EN)	Vulnerable (VU)	Near threatened (NT)	Least concern (LC)
Spain	8	20	41	53	561
United Kingdom	2	4	8	12	120
United States - Canada	2	13	12	11	39
Brazil	4	17	33	34	584
Mexico	0	4	6	12	306
IEI	0	2	6	10	105

[90] Withdrawal of water at the thermal generation facilities (coal, combined cycle, nuclear and cogeneration).
[91] United Kingdom does not have thermal generation.
[92] Water for cooling is not broken down, included in water from services.

Emissions

Direct greenhouse gas emissions at production facilities. Scope 1 (per GHG Protocol)

GRI 305-1

CO_2 emissions at Scope 1 production facilities (t)

	2021	2020	2019
Spain	4,477,856	4,667,569	5,782,303
Generating plants	2,985,589	3,310,122	4,282,819
Cogeneration	1,487,273	1,354,198	1,494,201
Other emissions	4,994	3,249	5,284
United Kingdom	0	0	0
Generating plants	0	N/A	N/A
Cogeneration	0	N/A	N/A
United States	1,306,778	1,173,419	1,541,422
Generating plants	0	0	0
Cogeneration	1,267,066	1,139,068	1,541,422
Other emissions	39,712	34,351	0
Brazil	921,137	699,722	988,661
Generating plants	921,137	699,722	988,661
Cogeneration	0	0	0
Mexico	6,029,997	5,968,099	4,648,209
Generating plants	5,268,632	5,210,591	3,167,591
Cogeneration	761,365	757,507	1,480,618
IEI	18,395	10,056	0
Generating plants	0	0	N/A
Cogeneration	0	0	N/A
Other emissions	18,395	10,056	N/A
Total	**12,754,162**	**12,518,865**	**12,960,596**
Generating plants	***9,175,358***	***9,220,435***	***8,439,072***
Cogeneration	***3,515,703***	***3,250,773***	***4,516,241***
Other emissions	***63,101***	***47,656***	***5,284***

NOx, SOx and other significant air emissions[93]

GRI 305-7

Emissions of NO_x (t) from generation and cogeneration plants

	2021	2020	2019
Spain	5,652	5,125	6,131
United Kingdom	0	0	0
United States	134	149	187
Brazil	194	141	205
Mexico	52,692	57,102	49,939
Total	**58,672**	**62,517**	**56,462**

Emissions of sulphur dioxide (SO_2) (t) from generation and cogeneration plants

	2021	2020	2019
Spain	603	735	1,229
United Kingdom	0	0	0
United States	6	6	7
Brazil	10	4	10
Mexico	561	607	529
Total	**1,180**	**1,352**	**1,775**

Emissions of particulates (t) from generation and cogeneration plants

	2021	2020	2019
Spain	67	71	118
United Kingdom	0	0	0
United States	21	19	24
Brazil	0	0	0
Mexico	1,086	1,181	1,032
Total	**1,174**	**1,271**	**1,174**

[93] Own and third-party plants have been included in the calculation of emissions of NOx, SOx and particulates.

Social dimension

Employment[94]

GRI 102-8

Total workforce by employment type, gender, age and region at year-end

		Full-time			Part-time		
		2021	2020	2019	2021	2020	2019
Spain	Men	7,596	7,586	7,633	2	1	0
	Up to 30 years	536	438	448	0	0	0
	Between 31 and 50 years	4,453	4,340	4,343	2	0	0
	More than 51 years old	2,607	2,807	2,842	0	0	0
	Women	2,128	2,007	1,954	1	0	0
	Up to 30 years	191	133	124	1	0	0
	Between 31 and 50 years	1,413	1,342	1,341	0	0	0
	More than 51 years old	524	532	489	0	0	0
	Total	**9,724**	**9,593**	**9,587**	**3**	**1**	**0**
	Up to 30 years	727	571	572	1	0	0
	Between 31 and 50 years	5,866	5,683	5,684	2	1	0
	More than 51 years old	3,131	3,340	3,331	0	0	0
United Kingdom	Men	3,767	3,671	3,692	43	43	53
	Up to 30 years	706	640	673	4	2	3
	Between 31 and 50 years	1,969	1,927	1,950	12	16	22
	More than 51 years old	1,092	1,104	1,069	27	25	28
	Women	1,434	1,362	1,325	464	487	567
	Up to 30 years	217	199	197	12	13	23
	Between 31 and 50 years	812	800	804	356	385	456
	More than 51 years old	405	363	324	96	89	88
	Total	**5,201**	**5,033**	**5,017**	**507**	**530**	**620**
	Up to 30 years	923	839	870	16	15	26
	Between 31 and 50 years	2,781	2,727	2,754	368	401	478
	More than 51 years old	1,497	1,467	1,393	123	114	116
United States	Men	5,332	5,052	4,723	1	1	1
	Up to 30 years	874	743	623	0	0	0
	Between 31 and 50 years	2,602	2,408	2,192	0	0	0
	More than 51 years old	1,856	1,901	1,908	1	1	1
	Women	2,008	1,969	1,862	8	9	11
	Up to 30 years	230	215	178	0	0	0
	Between 31 and 50 years	925	893	857	6	6	7
	More than 51 years old	853	861	827	2	3	4
	Total	**7,340**	**7,021**	**6,585**	**9**	**10**	**12**
	Up to 30 years	1,104	958	801	0	0	0
	Between 31 and 50 years	3,527	3,301	3,049	6	6	7
	More than 51 years old	2,709	2,762	2,735	3	4	5

[94] As the percentage interests in certain companies may not be 100%, the sums added may not correspond to the total presented due to rounding.

Total workforce by employment type, gender, age and region at year-end

		Full-time			Part-time		
		2021	2020	2019	2021	2020	2019
Brazil	Men	11,481	9,396	9,615	873	1,144	0
	Up to 30 years	2,996	2,601	2,644	159	243	0
	Between 31 and 50 years	7,769	6,104	6,147	666	837	0
	More than 51 years old	716	691	824	48	64	0
	Women	2,501	2,074	2,131	203	200	0
	Up to 30 years	804	653	688	62	62	0
	Between 31 and 50 years	1,587	1,316	1,323	119	119	0
	More than 51 years old	110	105	120	22	19	0
	Total	**13,982**	**11,470**	**11,746**	**1,076**	**1,344**	**0**
	Up to 30 years	3,800	3,254	3,332	221	305	0
	Between 31 and 50 years	9,356	7,420	7,470	785	956	0
	More than 51 years old	826	796	944	70	83	0
Mexico	Men	1,032	1,045	1,043	0	0	0
	Up to 30 years	227	247	292	0	0	0
	Between 31 and 50 years	713	712	669	0	0	0
	More than 51 years old	92	86	82	0	0	0
	Women	264	262	248	0	0	0
	Up to 30 years	88	107	108	0	0	0
	Between 31 and 50 years	168	149	136	0	0	0
	More than 51 years old	8	6	4	0	0	0
	Total	**1,296**	**1,307**	**1,291**	**0**	**0**	**0**
	Up to 30 years	315	354	400	0	0	0
	Between 31 and 50 years	881	861	805	0	0	0
	More than 51 years old	100	92	86	0	0	0
IEI	Men	545	548	365	0	0	0
	Up to 30 years	85	80	49	0	0	0
	Between 31 and 50 years	389	410	283	0	0	0
	More than 51 years old	71	58	33	0	0	0
	Women	272	270	151	0	0	0
	Up to 30 years	55	56	30	0	0	0
	Between 31 and 50 years	202	192	108	0	0	0
	More than 51 years old	15	22	13	0	0	0
	Total	**817**	**818**	**516**	**0**	**0**	**0**
	Up to 30 years	140	136	79	0	0	0
	Between 31 and 50 years	591	602	391	0	0	0
	More than 51 years old	86	80	46	0	0	0

Total workforce by employment type, gender, age and region at year-end

		Full-time			Part-time		
		2021	2020	2019	2021	2020	2019
Iberdrola total	**Men**	**29,753**	**27,298**	**27,071**	**919**	**1,189**	**54**
	Up to 30 years old	5,424	4,749	4,729	163	245	3
	Between 31 and 50 years old	17,895	15,901	15,584	680	853	22
	More than 51 years old	6,434	6,647	6,758	76	90	29
	Women	**8,607**	**7,944**	**7,671**	**676**	**696**	**578**
	Up to 30 years old	1,585	1,363	1,325	75	75	23
	Between 31 and 50 years old	5,107	4,692	4,569	481	510	463
	More than 51 years old	1,915	1,889	1,777	120	111	92
	Total	**38,360**	**35,242**	**34,742**	**1,595**	**1,885**	**632**
	Up to 30 years old	7,009	6,112	6,054	238	320	26
	Between 31 and 50 years old	23,002	20,594	20,153	1,161	1,364	485
	More than 51 years old	8,349	8,537	8,535	196	201	121

Total workforce by contract type, gender, professional category and region

		Permanent contract			Temporary contract		
		2021	2020	2019	2021	2020	2019
Spain	Men	7,590	7,576	7,613	8	11	19
	Leadership	841	862	867	0	0	0
	Qualified Technicians	3,078	2,885	2,825	2	7	8
	Skilled workers and support personnel	3,671	3,829	3,921	6	4	11
	Women	2,126	2,004	1,949	3	4	4
	Leadership	323	334	325	0	0	0
	Qualified Technicians	1,312	1,184	1,142	1	3	2
	Skilled workers and support personnel	491	486	482	2	1	2
	Total	**9,716**	**9,580**	**9,562**	**11**	**15**	**23**
	Leadership	1,164	1,196	1,192	0	0	0
	Qualified Technicians	4,390	4,069	3,967	3	10	10
	Skilled workers and support personnel	4,162	4,315	4,403	8	5	13
United Kingdom	Men	3,802	3,707	3,730	8	7	15
	Leadership	576	536	474	1	1	2
	Qualified Technicians	2,156	2,108	2,073	6	6	13
	Skilled workers and support personnel	1,070	1,063	1,183	1	0	0
	Women	1,888	1,837	1,877	10	12	15
	Leadership	258	234	212	0	0	0
	Qualified Technicians	1,074	1,020	960	8	11	11
	Skilled workers and support personnel	556	583	705	2	1	4
	Total	**5,690**	**5,544**	**5,607**	**18**	**19**	**30**
	Leadership	834	770	686	1	1	2
	Qualified Technicians	3,230	3,128	3,033	14	17	24
	Skilled workers and support personnel	1,626	1,646	1,888	3	1	4
United States	Men	5,300	5,051	4,714	33	2	10
	Leadership	232	214	194	0	0	0
	Qualified Technicians	1,863	1,711	1,566	0	0	0
	Skilled workers and support personnel	3,205	3,126	2,954	33	2	10
	Women	2,015	1,978	1,871	1	0	2
	Leadership	96	88	81	0	0	0
	Qualified Technicians	943	844	776	0	0	0
	Skilled workers and support personnel	976	1,046	1,014	1	0	2
	Total	**7,315**	**7,029**	**6,585**	**34**	**2**	**12**
	Leadership	328	302	275	0	0	0
	Qualified Technicians	2,806	2,555	2,342	0	0	0
	Skilled workers and support personnel	4,181	4,172	3,968	34	2	12

Total workforce by contract type, gender, professional category and region

		Permanent contract			Temporary contract		
		2021	2020	2019	2021	2020	2019
Brazil	Men	12,343	10,537	9,609	11	3	6
	Leadership	286	254	247	0	0	1
	Qualified Technicians	1,868	1,707	1,634	1	1	1
	Skilled workers and support personnel	10,189	8,576	7,728	10	2	4
	Women	2,702	2,272	2,128	2	2	3
	Leadership	102	97	89	0	0	0
	Qualified Technicians	1,301	1,193	1,116	0	1	1
	Skilled workers and support personnel	1,299	982	923	2	1	2
	Total	**15,045**	**12,809**	**11,737**	**13**	**5**	**9**
	Leadership	388	351	336	0	0	1
	Qualified Technicians	3,169	2,900	2,750	1	2	2
	Skilled workers and support personnel	11,488	9,558	8,651	12	3	6
Mexico	Men	959	973	880	73	72	163
	Leadership	78	81	73	0	0	0
	Qualified Technicians	499	517	450	20	30	92
	Skilled workers and support personnel	382	375	357	53	42	71
	Women	250	248	211	14	14	37
	Leadership	16	16	14	0	0	0
	Qualified Technicians	214	210	176	10	14	30
	Skilled workers and support personnel	20	22	21	4	0	7
	Total	**1,209**	**1,221**	**1,091**	**87**	**86**	**200**
	Leadership	94	97	87	0	0	0
	Qualified Technicians	713	727	626	30	44	122
	Skilled workers and support personnel	402	397	378	57	42	78

Total workforce by contract type, gender, professional category and region

		Permanent contract			Temporary contract		
		2021	2020	2019	2021	2020	2019
IEI	Men	522	523	343	23	25	22
	Leadership	76	98	72	0	0	0
	Qualified Technicians	352	339	206	23	25	22
	Skilled workers and support personnel	94	86	65	0	0	0
	Women	261	260	143	11	10	8
	Leadership	12	22	17	0	0	0
	Qualified Technicians	246	231	119	11	10	6
	Skilled workers and support personnel	3	7	7	0	0	2
	Total	**783**	**783**	**486**	**34**	**35**	**30**
	Leadership	88	120	89	0	0	0
	Qualified Technicians	598	570	325	34	35	28
	Skilled workers and support personnel	97	93	72	0	0	2
Iberdrola total	**Men**	**30,516**	**28,367**	**26,889**	**156**	**120**	**235**
	Leadership	2,089	2,045	1,927	1	1	3
	Qualified Technicians	9,816	9,267	8,754	52	69	136
	Skilled workers and support personnel	18,611	17,055	16,208	103	50	96
	Women	**9,242**	**8,599**	**8,179**	**41**	**42**	**69**
	Leadership	807	791	738	0	0	0
	Qualified Technicians	5,090	4,682	4,289	30	39	50
	Skilled workers and support personnel	3,345	3,126	3,152	11	3	19
	Total	**39,758**	**36,966**	**35,068**	**197**	**162**	**304**
	Leadership	2,896	2,836	2,665	1	1	3
	Qualified Technicians	14,906	13,949	13,043	82	108	186
	Skilled workers and support personnel	21,956	20,181	19,360	114	53	115

Total workforce by contract type, gender, age and region at year-end

		Permanent contract			Temporary contract		
		2021	2020	2019	2021	2020	2019
Spain	Men	7,590	7,575	7,614	8	11	19
	Up to 30 years old	533	436	444	3	2	4
	Between 31 and 50 years old	4,450	4,332	4,328	5	9	15
	More than 51 years old	2,607	2,807	2,842	0	0	0
	Women	2,126	2,004	1,950	3	3	4
	Up to 30 years old	191	132	123	2	0	1
	Between 31 and 50 years old	1,412	1,340	1,338	1	3	3
	More than 51 years old	523	532	489	0	0	0
	Total	**9,716**	**9,579**	**9,564**	**11**	**14**	**23**
	Up to 30 years old	724	568	567	5	2	5
	Between 31 and 50 years old	5,862	5,672	5,666	6	12	18
	More than 51 years old	3,130	3,339	3,331	0	0	0
United Kingdom	Men	3,802	3,707	3,730	8	7	15
	Up to 30 years old	710	642	672	0	0	4
	Between 31 and 50 years old	1,974	1,937	1,963	7	6	9
	More than 51 years old	1,118	1,128	1,095	1	1	2
	Women	1,888	1,837	1,877	10	12	15
	Up to 30 years old	226	209	212	3	3	8
	Between 31 and 50 years old	1,162	1,177	1,255	6	8	5
	More than 51 years old	500	451	410	1	1	2
	Total	**5,690**	**5,544**	**5,607**	**18**	**19**	**30**
	Up to 30 years old	936	851	884	3	3	12
	Between 31 and 50 years old	3,136	3,114	3,218	13	14	14
	More than 51 years old	1,618	1,579	1,505	2	2	4
United States	Men	5,300	5,051	4,714	33	2	10
	Up to 30 years old	854	743	618	20	0	5
	Between 31 and 50 years old	2,589	2,407	2,188	13	1	4
	More than 51 years old	1,857	1,901	1,908	0	1	1
	Women	2,015	1,978	1,871	1	0	2
	Up to 30 years old	229	215	177	1	0	1
	Between 31 and 50 years old	931	899	863	0	0	1
	More than 51 years old	855	864	831	0	0	0
	Total	**7,315**	**7,029**	**6,585**	**34**	**2**	**12**
	Up to 30 years	1,083	958	795	21	0	6
	Between 31 and 50 years	3,520	3,306	3,051	13	1	5
	More than 51 years old	2,712	2,765	2,739	0	1	1
Brazil	Men	12,343	10,537	9,609	11	3	6
	Up to 30 years old	3,149	2,842	2,642	6	2	2
	Between 31 and 50 years old	8,430	6,940	6,144	5	1	3
	More than 51 years old	764	755	823	0	0	1
	Women	2,702	2,272	2,128	2	2	3
	Up to 30 years old	864	713	685	2	2	3
	Between 31 and 50 years old	1,706	1,435	1,323	0	0	0
	More than 51 years old	132	124	120	0	0	0
	Total	**15,045**	**12,809**	**11,737**	**13**	**5**	**9**
	Up to 30 years old	4,013	3,555	3,327	8	4	5
	Between 31 and 50 years old	10,136	8,375	7,467	5	1	3
	More than 51 years old	896	879	943	0	0	1

Total workforce by contract type, gender, age and region at year-end

		Permanent contract			Temporary contract		
		2021	2020	2019	2021	2020	2019
Mexico	Men	959	973	880	73	72	163
	Up to 30 years old	191	216	216	36	31	76
	Between 31 and 50 years p;d	677	674	589	36	38	80
	More than 51 years old	91	83	75	1	3	7
	Women	250	248	211	14	14	37
	Up to 30 years old	81	98	81	7	9	27
	Between 31 and 50 years old	161	144	126	7	5	10
	More than 51 years old	8	6	4	0	0	0
	Total	**1,209**	**1,221**	**1,091**	**87**	**86**	**200**
	Up to 30 years old	272	314	297	43	40	103
	Between 31 and 50 years old	838	818	715	43	43	90
	More than 51 years old	99	89	79	1	3	7
IEI	Men	522	523	343	23	25	22
	Up to 30 years old	78	75	41	7	5	8
	Between 31 and 50 years old	377	392	273	12	18	10
	More than 51 years old	67	56	29	4	2	4
	Women	261	260	143	11	10	8
	Up to 30 years old	52	56	27	3	0	3
	Between 31 and 50 years old	194	183	105	8	9	3
	More than 51 years old	15	21	11	0	1	2
	Total	**783**	**783**	**486**	**34**	**35**	**30**
	Up to 30 years old	130	131	68	10	5	11
	Between 31 and 50 years old	571	575	378	20	27	13
	More than 51 years old	82	77	40	4	3	6
Iberdrola total	**Men**	**30,516**	**28,366**	**26,890**	**156**	**120**	**235**
	Up to 30 years old	5,515	4,954	4,633	72	40	99
	Between 31 and 50 years old	18,497	16,682	15,485	78	73	121
	More than 51 years old	6,504	6,730	6,772	6	7	15
	Women	**9,242**	**8,599**	**8,180**	**41**	**41**	**69**
	Up to 30 years old	1,643	1,423	1,305	18	14	43
	Between 31 and 50 years old	5,566	5,178	5,010	22	25	22
	More than 51 years old	2,033	1,998	1,865	1	2	4
	Total	**39,758**	**36,965**	**35,070**	**197**	**161**	**304**
	Up to 30 years old	7,158	6,377	5,938	90	54	142
	Between 31 and 50 years old	24,063	21,860	20,495	100	98	143
	More than 51 years old	8,537	8,728	8,637	7	9	19

Total workforce by employment type, gender, professional category and region at year-end

		Full-time			Part-time		
		2021	2020	2019	2021	2020	2019
Spain	Men	7,596	7,586	7,633	2	1	0
	Leadership	841	862	867	0	0	0
	Qualified Technicians	3,079	2,891	2,833	1	1	0
	Skilled workers and support personnel	3,675	3,833	3,933	1	0	0
	Women	2,128	2,007	1,954	1	0	0
	Leadership	323	334	325	0	0	0
	Qualified Technicians	1,313	1,187	1,145	0	0	0
	Skilled workers and support personnel	492	486	484	1	0	0
	Total	**9,724**	**9,593**	**9,587**	**3**	**1**	**0**
	Leadership	1,164	1,196	1,192	0	0	0
	Qualified Technicians	4,392	4,078	3,978	1	1	0
	Skilled workers and support personnel	4,167	4,319	4,417	2	0	0
United Kingdom	Men	3,767	3,671	3,692	43	43	53
	Leadership	567	533	472	10	4	4
	Qualified Technicians	2,138	2,088	2,056	24	26	30
	Skilled workers and support personnel	1,062	1,050	1,164	9	13	19
	Women	1,434	1,362	1,325	464	487	567
	Leadership	217	194	173	41	40	39
	Qualified Technicians	870	818	747	212	213	224
	Skilled workers and support personnel	347	350	405	211	234	304
	Total	**5,201**	**5,033**	**5,017**	**507**	**530**	**620**
	Leadership	784	727	645	51	44	43
	Qualified Technicians	3,008	2,906	2,803	236	239	254
	Skilled workers and support personnel	1,409	1,400	1,569	220	247	323
United States	Men	5,332	5,052	4,723	1	1	1
	Leadership	232	214	194	0	0	0
	Qualified Technicians	1,862	1,710	1,565	1	1	1
	Skilled workers and support personnel	3,238	3,128	2,964	0	0	0
	Women	2,008	1,969	1,862	8	9	11
	Leadership	96	88	81	0	0	0
	Qualified Technicians	937	838	768	6	6	8
	Skilled workers and support personnel	975	1,043	1,013	2	3	3
	Total	**7,340**	**7,021**	**6,585**	**9**	**10**	**12**
	Leadership	328	302	275	0	0	0
	Qualified Technicians	2,799	2,548	2,333	7	7	9
	Skilled workers and support personnel	4,213	4,171	3,977	2	3	3

Total workforce by employment type, gender, professional category and region at year-end

		Full-time			Part-time		
		2021	2020	2019	2021	2020	2019
Brazil [95]	Men	11,481	9,396	9,615	873	1,144	0
	Leadership	286	254	248	0	0	0
	Qualified Technicians	1,856	1,695	1,635	13	13	0
	Skilled workers and support personnel	9,339	7,447	7,732	860	1,131	0
	Women	2,501	2,074	2,131	203	200	0
	Leadership	102	97	89	0	0	0
	Qualified Technicians	1,297	1,189	1,117	4	5	0
	Skilled workers and support personnel	1,102	788	925	199	195	0
	Total	**13,982**	**11,470**	**11,746**	**1,076**	**1,344**	**0**
	Leadership	388	351	337	0	0	0
	Qualified Technicians	3,153	2,884	2,752	17	18	0
	Skilled workers and support personnel	10,441	8,235	8,657	1,059	1,326	0
Mexico	Men	1,032	1,045	1,043	0	0	0
	Leadership	78	81	73	0	0	0
	Qualified Technicians	519	547	542	0	0	0
	Skilled workers and support personnel	435	417	428	0	0	0
	Women	264	262	248	0	0	0
	Leadership	16	16	14	0	0	0
	Qualified Technicians	224	224	206	0	0	0
	Skilled workers and support personnel	24	22	28	0	0	0
	Total	**1,296**	**1,307**	**1,291**	**0**	**0**	**0**
	Leadership	94	97	87	0	0	0
	Qualified Technicians	743	771	748	0	0	0
	Skilled workers and support personnel	459	439	456	0	0	0
IEI	Men	545	548	365	0	0	0
	Leadership	76	98	72	0	0	0
	Qualified Technicians	375	364	228	0	0	0
	Skilled workers and support personnel	94	86	65	0	0	0
	Women	272	270	151	0	0	0
	Leadership	12	22	17	0	0	0
	Qualified Technicians	257	241	125	0	0	0
	Skilled workers and support personnel	3	7	9	0	0	0
	Total	**817**	**818**	**516**	**0**	**0**	**0**
	Leadership	88	120	89	0	0	0
	Qualified Technicians	632	605	353	0	0	0
	Skilled workers and support personnel	97	93	74	0	0	0

[95] In Brazil, part-time is considered to be less than 200 hours.

Total workforce by employment type, gender, professional category and region at year-end

		Full-time			Part-time		
		2021	2020	2019	2021	2020	2019
Iberdrola total	**Men**	**29,753**	**27,298**	**27,071**	**919**	**1,189**	**54**
	Leadership	2,080	2,042	1,926	10	4	4
	Qualified Technicians	9,829	9,295	8,859	39	41	31
	Skilled workers and support personnel	17,843	15,961	16,286	870	1,144	19
	Women	**8,607**	**7,944**	**7,671**	**676**	**696**	**578**
	Leadership	766	751	699	41	40	39
	Qualified Technicians	4,898	4,497	4,108	222	224	232
	Skilled workers and support personnel	2,943	2,696	2,864	413	432	307
	Total	**38,360**	**35,242**	**34,742**	**1,595**	**1,885**	**632**
	Leadership	2,846	2,793	2,625	51	44	43
	Qualified Technicians	14,727	13,792	12,967	261	265	263
	Skilled workers and support personnel	20,786	18,657	19,150	1,283	1,576	326

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New hires by region, gender and age group[96]

		Men			Women		
		2021	2020	2019	2021	2020	2019
Spain	**By age group**	**382**	**215**	**278**	**164**	**101**	**101**
	Up to 30 years old	188	85	134	89	44	32
	Between 31 and 50 years old	186	124	130	73	55	66
	More than 51 years old	8	6	14	2	2	3
	By age group (%)	**5.03**	**2.83**	**3.64**	**7.70**	**5.03**	**5.17**
	Up to 30 years old	35.07	19.41	29.91	46.35	33.08	25.81
	Between 31 and 50 years old	4.18	2.86	2.99	5.17	4.10	4.92
	More than 51 years old	0.31	0.21	0.49	0.38	0.38	0.61
	Total workforce	**7,598**	**7,587**	**7,633**	**2,129**	**2,008**	**1,954**
United Kingdom	**By age group**	**390**	**262**	**307**	**137**	**116**	**125**
	Up to 30 years old	177	108	163	63	52	70
	Between 31 and 50 years old	185	134	126	63	58	46
	More than 51 years old	28	20	18	11	6	9
	By age group (%)	**10.24**	**7.05**	**8.20**	**7.22**	**6.27**	**6.61**
	Up to 30 years old	24.93	16.82	24.11	27.51	24.53	31.82
	Between 31 and 50 years old	9.34	6.90	6.39	5.39	4.89	3.65
	More than 51 years old	2.50	1.77	1.64	2.20	1.33	2.18
	Total workforce	**3,810**	**3,714**	**3,745**	**1,898**	**1,849**	**1,892**
United States	**By age group**	**738**	**669**	**566**	**243**	**238**	**204**
	Up to 30 years old	336	288	265	83	91	74
	Between 31 and 50 years old	323	326	254	121	109	96
	More than 51 years old	79	55	47	39	38	34
	By age group (%)	**13.84**	**13.24**	**11.98**	**12.05**	**12.03**	**10.89**
	Up to 30 years old	38.44	38.76	42.54	36.09	42.33	41.57
	Between 31 and 50 years old	12.41	13.54	11.59	13.00	12.12	11.11
	More than 51 years old	4.25	2.89	2.46	4.56	4.40	4.09
	Total workforce	**5,333**	**5,053**	**4,724**	**2,016**	**1,978**	**1,873**
Brazil	**By age group**	**2,152**	**1,508**	**1,222**	**525**	**278**	**324**
	Up to 30 years old	1,032	754	643	290	153	177
	Between 31 and 50 years old	1,110	745	563	231	122	132
	More than 51 years old	10	9	16	4	3	15
	By age group (%)	**17.42**	**14.31**	**12.71**	**19.42**	**12.23**	**15.20**
	Up to 30 years	32.71	26.51	24.32	33.49	21.40	25.73
	Between 31 and 50 years	13.16	10.73	9.16	13.54	8.50	9.98
	More than 51 years old	1.31	1.19	1.94	3.03	2.42	12.50
	Total workforce	**12,354**	**10,540**	**9,615**	**2,704**	**2,274**	**2,131**

[96] Percentage calculated on headcount at year-end for each of the categories.

New hires by region, gender and age group[96]

		Men			Women		
		2021	2020	2019	2021	2020	2019
Mexico	**By age group**	**62**	**75**	**181**	**20**	**34**	**59**
	Up to 30 years old	37	36	101	8	18	38
	Between 31 and 50 years old	25	35	79	12	16	21
	More than 51 years old	0	4	1	0	0	0
	By age group (%)	**6.01**	**7.18**	**17.35**	**7.58**	**12.98**	**23.79**
	Up to 30 years old	16.30	14.57	34.59	9.09	16.82	35.19
	Between 31 and 50 years old	3.51	4.92	11.81	7.14	10.74	15.44
	More than 51 years old	0.00	4.65	1.22	0.00	0.00	0.00
	Total workforce	**1,032**	**1,045**	**1,043**	**264**	**262**	**248**
IEI	**By age group**	**158**	**140**	**85**	**83**	**86**	**29**
	Up to 30 years old	44	37	27	29	29	15
	Between 31 and 50 years old	103	98	55	52	52	14
	More than 51 years old	11	5	3	2	5	0
	By age group (%)	**28.99**	**25.55**	**23.29**	**30.51**	**31.85**	**19.21**
	Up to 30 years old	51.76	46.25	55.10	52.73	51.79	50.00
	Between 31 and 50 years old	26.48	23.90	19.43	25.74	27.08	12.96
	More than 51 years old	15.49	8.62	9.09	13.33	22.73	0.00
	Total workforce	**545**	**548**	**365**	**272**	**270**	**151**
Iberdrola total	**By age group**	**3,882**	**2,869**	**2,639**	**1,172**	**853**	**842**
	Up to 30 years old	1,814	1,308	1,333	562	387	406
	Between 31 and 50 years old	1,932	1,462	1,207	552	412	375
	More than 51 years old	136	99	99	58	54	61
	By age group (%)	**12.66**	**10.07**	**9.73**	**12.63**	**9.87**	**10.21**
	Up to 30 years old	32.47	26.19	28.17	33.86	26.91	30.12
	Between 31 and 50 years old	10.40	8.73	7.73	9.88	7.92	7.45
	More than 51 years old	2.09	1.47	1.46	2.85	2.70	3.26
	Total workforce	**30,672**	**28,487**	**27,125**	**9,283**	**8,641**	**8,249**

Persons leaving the company by region, gender and age group

		Men			Women		
		2021	2020	2019	2021	2020	2019
Spain	**By age group**	**418**	**244**	**442**	**91**	**47**	**89**
	Up to 30 years old	6	3	10	7	5	2
	Between 31 and 50 years old	54	40	47	28	21	36
	More than 51 years old	358	201	385	56	21	51
	By age group (%)	**5.50**	**3.22**	**5.79**	**4.27**	**2.34**	**4.55**
	Up to 30 years old	1.12	0.68	2.23	3.65	3.76	1.61
	Between 31 and 50 years old	1.21	0.92	1.08	1.98	1.56	2.68
	More than 51 years old	13.73	7.16	13.55	10.69	3.95	10.43
	Total workforce	**7,598**	**7,587**	**7,633**	**2,129**	**2,008**	**1,954**
United Kingdom	**By age group**	**294**	**299**	**281**	**88**	**162**	**122**
	Up to 30 years old	34	29	38	14	11	15
	Between 31 and 50 years old	89	75	91	42	69	48
	More than 51 years old	171	195	152	32	82	59
	By age group (%)	**7.72**	**8.05**	**7.50**	**4.64**	**8.76**	**6.45**
	Up to 30 years old	4.79	4.52	5.62	6.11	5.19	6.82
	Between 31 and 50 years old	4.49	3.86	4.61	3.60	5.82	3.81
	More than 51 years old	15.28	17.27	13.86	6.39	18.14	14.32
	Total workforce	**3,810**	**3,714**	**3,745**	**1,898**	**1,849**	**1,892**
United States	**By age group**	**471**	**340**	**442**	**220**	**132**	**176**
	Up to 30 years old	72	45	62	32	14	26
	Between 31 and 50 years old	146	113	162	78	53	72
	More than 51 years old	253	182	218	110	65	78
	By age group (%)	**8.83**	**6.73**	**9.36**	**10.91**	**6.67**	**9.40**
	Up to 30 years old	8.24	6.06	9.95	13.91	6.51	14.61
	Between 31 and 50 years old	5.61	4.69	7.39	8.38	5.90	8.33
	More than 51 years old	13.62	9.57	11.42	12.87	7.52	9.39
	Total workforce	**5,333**	**5,053**	**4,724**	**2,016**	**1,978**	**1,873**
Brazil	**By age group**	**983**	**718**	**526**	**197**	**179**	**157**
	Up to 30 years old	225	165	127	59	74	55
	Between 31 and 50 years old	522	437	266	109	97	79
	More than 51 years old	236	116	133	29	8	23
	By age group (%)	**7.96**	**6.81**	**5.47**	**7.29**	**7.87**	**7.37**
	Up to 30 years old	7.13	5.80	4.80	6.81	10.35	7.99
	Between 31 and 50 years old	6.19	6.30	4.33	6.39	6.76	5.97
	More than 51 years old	30.89	15.36	16.14	21.97	6.45	19.17
	Total workforce	**12,354**	**10,540**	**9,615**	**2,704**	**2,274**	**2,131**

Persons leaving the company by region, gender and age group

		Men			Women		
		2021	2020	2019	2021	2020	2019
Mexico	**By age group**	**76**	**76**	**59**	**19**	**20**	**16**
	Up to 30 years old	16	19	15	9	8	7
	Between 31 and 50 years old	51	41	37	10	12	9
	More than 51 years old	9	16	7	0	0	0
	By age group (%)	**7.36**	**7.27**	**5.66**	**7.20**	**7.63**	**6.45**
	Up to 30 years old	7.05	7.69	5.14	10.23	7.48	6.48
	Between 31 and 50 years old	7.15	5.76	5.53	5.95	8.05	6.62
	More than 51 years old	9.78	18.60	8.54	0.00	0.00	0.00
	Total workforce	**1,032**	**1,045**	**1,043**	**264**	**262**	**248**
IEI	**By age group**	**68**	**28**	**23**	**23**	**9**	**10**
	Up to 30 years old	13	1	2	11	3	1
	Between 31 and 50 years old	49	25	15	9	6	8
	More than 51 years old	6	2	6	3	0	1
	By age group (%)	**12.48**	**5.11**	**6.30**	**8.46**	**3.33**	**6.62**
	Up to 30 years old	15.29	1.25	4.08	20.00	5.36	3.33
	Between 31 and 50 years old	12.60	6.10	5.30	4.46	3.13	7.41
	More than 51 years old	8.45	3.45	18.18	20.00	0.00	7.69
	Total workforce	**545**	**548**	**365**	**272**	**270**	**151**
Iberdrola total	**By age group**	**2,310**	**1,705**	**1,773**	**638**	**549**	**570**
	Up to 30 years old	366	262	254	132	115	106
	Between 31 and 50 years old	911	731	618	276	258	252
	More than 51 years old	1,033	712	901	230	176	212
	By age group (%)	**7.53**	**5.99**	**6.54**	**6.87**	**6.35**	**6.91**
	Up to 30 years old	6.55	5.25	5.37	7.95	8.00	7.86
	Between 31 and 50 years old	4.90	4.36	3.96	4.94	4.96	5.01
	More than 51 years old	15.87	10.57	13.28	11.30	8.80	11.34
	Total workforce	**30,672**	**28,487**	**27,125**	**9,283**	**8,641**	**8,249**

GRI EU15

Employees eligible to retire in the next 5 years

		By professional category (no.)			By professional category (%)		
		2021	2020	2019	2021	2020	2019
Spain	Leadership	105	106	99	9.01	8.86	8.31
	Qualified technicians	288	295	265	6.56	7.23	6.66
	Skilled workers and support personnel	567	619	599	13.60	14.33	13.56
	Total	**960**	**1,020**	**963**	**9.87**	**10.63**	**10.04**
United Kingdom	Leadership	30	28	22	3.59	3.63	3.20
	Qualified technicians	147	154	165	4.53	4.90	5.40
	Skilled workers and support personnel	176	188	220	10.80	11.41	11.63
	Total	**353**	**370**	**407**	**6.18**	**6.65**	**7.22**
United States	Leadership	56	108	102	17.07	35.76	37.09
	Qualified technicians	597	930	871	21.28	36.40	37.19
	Skilled workers and support personnel	833	1,573	1,580	19.76	37.69	39.70
	Total	**1,486**	**2,611**	**2,553**	**20.22**	**37.14**	**38.70**
Brazil	Leadership	22	25	41	5.67	7.12	12.17
	Qualified technicians	50	58	237	1.58	2.00	8.61
	Skilled workers and support personnel	84	85	377	0.73	0.89	4.35
	Total	**156**	**168**	**655**	**1.04**	**1.31**	**5.58**
Mexico	Leadership	2	8	7	2.13	8.25	8.05
	Qualified technicians	5	23	20	0.67	2.98	2.67
	Skilled workers and support personnel	1	10	5	0.22	2.28	1.10
	Total	**8**	**41**	**32**	**0.62**	**3.14**	**2.48**
IEI	Leadership	4	7	4	4.55	5.83	4.49
	Qualified technicians	3	4	3	0.47	0.66	0.85
	Skilled workers and support personnel	1	2	0	1.03	2.15	0.00
	Total	**8**	**13**	**7**	**0.98**	**1.59**	**1.36**
Iberdrola total	**Leadership**	**219**	**282**	**275**	**7.56**	**9.94**	**10.31**
	Qualified technicians	**1,090**	**1,464**	**1,561**	**7.27**	**10.42**	**11.80**
	Skilled workers and support personnel	**1,662**	**2,477**	**2,781**	**7.53**	**12.24**	**14.28**
	Total	**2,971**	**4,223**	**4,617**	**7.44**	**11.37**	**13.05**

GRI 403-9

Number of accidents by type, region and gender (own personnel)

		Men			Women			Total		
		2021	2020	2019	2021	2020	2019	2021	2020	2019
Spain	Fatal	0	0	0	0	0	0	0	0	0
	With leave	18	16	28	3	0	3	21	16	31
	With major consequences	1	1	0	0	0	0	1	1	0
	Without leave	28	30	61	10	2	7	38	32	68
United Kingdom	Fatal	0	1	0	0	0	0	0	1	0
	With leave	4	6	9	0	0	0	4	6	9
	With major consequences	0	0	1	0	0	0	0	0	1
	Without leave	27	17	32	0	0	5	27	17	37
United States	Fatal	0	0	0	0	0	1	0	0	1
	With leave	38	41	30	6	5	3	44	46	33
	With major consequences	1	1	0	0	0	0	1	1	0
	Without leave	302	234	158	26	38	16	328	272	174
Brazil	Fatal	3	2	0	0	0	0	3	2	0
	With leave	12	8	8	1	1	0	13	9	8
	With major consequences	1	1	0	0	0	0	1	1	0
	Without leave	113	86	46	6	8	3	119	94	49
Mexico	Fatal	0	1	0	0	0	0	0	1	0
	With leave	0	1	0	0	0	0	0	1	0
	With major consequences	0	0	0	0	0	0	0	0	0
	Without leave	3	3	3	0	1	0	3	4	3
IEI	Fatal	0	0	0	0	0	0	0	0	0
	With leave	1	0	2	0	0	0	1	0	2
	With major consequences	0	0	0	0	0	0	0	0	0
	Without leave	1	0	1	0	0	0	1	0	1
Iberdrola total	**Fatal**	**3**	**4**	**0**	**0**	**0**	**1**	**3**	**4**	**1**
	With leave	**73**	**72**	**77**	**10**	**6**	**6**	**83**	**78**	**83**
	With major consequences	**3**	**3**	**1**	**0**	**0**	**0**	**3**	**3**	**1**
	Without leave	**474**	**370**	**301**	**42**	**49**	**31**	**516**	**419**	**332**

Absenteeism by region (hours lost)

		2021	2020	2019
Spain	Occupational injury and illness	32,540	24,381	N/Av.
	Common illness and COVID-19	561,526	483,852	467,390
	Total	**594,066**	**508,233**	**467,390**
United Kingdom	Occupational injury and illness	1,147	1,776	N/Av.
	Common illness and COVID-19	295,701	288,312	291,217
	Total	**296,848**	**290,088**	**291,217**
United States	Occupational injury and illness	14,432	10,576	N/Av.
	Common illness and COVID-19	297,818	274,245	252,365
	Total	**312,250**	**284,821**	**252,365**
Brazil	Occupational injury and illness	7,864	1,264	N/Av.
	Common illness and COVID-19	188,031	129,094	160,468
	Total	**195,895**	**130,358**	**160,468**
Mexico	Occupational injury and illness	0	0	N/Av.
	Common illness and COVID-19	73,631	90,360	14,532
	Total	**73,631**	**90,360**	**14,532**
IEII	Occupational injury and illness	8	0	N/Av.
	Common illness and COVID-19	21,831	23,488	1,559
	Total	**21,839**	**23,488**	**1,559**
Iberdrola total	**Occupational injury and illness**	**55,991**	**37,997**	**N/Av.**
	Common illness and COVID-19	**1,438,538**	**1,289,351**	**1,187,531**
	Total	**1,494,529**	**1,327,348**	**1,187,531**

GRI 404-1

Average training hours per employee trained, broken down by professional category, region and gender

		Men			Women			Total		
		2021	2020	2019	2021	2020	2019	2021	2020	2019
Spain	Leadership	39.8	43.9	47.3	42.5	50.1	58.6	40.6	45.6	50.4
	Qualified technicians	57.1	61.3	57.5	59.1	63.9	63.1	57.7	62.0	59.1
	Skilled workers and support personnel	49.0	48.0	50.8	29.3	37.1	21.9	46.8	46.8	47.6
	Total workforce	51.2	52.6	52.9	49.9	55.1	51.7	50.9	53.1	52.7
United Kingdom	Leadership	19.4	20.9	22.7	13.5	20.3	24.5	17.6	20.7	23.2
	Qualified technicians	29.9	20.2	25.8	12.9	10.5	18.0	24.4	17.1	24.0
	Skilled workers and support personnel	98.2	87.0	98.9	11.5	11.6	27.3	69.3	60.2	83.3
	Total workforce	47.3	39.2	50.7	12.6	12.2	21.8	36.0	30.3	43.9
United States	Leadership	18.0	11.7	15.1	19.9	17.5	18.6	18.6	13.4	16.1
	Qualified technicians	19.5	15.7	23.1	16.7	13.9	18.2	18.6	15.1	21.5
	Skilled workers and support personnel	55.2	33.6	40.8	32.2	39.6	38.5	49.7	35.2	40.2
	Total workforce	40.9	26.6	33.8	24.4	27.7	29.2	36.3	26.9	32.5
Brazil	Leadership	86.1	70.6	5.1	81.1	62.2	12.9	84.8	68.3	7.3
	Qualified technicians	61.1	46.0	9.9	60.2	49.6	21.4	60.7	47.5	14.6
	Skilled workers and support personnel	89.1	88.1	87.5	96.7	92.9	125.4	90.0	88.6	91.1
	Total workforce	84.6	80.8	73.7	78.3	68.6	66.3	83.5	78.6	72.5
Mexico	Leadership	80.5	92.2	98.4	42.1	77.7	69.9	73.6	89.9	93.8
	Qualified technicians	56.7	49.5	88.0	56.6	60.0	84.1	56.7	52.5	86.9
	Skilled workers and support personnel	86.7	74.5	117.0	51.9	47.0	68.1	85.0	73.3	114.5
	Total workforce	70.7	64.5	100.2	55.3	60.1	81.9	67.5	63.7	96.6
IEI	Leadership	16.8	21.0	53.5	20.6	20.9	43.6	17.4	21.0	51.7
	Qualified technicians	21.2	24.0	29.8	17.2	20.9	43.4	19.6	22.7	34.6
	Skilled workers and support personnel	67.0	33.4	21.1	10.0	21.8	39.4	65.1	32.5	22.6
	Total workforce	29.2	25.0	32.6	17.3	21.0	43.3	25.3	23.6	35.7
Iberdrola total	**Leadership**	**39.3**	**38.6**	**35.9**	**35.5**	**38.0**	**40.3**	**38.2**	**38.4**	**37.1**
	Qualified technicians	**43.4**	**38.5**	**37.8**	**39.8**	**37.3**	**37.1**	**42.2**	**38.1**	**37.6**
	Skilled workers and support personnel	**75.9**	**68.5**	**69.9**	**53.9**	**50.9**	**58.8**	**72.5**	**65.8**	**68.3**
	Total workforce	**62.9**	**56.7**	**57.4**	**44.5**	**42.4**	**45.7**	**58.6**	**53.4**	**54.9**

Diversity and equal opportunity

GRI 405-1

Total workforce by region, gender and professional category

		Men			Women			Total		
		2021	2020	2019	2021	2020	2019	2021	2020	2019
Spain	Leadership	841	862	867	323	334	325	1,164	1,196	1,192
	Qualified technicians	3,080	2,891	2,833	1,313	1,187	1,145	4,393	4,078	3,978
	Skilled workers and support personnel	3,677	3,833	3,933	493	486	484	4,170	4,319	4,417
	Total	7,598	7,586	7,633	2,129	2,007	1,954	9,727	9,593	9,587
United Kingdom	Leadership	577	537	476	258	234	212	835	771	688
	Qualified technicians	2,162	2,114	2,086	1,082	1,031	971	3,244	3,145	3,057
	Skilled workers and support personnel	1,071	1,063	1,183	558	584	709	1,629	1,647	1,892
	Total	3,810	3,714	3,745	1,898	1,849	1,892	5,708	5,563	5,637
United States	Leadership	232	214	194	96	88	81	328	302	275
	Qualified technicians	1,863	1,711	1,566	943	844	776	2,806	2,555	2,342
	Skilled workers and support personnel	3,238	3,128	2,964	977	1,046	1,016	4,215	4,174	3,980
	Total	5,333	5,053	4,724	2,016	1,978	1,873	7,349	7,031	6,597
Brazil	Leadership	286	254	248	102	97	89	388	351	337
	Qualified technicians	1,869	1,708	1,635	1,301	1,194	1,117	3,170	2,902	2,752
	Skilled workers and support personnel	10,199	8,578	7,732	1,301	983	925	11,500	9,561	8,657
	Total	12,354	10,540	9,615	2,704	2,274	2,131	15,058	12,814	11,746
Mexico	Leadership	78	81	73	16	16	14	94	97	87
	Qualified technicians	519	547	542	224	224	206	743	771	748
	Skilled workers and support personnel	435	417	428	24	22	28	459	439	456
	Total	1,032	1,045	1,043	264	262	248	1,296	1,307	1,291
IEI	Leadership	76	98	72	12	22	17	88	120	89
	Qualified technicians	375	364	228	257	241	125	632	605	353
	Skilled workers and support personnel	94	86	65	3	7	9	97	93	74
	Total	545	548	365	272	270	151	817	818	516
Iberdrola total	**Leadership**	**2,090**	**2,046**	**1,930**	**807**	**791**	**738**	**2,897**	**2,837**	**2,668**
	Qualified technicians	**9,868**	**9,335**	**8,890**	**5,120**	**4,721**	**4,340**	**14,988**	**14,056**	**13,230**
	Skilled workers and support personnel	**18,714**	**17,105**	**16,305**	**3,356**	**3,128**	**3,171**	**22,070**	**20,233**	**19,476**
	Total	**30,672**	**28,486**	**27,125**	**9,283**	**8,640**	**8,249**	**39,955**	**37,126**	**35,374**

GRI 405-1

Total workforce by region, gender and age

		Men			Women			Total		
		2021	2020	2019	2021	2020	2019	2021	2020	2019
Spain	Up to 30 years old	536	438	448	192	133	124	728	571	572
	Between 31 and 50 years old	4,455	4,341	4,343	1,413	1,343	1,341	5,868	5,684	5,684
	More than 51 years old	2,607	2,808	2,842	524	532	489	3,131	3,340	3,331
	Total	7,598	7,587	7,633	2,129	2,008	1,954	9,727	9,595	9,587
United Kingdom	Up to 30 years old	710	642	676	229	212	220	939	854	896
	Between 31 and 50 years old	1,981	1,943	1,972	1,168	1,185	1,260	3,149	3,128	3,232
	More than 51 years old	1,119	1,129	1,097	501	452	412	1,620	1,581	1,509
	Total	3,810	3,714	3,745	1,898	1,849	1,892	5,708	5,563	5,637
United States	Up to 30 years old	874	743	623	230	215	178	1,104	958	801
	Between 31 and 50 years old	2,602	2,408	2,192	931	899	864	3,533	3,307	3,056
	More than 51 years old	1,857	1,902	1,909	855	864	831	2,712	2,766	2,740
	Total	5,333	5,053	4,724	2,016	1,978	1,873	7,349	7,031	6,597
Brazil	Up to 30 years old	3,155	2,844	2,644	866	715	688	4,021	3,559	3,332
	Between 31 and 50 years old	8,435	6,941	6,147	1,706	1,435	1,323	10,141	8,376	7,470
	More than 51 years old	764	755	824	132	124	120	896	879	944
	Total	12,354	10,540	9,615	2,704	2,274	2,131	15,058	12,814	11,746
Mexico	Up to 30 years old	227	247	292	88	107	108	315	354	400
	Between 31 and 50 years old	713	712	669	168	149	136	881	861	805
	More than 51 years old	92	86	82	8	6	4	100	92	86
	Total	1,032	1,045	1,043	264	262	248	1,296	1,307	1,291
IEI	Up to 30 years old	85	80	49	55	56	30	140	136	79
	Between 31 and 50 years old	389	410	283	202	192	108	591	602	391
	More than 51 years old	71	58	33	15	22	13	86	80	46
	Total	545	548	365	272	270	151	817	818	516
Iberdrola total	**Up to 30 years old**	**5,587**	**4,994**	**4,732**	**1,660**	**1,438**	**1,348**	**7,247**	**6,432**	**6,080**
	Between 31 and 50 years old	**18,575**	**16,755**	**15,606**	**5,588**	**5,203**	**5,032**	**24,163**	**21,958**	**20,638**
	More than 51 years old	**6,510**	**6,738**	**6,787**	**2,035**	**2,000**	**1,869**	**8,545**	**8,738**	**8,656**
	Total	**30,672**	**28,487**	**27,125**	**9,283**	**8,641**	**8,249**	**39,955**	**37,128**	**35,374**

Access to electricity

GRI EU27

Residential disconnections by region (no.)

		2021	2020	2019
Spain	Paid up to 48 h after disconnection	55,004	14,429	40,597
	Paid between 48 h and one week after disconnection	4,857	1,097	3,200
	Paid between one week and one month after disconnection	5,489	1,402	4,151
	Paid between one month and one year	2,705	435	2,184
	Paid after more than one year	0	0	0
	Outstanding and unclassified	0	0	0
	Total	**68,055**	**17,363**	**50,132**
United Kingdom	Paid up to 48 h after disconnection	0	0	0
	Paid between 48 h and one week after disconnection	0	0	0
	Paid between one week and one month after disconnection	0	0	0
	Paid between one month and one year	0	0	0
	Paid after more than one year	0	0	0
	Outstanding and unclassified	0	0	0
	Total	**0**	**0**	**0**
United States	Paid up to 48 h after disconnection	38,434	2,886	35,285
	Paid between 48 h and one week after disconnection	1,088	436	3,528
	Paid between one week and one month after disconnection	396	94	1,531
	Paid between one month and one year	168	11	784
	Paid after more than one year	0	0	0
	Outstanding and unclassified	5,958	17,267	107,337
	Total	**46,044**	**20,694**	**148,465**
Brazil	Paid up to 48 h after disconnection	860,392	755,348	1,099,444
	Paid between 48 h and one week after disconnection	148,968	117,778	204,030
	Paid between one week and one month after disconnection	206,197	162,100	222,138
	Paid between one month and one year	196,706	129,890	191,153
	Paid after more than one year	15	91	26
	Outstanding and unclassified	0	0	0
	Total	**1,412,278**	**1,165,207**	**1,716,791**
IEI	Paid up to 48 h after disconnection	5,056	7,188	10,030
	Paid between 48 h and one week after disconnection	845	946	1,101
	Paid between one week and one month after disconnection	862	1,093	1,353
	Paid between one month and one year	299	980	950
	Paid after more than one year	0	0	0
	Outstanding and unclassified	0	0	0
	Total	**7,062**	**10,207**	**13,434**
Iberdrola total	**Paid up to 48 h after disconnection**	**958,886**	**779,851**	**1,185,356**
	Paid between 48 h and one week after disconnection	**155,758**	**120,257**	**211,859**
	Paid between one week and one month after disconnection	**212,944**	**164,689**	**229,173**
	Paid between one month and one year	**199,878**	**131,316**	**195,071**
	Paid after more than one year	**15**	**91**	**26**
	Outstanding and unclassified	**5,958**	**17,267**	**107,337**
	Total	**1,533,439**	**1,213,471**	**1,928,822**

Residential reconnections of electricity following payment of unpaid bills, by region (No.)

		2021	2020	2019
Spain	Less than 24 h after payment	67,153	17,233	49,585
	Between 24 h and one week after payment	808	193	514
	More than one week after payment	77	23	89
	Unclassified	0	0	0
	Total	**68,038**	**17,449**	**50,188**
United Kingdom	Less than 24 h after payment	0	0	0
	Between 24 h and one week after payment	0	0	0
	More than one week after payment	0	0	0
	Unclassified	0	0	0
	Total	**0**	**0**	**0**
United States	Less than 24 h after payment	39,483	2,576	30,969
	Between 24 h and one week after payment	550	746	7,844
	More than one week after payment	4	105	2,315
	Unclassified	5,582	14,020	84,719
	Total	**45,619**	**17,447**	**125,847**
Brazil	Less than 24 h after payment	1,101,405	967,833	1,481,957
	Between 24 h and one week after payment	181,233	108,919	137,434
	More than one week after payment	88,746	96,792	123,478
	Unclassified	0	0	0
	Total	**1,371,384**	**1,173,544**	**1,742,869**
IEI	Less than 24 h after payment	5,744	9,058	12,528
	Between 24 h and one week after payment	1,423	1,525	838
	More than one week after payment	198	158	43
	Unclassified	0	0	0
	Total	**7,365**	**10,741**	**13,409**
Iberdrola total	**Less than 24 h after payment**	**1,213,785**	**996,700**	**1,575,039**
	Between 24 h and one week after payment	**184,014**	**111,383**	**146,630**
	More than one week after payment	**89,025**	**97,078**	**125,925**
	Unclassified	**5,582**	**14,020**	**84,719**
	Total	**1,492,406**	**1,219,181**	**1,932,313**

Statement of Non-Financial Information.
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