

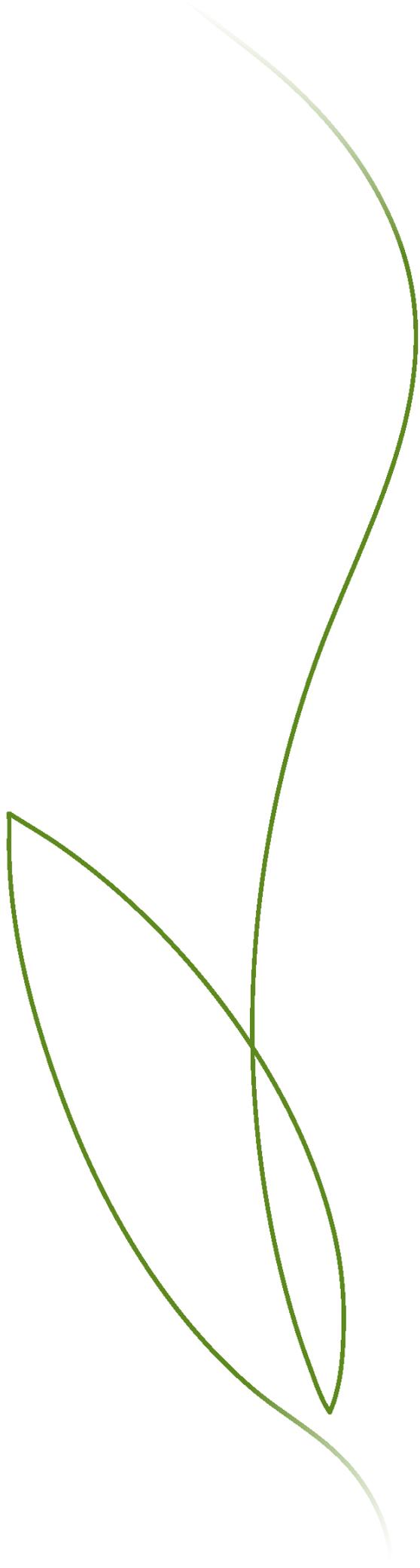
Statement of Non-Financial Information **Sustainability Report**

Financial Year 2019

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Introduction

Since 2004, the year in which Iberdrola prepared its first Sustainability Report, the company has been continuously strengthening its status as a world leader for its commitment to transparency and its defence of a model of sustainable and environmentally-friendly growth. Continuing with this commitment, Iberdrola once again submits its *Statement of Non-Financial Information. Sustainability Report 2019*, approved by its Board of Directors on 24 February 2020.

Iberdrola publishes this report in order to allow its Stakeholders to see the company's performance in the area of sustainability during financial year 2019, obtaining detailed information on the social dividend provided by the group and its contribution to the Sustainable Development Goals of the 2030 Agenda of the United Nations, in compliance with the commitments assumed 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 *Management Report* of Iberdrola, S.A. consolidated with its subsidiaries for financial year 2019, 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 sections 262 of the *Companies Act (Ley de Sociedades de Capital)* and 49 of the *Code of Commerce* as amended by *Law 11/2018, of 28 December, on non-financial and diversity information*, which transcribes 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 report has been prepared in accordance with the reporting requirements and recommendations of the Consolidated Set of Global Reporting Initiative (GRI) Sustainability Reporting Standards 2016 (Comprehensive option), except for the Safety and Health and Water and Effluents topics, for which the recommendations published by GRI in 2018 are used, with earlier adoption as recommended by this organisation. The document also complies with the information requirements of the GRI *Electric Utilities Sector Supplement*. References to the GRI indicators covered in each section have been added in the texts (e.g.: 102-7).



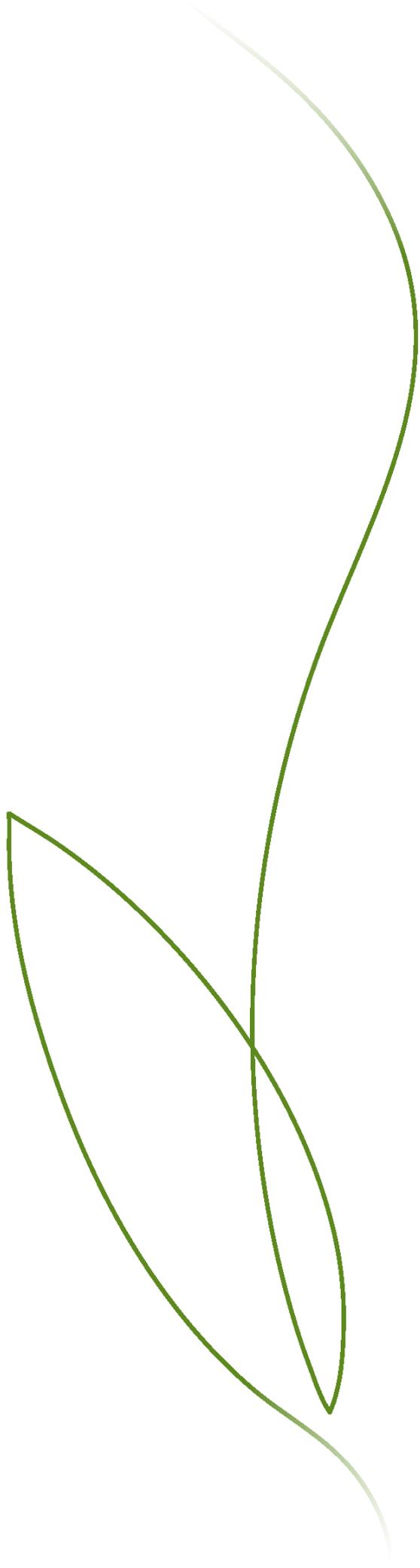
Anyone reading the *Statement of Non-Financial Information. Sustainability Report 2019* may also access the Annual Financial Report 2019 and the Annual Corporate Governance Report 2019, as well as the Integrated Report, February 2020, all of which are accessible on the Annual Reports section of the website, which contains additional information useful 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 Relations Policy](#).

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: [link example](#).

Notes:

The report boundary is described in chapter III. 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 (.).



Letter from the Chairman & CEO

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Ignacio Galán, Chairman of the Board of Directors & CEO of Iberdrola, S.A.
© Rosa Muñoz

In 2019 Iberdrola took significant steps along its path of profitable growth and creation of value for society. During the year, the company strengthened its position as a leader in the drive towards the transition to a decarbonised, healthy, competitive and inclusive energy model. We have been successfully deploying this pioneering model for decades.

On the fourth anniversary of the approval of the UN's '2030 Agenda for Sustainable Development', we at Iberdrola want to renew our comprehensive commitment to its transformational calling, based on 17 goals fully integrated within our strategy and our Corporate Governance System.

With the installation of 5,500 new MW of wind, solar, hydroelectric and efficient backup generation, we have bolstered the objectives of 'Affordable and Clean Energy' (SDG 7) and 'Climate Action' (SDG 13). Thanks to an unprecedented investment effort, the group's capacity has increased 12% in a single year, including projects like the Núñez de Balboa photovoltaic plant in Spain, the Baixo Iguaçu hydroelectric plant in Brazil, the East Anglia One offshore wind farm in the United Kingdom, the El Carmen and Topolobampo II plants in Mexico, and the Karankawa and Patriot Wind wind farms in the United States.

We also continue to move forward with the construction of another 100 renewable projects throughout the world, like the Támeiga (Portugal) pumped-storage hydropower project, one of the largest giga batteries in Europe, which will be able to serve two million homes.

The wager on clean energy has led us to continue reducing our own emissions, dropping below 110 grams per kWh in 2019 (three times lower than our competitors). Iberdrola already generates 100% of its energy with zero emissions in countries like the United Kingdom, Germany and Portugal.

The transition to a decarbonised and fully renewable system is not possible without modern and flexible electricity transmission and distribution networks capable of efficiently integrating new emission-free capacity.

In this field, we have placed large transmission projects into service this year, including the Western Link high-voltage underwater power line (the longest in the world), which transmits power at 600 kV between Scotland and Wales, enough to supply the electrical demand of more than four million homes. And we continue developing projects in the United States (like the NECEC interconnection line with Canada) and in Brazil, where a new 210 km transmission line has been added in 2019 to the existing portfolio of ten projects with 4,900 km under construction.

We have also continued to expand and optimise our distribution networks to make them increasingly reliable and at the same time smart. This has allowed us to make significant improvements in the quality indicators in all of the countries in which we provide service, despite various adverse meteorological situations, like in southeastern Spain (with the “cold drop” (*gota fría*) in September) and in northeastern United States (with major storms during October). Once again, our people gave the best of themselves under particularly complex conditions in order to minimise the impact on service, restoring supply in record times.

At the same time, we have continued to deepen our focus on the customer as the centre of our strategy, anticipating their demands and offering more choices and increasingly competitive products.

Iberdrola’s leadership in the transformation of the current energy model towards one that is cleaner, safer and more efficient has been widely recognised at the climate action summits this year, in which the company has prominently participated. Both Climate Week in New York and COP 25 in Madrid highlighted the need to urgently promote decarbonisation as the basis for a truly sustainable socioeconomic model over the long term. The prestigious *S&P Global Platts* group has recently recognised our commitment in this area with its *Energy Transition Award*.

The financial markets have also boosted this trend through new financing and sustainable investment instruments, which create new opportunities for our company.

With deals signed in 2019 with institutions like the European Investment Bank (EIB) and the Instituto de Crédito Oficial (ICO), we have already underwritten 1,044 million euros of green loans, as well as 9,042 million euros in credit facilities subject to social responsibility standards. We have also cemented our role as the largest corporate issuer of green bonds in the world, with 9,992 million euros issued since 2014.

Investment and pension institutions are also making sustainability a major factor in their decisions. The strong growth in funds specifically based on environmental, sustainability and good governance standards is in addition to the announcements by generalist asset managers like BlackRock, the largest in the world, whose founder and CEO has declared that they will only invest in companies committed to the fight against climate change.

New record results

Iberdrola's value proposal is based on the conviction that the model we have been implementing over the last twenty years is fully compatible with growth in results and profitability. The financial year we just ended is a good example: in 2019 EBITDA was 10,104 million euros, with an increase of more than 8%, and Net Profit grew 13% to reach an historic record of 3,406 million euros.

The markets are valuing the success of our strategy and our execution, as well as our tremendous potential for future growth. Our stock market capitalisation closed out 2019 at historical maximums, reaching 61,319 million euros, with the shares recording a total return of 36.7% in 2019, significantly higher than the 16.5% of the Ibex-35 and 28% of the Eurostoxx Utilities.

This trend has continued during the first months of this year, during which capitalisation exceeded 72,000 million euros. Iberdrola has thus cemented its position as the second-largest company on the Spanish stock market and one of the 3 largest electric utilities in the world by stock market value, having also become part of the Stoxx Europe 50 index, which covers the main companies of continental Europe in all industries.

The positive evolution of the company during the year has led the Board of Directors to propose to the shareholders a 14% increase in shareholder remuneration, to 0.40 euro per share payable in 2020.

In the financial markets chapter, another milestone for the year was the initial public offering of Neoenergia. This was the largest placement of this kind in the Brazilian energy sector since 2000, and since its debut, the shares have increased by almost 60%, highlighting investors' confidence in the outlook of the company. This trend continued during the first few months of the year, with an increase of approximately 4.5%.

A future of sustainable growth

Iberdrola closed out 2019 as a record year both operationally and financially. And the year we just ended is undoubtedly just the beginning of a new phase of sustainable long-term growth. The visibility of initiatives for climate action like the European Commission's "Green Deal", along with the needs for investment in the electricity sector in other markets like Brazil, Mexico and the United States, are leading analysts to define this time as the beginning of an era of great expansion.

Within this context, Iberdrola's position in these markets and the portfolio of projects that we have been accumulating in recent years will allow us to increase our investments in 2020 to approximately 10,000 million euros in increasingly safe and smart electricity networks, in new renewable capacity and in storage.

During the year, we will continue to strengthen our leadership in offshore wind technology, with projects like East Anglia Hub in the United Kingdom, Saint Brieuc in Francia, Baltic Eagle in Germany and Vineyard Wind in the United States. We are also driving forward our position in solar (in Spain, Mexico and the United States), onshore wind (in all markets), pumped hydroelectric storage (mainly at the Támeqa hydroelectric project in Portugal) and batteries.

We will continue during 2020 to strengthen our position in other markets like Italy and Greece, and we will begin our deployment in others like Australia, always in accordance with our focus on clean energy, innovation and a complete focus on meeting the needs of the customer.

Committed to our environment

Iberdrola confronts this stage of growth completely faithful to its model of a responsible company and its commitment to the creation of value, progress and the well-being of people.

Thus, through our Social Dividend we continue responding to the 2030 Agenda, as shown by the progress recorded in achieving the Sustainable Development Goals, including SDGs 8 (Decent Work and Economic Growth), 9 (Industry, Innovation and Infrastructure), 4 (Quality Education), 5 (Gender Equality) and 17 (Partnerships for the Goals).



Iberdrola is aware that its industrial leadership gives it a very important role as an engine for economic growth in the countries in which it is present. This role takes shape in aspects like the strengthening of the business community, the promotion of innovation and the creation of employment.

In 2019 alone we have made purchases of approximately 9,000 million euros of goods and services throughout the world (20,000 million euros if we add energy raw materials), providing a driving force to more than 22,000 suppliers. We have thus continued driving the development and transformation of employment-intensive industries towards future sectors (like the manufacturing of components for offshore wind facilities) and the promotion of new companies (like those related to smart meters or components for photovoltaic plants). Thanks to our activities, we currently give employment to approximately 400,000 people around the world¹.

Iberdrola's growth has also entailed the creation of more stable and high-quality jobs within the company, with almost 3,500 new hires during the year, 99% of the workforce having fixed contracts, and numerous measures of support for work/life reconciliation and gender equality.

In the area of continuous training and professional development, we have intensified our activities both for our own personnel (with 55 hours per employee) and for future talent (with the hiring of more than 1,400 interns and with almost 900 youth participating in our International Master's Scholarship Programme).

The increase in activity recorded by Iberdrola in 2019 is also reflected in our contribution of 14,200 million euros to the public coffers¹.

Iberdrola is also the third-leading company in the industry worldwide with the most resources dedicated to R&D, with an annual investment of 280 million euros, and is among the companies that provide the most support to startups in all of Europe².

As part of our commitment to society, we have also launched numerous initiatives in the conservation of biodiversity, the promotion of cultural heritage, education, cooperation and assistance for the most disadvantaged groups. This is done through the extensive activities of our foundations throughout the world and our International Corporate Volunteering Programme, in which close to 7,500 people participated this past year.

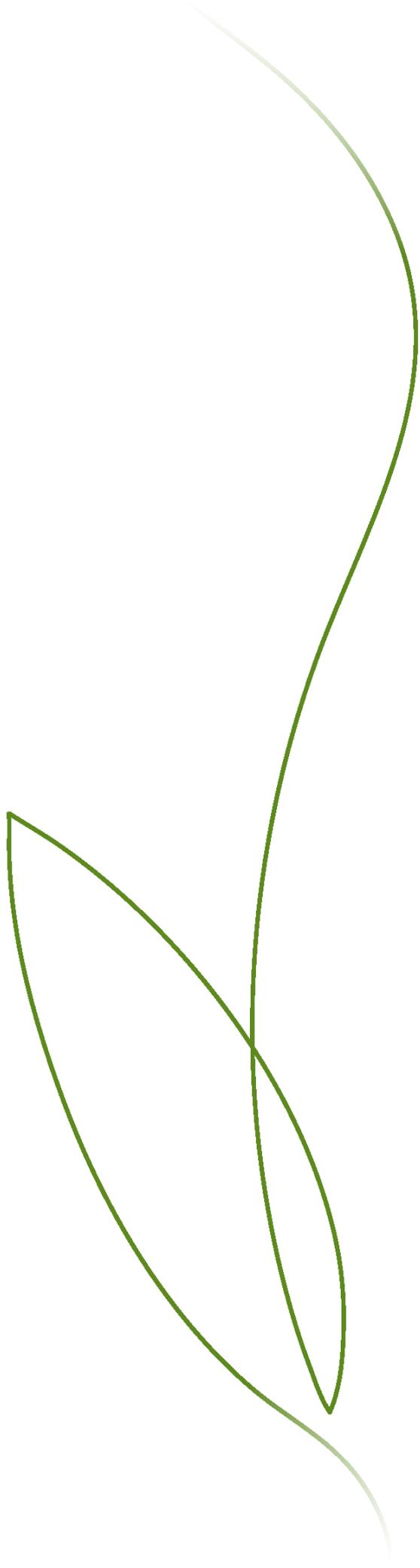
¹ PwC 2020 report "Iberdrola Group's economic, tax, social and environmental impact on the world".

² According to the European Commission's "Startup Europe Partnership".

Finally, Iberdrola has a fully responsible and sustainable business model, for which it has again been recognised on the main sustainability indexes like FTSE4Good, CDP Climate Change, MSCI and the Global100.

This is a detailed and exhaustive report of all of these activities, along with the other significant environmental, economic and social issues from 2019, following the international Global Reporting Initiative (GRI) standards. It is an example once again of our firm commitment to transparency, the cornerstone of our management and of our Corporate Governance System. A system that is based on a constant process of update to include the most demanding practices in this area, as only through ethics, good governance and the defence of the social interest can there be progress towards a truly sustainable creation of value for society.

Ignacio S. Galán,
Chairman & CEO of Iberdrola

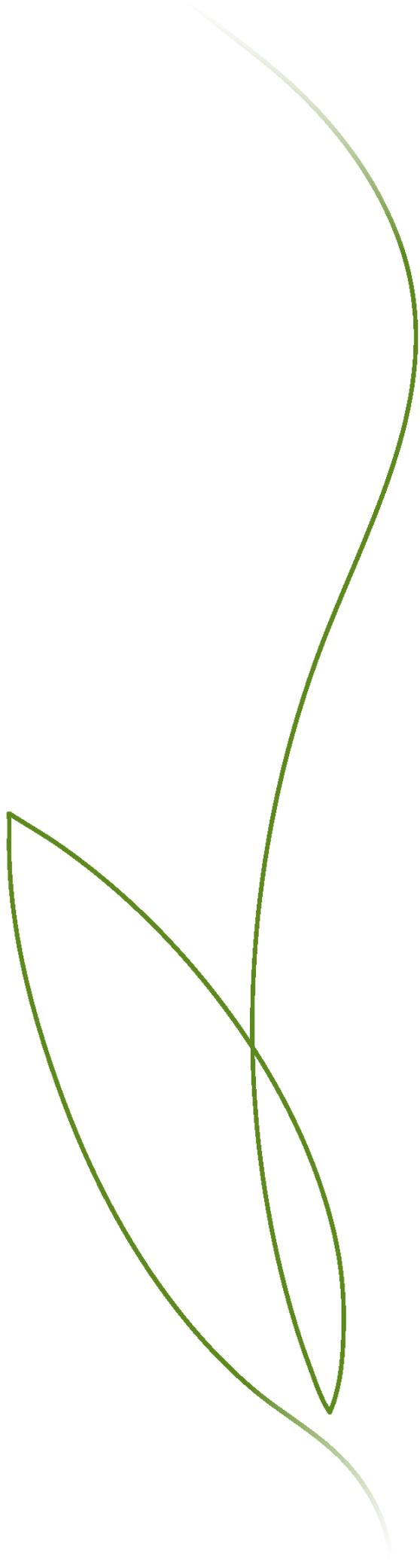


Corporate Reputation: Recognitions, Presence in External Indexes and External Evaluations

	Indexes or organisations	Rating or status ³
	Dow Jones Sustainability World Index 2019	Only European utility included for the past 20 years
	Global 100	Iberdrola selected
	FTSE4Good	Selected for the index for the last 10 years
	CDP Climate Change Index 2019	A-
	CDP Supply Chain Index 2019	Iberdrola chosen as CDP Supplier Engagement Leader
	MSCI Global Sustainability Index Series	Iberdrola selected AAA
	Euronext Vigeo Eiris index: World 120, Eurozone 120 & Europe 120	Iberdrola selected
	Sustainability Yearbook 2019	Classified as "Silver Class" in the electricity sector
	MERCO 2019	mercoEMPRESAS 2019 and mercoRESPONSABILIDAD Y GOBIERNO CORPORATIVO 2019: Leader in the utilities sector: electricity, gas and water.
	Emission Transparency Index	Iberdrola selected
	2019 World's Most Ethical Companies, prepared by the Ethisphere Institute	Only Spanish company included. Selected for the sixth consecutive year as one of the most ethical companies in the world
	Fortune Global 500	Iberdrola selected

	Indexes or organisations	Rating or status ³
	Stoxx	Iberdrola selected on the following indexes: STOXX Global ESG Leaders/Low Carbon Select 100/EURO STOXX ESG Leaders 50/50 Low Carbon/Low Carbon Select 50/Sustainability 40
	InfluenceMap	Iberdrola among top 25 scoring companies
	Bloomberg Gender-Equality Index 2020	Only Spanish electrical utility included in all editions. Selected in recognition for its equal opportunity and gender equality policies
	ISS-Oekom	Iberdrola classified as Prime
	EcoAct	Iberdrola classified as top utility and top 10 in the world in the 2019 sustainability reporting performance report
Forbes 2019 GLOBAL WORLD'S LARGEST PUBLIC COMPANIES 2000	Forbes	Iberdrola selected in Forbes 2019: GLOBAL World's Largest Public Companies 2000
	ECPI Sense in sustainability	Iberdrola selected in multiple sustainability indexes
	Energy Intelligence	Iberdrola among the top four utilities in the EI New Green Utilities Report 2019
	Ecovadis	Iberdrola one of the best-performing companies
	Brand Finance	Among the 500 most valuable brands at the global level

³ As at the date of approval of this report by the Board of Directors.



I. About Iberdrola

I.1. Profile of the Company

- Purpose and values
- Presence and areas of activity
- Main products and services: the Iberdrola brand
- Key operating figures
- Corporate and governance structure, ownership and legal form

Purpose and values

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Iberdrola's Corporate Purpose reflects the main social trends and responds to major economic, social and environmental challenges, reflecting the expectations of the 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, which goes beyond the traditional concept of mission and vision, describes Iberdrola's long-term raison d'être and contributes to the differentiation of the company and the generation of trust among all the Stakeholders, expressing:

- The Iberdrola group's commitment to the urgent social need of transforming our energy model towards a new one that prioritises 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 decarbonisation and electrification of the energy sector and of the economy as a whole, which decidedly contributes to the fight against climate change and atmospheric pollution, and at the same time favours the creation of new opportunities for economic and social development.
- The foresight of the Iberdrola group, which has spent two decades working to make this transformation a reality, driving the development of clean energy throughout the world, and continuing to invest its resources to reach the objectives of the Paris Agreement.
- The Iberdrola group's determination to continue building a more electricity-based energy model, which reduces dependency on the use of fossil fuels and generalises the use of renewable energy sources, the efficient storage of energy, smart grids and digital transformation.
- The conviction that a more electricity-based energy model is also healthier for people, whose well-being in the short term depend on the environmental quality of their surroundings (air, water, food, biodiversity, etc.), and in the long term to the success of the fight against climate change.
- The aspiration for the new energy model to also be more accessible to all, thus favouring inclusiveness, equality, equity and social development.
- The desire is to promote this new model in collaboration with all involved players (including governments, institutions, companies, tertiary sector and citizenry in general) because this is a tremendous shared challenge to ensure the sustainable development of the societies in which we live.

This Corporate Purpose is aligned with the social dividend strategy, the principles of Sustainable Development, Corporate Social Responsibility, and thus the 2030 Agenda - Sustainable Development Goals of the United Nations.

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

- **Sustainable energy:** the Iberdrola 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.

This value expresses the commitment to:

- Responsibility
- Ethics
- Safety
- Transparency

- **Integrating force:** the group works with strength and responsibility, combining talents, for a Purpose that is to be achieved by all and for all.

This value expresses the commitment to:

- Diversity
- Dialogue
- Empathy
- Solidarity

- **Driving force:** the Iberdrola group makes small and large changes a reality in order to ease the life of people. And it performs this work while always seeking to continually improve, efficiently and with high self-imposed standards.

This value expresses the commitment to:

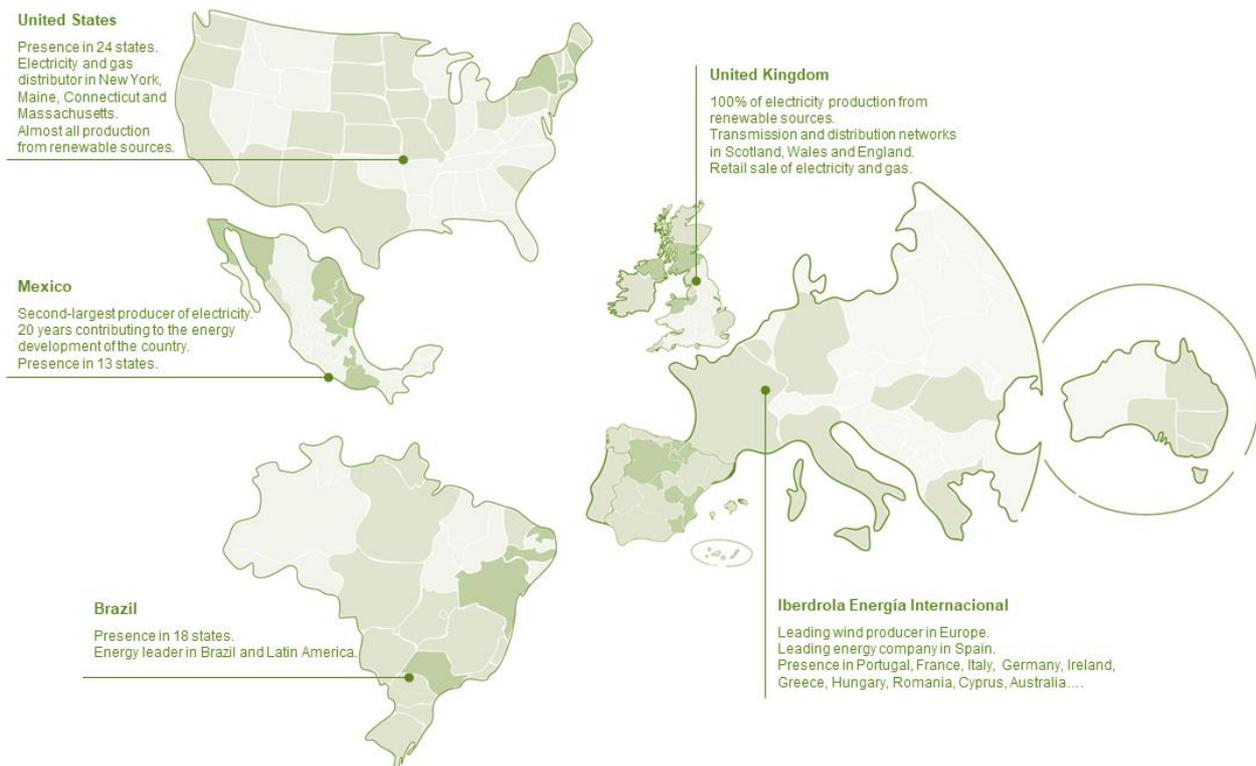
- Innovation
- Simplicity
- Agility
- Foresight

Presence and areas of activity

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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.

The following infographic shows the group’s principal areas of activity. Section “III.1 Scope of Information” of this report indicates the countries in which it operates, the activities performed in each of them and the criteria used to define the significance thereof.



Main products and services

102-2 102-6

The main product that Iberdrola makes available to its customers is electricity (transmission, distribution, wholesale and retail), but the group also offers a broad array of products, services and solutions in the areas of:

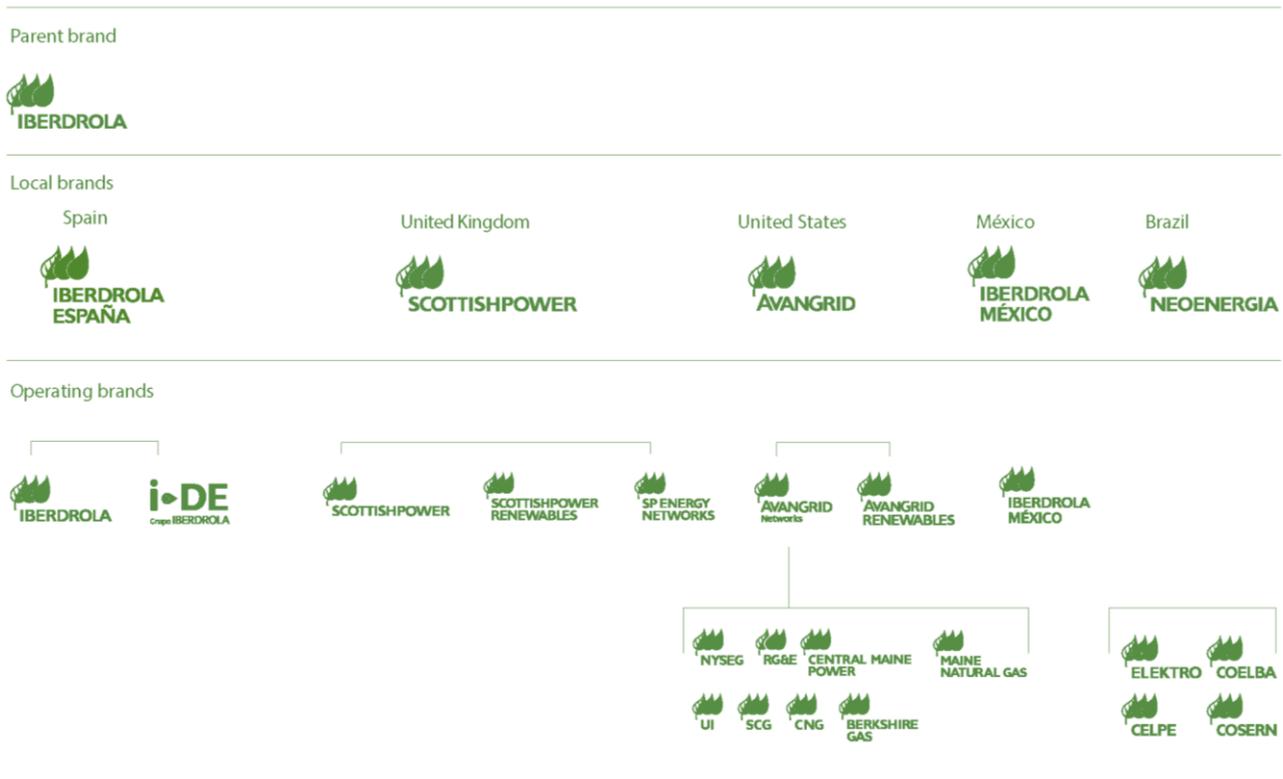
- Protection of the environment: renewable energy and sustainable mobility.
- Quality of electricity supply and safety of facilities.
- Distribution and sale of gas.
- Improvement in the consumer's quality of life, peace of mind and safety.
- Efficiency, digitisation and energy services.
- Assembly of electricity infrastructure.
- Comprehensive management of energy facilities and supplies.

The “Iberdrola” brand

The “Iberdrola” brand is a reflection of its corporate Purpose and Values (see the Purpose section of this 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 adjust 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 value, and beyond the location of the business, it has created a brand culture based on a global/local balance.

Iberdrola has the brand names listed in the table below at year-end 2019:



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

Key operating figures⁴

Installed capacity, production, networks and users

At year-end 2019, Iberdrola had 52,082 MW of total installed capacity, an increase of 11.5%, of which 32,042 MW are renewable.

EU1

Installed capacity by energy source (MW)

	2019	2018
Renewables	31,939	29,198
<i>Onshore wind</i>	16,787	15,569
<i>Offshore wind</i>	964	544
<i>Hydroelectric</i>	12,864	12,252
<i>Mini-hydro</i>	306	303
<i>Solar and others</i>	1,018	529
Nuclear	3,177	3,177
Gas combined cycle	8,377	7,474
Cogeneration	1,335	1,335
Coal	874	874
Total own installed capacity	45,702	42,058
Renewables	103	103
<i>Onshore wind</i>	103	103
Gas combined cycle	6,227	4,533
Total third-party installed capacity	6,380	4,636
Total	52,082	46,694

For its part, 76.8% of total own installed capacity is associated with emission-free technologies.

⁴ Operating figures include figures corresponding to partially owned and uncontrolled companies, applying the percentage interest.

Total production for the year was 151,714 GWh, showing growth of 4.2%:

EU2

Net electricity production by energy source (GWh)

	2019	2018
Renewables	59,074	61,474
<i>Onshore wind</i>	37,216	36,326
<i>Offshore wind</i>	2,211	1,642
<i>Hydroelectric</i>	17,941	22,415
<i>Mini-hydro</i>	618	670
<i>Solar and others</i>	1,088	421
Nuclear	23,737	23,535
Gas combined cycle	21,973	20,467
Cogeneration	8,897	8,020
Coal	349	1,637
Total own production	114,030	115,134
Renewables	227	279
<i>Onshore wind</i>	227	279
Gas combined cycle	37,457	30,192
Total third-party production	37,684	30,471
Total	151,714	145,605

Approximately 72.6% of own production is associated with emission-free technologies.

The following table shows the net output for 2019 broken down by country and technology type.

2019 net electricity production by technology and country (GWh)

	Spain	United Kingdom	United States	Brazil	Mexico		IEI
					Own	Third-party	
Renewables	22,190	4,640	17,480	10,674	1,424	227	2,665
Nuclear	23,738	0	0	0	0	0	0
Gas combined cycle	9,697	0	3	3,334	8,940	37,457	0
Cogeneration	2,586	0	3,477	0	2,834	0	0
Coal	349	0	0	0	0	0	0
Total	58,560	4,640	20,960	14,007	13,198	37,684	2,665

In 2019, 79.1% of production was achieved using local sources of energy⁵, as shown in the following table:

2019 production with local sources of energy (%)

Spain	78.4%
United Kingdom	100.0%
United States	66.7%
Brazil	100.0%
Mexico	76.1%
IEI	100.0%
Iberdrola group average	79.1%

At the end of financial year 2019, the companies of the group, as a whole, handled a total of 33.9 million users (33.6 in 2018). Of this total, 29.8 million users are of electricity, and the rest of the users are of gas. It should be noted that more than 85% are residential.

EU3 102-6

Electricity users (%)⁶

	2019	2018	2017
Residential	85.5	90.2	90.1
Industrial	1.0	0.9	1.0
Institutional	0.9	0.9	1.0
Commercial	10.7	5.9	5.8
Other	1.8	2.1	2.1
Total	100	100	100

Users who are producers (No.)

	2019	2018	2017
Users that are also producers of electricity	96,465	83,584 ⁷	72,073

⁵ All renewable and non-renewable sources available in the country, as well as nuclear fuel acquired from the Spanish company Enusa, are considered local sources of energy.

⁶ In 2019 there was a change in Spain in the classification between residential, commercial and industrial.

⁷ Data recalculated with respect to the data published in 2018.

The group operates more than 1.1 million kilometres of transmission and electricity 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. In Brazil, the United States and in the United Kingdom, transmission lines are deemed to be those with a nominal voltage equal to or greater than 30 kV.

EU4

Power lines⁸ (Km)

	2019	2018	2017
Transmission			
Overhead	17,840	17,765	48,088
Underground	1,295	1,244	1,999
Total	19,135	19,009⁹	50,087
Distribution			
Overhead	979,926	962,940	911,474
Underground	192,452	191,723	195,050
Total	1,172,378	1,154,663	1,106,524
Total	1,191,513	1,173,672	1,156,611

During financial year 2019, the companies of the group produced electricity with a volume of 151,714 GWh, distributed 233,502 GWh of electricity, and supplied 122,083 GWh of gas.

Products or services provided

	2019	2018	2017
Net electricity production (GWh)	151,714	145,970	137,549
Electric power distributed (GWh)	233,502	233,435	230,151
Gas supplies to users (GWh)	122,083	126,341	122,010

⁸ 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.

⁹ Since 2018 subtransmission in the United States and Brazil is recorded as distribution network. Until then it was recorded as transmission network.

Operations (locations of operation)

The Iberdrola group has identified more than 1,200 sites at which the company operates. In order to properly report on such a large number of them from the viewpoint of the disclosures required by the GRI Standards, rationalisation criteria have been used to address them; accordingly, the number of Iberdrola's locations of operation at year-end 2019 is deemed to be 158 for purposes of this report.

Detailed information on these locations and on the criteria used to define them can be found in Annex 1 Supplementary Information.

Employees

The group had 35,374 employees at year-end 2019, with the following breakdown by country.

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Employees¹⁰

	2019	2018	2017
Spain	9,587	9,822	10,296
United Kingdom	5,637	5,611	6,067
United States	6,597	6,449	6,561
Brazil	11,746	10,749	10,096
Mexico	1,291	1,112	944
IEI	516	335	291
Total	35,374	34,078	34,255

¹⁰ The figures in the table reflect the number of employees at year-end 2019, without distinguishing between full-time/part-time employees. To perform statistical analysis regarding labour costs, it is recommended to use the number of employees in terms of Full Time Equivalents (FTEs): 33,772 in financial year 2017, 33,747 in financial year 2018 and 35,120 in financial year 2019.

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

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Employees at year-end¹¹

		2019			2018			2017		
		Men	Women	Total	Men	Women	Total	Men	Women	Total
By employment type	Full-time	27,071	7,671	34,742	25,015	7,339	32,354	26,050	7,182	33,232
	Part-time	54	578	632	1,102	622	1,724	179	844	1,023
By type of contract	Permanent	26,890	8,180	35,070	25,840	7,890	33,730	26,073	7,965	34,038
	Temporary	235	69	304	277	71	348	156	61	217
Total¹²		27,125	8,249	35,374	26,117	7,961	34,078	26,229	8,026	34,255

Policies regarding subcontracted personnel are set out in the “Creation of employment and salaries” section of chapter II.1.

¹¹ The figures in the table reflect the number of employees at year-end 2019, without distinguishing between full-time/part-time employees. To perform statistical analysis regarding labour costs, it is recommended to use the number of employees in terms of Full Time Equivalents (FTEs): 33,772 in financial year 2017, 33,747 in financial year 2018 and 35,120 in financial year 2019.

¹² The high percentage of full-time permanent contracts, and low turnover, properly represent the average data on contracts at year-end.

Revenue, equity and assets

The main figures relating to turnover, value of assets and liabilities and composition of consolidated property, plant and equipment are the following:

Net sales (Net revenue) (€ millions)

	2019	2018	2017
Iberdrola consolidated total	36,438	35,076	31,263

Capital structure, broken down in terms of debt and equity (€ millions)

	2019	2018	2017
Equity of controlling company	37,678	36,582	35,509
Adjusted bank borrowings, net	37,769	34,149	32,856

Assets

	2019	2018	2017
Gross property, plant and equipment in operation	105,841	97,911	94,928
Accumulated amortisation and provisions	(42,392)	(39,394)	(37,627)
Property, plant and equipment in operation	63,449	58,517	57,301
Gross property, plant and equipment in progress	7,879	7,651	6,837
Provisions	(38)	(59)	(56)
Property, plant and equipment in progress	7,841	7,592	6,781
Iberdrola consolidated total assets	122,369	113,038	110,689

Information on the key figures by geographic area can be found in Annex 1 Supplementary Information.

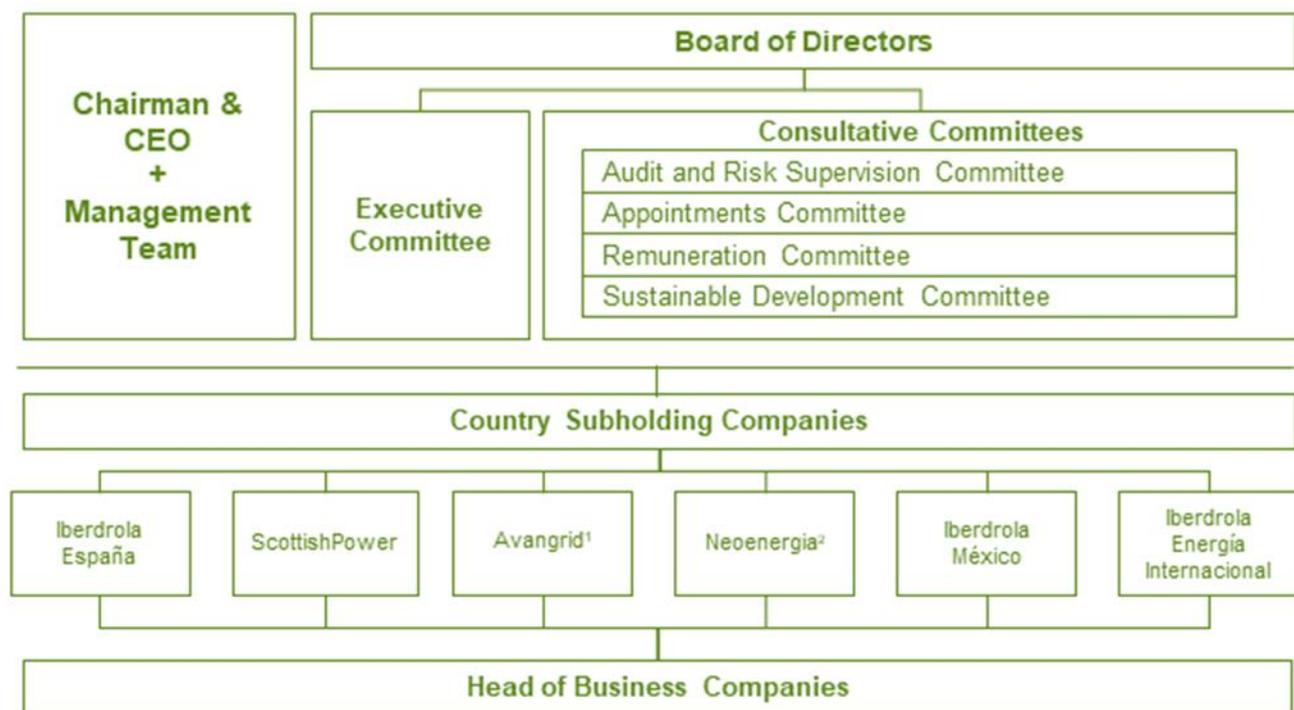
Corporate and governance structure, ownership and legal form

102-7

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

The corporate and governance structure of the company and of the group, which forms an essential part of the company's [Corporate Governance System](#), is reflected in the following chart:

Corporate and Governance Structure of Iberdrola, S.A.



(1) Company listed on the New York Stock Exchange.

(2) Company listed on the New Market segment of BOVESPA (Brazil).

Such corporate and governance structure is defined on the grounds described below, which differentiate between the duties of day-to-day administration and effective management, on the one hand, and those of supervision and control, on the other:

- Vesting in the company's Board of Directors of powers regarding approval of the strategic goals of the group and the definition of its organisational model, as well as supervision of compliance therewith and development thereof.
- Assumption of the duty of organisation and strategic coordination within the group by the chairman

& CEO, with the technical support of the Operating Committee, by the Business CEO, with overall responsibility for all the businesses of the group, and by the rest of the management team.

- c) The function of strategic organisation and coordination is also strengthened through country subholding companies in those countries in which the Board of Directors of the Company has so decided. These entities group together equity stakes in the energy head of business companies carrying out their activities within the various countries in which the group does business. This structure is rounded out with a country subholding company that groups together certain equity interests in other entities, including the non-energy head of business companies. 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.

Country subholding companies are responsible for disseminating, implementing and supervising the general strategy and the basic management guidelines at the country level.

The group's listed country subholding companies (currently Avangrid, Inc. and Neoenergia, S.A.) have a special framework of strengthened autonomy that covers regulatory matters, related-party transactions and management.

In particular, all transactions between the listed country subholding company and the subsidiaries thereof with the other companies of the group require approval by a committee of the Board of Directors of said country subholding company made up solely of directors not linked to Iberdrola.

The special framework of strengthened autonomy is implemented in the respective contracts signed by the Company with each listed country subholding company.

- d) The head of business companies of the group assume decentralised executive responsibilities, enjoy the independence necessary to carry out the day-to-day administration and effective management of each of the businesses, and are responsible for the day-to-day control thereof.

These head of business companies are organised through their respective boards of directors, which include independent directors where appropriate, and their own management decision-making bodies; they may also have their own audit committees, internal audit areas and compliance units or divisions.



The corporate configuration and governance principles described above make up the corporate and governance structure of the group. This structure operates jointly with the group's Business Model (see chapter I.3 Business Model and Strategy), which seeks the global integration of the businesses and aims to maximise the operational efficiency of the various business units. It also ensures the dissemination, implementation and monitoring of the general strategy and of the basic management guidelines for each of the businesses, mainly through the exchange of best practices among the various companies of the group, without reducing the decision-making autonomy of each of them.

Within the group's corporate and governance structure, the Operating Committee is an internal committee of the company, the essential function of which is to provide technical, information and management support to the chairman & CEO, in order to facilitate the development of the group's business model.

Governance structure

Board of Directors

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As at 31 December 2019, Iberdrola's Board of Directors is made up of 14 members:

Board of Directors

Position	Director	Status	Nationality	Date of first appointment	Date of last appointment
Chairman & CEO	José Ignacio Sánchez Galán	Executive	Spain	21-05-2001	29-03-2019
Vice-chair	Inés Macho Stadler	Other external	Spain	07-06-2006	08-04-2016
Director	Íñigo Víctor de Oriol Ibarra	Other external	Spain	26-04-2006	08-04-2016
Director	Samantha Barber	Independent	United Kingdom	31-07-2008	08-04-2016
Director	María Helena Antolín Raybaud	Independent	Spain - France	26-03-2010	29-03-2019
Director	Georgina Kessel Martínez	Independent	Mexico	23-04-2013	13-04-2018
Director	Denise Mary Holt	Independent	United Kingdom	24-06-2014	29-03-2019
Director	José W. Fernández	Independent	United States	17-02-2015	29-03-2019
Director	Manuel Moreu Munaiz	Independent	Spain	17-02-2015	29-03-2019
Director	Xabier Sagredo Ormazá	Independent	Spain	08-04-2016	29-03-2019
Lead independent director	Juan Manuel González Serna	Independent	Spain	31-03-2017	31-03-2017
Director / Business CEO	Francisco Martínez Córcoles	Executive	Spain	31-03-2017	31-03-2017
Director	Anthony L. Gardner	Independent	United States	13-04-2018	13-04-2018
Director	Sara de la Rica Goiricelaya	Independent	Spain	29-03-2019	29-03-2019

Secretary (non-member): Julián Martínez-Simancas Sánchez.

Deputy Secretary (non-member): Santiago Martínez Garrido.

Legal Counsel (non-member): Rafael Mateu de Ros Cerezo.

The composition of the Board of Directors is shown below:

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Composition of the Board of Directors

		2019		2018		2017	
		No.	%	No.	%	No.	%
By gender	Men	8	57	9	64	9	64
	Women	6	43	5	36	5	36
By age group	Between 31 and 50 years old	1	7	2	14	2	14
	Over 51 years old	13	93	12	86	12	86
Total		14	100	14	100	14	100

Executive Committee

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The Executive Committee has all the powers inherent to 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, investments and divestitures that are significant for the company or its group, assessing their alignment with the budget and the strategy of the company, and analysing and monitoring business risks, taking into consideration the environmental and social aspects thereof.

Executive Committee

Position	Director	Status
Chairman	José Ignacio Sánchez Galán	Executive
Member	Inés Macho Stadler	Other External
Member	Manuel Moreu Munaiz	Independent
Member	Samantha Barber	Independent

Secretary (non-member): Julián Martínez-Simancas Sánchez.

Chairman & CEO

The chairman of the Board of Directors is also the chief executive of Iberdrola. At the General Shareholders' Meeting held on 29 March 2019, the shareholders approved the re-election of the chairman & CEO by a large majority. Such 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 itself. It was also favourably reported upon 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. By virtue thereof, the Board of Directors prepared the corresponding proposed resolution for the General Shareholders' Meeting on the following basis:

- The positive evaluation of the performance of the chairman & CEO during his entire term, his strategic vision and management capacity, demonstrated in the financial and non-financial results of the Company.
- His decisive role in the preparation of Iberdrola's 2018-2022 Strategic Plan, which is supported by the shareholders and is already generating results in its second year of application.
- The decentralised corporate structure of the Iberdrola group, which allows for the global integration of the Businesses, achieving maximum operational efficiency and ensuring the efficient implementation and supervision of the general strategy, the main management guidelines and best practices.
- The existence of efficient governance bodies that have strong and appropriate checks and balances mechanisms, all clearly defined and described in the Company's Corporate Governance System. In particular:

- A high level of independence of the Board of Directors and its committees compared to comparable entities at the global level and to the local market.
- The continuous refreshment of the composition of the Board of Directors with highly qualified members, each of whom contributes the skills required to drive forward Iberdrola's long-term strategy.
- The permanent commitment of Iberdrola's Board of Directors to maintaining an active and constructive dialogue with all of its Stakeholders in order to explain its strategy and activities.
- The existence of a vice-chair and a lead independent director with clear and strengthened powers, including participation in planning the schedule and the agendas for the meetings of the Board of Directors, maintaining ongoing contacts with the shareholders, and leadership in evaluating the performance of and the process of succession for the chairman & CEO.

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The company also has a Business CEO, who has been specially appointed by the Board of Directors, with responsibility 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 employees authorised to implement its strategy and basic management guidelines, with powers provided under two operating principles: (i) the principle of joint action, which governs the exercise of the powers that are of a decision-making or organisational nature; and (ii) the principle of solidarity, which governs the exercise of powers of mere representation.

Furthermore, the group has *Internal Rules on Powers of Attorney* which generally define the system for representational powers of the group, which is governed by the principle of several representatives, pursuant to which each company will appoint its representatives from among its own employees rather than from the employees of another company of the group, and by the establishment of limitations on time, quantity and the substitution of powers, among others.

Consultative Committees

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

- **Audit and Risk Supervision Committee.** 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 the economic and financial information, the auditing of accounts and compliance, all upon the terms established in its [Regulation](#).

Audit and Risk Supervision Committee		
Position	Director	Status
Chairman	Xabier Sagredo Ormaza	Independent
Member	Georgina Kessel Martínez	Independent
Member	Denise Mary Holt	Independent
Member	José W. Fernández	Independent

Secretary (non-member): Rafael Sebastián Quetglas.

- **Appointments Committee.** Performs duties relating to the selection, appointment, re-election and cessation in office of the company's directors and senior officers upon the terms established in its [Regulation](#)

Appointments Committee		
Position	Director	Status
Chair	María Helena Antolín Raybaud	Independent
Member	Iñigo Víctor de Oriol Ibarra	Other external
Member	Anthony L. Gardner	Independent

Secretary (non-member): Iñigo Gómez-Jordana Moya.

- **Remuneration Committee.** Performs duties relating to the remuneration of the company's directors and senior officers upon the terms established in its [Regulations](#).

Remuneration Committee		
Position	Director	Status
Chairman	Juan Manuel González Serna	Independent
Member	Inés Macho Stadler	Other external
Member	Manuel Moreu Munaiz	Independent

Secretary (non-member): Rafael Mateu de Ros Cerezo.

- **Sustainable Development Committee.** Performs duties relating to the revision and update of the Corporate Governance System and supervision of the sustainable development policies: human resources, equal opportunities, occupational health and safety, stakeholder relations, respect for human rights, sustainability, etc., upon the terms established in its [Regulations](#).

Sustainable Development Committee		
Position	Director	Status
Chair	Samantha Barber	Independent
Member	Iñigo Víctor de Oriol Ibarra	Other external
Member	Sara de la Rica Goiricelaya	Independent

Secretary (non-member): Fernando Bautista Sagüés

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](#) for financial year 2019.

Beneficial ownership

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At 31 December 2019, the company's share capital totalled 4,771,554,000 euros, represented by 6,362,072,000 shares of the same class and series, each having a nominal 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 69.70%
- Domestic institutional investors 7.74%
- Retail shareholders 22.56%

No shareholder holds a controlling interest in the equity structure of the company. Below is a table showing those shareholders who hold a significant interest¹³ in the equity of Iberdrola or in the voting rights during the last three financial years.

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

	31/12/2019	31/12/2018	31/12/2017
Qatar Investment Authority	8.69	8.65	8.57
BlackRock, Inc.	5.16	5.13	3.03
Norges Bank	3.43	3.33	3.21
Capital Research and Management Company	N/A	N/A	3.10

As at the date of preparation of this report, the share capital of Iberdrola, S.A. totals 4,840,194,000.00 euros and is made up of 6,453,592,000 shares, each having a nominal value of 0.75 euro, which are fully subscribed and paid up.

¹³ Defined according to Royal Decree 1362/2007 and Circular 2/2007, of 19 December, of the National Securities Market Commission.

I.2. Iberdrola's Contribution to the Sustainable Development Goals

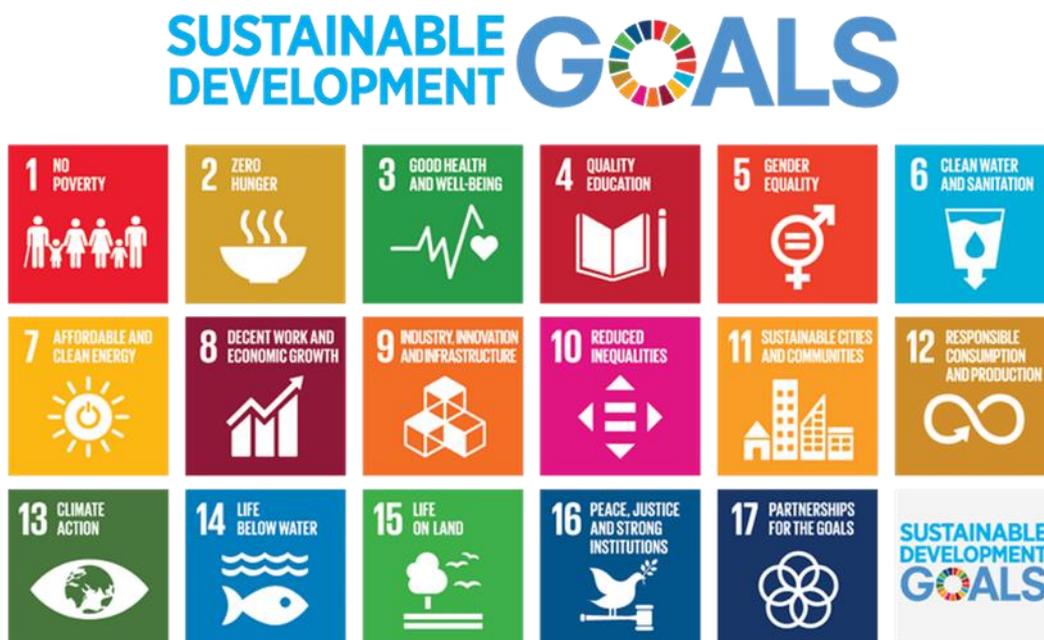
- Introduction
- Commitment to the SDGs
- Our main focus: SDGs 7 and 13
- Main objectives and actions in 2019 that contribute to the SDGs

Introduction

In September 2015, the Member States of the United Nations adopted 17 Sustainable Development Goals (hereinafter, SDGs) as part of the 2030 Agenda for Sustainable Development. These goals are designed to, among other things, end all forms of poverty, fight inequalities and injustice and tackle climate change.

The success of the Agenda will be the result of the collaborative efforts of all of society. Companies have been included in this process for the first time, in their role as promoters of innovation and engines for economic development and employment. Strong and visionary business leadership is essential for achieving the necessary transformation that the SDGs require.

Iberdrola recognises that the SDGs offer a new vision that allows us to translate global needs and desires into solutions. They propose a new viable model for long-term growth and will contribute to companies developing more solid strategies. The integration of the SDGs into business plans strengthens the identification and management of material risks and opportunities and costs, the creation of and access to new markets, and innovation in the business models - making them more efficient and thus aligning the strategy and expectations of the company with its employees, customers, suppliers and investors and the communities in which it operates.



References to SDGs in this Report

This report is a compendium of the annual performance of the company in the area of sustainable development, of its strategy in this regard, and of the principal activities and projects undertaken.

To facilitate an analysis from the viewpoint of its contribution to the 2030 Agenda, it is important to establish a relationship between the activities that Iberdrola describes throughout this report and the various SDGs that are furthered by the performance thereof. Therefore, the SDGs to which the company contributes are identified in each section, based on the mapping made by the tool *SDG Compass. The guide for business action on the SDGs*, as well as the recent document published by GRI and the UN Global Compact “*GRI-UNGC Business Reporting on SDGs. An Analysis of Goals and Targets*”, but only including those SDGs to which the company believes it makes a significant contribution.

Annex 2 provides more detailed information regarding Iberdrola’s contribution to the SDGs and related goals, as well as the related GRI disclosures and the pages on which the corresponding performance information can be found.

Commitment to the SDGs

Based on ongoing dialogue with its Stakeholders, and aware of the clear economic, social and environmental impact of all of its activities, Iberdrola frames its business activities primarily with reference to its Purpose and Values and respect for Human Rights. It thus promotes initiatives that contribute to achieving a more just, egalitarian and healthy society, and particularly the achievement of the SDGs, especially those relating to universal access to electricity (goal 7) and the fight against climate change (goal 13), but also others like the promotion of innovation, the development of education, the protection of biodiversity, gender equality, and particularly the empowerment of women, as well as the protection of disadvantaged groups.

Therefore, Iberdrola has linked its business strategy to the SDGs since the definition thereof, and in 2018 revised its Corporate Governance System by formalising and further developing the company’s contribution to the SDGs as part of the corporate philosophy.

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

- By-Laws
- *Purpose and Values of the Iberdrola group and Code of Ethics*
- Corporate governance and regulatory compliance policies
- Sustainable development policies
- Governance rules of corporate decision-making bodies and of other functions and internal committees

Ultimately, it is an attempt to cause all Stakeholders to 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.

It should be noted that, among the various corporate policies that have been approved, those relating to sustainable development are intended to ensure the alignment of all conduct of the group with the bylaw-mandated commitment of the company to the social dividend and to the SDGs, as provided in the General Sustainable Development Policy.

This policy sets out the general principles and provides the basis for governing the group's sustainable development strategy. The goal is to ensure that all its corporate activities and businesses are carried out while fostering the sustainable creation of value for society, citizens, customers, shareholders and the communities in which the group is present, equitably compensating all groups that contribute to the success of its business enterprise, with a long-term vision that achieves a better future without compromising present results, favouring the achievement of the SDGs and rejecting actions that contravene or hinder them.

It should be noted that the company's commitment to contribute to the SDGs is supervised by the 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 II.7) is vested with the power to, among other things, "*Monitor the group's contribution to the achievement of the SDGs*".

Furthermore, given the cross-sectional nature of the SDGs within the group, Iberdrola has an SDG Advisory Committee, a multidisciplinary team that meets on a quarterly basis 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 fixed goals. The SDG Advisory Committee held 6 meetings during 2019.

Activities to raise awareness of the SDGs

Iberdrola wants to disseminate and raise the awareness of its employees regarding the importance of achieving the SDGs, and of the capacity of each of their activities, as a company and as individuals. These activities include:

- Making available to all employees a training course on the SDGs, prepared in collaboration with Unesco. This course will serve as the basis for a new online orientation course made available to all new hires.
- Communication and promotion of a campaign called “The SDGs and Me”, which defines each of these Goals, Iberdrola’s position and the activities that each person can perform in their daily life to improve them.
- At the internal communication level, the various notices included in the intranet have a graphical link to the SDGs.
- Various social campaigns defining their link to the SDGs have been launched.
- All volunteering campaigns, as well as the social contributions made by the group and its foundations, have been linked to the SDGs they seek to improve.

Our main focus: SDGs 7 and 13

Iberdrola focuses its efforts on the SDGs where its contribution is most significant: the supply of accessible and non-polluting energy (goal 7) and climate action (goal 13). This commitment forms part of its governance model and of the company’s management, and is formalised in goals that are tied to the remuneration of the management team: the shareholders at the 2017 General Shareholders’ Meeting approved the linkage of the long-term incentive plan to contribution to achievement of these two Goals. For its part, the Board of Directors has proposed to the shareholders at the 2020 General Shareholders’ Meeting a new long-term incentive plan (Strategic Bonus 2020-2022) both linked to the economic and finance performance (evolution of Net profit, the Financial Strength and Total Shareholder Profitability), and to the UN 2030 Agenda and the Sustainable Development Goals (SDGs). Related to that, these objectives are referred to the fight against climate change, the drive for sustainability in the supply chain and to the commitment with the salary equality between men and women, that contributes to SDGs 3, 5, 6, 7, 13, 14 and 15.

The following tables show the disclosures in this report where it can be seen how the company contributes to the achievement of these two goals and their related aspirations.

7 AFFORDABLE AND CLEAN ENERGY



Goal 7: Affordable and sustainable energy

Ensure access to affordable, reliable, sustainable and modern energy for all

Goal for the “Electricity for All” programme: bring electricity to 16,000,000 million people who today lack access to this energy source by 2030.

The *Electricity for All* programme is Iberdrola’s response to the call of the international community to extend universal access to modern forms of energy, with environmentally sustainable, financially affordable and socially inclusive models. It is intended to ensure access to electricity in emerging and developing countries and to protect vulnerable customers in the developed countries in which are present.

Since the launch of the *Electricity for All* programme in January 2014, we have contributed to 7 million people benefiting from access to electricity through projects carried out, mainly in Latin America and Africa, meeting our 2020 commitment two years in advance.

Commitment to renewables. Iberdrola, a world leader in renewable energy, commits to the decarbonisation of the economy, which means electrification and the encouragement of renewable technologies, increasing renewable installed capacity. At year-end 2019 Iberdrola had approximately 32,000 MW, adding more than 2.7 GW during the 2018-2019 period.

Goal of the 2030 Agenda (SDGs)	GRI Indicator	Description	Pag.
7.1.- By the year 2030, guarantee universal access to affordable, reliable and modern energy services.	Own indicator	Number of beneficiaries of the <i>Electricity for All</i> programme	271
	Shift indicator C070101 from SDG EU26	Proportion of population of distribution zones with access to electricity	270
	EU28	Power outage frequency	247
	EU29	Average power outage duration	248
7.2.- By 2030, increase substantially the share of renewable energy in the global energy mix.	Own indicator	Installed capacity from renewable sources (MW or %)	22
	Own indicator	Power produced from renewable sources (MWh or %)	23
	302-1	Energy consumption within the organization	190
7.3.- By 2030, double the global rate of improvement in energy efficiency.	302-4	Reduction of energy consumption	192
	302-5	Reductions in energy requirements of products and services	195
	EU30	Average plant availability	109
7.a.- By 2030, enhance international cooperation to facilitate access to clean energy research and technology, including renewable energy, energy efficiency and advanced and cleaner fossil-fuel technology, and promote investment in energy infrastructure and clean energy technology. 7.b.- By 2030, expand infrastructure and upgrade technology for supplying modern and sustainable energy services for all in developing countries, in particular least developed countries, small island developing States and landlocked developing countries, in accordance with their respective programmes of support.	Own indicator	Amount allocated to R&D (€M)	262

13 CLIMATE ACTION



Goal 13: Climate action

Take urgent action to combat climate change and its impacts

The group recognizes the seriousness of the threat that global warming entails, which must be faced in a coordinated manner with governments, multilateral agencies, the private sector and society. The company thus undertakes to assume a position of leadership in the fight against climate change and to assume the following principles of conduct: i) prevent pollution by reducing the intensity of greenhouse gas emissions, ii) promote electrification, efficiency and smart grids, iii) support international negotiations and the participation of the private sector, iv) advocate for an emissions market that generates a strong and sustainable price signal, and v) support a tax system that includes the “polluting party pays” principle.

Iberdrola has set the goal of reaching global carbon neutrality by 2050 and expects its emissions intensity in Europe to be practically zero by 2030.

It has also set a goal of reducing greenhouse gas (GHG) emissions of absolute scope 1, 2 and 3, which has been approved by the Science-Based Target initiative.

The company has committed to maintaining its position as one of the leading European companies with the lowest CO₂ emissions per kWh produced, and to achieve this by focusing its efforts on reducing the intensity of greenhouse gases, promoting renewable technology and increasing efficiency.

Policy, memberships, awareness-raising and reporting

The company has a [Policy against Climate Change](#), in which there is a commitment to supporting the necessary international conventions, encourage the development of technology, and promote efficient energy use and responsible consumption. It has also endorsed the recommendations of the Task Force on Climate-related Financial Disclosure (TCFD), created by the Financial Stability Board (FSB), the objective of which is transparency regarding risks associated with climate change. Iberdrola has a section of its website called [Against Climate Change](#), as well as a section of this report (Iberdrola section and the TCFD in chapter I.3) to show the actions taken in this area. In 2016 Iberdrola included a *Plan for Raising Social Awareness on Climate Change* as an additional focal point for its climate change actions, with initiatives aimed at different audiences. And an *Introduction to climate change* course continues to be available to all employees as a virtual training initiative.

Goal of the 2030 Agenda (SDGs)	GRI Indicator	Description	Pag.
13.a Implement the commitment undertaken by developed-country parties to the United Nations Framework Convention on Climate Change 13.1.- Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries.	302-1	Proportion of energy consumption derived from renewable energy.	190
	302-4	Reduction of energy consumption (efficiency).	192
	302-5	Energy savings of green products and services.	195
	305-1	Direct GHG emissions. Scope 1 (per GHG Protocol)	199
	305-2	Indirect GHG emissions. Scope 2 (per GHG Protocol)	201
	305-3	Other indirect GHG emissions. Scope 3 (per GHG Protocol)	202
	EU30	Average plant availability	109
	Own indicator	Installed capacity from renewable sources (MW or %)	22
	Own indicator	Power produced from renewable sources (MWh or %)	23
	201-2	Financial implications and other risks and opportunities for the organisation's activities due to climate change	70
13.3.- Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning.	Own indicator	Awareness-raising activities regarding climate change and renewable energy	71

Main objectives and actions in 2019 that contribute to the SDGs

The following table lists some of the more significant goals relating to the SDGs as well as Iberdrola's main activities during 2019 and indicators measuring the Iberdrola group's contribution:

SDGs and related targets	Iberdrola's main actions and achievements 2019
 <p>1.4 Ensure that all men and women, in particular the poor and the vulnerable, have equal rights to economic resources, as well as access to basic services, ownership and control over land and other forms of property, inheritance, natural resources, appropriate new technology and financial services, including microfinance</p> <p>1.5 Reduce exposure and vulnerability to climate-related extreme events and other economic, social and environmental shocks and disasters</p>	<p>Actions and achievements:</p> <ul style="list-style-type: none"> • Contribution of more than 15 million euros at the group level to initiatives intended to improve the quality of life of vulnerable groups, along with Iberdrola's foundations. • Launch of the Iberdrola Social Programme 2020 by Fundación Iberdrola España. 33 projects in collaboration with 47 entities in the 2019 call, benefiting 85,000. 42% is allocated to avoiding situations of poverty and exclusion, prioritising the fight against infant poverty. • At ScottishPower, the ReachingWider association focuses on higher education for vulnerable people in Wales. And Bendrigg Trust is an outdoor education centre for disabled people at its Adventure for all project. • Rainn: an Avangrid project committed to protecting vulnerable people.
 <p>2.1 By 2030, end hunger and ensure access by all people, in particular the poor and people in vulnerable situations, including infants, to safe, nutritious and sufficient food all year round</p>	<p>Goal: Voluntary contributions of consumer staples by the group's employees, thus contributing to alleviating the situation of social exclusion and poverty of many persons</p> <p>Actions and achievements:</p> <ul style="list-style-type: none"> • Iberdrola has gathered more than 20,400 kilos of food at its work centres thanks to 'Operation Kilo', a programme launched in 2012. The more than 6 tons of food contributed by the employees have been distributed to various families through social organisations in Spain, Mexico, the UK and Brazil. • Encouragement of volunteering activities to distribute food to families in situations of vulnerability, soup-kitchens, etc.



3.4 Reduce by one third premature mortality from non-communicable diseases through prevention and treatment and promote mental health and well-being

3.6 Halve the number of global deaths and injuries from road traffic accidents

3.9 Substantially reduce the number of deaths and illnesses from hazardous chemicals and air, water and soil pollution and contamination

Goal: Reduce the accident rate (accidents involving own personnel) by 10% over the average of the last 5 years.

Actions and achievements:

- Improve the Global Occupational Safety and Health System, which is aligned with the [Occupational Safety and Health Policy](#) and the strictest international standards.
- Health and safety measures for contractors through training programmes and in-sourcing of work and personnel.
- ScottishPower has created a team to coordinate actions with Cancer Research, helping to raise awareness regarding the treatment of this disease. More than 86,000 customers were already signed up in Spain in 2019.
- 0-accident plan in Brazil 2019/2020 in order to reduce the accident rate among employees.



4.4 Substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship

4.7 Ensure that all learners acquire the knowledge and skills needed to promote sustainable development

Goal: Exceed the ratio of training hours received per employee over that of comparable companies.

Actions and achievements:

- Develop continuous training plans for employees, monitoring compliance therewith.
- **54.86 hours of training per employee trained in 2019, a 21.3% increase over 2018.**
- Millions of euros of investment in the scholarship and research grant programme for the 2019-2020 academic year.
- Iberdrola U: Programme with 8 universities focused on strengthening the company's link to the academic world and allowing a connection between more than 290,000 members of the academic world.
- Celebration in 2019 of *The World's Largest Lesson*, an initiative of Project Everyone and UNICEF to generate a space for dialogue in class, where inspiration and collaboration become actions that allow youth to open their eyes to the global situation and achieve a social impact.
- **ODS al Cole (SDGs to School), an initiative for teaching about the SDGs at secondary schools with talks given by employees of the company.** Some 3,500 children have already received training at various educational centres in Spain.



5.1 End all forms of discrimination against all women and girls everywhere

5.4 Promote shared responsibility within the household and the family

5.5 Ensure women's full and

effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life

5.c. Adopt and strengthen sound policies and enforceable legislation for the promotion of gender equality and the empowerment of all women and girls at all levels

Goal: Promotion of women to important positions

Actions and achievements:

- **Only European utility selected in all years of the Bloomberg Gender-Equality Index (GEI)**, in recognition of its equal opportunity and gender policies
- The Iberdrola group has an *Equal Opportunity and Reconciliation Policy* that includes measures to solidify the reconciliation of work and personal life.
- Campaign against gender violence, in collaboration with the Ministry of the Interior.
- Ratification of the UN Women's Empowerment Principles.
- Iberdrola, with 43%, has the highest percentage of women on its Board of Directors compared to Ibex-35 companies.
- **Support for female sports. Women's Universe (*Universo Mujer*) programme in partnership with the Higher Council for Sport (*Consejo Superior de Deportes*), promoting female sports within 16 Spanish federations.**



6.3 Improve water quality by reducing pollution, eliminating dumping and minimizing release of hazardous chemicals and materials, halving the proportion of untreated wastewater and substantially increasing recycling and safe reuse globally.

6.4 Substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity

6.5 Implement integrated water resources management at all levels

6.6 By 2020, protect and restore water-related ecosystems, including mountains, forests, wetlands, rivers, aquifers and lakes

Goal: In its position as one of the utilities with the best water productivity (water utilised/revenue), Iberdrola commits to maintaining this indicator 50% below the European average for the sector in the coming 5 years.

Actions and achievements:

- Join the United Nations' CEO Water Mandate to encourage sustainable practices in the use of water.
- **It has been part of CDP Water since its first edition.**
- Improve the management of the hydraulic sub-footprint and of the environmental management systems: first study of Iberdrola' water footprint.

7 AFFORDABLE AND CLEAN ENERGY



7.1 Ensure universal access to affordable, reliable and modern energy services

7.2 Increase substantially the share of renewable energy in the global energy mix

7.3 Double the global rate of improvement in energy efficiency

7.a Enhance international cooperation to facilitate access to clean energy research and technology and promote investment in energy infrastructure and clean energy technology

7.b Expand infrastructure and upgrade technology for supplying modern and sustainable energy services for all in developing countries

Goal: By 2030, achieve access to energy for 16,000,000 people who previously lacked it, within the framework of the *Electricity for All* Programme.

Goal: increase renewable installed capacity during 2019, with the start-up of an additional 2,600 MW.

Actions and achievements:

- Procedures to protect customers in situations of vulnerability: covers 100% of vulnerable customers in Spain. *Warm Home Discount* and *Price Cap* programme in the United Kingdom. *Operation Fuel* in Connecticut (United States).
- **Iberdrola had approximately 32,000 MW of installed renewable capacity at year-end 2019, an increase of close to 9.4% for the year.**
- Offer of 100% renewable energy for customers in Spain with the “Customised Plans” and “Smart Solar”
- **ScottishPower, only 100% renewable electric company in the United Kingdom.**
- Energy efficiency: more than 65 million tons of CO₂ emissions avoided during the last 3 years.
- Fernando de Noronha Zero Carbon Project in Brazil.
- III Iberdrola Solidarity Awards, in recognition of projects ensuring universal access to accessible, reliable and modern energy services.

8 DECENT WORK AND ECONOMIC GROWTH



8.2 Achieve higher levels of economic productivity through diversification, technological upgrading and innovation

8.4 Improve progressively global resource efficiency in consumption and production

and endeavour to decouple economic growth from environmental degradation

8.5 Achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value

8.8 Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment

Goal: Maximisation of issues in the green finance market and promote a stable working environment.

Actions and achievements:

- More than 34,200 direct jobs.
- Approximately 400,000 direct, indirect and induced job positions throughout the world¹⁴.
- €8,716 million in purchasing volume in 2019.
- More than €8,000 million in tax contributions.
- More than €31,100 million of GDP impact in the countries in which the group does business.
- Iberdrola continues to be the largest corporate issuer of green bonds in the world.
- Digital transformation applied to the businesses: big data, virtual reality and artificial intelligence.
- In Brazil, Neenergia has offered 64 scholarships for students to work at the distributor, including assistance for food, transportation and medical and life insurance.

¹⁴ PwC study “Economic, social and environmental impact of Iberdrola worldwide” (based on 2018 data).

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



9.c Significantly increase access to information and communications technology and strive to provide universal and affordable access to the Internet in least developed countries

9.1 Develop quality, reliable, sustainable and resilient infrastructure, including regional and transborder infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all

9.4 Upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes

9.5 Enhance scientific research, upgrade the technological capabilities of industrial sectors in all countries, in particular developing countries, including by encouraging innovation and substantially increasing the number of research and development workers

Goal: Development of the Innovation and Digitisation Programme.

Actions and achievements:

- **280 million euros in R&D in 2019 (most innovative Spanish utility, second most innovative in Europe and third most innovative in the world)¹⁵**
- 85 innovation projects between 2018 and 2019.
- World leader in smart grids, currently developing the STAR+ project
- Development of the smart grid projects *Smart City* (Atibaia) in Brazil and *Smart Community* (Ithaca) in the United States.
- Development of new products for customers based on Data Analytics (Energy Wallet, Custom Plans) and development of new apps.
- Develop projects to improve management of the grids in distributed generation scenarios, like the *Alois* project in Spain and *Fusion* project in the United Kingdom.
- Iberdrola has completed a project in Spain that will contribute to accelerating the decarbonisation process by showing with blockchain technology that the energy supplied and consumed by the customer is 100% renewable.

10 REDUCED INEQUALITIES



10.2 Empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status

10.3 Ensure equal opportunity and reduce inequalities of outcome, including by eliminating discriminatory laws, policies and practices and promoting appropriate legislation, policies and action in this regard

Goal: Foster diversity and the social inclusion of vulnerable groups through the corporate volunteer programme and the social welfare projects of the foundations.

Actions and achievements:

- A total of 7,489 volunteers worldwide participated in the company's Corporate Volunteering Programme.
- Ensure equality of opportunities within the workforce through talent management.
- Model for management of impacts on human rights issues in relation to local communities.
- III Edition of the Iberdrola Awards for Solidarity, given to entities that fight for the equality and integration of the most vulnerable people.
- Since the implementation of its Social Programme, the company has promoted more than 350 social initiatives in Spain, helping a total of 335,000 people.

¹⁵ Based on classification by the European Commission

11 SUSTAINABLE CITIES AND COMMUNITIES



11.2 Provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations,

women, children, persons with disabilities and older persons

11.4 Strengthen efforts to protect and safeguard the world's cultural and natural heritage

11.6 By 2030, reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management

Goal: Installation of 25,000 recharging stations for electric vehicles by 2021 through the Sustainable Mobility Plan, with initiatives aimed at employees, companies, customers and suppliers.

Actions and achievements:

- **Employee incentives to buy electric vehicles and availability of electric vehicles from the corporate fleet.**
- Electric vehicle fleet available to employees.
- LEED (Leadership in Energy & Environmental Design) certification, Gold Category, for the Iberdrola Campus, achieved within the planned deadlines.
- Illumination Programme of the Foundations, the goal of which is promote the recovery of artistic heritage and improve the interior and/or exterior illumination of unique buildings through collaborations with entities and institutions.

12 RESPONSIBLE CONSUMPTION AND PRODUCTION



12.2 Achieve the sustainable management and efficient use of natural resources

12.5 Substantially reduce waste generation through prevention, reduction, recycling and reuse

12.6 Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle

12.8 Ensure that people everywhere have the relevant information and awareness for sustainable development and lifestyles in harmony with nature

12.6 Reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management

Goal: We commit to a sustainable value chain, evaluating our suppliers with a new model seeking excellence and continuous improvement.

Actions and achievements:

- Energy efficiency plans at the corporate buildings.
- Almost 80% of energy production is carried out using local sources of energy available in the country where the electricity is generated.
- We stimulate the local economy: in 2019 89% of purchases were from local suppliers.
- **First Ibex-35 company to certify its General Shareholders' Meeting as a sustainable event in 2016, in accordance with international ISO 20121 standard, and first to renew this certificate in 2019.**
- Publication of Sustainability Report since 2004 and specific sustainability website.
- Active awareness-raising on the circular economy.



13.a Implement the commitment undertaken by developed-country parties to the United Nations Framework Convention on Climate Change

13.1 Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries

13.3 Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning

Goal: achieve a 50% reduction in the intensity of CO₂ emissions by 2030, as compared with the emissions of 2007; and be carbon-neutral by 2050. Also provides for its emissions intensity in Europe to be practically zero by 2030.

It has also set a goal of reducing greenhouse gas (GHG) emissions of absolute scope 1, 2 and 3.

Actions and achievements:

- Stimulate climate action activities at the **Climate Change Conference (COP25)** held in Madrid and other related events.
- Emission reduction targets approved by the Science Based Target initiative (SBTi).
- **Zero carbon communities:** ScottishPower project that describes the commitments to local communities to achieve the Net Zero goals in the United Kingdom with different goals scheduled through 2050.
- Collaboration with the World Business Council for Sustainable Development (WBCSD) on a report on disclosure of climate-related financial information aligned with the Task Force on Climate-related Financial Disclosures (TCFD).
- CO₂ emissions 65.5% less than the average for the European electricity sector (continental Europe, 2018).
- Plan to close the last two coal plants in Spain.
- *Plan for Raising Social Awareness on Climate Change*, with initiatives aimed at different audiences.
- Visits to energy classrooms: Whitelee received more than 84,000 visitors last year.



14.2 By 2020, sustainably manage and protect marine and coastal ecosystems to avoid significant adverse impacts, including by strengthening their resilience, and take action for their restoration in order to achieve

healthy and productive oceans.

Goal: Preserve marine ecosystems through innovative measures in the construction and operation of offshore wind farms.

Actions and achievements:

- Installation of noise mitigation systems for mammals in the construction and relocation phase and/or respect biotopes for the preservation of marine life.
- Regular studies of environmental impact on the area to monitor and conserve the habitat.
- Visual impact studies in the construction of new offshore wind farms.
- Insulation of subsea cables to avoid increasing temperature in the Baltic sea.
- Awareness-raising campaign to avoid the use of single-use plastics.

 <p>15.1 Ensure the conservation, restoration and sustainable use of terrestrial and inland freshwater ecosystems and their services, in particular forests, wetlands, mountains and drylands.</p> <p>15.5 Take urgent and significant action to reduce the degradation of natural habitats, halt the loss of biodiversity and protect and prevent the extinction of threatened species</p>	<p>Goal: Adjustment of 234,000 pylons at distribution lines to protect birds from electrocution between 2018 and 2025 (Aleteo project).</p> <p>Actions and achievements:</p> <ul style="list-style-type: none"> • Participation in Natural Capital's working group with companies in the industry. • Biodiversity protection programmes. • AENOR Corporate Environmental Footprint certificate. • 26,400 pylons have already been replaced by year-end 2019, with an investment of €33 million. •
 <p>16.5 Substantially reduce corruption and bribery in all their forms.</p> <p>16.10 Ensure public access to information and protect fundamental freedoms, in accordance with national legislation and international agreements</p>	<p>Goal: Renewal of ISO 37001 and UNE 19601 certifications regarding the anti-bribery and compliance management system in 2019.</p> <p>Actions and achievements:</p> <ul style="list-style-type: none"> • Inclusion for the sixth consecutive year on the list of the World's Most Ethical Companies of the Ethisphere Institute (United States), regularly reviewed and updated. • <i>Expansión</i> Award to the company with best compliance practices 2018-2019. • "Compliance Leader Verification" certification provided annually by the Ethisphere Institute on the Compliance system. • The group has anonymous ethics inboxes to allow for the reporting of improper actions or acts contrary to law or the <i>Code of Ethics</i>. • Active participation in the ICAI Iberdrola Chair on Economic and Business Ethics. • Expansion of goal for SDG Chair with the Technical University of Madrid to include business ethics.
 <p>17.17 Encourage and promote effective public, public-private and civil society partnerships, building on the experience and resourcing strategies of partnerships</p> <p>17.19 Build on existing initiatives to develop measurements of progress on sustainable development</p>	<p>Goal: Promote alliances with institutions that contribute to action against climate change.</p> <p>Actions and achievements:</p> <ul style="list-style-type: none"> • Collaboration with the Spanish Office of Climate Change. • Collaboration with the Spanish Green Growth Group. • Alliances with the academic world: The "SDG Chair" has been renewed with the Innovation and Technology for Development Centre at the Technical University of Madrid (itdUPM). • Acceleration 2030: The Unavoidable Transformation SDG workshop held at the San Agustín de Guadalix Campus. • Shire Alliance: Continuation of the project that began in 2014 to bring electric power to and improve facilities at refugee camps. • #CEOPorLaDiversidad Alliance, with a commitment to promote diversity policies. • "IV Youth Speak Forum": More than 500 youths participated in a workshop dedicated to promoting youth leadership regarding the 2030 Agenda, held by Iberdrola and AIESEC at Universidad Carlos III de Madrid.

Symposium on “The Unavoidable Transformation”; strategy to meet the 2030 Agenda

An event was held on 25 May with the presence of the Spanish Minister for the Ecological Transition and Demographic Challenge, Teresa Ribera, the special advisor to the Secretary of the United Nations for the Sustainable Development Goals, Jeffrey Sachs, the CEO of EIT Climate-KIC, Kirsten Dunlop, as well as the chairman of Iberdrola, Ignacio Galán, who discussed the best strategies to meet the 17 Sustainable Development Goals (SDGs) of the U.N. 2030 Agenda.

During the event, Ignacio Galán stated that “the SDGs should not be a problem, but rather an opportunity. Companies spearheading change, like Iberdrola, are doing better”. He also encouraged all industries, companies and groups to “work in the interest of the world, nature and people, upholding talent and doing things well” and added that “it’s good for shareholders and for society at large”.

Ignacio Galán emphasised that investors are supporting companies committed to sustainability, declaring that “the time for persuasion has passed, we have begun the phase of measuring what we are doing”.

Jeffrey Sachs talked about Spain's role in achieving the goals of the UN 2030 Agenda, stating that: “Spain's leadership in sustainable development is exciting and convincing”. The Government has put SDGs at the heart of the national agenda and has received overwhelming public support in recent elections. Many Spanish companies are leading in new clean, green technologies.

Teresa Ribera was responsible for closing the first block of the seminar and argued that “we are destined to cooperate with our natural partners to identify those collectives, institutions and vulnerable groups which, necessarily, must be part of the plan for any solution”.

Around twenty globally recognised experts on sustainability and innovation also took part in the event, including the Ibero-American Secretary General, Rebeca Gynspan, the High Commissioner of the Spanish Government for the 2030 Agenda, Cristina Gallach, a professor at McGill University in Montreal and Senior Fellow of The Young Foundation and the Agirre Lehendakaria Center (UPV-EHU), Gorka Espiau, and the President of Fundación COTEC, Cristina Garmendia.

I.3. Business Model and Strategy

- Business model
- Corporate Governance System
- *Code of Ethics*
- Policies and commitments
- Sustainable development policies
- Responsibilities
- Responsibility in the sustainable development strategy
- Goals, resources and results
- Key impacts on sustainability
- Risks and opportunities. Comprehensive risk system

Business model

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The Iberdrola group engages in the following activities:

- Transmission and distribution of electricity and gas.
- Production of electricity from clean and conventional sources.
- Supply of electricity, gas and related energy services.
- Purchase/sale of electricity and gas on wholesale markets.
- Other activities, mainly linked to the energy sector.

The Iberdrola group engages in its activities in many countries, including Spain, the United Kingdom, the United States, Brazil, Mexico, Germany, Portugal, France, Italy and Ireland, as well as Australia, where the Company has just commenced building a hybrid solar and wind project.

The business model developed by the group is based on Iberdrola's purpose (see "Purpose and values" section of chapter I.1) through a long-term sustainable industrial enterprise. Under this consideration, and taking into account the long-term consensus energy scenarios, Iberdrola is pursuing a strategy with the following main characteristics:

- The organic growth of the company is driven by major investments in the Atlantic area, in continental Europe, and in new countries like Australia. The international diversification in terms of contribution to results will continue to grow in the coming years.
- The investment will preferably focus on the networks and renewables businesses, which, in addition to being regulated businesses or long-term contracts, contribute decisively to the fight against climate change.
- The strategic pillars defined by the company are sustainable development, profitable growth, operational excellence, customer-focused operations, the optimisation of capital, and innovation.
- The company has published its commitment to decarbonisation, setting stringent objectives: to reduce the intensity of its CO₂ emissions to 50% below those of 2007 by 2030, and to be carbon-neutral by 2050, forecasting virtually zero emissions in Europe by 2030. These goals have been recognised as being based on science in accordance with the Science Based Targets initiative (SBTi).
- One characteristic of Iberdrola is its strong focus on the application of innovation to its operations and the rapid adoption of available technology.

- Financial stability is considered key for balanced growth. The company seeks to maintain high levels of solvency and liquidity, which ensure the normal development of operations, good access to the capital markets, and a sustainable dividend policy.
- The commitment to social responsibility and sustainability is reflected by the inclusion in the company's strategy of the concept of the "social dividend", defined as the sustainable creation of value for its Stakeholders by engaging in all of its activities.

Corporate Governance System

The Corporate Governance System includes another three regulatory foundations in addition to the By-Laws and the Corporate Purpose and Values of the Iberdrola group and the Code of Ethics: (i) the corporate policies; (ii) the governance rules of the corporate decision-making bodies and of the committees; and (iii) the rules relating to compliance, which group together the rules intended to prevent market abuse



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

The Corporate Governance System includes the company's contribution to the SDGs as part of the corporate philosophy. In February 2019 there was a new revision to include the Corporate Purpose of the Iberdrola group and its new values. For more information about the Corporate Purpose and values of Iberdrola group, see the "Purpose and values" section of chapter I.1.

The commitments of Iberdrola defined in this System materialise daily in all business activities of the group, as well as in its strategy to maximise the social dividend, sustainable development and respect for human rights, encouraging initiatives that contribute to achieving a more healthy, equal and just society, and

particularly to the achievement of the SDGs, especially the goals relating to universal access to electricity and the fight against climate change.



Ultimately, it is to seek shared value and to maximise Iberdrola's contribution to society through an energy model that is healthier, more accessible and based on electricity, and in the definition and construction of which all involved players should collaborate.

Iberdrola is conscious of the importance of the social dividend set out in article 7 of the [By-Laws](#) for all of the communities in which the group is present. Maximisation of the social dividend and the company's commitment to the sustainable creation of value are key values that the Board of Directors takes into account in order to define the strategy of the group.

Code of Ethics

Contribution to SDGs of the performance described by the indicators of this section



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The Company's [Code of Ethics](#) establishes the set of principles and guidelines for conduct designed to ensure ethical and responsible behaviour by all directors, professionals and suppliers of the group. The code thus applies to all directors (including natural persons who appoint corporate directors to represent them in the performance of their duties), professionals and suppliers of the group, regardless of their rank, their geographical location or functional reporting, or the group company to which they provide their services. It does not apply to country subholding companies that are listed or not wholly owned by the group and that have their own code of ethics, or the subsidiaries thereof.

The body charged with ensuring that the *Code of Ethics* is applied is the Compliance Unit (hereinafter, the “Unit”), a collective, internal and permanent body connected to the Sustainable Development Committee of the Board and with powers in the regulatory compliance area. The Unit’s main duties include ensuring the application *Code of Ethics* and the dissemination of a preventative culture based on “zero-tolerance” towards the commission of unlawful acts and fraud. The operation and main powers thereof are set forth in the [Regulations of the Compliance Unit](#).

In addition, Compliance Divisions have been established at each country subholding company and/or head of business company of the group, which are structured as internal independent areas linked to the respective Audit and Compliance Committee, with duties in the area of regulatory compliance and in the prevention and correction of unlawful or fraudulent conduct.

The *Code of Ethics* forms part of the Corporate Governance System and was approved by the Board of Directors in 2002 and last amended in April 2019. The last revision includes a reinforcement in various sections for providing notices to the Compliance Unit, as well as amendments regarding data protection.

For more detailed information regarding the group’s Compliance System, see the “Ethics and integrity” section of chapter II.7.

Policies and commitments

The Iberdrola group has a set of corporate policies that develop the principles reflected in the Corporate Governance 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*.

The companies of the group assume this set of principles and values that express their commitment to corporate governance, business ethics and sustainable development. The awareness, dissemination and implementation thereof serve to guide the activities of the Board of Directors and its committees and of the decision-making bodies of the company in their relations with the company’s various Stakeholders.

These [policies](#), which can be viewed in full or in summary in the [Corporate Governance](#) tab of the website, are grouped into three categories:

- Corporate Governance and Regulatory Compliance Policies.
- Risk Policies.
- Sustainable Development Policies.

Iberdrola has also assumed certain public commitments that guide the activities of the group:

- By subscribing to various initiatives relating to the environmental and social dimension of its activities.
- Through its membership in certain business and social organisations, which are identified by their objectives and purposes.

Both the initiatives and the partnerships are available in the “Public policies” section of chapter II.7 of this report.

These policies and commitments serve to guide the company and its workforce to manage their activities, and more specifically, the material topics dealt with in this document.

Sustainable development policies

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Iberdrola has a *General Sustainable Development Policy*, first approved by the Board of Directors in 2007 and last revised in December 2019, which sets out the general principles and provides the basis for governing the group’s sustainable development strategy. The goal is to ensure that all its corporate activities and businesses are carried out while fostering the sustainable creation of value for society, citizens, customers, shareholders and the communities in which the group is present, equitably contributing with all the groups that contribute to the success of its business enterprise.

This sustainable development strategy is based on a long-term vision that achieves a better future without compromising present results, favouring the achievement of the Sustainable Development Goals (SDGs) and rejecting actions that contravene or hinder them.

The actual and effective implementation of this strategy is to form part, along with the Corporate Governance System that supports it, of the virtual soul of the group, which is one of the key elements that differentiates it from its competitors and which is a deciding factor for its establishment as the preferred company for its Stakeholders.

The policy contains 5 cross-sectional principles of conduct in relation to:

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

And 6 principles of conduct in relation to the principal Stakeholders:

- shareholders and investors
- communities in which the group does business
- environment
- human team and talent
- customers
- suppliers

The General Sustainable Development Policy is further developed and supplemented by various sustainable development policies addressing specific needs and expectations of the Stakeholders:

- Stakeholder Relations Policy
- Innovation Policy
- Policy on Respect for Human Rights
- Quality Policy
- Corporate Security Policy
- Human Resources Framework Policy
- Knowledge Management Policy
- Recruitment and Selection Policy
- Equal Opportunity and Reconciliation Policy
- Occupational Safety and Health Policy
- Sustainable Management Policy
- Environmental Policy
- Policy against Climate Change
- Biodiversity Policy

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

Responsibilities

The “Corporate and governance structure, ownership and legal form” section of chapter I.1 describes the organisational model of the Iberdrola group and its responsible persons. The responsibilities of the corporate areas or operational areas regarding the various aspects dealt with in this report are the following:

- The chairman & CEO, with the support of the Business CEO and the rest of the management team, assumes the duty of strategic organisation and coordination of the group through the dissemination, implementation and monitoring of the general strategy and the basic management guidelines established by the Board of Directors.
- Issues relating to corporate governance are the responsibility of the Office of the Secretary of the Board of Directors.
- Issues that affect the legal area are the responsibility of the Legal Services Division.
- Aspects relating to labour practices are the responsibility of the Human Resources and General Services Division, within the Finance and Resources Division.
- Aspects relating to the environment are the responsibility of the Innovation, Sustainability and Quality Division. Those aspects relating to the fight against climate change are the responsibility of the Energy Policies and Climate Change Division. Both divisions report directly to the chairman & CEO.
- Issues relating to procurement are the responsibility of the Purchasing and Insurance Division, if referring to general supplies, and the responsibility of the Wholesale and Retail Business, if referring to the supply of fuel, both of which are within the group’s General Business Division.
- Those relating to regulation and public policies are the responsibility of the Planning, Management and Regulatory Positioning Division in coordination with the country subholding companies of each of the countries in which Iberdrola operates.
- Products sold, demand, customers and other related topics are the responsibility of the Wholesale and Retail Business if referring to liberalised markets like Spain or the United Kingdom, and of the Networks Business if referring to regulated markets like the United States or Brazil.
- Those relating to production facilities are the responsibility of the Wholesale and Retail Business or the Renewables Business, each within their scope of activity, and those relating to transmission and distribution facilities are the responsibility of the Networks Business. These three businesses are within the General Businesses Division of the group.

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By way of complement:

- The Operating Committee, made up of the chairman & CEO, the Business CEO and the directors of corporate functions and business units, is an internal committee providing technical support, information and management, with respect to both the duties of supervision and monitoring as well as the strategic organisation and coordination of the group through the dissemination, implementation and monitoring of the general strategy and the basic management guidelines established by the Board of Directors, while always respecting the scope of day-to-day management and effective decision-making corresponding to the governance and management bodies of the head of business companies of each of the businesses.
- The Compliance Unit, as an internal and permanent decision-making body linked to the Sustainable Development Committee of the company's Board of Directors, is responsible for proactively ensuring the effective operation of the company's Compliance System, which is made up of all of the rules, formal procedures and significant actions intended to ensure that the company conducts itself in accordance with ethical principles and applicable law, and for preventing improper conduct or conduct that is contrary to ethics, the law or the Corporate Governance System that might be committed by the professionals thereof within the organisation.
- The Internal Audit Division ensures the proper operation of the information technology and internal control, risk management and governance systems of the company and of the group. Its activities are governed by the provisions of the Corporate Governance System, the Basic Internal Audit Regulations of Iberdrola, S.A. and its group (BIAR) approved by the Board of Directors and the other internal rules of the company, as well as the *International Standards for the Professional Practice of Internal Auditing* approved by the Global Institute of Internal Auditors (IIA). The BIAR is required knowledge of the professionals of the group that it affects, and describes the nature, organisation, competencies, resources, activities, powers and duties of the function and establishes the relations between the Internal Audit Area of Iberdrola, S.A. and the Internal Audit divisions of the other companies of the group.

Iberdrola's governance model provides that said duties are assumed in a decentralised manner by the country subholding and head of business companies in each country, which are organised through their respective boards of directors. The head of business companies occupy themselves with the effective management thereof, as well as the day-to-day management and control thereof.

Responsibility in the sustainable development strategy

The implementation, monitoring and supervision of the sustainable development strategy is the responsibility of the various companies of the group in accordance with the corporate and governance structure of the group described in chapter I.1, in all cases respecting the principles of subsidiarity and decentralised management through the various committees that assume duties in the area of sustainable development and reputation.

Specifically, the Corporate Sustainable Development and Reputation Committee has the duties of:

- defining the basic corporate lines of evolution of practices focused on the sustainable growth of the social dividend and improvement of the group's reputation,
- approving and monitoring development plans in both areas,
- acknowledging the most significant advances, and
- collaborating in the preparation of public information regarding these areas disclosed by the company.

102-20

For its part, the Sustainable Development Committee of the Board (the composition and duties of which are described in the "Corporate governance" section of chapter II.7) is vested with the power to, among other things:

- *Assess and review the Company's plans implementing the sustainable development policies and monitor the level of compliance therewith.*
- *Supervise the Company's actions relating to sustainable development and report thereon to the Board of Directors and to the Executive Committee, as appropriate.*
- *Supervise and evaluate the processes of relations with the various Stakeholders.*

The Activities Report of the Board of Directors and of the Committees thereof for financial year 2019, available on the corporate website, identifies the reports prepared by this Committee and the appearances that took place during the year.

Goals, resources and results

Iberdrola regularly publishes its medium- and long-term goals using various formats: *Capital Markets Day*, the materials for which are available on the corporate website, is one of the most important events for communication of the company's future outlook. Iberdrola also publishes its *Integrated Report*, which is also available on the corporate website, using the methodology of the *International Integrated Reporting Council (IIRC)*.

To reach its financial and operational goals, Iberdrola has an annual process for assigning resources, by establishing the corresponding income and expense budgets, which are approved by the company's Board of Directors.

Internally, the various businesses and corporate organisations determine their annual goals in harmony with the strategic goals of the company, both financial and non-financial, directed specifically towards the activities for which they are responsible. The results obtained with respect to the established goals are used to establish the annual variable remuneration of the company's management team. The listed country subholding companies have their own process for establishing objectives and remuneration of their officers pursuant to their own special framework of strengthened autonomy, although they will be consistent with those of the Iberdrola group.

The sustainable development objectives are set by the different businesses and corporate divisions. Many of them are set out in the Sustainable Development Plan that the company prepares on a bi-annual basis, and which can be seen in the introduction to chapter II "Responsible Energy for People": Our Priorities.

The introduction to this chapter shows a table setting out the main objectives of the Plan, which consists of more than 300 activities.

The achievements obtained by Iberdrola are reflected in the performance of the various quantitative indicators covered by the various aspects dealt with in this report.

Key impacts on sustainability

102-15

The objective of Iberdrola's sustainable development strategy is to favour the "sustainable creation of value by engaging in the activities included in its corporate object, taking into account the Stakeholders related to its business activity and its institutional reality, in accordance with the *Purpose and Values of the Iberdrola group*", as set out in the *General Sustainable Development Policy* approved by the Board of Directors.

This sustainable development strategy is aligned with the implementation by the Iberdrola group of a business enterprise focused on the sustainable creation of value for all of its Stakeholders, providing a quality service through the use of environmentally-friendly energy sources, staying alert to the opportunities offered by the knowledge economy, and committed to the SDGs, especially in relation with goals 7 and 13.

For this purpose, the group innovates, makes new investments and promotes more efficient, sustainable and clean technologies, fosters the growth and develops the talent and the technical and human capacities of its professionals, works for the safety of people and supply, and labours to build a successful business enterprise together with all of the participants in its value chain, sharing the achievements with its Stakeholders.

Furthermore, the group's commitment to sustainability takes shape in five main principles of conduct pursuant to its *Sustainable Management Policy*:

- Competitiveness of the energy products supplied.
- Safety in the supply of energy products.
- Reduction in environmental impact of all of the activities performed by the companies of the group.
- Creation of value for shareholders, customers and suppliers, looking after business profits as one of the foundations for the future sustainability of the company and of the group.
- Driving the social dimension of the activities of the group.

Measurement of the social dividend

The measurement of the social dividend encompasses the principal direct, indirect and induced impacts, both present and future, generated by the group's activities, consistently with Iberdrola's commitment to the long-term sustainable creation of value.

Due to the diversity of sustainable development goals and commitments, the group uses a broad set of indicators that allows for an evaluation of the contribution from various viewpoints. Even though the indicators do not capture all of the impacts generated, the results obtained constitute an efficient assessment tool to verify the achievement of the bylaw-mandated commitment to the social dividend in the communities in which the group does business.

This assessment is taken into consideration by the Board of Directors when defining the group's strategy, and is shared transparently with all Stakeholders.

Long-term risks and opportunities. Comprehensive Risk System

102-15

The Iberdrola group is subject to various risks inherent to the different countries, industries and markets in which it does business and to the activities it carries out, which may prevent it from achieving its objectives and successfully implementing its strategies.

Aware of the significance of this issue, the Board of Directors of the company undertakes to develop all of its capabilities in order to adequately identify, measure, manage and control the significant risks to all the activities and businesses of the group, and to establish through the [General Risk Control and Management Policy](#) the mechanisms and basic principles for appropriate management of the risk/opportunity ratio.

All actions aimed at controlling and mitigating risks shall conform to the following main principles of conduct, among others:

- a) Defining the risk strategy and appetite determined by the Board of Directors.
- b) Segregate functions, at the operating level, between risk-taking areas and areas responsible for the analysis, control and monitoring thereof.
- c) Act at all times in compliance with the law and the company's *Corporate Governance System* and, specifically, with due observance of the values and standards reflected in the *Code of Ethics* and the principles and good practices reflected in the *Corporate Tax Policy*, under the principle of "zero tolerance" for the commission of unlawful acts and situations of fraud set forth in the [Crime Prevention Policy](#) and in the [Anti-Corruption and Anti-Fraud Policy](#).
- d) Inform regulatory agencies and the principal Stakeholders, in a transparent fashion, regarding the risks facing the group and the operation of the systems developed to monitor such risks.

Comprehensive Risk Control and Management System

The General Risk Control and Management Policy and the basic principles underpinning it are implemented by means of a *Comprehensive Risk Control and Management System*, supported by a Risk Committee of the group and based upon a proper definition and allocation of duties and responsibilities at the operating level and upon supporting procedures, methodologies and tools suitable for the various stages and activities within the system, including:

- a) The establishment of a structure of risk policies, guidelines, limits and indicators, as well as of the corresponding mechanisms for the approval and implementation thereof.
- b) The ongoing identification and analysis of significant risks and threats (including passive liabilities and other off-balance sheet risks), both for each corporate business or function and taking into account their combined effect on the group as a whole. To the extent possible, risks will be measured following homogenous procedures and standards common to the entire group.
- c) The analysis of risks associated with new investments, as an essential element in risk/return-based decision-making.
- d) The maintenance of a system for monitoring and control of compliance with policies, guidelines and limits, by means of appropriate procedures and systems, including the contingency plans needed to mitigate the impact of the materialisation of risks.
- e) The audit of the system by the Internal Audit Division.

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

- Corporate Governance
- Market
- Credit
- Business
- Regulatory and political
- Operational and technological
- Environment and climatic
- Social, legal and reputational

Effectiveness of risk management processes

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 tending to minimise the impact of the risks.

The pillars of the system include the ongoing evaluation of the suitability and efficiency thereof, as well as best practices and recommendations in the area of risks for eventual inclusion thereof in the model.

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 report to said Risk Committee, and which also meet on a monthly.

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 corporate Risk director.
- It coordinates and reviews the Risk Reports sent periodically (at least half-yearly) by the Audit and Compliance Committees of the companies of the group that have such a body.
- On at least a half-yearly basis, it prepares a risk report for the Board of Directors and the Operating Committee.

A more detailed description regarding risk management at Iberdrola can be found in the following public documents, available on the website:

- Section "E" of the [Annual Corporate Governance Report](#) for financial year 2019.
- The "Principal risks and uncertainties" section of the [Consolidated Management Report](#) for financial year 2019.
- Note 4 to the consolidated financial statements for financial year 2019
- The [Integrated Report](#), February 2020.
- The *General Risk Control and Management Policy*.

Climate action at Iberdrola

201-2

Iberdrola has understood the importance of climate change for more than two decades. The company at that time began a profound transformation of its business model, which has allowed it to lead the energy transition and to contribute in the progression towards a sustainable and fair future.

The electric industry plays a key role in achieving the purpose set out in the historic Paris Agreement to limit the increase in the planet's temperature to below 2° C. The Iberdrola group, an active participant in the various Climate Conferences, is fully aligned with this international compact, having made a public commitment to reach carbon neutrality by 2050 (and expects to reach an emissions intensity of virtually zero in Europe by 2030), as well as a climate scenario fully aligned with a maximum increase in temperature of 1.5 °C. Reaching a decarbonised energy model is currently feasible and can be achieved efficiently and competitively. Iberdrola is in an optimal position to manage the risks and take advantage of opportunities offered by this energy transition thanks to its leadership in renewable energy, smart grids, storage and digitisation.

Iberdrola recognises the fight against climate change as a strategic pillar of its activity in its corporate governance system, and has updated its Policy against Climate Change in 2019. To put its commitment into practice, Iberdrola has a climate action plan with five lines of action dealing covering actions of mitigation and internal adaptation to climate change, active participation in the global agenda collaborating with the main international organisations and coalitions, as well as our contribution to and participation in debates on climate goals and policies and awareness-raising and the engagement of all of its Stakeholders in this area. These activities have allowed us to show that technology and solutions are available to successfully deal with climate change, not only feasibly and competitively, but also creating numerous business opportunities and supporting a fair transition for those sectors that might be negatively affected in the energy transition.

The *Policy against Climate Change* has given form to a Climate Action Plan that is focused on five pillars:

CLIMATE ACTION PLAN FOCUSED ON:

CLIMATE CHANGE SOCIAL AWARENESS PLAN

Actions focused on creating knowledge, mobilising and facilitating climate action from society.

Internal and external scope, with different target publics.

ANALYSIS AND POSITIONING IN DECARBONIZATION STRATEGIES

Electrification with renewable energies.

Mobility and air quality; synergy and co-benefits with Climate Change.

Electric Sector Trends: new technologies, regulatory trends, energy prospective.

CLIMATE NEGOTIATIONS AND POLICIES

Presences at Climate Summits. Official COP25 Partner.

Active participation in debates around targets and policies.

Contribution to Talanoa Dialogue (1 of 6 companies selected).

Marrakech Alliance.

INITIATIVES AND INSTITUTIONS

Participation in international organizations and business coalitions.

Leadership contribution to position papers, reports, global statements and articles.

UN, WBCSD, CPLC, IEA, ITF, EV100, etc.

INTERNAL MITIGATION AND ADAPTATION ACTIONS

Climate Change Policy and Governance (strategic backbone of the Purpose and Values).

Mitigation: emission reduction targets, renewables, internal CO2 pricing, etc.

Adaptation: diagnosis, monitoring, etc.

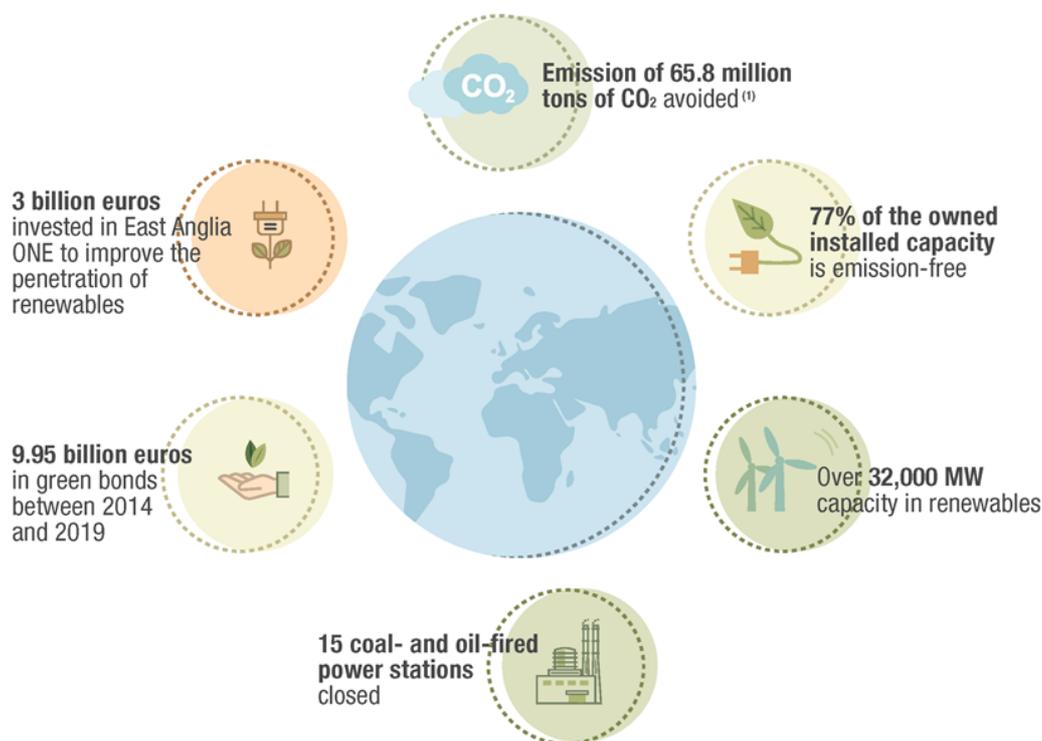
TCFD Task Force.



Iberdrola has ambitious emission reduction goals that will allow it to reach carbon neutrality by 2050. A strategic pillar to achieve this relies on the group’s investment plan, supported by innovation initiatives, focused on decarbonisation of the energy mix, increasing its resiliency and strengthening its leadership in renewable energy, smart grids, efficient storage and clean technology. The following achievements reached by the company should be noted:



IBERDROLA GROUP AGAINST CLIMATE CHANGE



(1) During the last three years.
Data at the close of 2019.

An important part of the Climate Action Plan is the work of supporting a climate action process by participating in domestic and international institutions, organisations, campaigns and events, promoting an ambitious focus on the definition of climate policies and the participation of the private sector. During 2019 Iberdrola has shown clear leadership in the private sector's participation in the principal milestones of the global climate agenda:

Participation in the Climate Change Conference - COP25

For the fourth consecutive year, the company has worked with the United Nations during the Climate Change Conference COP25 held in Madrid under the Presidency of Chile, as well as being an official sponsor of the conference, formally supporting the Spanish government at the highest level, and intensely participating in numerous meetings, high-level technical forums and the principal events and initiatives of civil society.

Iberdrola also organised the Moving for Climate Now awareness-raising cycling route for the fifth consecutive year.

Climate Action Summit of the General Secretary of the United Nations in New York

Iberdrola's climate leadership allowed the company to have a significant participation in the summit, focused on promoting aspirations for climate action through successful examples. In this context, Iberdrola was one of the few representatives of the private sector invited to participate in the main event in the presence of leaders of governments and international organisations.

Climate awareness

Aware that climate change is a challenge that requires the active participation of all of society's players, in 2016 Iberdrola included a Plan to Raise Social Awareness on Climate Change, which it has since been carrying out with various activities directed towards different public audiences and which is coordinated through an internal working group at the global level. This plan consists of four main focus points for action, which in 2019 included:

1. Internal communication to employees, with actions in parallel to the celebration of COP25.
2. External communication through awareness-raising events and specific products (documentaries, podcasts, etc.), including the broadcast of the documentary [Hacia un planeta verde](#) (Towards a Green Planet).
3. Actions directed towards youth (education, workshops), having presented [Educaclima](#), an online platform of educational resources on climate change and sustainability prepared by and for professors. It has also continued providing on-site school workshops on climate change by Iberdrola volunteers in Spain, Mexico and Brazil, and has launched a programme to train professors in the United Kingdom regarding climate change.
4. Establishment of alliances with the public and private sector as an accelerator and enhancer of climate action.

Iberdrola and the TCFD

201-2

In 2015, the Financial Stability Board (FSB), created by the G20 to supervise the smooth functioning of the financial system, established a task force to encourage the publication of sufficient information regarding the risks relating to climate change and the manner in which each company is managing it, in order for the investing community to be able to make properly make investment decisions: the Task Force on Climate-related Financial Disclosures (TCFD). Climate change could entail various risks in the medium term, both transitional and physical. Iberdrola was one of the first companies to publicly commit itself to implementing these recommendations in its public reports by 2020.

For this purpose, in 2017 the company created an internal multi-disciplinary task force to coordinate all work in this area, reporting in subsequent *Statements of Non-Financial Information* (and other annual public documents) on the progress made and its alignment with each of the four thematic areas in which the eleven recommendations of the TCFD are structured:

- I. Governance,
- II. Strategy,
- III. Risk Management, and
- IV. Metrics and Targets.

In 2019 Iberdrola participated in a report promoted by the World Business Council for Sustainable Development (WBCSD) on the disclosure of financial information on climate change aligned with the TCFD in the electricity sector.

Corporate Governance

Iberdrola's Board of Directors considers climate change to be a priority element for the company. In 2018 it undertook a profound reform of Iberdrola's Corporate Governance System strengthening the group's commitment to all of the SDGs, especially goals 7 and 13.

In 2019 it updated the Policy against Climate Change of the Iberdrola group, which establishes the company's goals for decarbonisation and the main principles of conduct in this area, emphasising its commitment to, among other things:

- Reduce the intensity of its CO₂ emissions to 50% below those of 2007 by 2030, and to be carbon-neutral by 2050, forecasting virtually zero emissions in Europe by 2030. Iberdrola also has a global

goal to reduce scope 1, 2 and 3 emissions. This goal was validated in 2019 as a Science Based Target.

- Integrate climate change into internal decision-making processes as well as in the analysis and management of long-term risks for the group.
- Support international climate change negotiation processes, private sector participation in the global agenda, the creation of partnerships and raising climate awareness.

Based on this commitment, the long-term incentive plan proposed by the Board of Directors to the shareholders at the 2020 General Shareholders' Meeting includes among others, objectives linked to the fight against climate change, which contribute to the SDGs 7 and 13 (see additional details in the section on Remuneration policies on pages 343-344).

To complement this, in 2019 Iberdrola's Board of Directors updated the [Risk Policies](#) of the group by including the need to consider the possible risks arising from climate change (physical and transitional) in decision-making on any new investment both in the Investment Policy and in the global policies of the renewable, liberalised and networks businesses. The significance of climate change and the management of the risks and opportunities deriving therefrom are thus reflected at the Corporate Governance level of the Company.

For its part, the Sustainable Development Committee of the Board, which is in charge of, among other things, reviewing aspects relating to climate change, receives regular reports in this regard.

For more information, see the Corporate Governance System section of this chapter, as well as the following link: [Corporate Governance System](#).

Strategy

Climate change is a key element for defining the company's strategy. 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.

Climate change covers various risks, which to a large extent are not new risks for Iberdrola. Pursuant to the [General Risk Control and Management Policy](#), risks relating to climate change are included in the catalogue of threats. Although the future risks are growing, the experience accumulated by the group in the management of these risks in the past should be highlighted.

The group’s control and risk management system considers and monitors the risks and opportunities arising from climate change, which can be grouped into the categories identified in the following table:

Risks/threats and opportunities deriving from climate change (non-exhaustive list)

	Risks	Opportunities
<ul style="list-style-type: none"> • Transition 	<ul style="list-style-type: none"> • <u>Market risks</u>: Increase in cost of raw materials (fossil fuels) and of emission rights, and uncertainty in the behaviour of the markets. • <u>Regulatory risk</u>: regulatory and tax changes, including taxes on carbon emissions and or on fossil fuels. Uncertainties regarding the framework for financing and aid for the development of renewable energy. • <u>Financial risk</u>: increase in the cost of capital in investments in technologies or business models considered to be outside of the fight against climate change, or increased competition for the acquisition of green financing. • <u>Technological risk</u>: Profitability of generation facilities. Uncertainty relating to technological development. Innovation and foresight in the development and implementation of new technologies. • <u>Reputational risk</u>: Change in behaviour and preferences of the stakeholders, with pressure on non-sustainable companies. 	<ul style="list-style-type: none"> • Economic decarbonisation that requires an increase in the electrification of end uses, particularly for heat (use of heat pumps) and transportation (use of electrical vehicle). This transfer of energy from the fossil fuel industry (risk for these companies) is an opportunity for the electric companies. • Seasonal climate trends (colder or warmer) which increase the aggregate demand for electricity in particular areas. • Reduction in costs of technologies in which the company is specialised or increase in costs of technologies in which the company is not. • Greater importance of networks (increased digitisation, smart grids and flexibility of the system) in difference electrification scenarios. • Increased energy efficiency and benefits associated with the consumer and the relationship between them. • Advantages in the acquisition of financing by companies with sustainable and resilient business models (compared to those who do not have them) given the growing pressure on the financial sector and capital markets. • Increase in the relative value of low-emission technologies.
<ul style="list-style-type: none"> • Physical 	<p>Chronic</p> <p><u>Increase in temperature:</u></p> <ul style="list-style-type: none"> - Reduction in efficiency of generation and distribution systems - Demand peaks due to increase in temperature <p><u>Changes in availability of water resources</u></p> <ul style="list-style-type: none"> - Impact on cooling systems - Impact on potential hydroelectric generation <p><u>Variability of wind and solar resources:</u></p> <ul style="list-style-type: none"> - Uncertainty in the variability/seasonality of renewable resources (wind, solar, etc.) and the effect thereof on production. <p><u>Increase in sea level:</u></p> <ul style="list-style-type: none"> - Isolated effects on coastal infrastructure <p>Extreme</p> <ul style="list-style-type: none"> - Increase in frequency and severity of extreme events (large storms, flooding, fires, etc.) that may affect the integrity of coastal/river infrastructure, distribution infrastructure and generation infrastructure, as well as obstruction of access - Impact on supply chains 	

Iberdrola has analysed its strategy in relation to various future climate scenarios, which analysis reveals that, generally, the group's business model is sufficient to face the challenges arising from the energy transition, as well as the physical impact of climate change. Specifically, the scenarios described below have been analysed:

- Two transition scenarios, based on plausible projections prepared by the International Energy Agency within the framework of the World Energy Outlook (WEO), regarding the development of climate policies and the deployment of technologies to limit emissions of greenhouse gases.
 - Sustainable Development Scenario (SDS): scenario aligned with the achievement of the climate change goals agreed to in the Paris Agreement (<2°C), improvement in air quality and universal access to electricity in accordance with the UN SDGs. It is Iberdrola's base strategy, and entails opportunities for the Company.
 - Stated Policies Scenario (STEPS): provides the path towards where the energy sector probably trends based on policies and measures that have already been implemented or announced. It is the base scenario for the World Energy Outlook (WEO) 2019 and involves opportunities for the Company.

- Two physical scenarios, based on the IPCC Fifth Assessment Report, to diagnose the range of impacts, based on global climate models (called "general circulation models") that shows the response of the Earth's climate to changes in atmospheric concentrations of greenhouse gases:
 - *Representative Concentration Pathway 8.5 (RCP 8.5)* of the Intergovernmental Panel on Climate Change (IPCC): the most unfavourable case of the physical risks that the company might face corresponds to an increase in average global temperature of between 2.6 and 4.8°C by 2100.
 - *Representative Concentration Pathway 4.5 (RCP 4.5)* of the Intergovernmental Panel on Climate Change (IPCC): stabilisation scenario, taking account of the efforts being made and to be made at the international level to reduce greenhouse gas emissions. It involves an intermediate stabilisation scenario and entails warming of between 1.1 and 2.6°C.

II.1 Transition Scenarios

A comparative analysis of the two transition scenarios allowing for conclusions to be extracted by business and geographic area regarding the level of resiliency of Iberdrola's strategy with respect to climate change in the short and medium term. Continuity of the Outlook 2018-2022 has been assumed, with a qualitative transfer thereof through 2030. This analysis will be updated in 2020.

The result indicates that Iberdrola's business model is sufficient to face the energy transition and is aligned with the objectives of the Paris Agreement. Iberdrola has undergone a profound transition in this regard over the last two decades, clearly anticipating the energy transition to face the challenges of climate change and the need for clean electricity. Today, the group is perfectly positioned to take advantage of the opportunities arising from the energy transition, among others, thanks to its leadership in renewable energy, smart grids, storage systems and digitisation, and its commitment to the transition towards a low-carbon and climate-resistant economy.

It is also important to note that, over the long term, Iberdrola's goal to achieve carbon neutrality by 2050 (which the company already set in 2009) is more ambitious than the goals sought under the STEPS scenario and is aligned with the SDS.

In this regard, Iberdrola has engaged in intense activities within the framework of the global and regional debate regarding climate policies, and has for years shown explicit support at the highest level for the goal of [carbon neutrality by 2050](#), convinced of the opportunities for the creation of value and prosperity from the achievement thereof. The [company's support](#) in this area has been especially important during 2019 within the context of the European Union, where there has been an intense political debate culminating in the formal approval in December 2019 of the goal of neutrality by 2050, which makes the European Union the largest economic area committed to climate neutrality.

II.2 Physical Scenarios

In relation to physical scenarios, Iberdrola is constantly working to analyse the principal threats arising from climate change and to acquire the best knowledge available from the principal existing climate tools and models with the support of experts in the field.

Based on the exercises to date and a better current understanding, it can be concluded that the chronic impacts are progressive and will therefore be occurring over the next decade, over relatively long periods, for which reason they will be managed based on the level of adaptation and resilience of the various facilities.

- From the scientific viewpoint, although an understanding of climate behaviour and the variability thereof has significantly improved in recent decades, extreme climate events are complex phenomena to study and even more difficult to predict because they are by definition abnormal/exceptional. However, there is general agreement that changes in frequency or intensity of meteorological and climatic phenomena are increasing in many regions as a result of global climate change, identified as one of the main threats to the different technologies and jurisdictions, the frequency and severity of which are expected to increase in coming years. These phenomena can affect the integrity of the various facilities as well as reduce electric generation capacity. However, Iberdrola has plans, technology and predictive systems that allow for the impacts arising from these events to be minimised, some of which we describe below:
 - Meteoflow predictive system, the main purpose of which is to predict the electricity production of renewable facilities, which, as part of their continuous improvement, has included the functionalities of predicting extreme meteorological phenomena, which allows for the activation of emergency plans sufficiently in advance and better management of maintenance equipment and emergency retainers to increase their resiliency.
 - The importance of smart grids to respond to extreme events like what occurred in September 2019 in the region of Levante due to storm DANA, after which Iberdrola was able to restore service with smart robots to 65% of its customers in less than three minutes and 80% in one hour.
 - Plans to respond to future events, including evaluation of the risk of flooding within the Networks Business of ScottishPower to reduce its vulnerability to the impacts of flooding during the design, planning and construction of infrastructure and the update of existing structures. Furthermore, the large diversification of generation assets (in terms of both technology and location) allows the group to better manage the risk arising from climate change.

At the same time, in order to identify phenomena that might have a greater impact on Iberdrola's facilities, an analysis is being performed of the risks arising from these types of phenomena for the overall set of the group's facilities.

Together with the above, and outside of the facilities' ability to respond to new climatic conditions, another risk to keep in mind is the possible impact of climate change on the variability of wind, solar and water resources. In order to determine with a certain level of confidence the potential impact of the variability of these resources on the regions/facilities of Iberdrola, specific studies are being performed in this area, supported by Iberdrola's own knowledge as well as by experts in the field.

However, given the constant evolution of science and the uncertainty associated with studies on climate projection and the impacts thereof, the analysis must be continued and deepened in order to quantify the potential impacts and establish adjustment measures if necessary.

For more information regarding the company's strategy, see the document *Outlook 2018-2022* (or any document updating it during this period), which can be accessed through its corporate website in the [About Us](#) section, as well as in the section "Key impacts on sustainability" of this chapter.

Risk management model

The Board of Directors and the senior management of Iberdrola are committed to the process of identification and analysis of the risk of climate change:

- Ex-ante: the levels of risk tolerance are reviewed and approved on an annual basis through risk policies and limits that establish the qualitative and quantitative risk appetite at the group level and at each of the main businesses and corporate functions.
- Ex-post: there is at least quarterly monitoring of the significant risks and threats and the various exposures of the group, as well as of compliance with the approved risk policies and limits.

As mentioned in the Strategy section, climate change covers various risks, which are set out in the [General Risk Control and Management Policy](#). Therefore, the group's control and risk management system considers and monitors the risks arising from climate change, which can be grouped into:

- Physical: potential material impacts on facilities (both exceptional and chronic).
- Transitional: associated with the process of global decarbonisation, including regulatory changes, market prices, technologies, reputation, etc.
- Other: like risks in the supply chain and social phenomena.

The identification, analysis and management of the risks arising from climate change has been integrated, with a global focus, into the ERM (COSO) philosophy under which Iberdrola has focused its strategic management of risks since the middle of the last decade. The identification, analysis and management of risks is approached with a multi-departmental focus, in which there is cooperation between corporate as well as business functions. The continuous work of identification and evaluation of the risks arising from climate change has the support of experts in the field for estimating the risks arising from the main threats identified, including extreme meteorological phenomena, as well as the potential variability of the renewable resource. In this latter respect, a sensitivity analysis performed with best available information can be seen in the group's *Integrated Report*.

It should be noted that in addition to the difficulties inherent in estimating the future impacts of any risk, the impacts of climate change, although they can already be perceived in the short term (e.g.: greater intensity and frequency of climatic events in certain geographic areas), are gradual and occur over relatively long terms and are quite dependent on the location and nature of the facilities, which therefore requires a predictive analysis at the asset level in the case of physical risks.

However, based on the best available knowledge, Iberdrola's strong adaptive ability can be affirmed, which is due to, among other factors, the strong diversification of assets, proven capacity and experience over the years, and the consideration of climate change as a manageable risk, which means that new investments are made over more resilient assets.

The management measures already pointed out in the "Strategy" section are in addition to the analysis of risks of new investments before approval, the purchase of insurance, and the potential recovery of a portion of the additional costs in the regulated businesses through the tariff frameworks.

For more information regarding the identification, analysis and management of risks at Iberdrola, see the following public documents, available on its website:

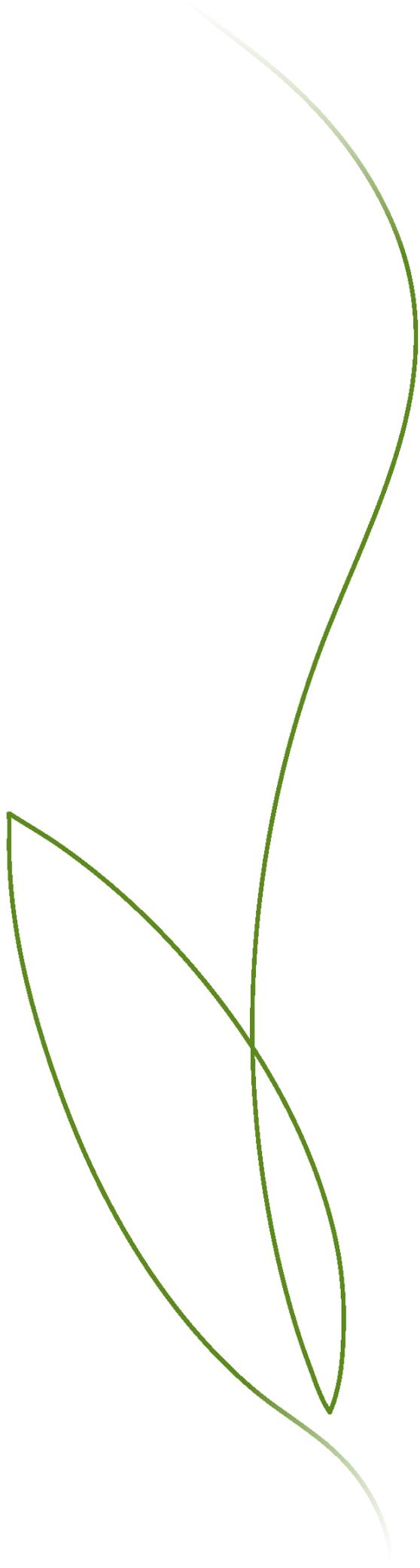
- Section "E" of the [Annual Corporate Governance Report](#) for financial year 2019.
- The "Principal risks and uncertainties" section of the [Consolidated Management Report](#) for financial year 2019 (particularly the section on climate change), as well as note 4 to the financial statements.
- The [Integrated Report](#).
- The [General Risk Control and Management Policy](#).

Metrics and targets

Iberdrola includes in this *Statement of Non-Financial Information. Sustainability Report* and in the *Integrated Report* significant indicators to report on aspects relating to climate and to the strategy of the fight against climate change, including the [greenhouse gas emissions inventory](#), the intensity of emissions, reduction targets, the use of energy, energy intensity, the energy mix, renewable installed capacity, use of water, source of water, R&D and Capex in the development of low-emission products, services and/or technology.

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

For more information, see the “Reduction in emissions” section of chapter II.3. Furthermore, to show the actions taken by the company to mitigate and adapt to the consequences of climate change, see the “Climate action at Iberdrola” section of this chapter as well as the specific [Against Climate Change](#) section of the website.



II. “Responsible Energy for People”: our priorities



Iberdrola is firmly committed to contributing to the sustainable development of society and improving the quality of life of people. This commitment materialises in the innumerable projects and activities undertaken by Iberdrola and set out in the Sustainable Development Plan 2018-2019 “Responsible energy for people”. It reflects the most significant projects and goals, all representative of a commitment to the UN Sustainable Development Goals (SDGs).

Iberdrola’s vision of its responsibility is based on the long-term creation of value for our Stakeholders. For this reason, we have focused our work on meeting their expectations and strengthening the links of mutual trust with our shareholders, employees, suppliers, environment and society in general. We have called this shared value the social dividend, which constitutes the basis of the responsibility that we assume through our actions for sustainable development.

The vision of “Responsible energy for people” is grouped around 7 priorities. This has a broad focus, with multiple lines of work that include specific tasks (more than 300) and measurable goals in accordance with international sustainability standards. The exchange of lessons learned to face the new challenges raised by society is also included. By year-end 2019 Iberdrola met almost all of the work included in the “Responsible Energy for people” plan focused mainly on the fight against climate change, on the improvement of the quality of life of people, and on the well-being of society.

These goals have been monitored by the Social Responsibility and Reputation Division together with the Areas and Businesses, and the results are evaluated by the group’s Sustainable Development and Reputation Committee and reviewed by the Sustainable Development Committee of the Board of Directors.

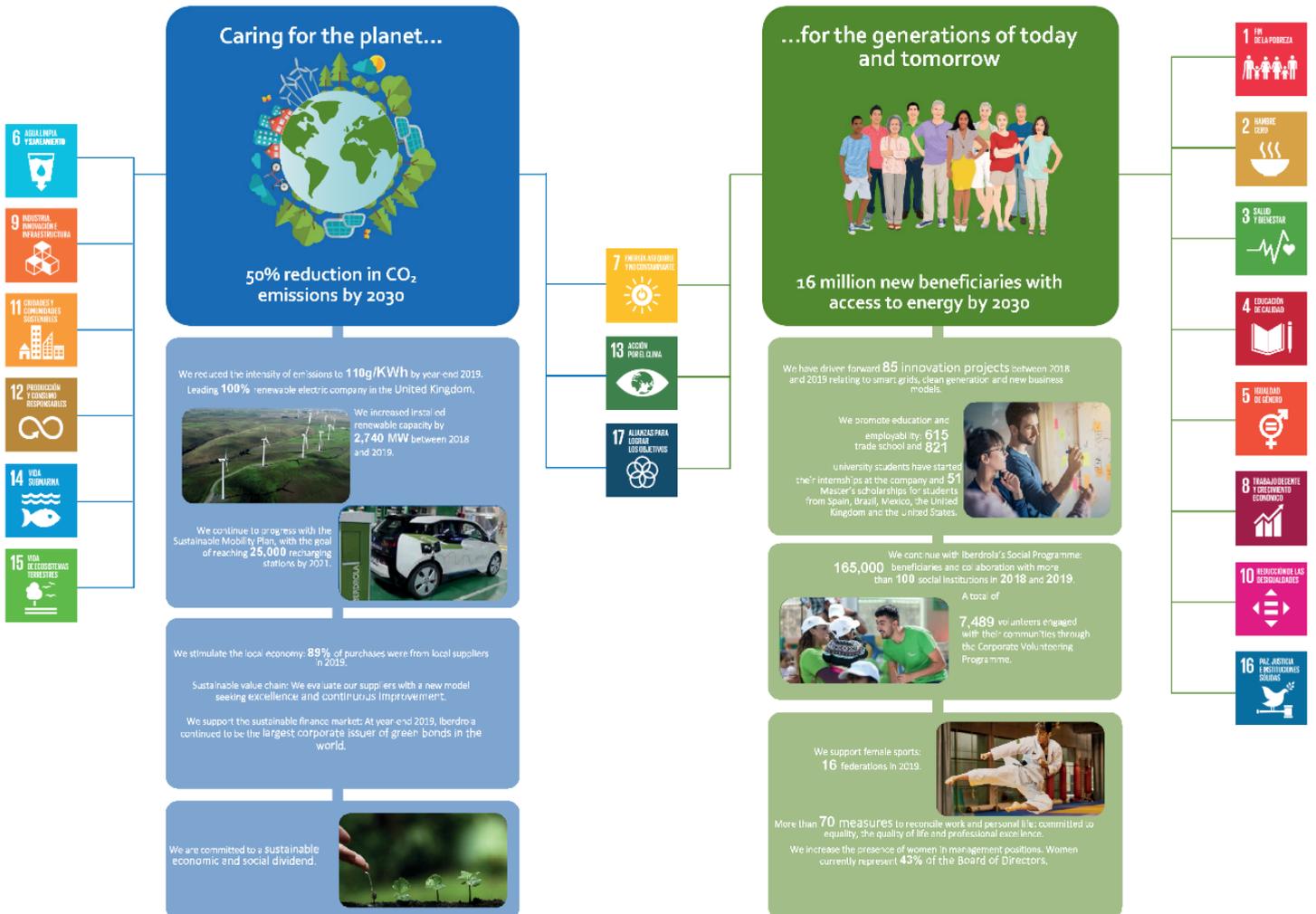
Although the company contributes to achieving all of the SDGs, Iberdrola’s largest impacts for the success of the 2030 Agenda are focused on SDG 13 (Climate action) and SDG 7 (Affordable and clean energy), which also constitute significant business opportunities due to the growing electrification of the economy. One should also note the company’s enormous contribution to the development of our communities in the areas of biodiversity, innovation, training, transparency, solidarity, education, the arts, culture, etc. Supplying “Responsible Energy” means responding to all of these challenges, meeting the demands of our Stakeholders.

Iberdrola’s Sustainable Development Plan is integrated into its businesses and corporate areas, and is at the head of a new management paradigm in which companies take a more active role in building a more equitable world.

SUSTAINABLE DEVELOPMENT PLAN 2018-2019: RESPONSIBLE ENERGY FOR PEOPLE

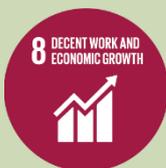
We fulfil our commitment to sustainable development by integrating the UN 2030 Agenda into the strategy and operations of the Iberdrola group. Our most significant contributions towards achieving the Sustainable Development Goals are focused around two major foundations that inspire our actions: we care for the planet, putting ourselves at the lead in reducing emissions in the energy industry, and we contribute to the well-being and progress of the societies in which we are present. Iberdrola's commitment takes shape through various lines of work that cover more than 300 environmental, social and economic activities, thus responding to the expectations and needs of our Stakeholders.

IBERDROLA'S CONTRIBUTION TO THE SDGs DURING THE 2018-2019 PERIOD



II.1. Sustainable Economic Growth

- Economic/financial impact
- Green financing
- Energy transition and supply costs
- Creation of employment and salaries
- Stable labour environment. Commitment to quality employment



Priorities of the Sustainable Development Plan



Economic/financial impact

Contribution to SDGs of the performance described by the indicators of this section



GRI 201

The electricity industry has a unique potential to contribute to addressing one of the most significant and urgent challenges facing humanity: climate change.

According to the World Economic Forum's Global Risks Report 2020, climate change is considered to be the main risk to the global economy over the next decade. As a consequence, society is increasingly aware of the need to transform the energy and production model, with the ultimate goal of limiting the increase in temperature below 1.5°C by the end of the century. Based on the report published by the IPCC¹⁶, this will require reducing emissions by 45% by 2030 as compared to those in 2010 and achieving zero net emissions by 2050.

These ambitious objectives place electricity in the centre of decarbonisation. According to the World Energy Outlook 2019¹⁷ (WEO 2019), electricity will increase its share in the total consumption of final energy from 19% in 2018 to 24% in 2040 in the central scenario (Stated Policies Scenario (STEPS)).

The key role of electrification will be based on renewable energy, which would reach 67% of total generation by 2040 in the Sustainable Development Scenario (44% in the STEPS). These growth values are driven by a significant reduction in its production costs¹⁸, which have decreased by 49% for onshore wind, 84% for solar photovoltaic and 56% for offshore wind since 2010.

In addition, the electrification of the economy accords a key role to an efficient, smart and flexible electricity transmission and distribution infrastructure, capable of integrating renewable energy and of meeting new requirements in terms of connectivity, digitisation and demand management. Along these lines, the central scenario of the WEO 2019 anticipates an average investment of around 400,000 million U.S. dollars per annum in grids by 2040, almost 45% of the total investment of the electricity sector over this period.

¹⁶ Special Report of the Intergovernmental Panel on Climate Change (IPCC) on Global Warming of 1.5 °C.

¹⁷ World Energy Outlook 2019 – International Energy Agency.

¹⁸ Levelized cost of electricity (LCOE) - Bloomberg New Energy Finance (BNEF) (2019). New Energy Outlook.

For all of the reasons above, the electricity industry is 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. As an example, 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, has managed to create almost 400,000 direct, indirect and induced jobs worldwide in only one year, to contribute more than 31,000 million euros to global GDP, generating 9.3 euros worth of GDP for each euro of Net Profits obtained, and to make a total tax contribution exceeding 14,000 million euros¹⁹.

Iberdrola continues to engage in a process of growth and internationalisation that has made it one of the leading electric companies in the world, investing more than 100,000 million euros over the last two decades in order to achieve a decarbonised energy model. This current scenario, attained through a sound, long-term industrial plan that is both profitable and creates value, provides it with an optimal position to continue anticipating and managing risks and to capitalise on the opportunities offered by this energy transition based on its leadership in renewable energy, smart grids and storage, as well as its firm commitment to digitisation.

A summary of the Iberdrola strategy can be found in the document Strategic Overview 2018-2022 (or in the document subsequently replacing it), which can be accessed through its corporate website in the [About Us](#) section.

Iberdrola's financial results for the year are summarised in the [Results](#) section of the website. Alongside these results, the company also requires its companies to explain how they are achieved and to evaluate them in terms of sustainability, understanding that adequate disclosure of non-financial information is an essential element for the sustainability of financing activities.

¹⁹PwC study "Economic, social and environmental impact of Iberdrola worldwide" (based on 2018 data).

201-1**Direct economic value generated, distributed and retained (€ millions)**

Iberdrola total	2019	2018	2017
Revenue (sales and other income)	37,673	36,273	32,714 ²⁰
Operating costs	23,027	22,433	20,446
Employee remuneration (excluding company social security costs)	2,532	2,387	2,517
Payments to providers of capital	2,916	2,402	2,916
Payments to government administrations	2,941	3,096	2,723
Community investments (verified according to the LBG Model)	52	54	63
Economic value retained	6,205	5,901	4,049

Information by geographic area can be found in Annex 1 Supplementary Information.

Financial assistance received

Financial assistance received by the Iberdrola group is shown in the following table on a consolidated basis:

201-4**Financial assistance (€ millions)**

	2019	2018	2017
Capital subsidies	12	6	10
Operating subsidies	3	3	6
Investment tax credits ²¹	0	8	30
Production tax credits ²²	84	91	90
Assistance for other items included in the GRI Protocol	0	0	0
Iberdrola total	99	108	136

Information by geographic area can be found in Annex 1 Supplementary Information.

²⁰ Includes Sales in the amount of €31,263 million and Other revenue €1,451 million.

²¹ *Créditos fiscales a la inversión.*

²² *Créditos fiscales a la producción.*

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:

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.

Positive effects include:

- Facilities for the production, transmission and distribution of electrical energy are built in dispersed geographic locations. This contributes to the generation of economic activity and jobs in urban and rural environments. This can also support the revitalisation and repopulation of underpopulated rural areas.
- These same facilities create significant indirect employment in the region in the form of local contracting companies, creating demand for various lodging, security, health, mechanical, supplier services, etc.
- Due to this geographic reach, electricity activities generate fees, taxes and duties at the local, regional and national levels and allow for the generation of revenue in very different areas, to which one must add the tax loads associated with increased commercial and financial activity.
- In local communities, professional training is promoted and skilled labour, such as services for building and maintaining wind farms, is boosted.
- Local communities are supported through sponsorship of the initiatives of social and environmental institutions and organisations.
- Economic development is favoured through rural electrification programmes, investment incentive programmes for the improvement of electric infrastructure, energy efficiency programmes, and reduced electricity tariff programmes for low-income customers.
- The supply of electricity to areas where there was none improves the quality of life and allows for the generation of economic activities that could not be undertaken until then.

Potentially negative effects 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; though very unlikely, these situations might occur despite the ever more demanding standards applied to the operational practices developed by the group.
- The landscape impact 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.

Indirect impacts of the supply chain

The high volumes of Iberdrola's purchases (described in detail in the "Description of supply chain" section of chapter II.6) of equipment, works and services, as well as fuel, becomes an engine for growth in the countries in which the company is present.

Entrepreneurial support

Iberdrola has provided ongoing support for the creation and strengthening of new entrepreneurial projects through a number of significant initiatives, including the following:

- 54 million euros worth of purchases made in Spain during 2019 from companies that have been operating for less than 5 years, which is clear support for entrepreneurship.
- The specific category *Generation of employment and employment of youth* at the Supplier of the Year Awards in Spain, in order to incentivise suppliers to commit to quality youth and female employment, which will undoubtedly lead to an improvement in competitiveness and innovation at the companies and will allow them to retain talent. A start-up (Wallbox) received this Supplier of the Year Award in the Innovation and Competitiveness category for their commitment to innovative solutions that will allow for improvement in the sustainability of the energy model.
- Iberdrola's venture capital programme, *Iberdrola Ventures - Perseo*, which has invested more than 65 million euros worldwide since its creation, is an opportunity for companies dedicated to innovative technologies and business models that ensure the sustainability of the energy model. For more information about this programme, see the "Digital innovation and transformation projects" section of chapter II.4, as well as the [Innovation](#) section of the corporate website.
- In 2019 Avangrid Networks, through Iberdrola's international start-up programme, launched the *Start-Up Challenge*, which sought proposals for reducing to a minimum the impact on infrastructure and the period for restoring service in the event of natural disasters, as well as solutions to cover these risks. The winner was the Swedish company Skyqraft, which implements drone-based solutions and automates analysis and aerial inspection.

- In France, the Saint Brieuc offshore wind project works closely with the Regional Chamber of Commerce of Brittany and with the *Ocean Power* initiative in order to foster more efficient industrial projects. The primary goal is to help local companies participate in the supply chain, directly and indirectly promoting economic activity in the area.

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 2019 is provided below:

- Support for professional education and training in areas near Iberdrola's facilities. In 2019, 122,000 people visited the Energy Classrooms near the wind farms in Spain.
- In the United Kingdom, actions continue to be implemented to improve various infrastructures and to make landscape improvements for the enjoyment of people coming near the different 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 and which was visited by more than 84,000 people last year.
- In Mexico, it has participated in the construction and/or improvement of recreational and educational centres, health centres, and in the renovation of a ceremonial centre, as well as in infrastructure improvement and expansions of potable water and sewerage networks, thus benefitting the communities located in the vicinity of the projects.
- Finally, one should note the collaboration 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.

Green financing

Iberdrola is once again one of the leading companies worldwide with respect to sustainable financing, with notable performance in terms of number and amount of green financing transactions carried out. The foregoing is aimed at aligning its financial strategy with its purpose and values, optimising the cost of its debt and diversifying its funding sources.

The differentiating feature of this financing is the commitment to use the funds to invest in environmentally sustainable and socially responsible projects like renewable energy, improving efficiencies in electricity transmission grids and researching more efficient energy sources. The company also commits to regularly report the environmental return that its investments in these projects have yielded during the respective period.

In the capital markets, the company issued its first *green* bond in 2014, and since then has intensified its financing through this type of instrument focused on Socially Responsible Investing (SRI) investors, 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 its subsidiaries (Avangrid green bonds in November 2017 and May 2019, and Neoenergia *green* infrastructure debentures in June 2019).

In the banking market, Iberdrola received the first green loan signed by an energy company in 2017, which was followed by other *green* transactions. In 2018 Iberdrola Mexico signed the first green corporate loan formalised in Latin America, and in 2019 Iberdrola signed a series of *green* corporate loans with development banks for assets under construction, specifically: i) with the multilateral institution the European Investment Bank (EIB), and ii) with Instituto de Crédito Oficial (ICO), a Spanish state-owned bank. These public institutions have their own standards for evaluating projects and for allocating green instruments. All the assets financed by these entities are included as projects capable of *green* financing within the framework of Iberdrola's *green* financing.

Iberdrola has issued a total of 12 *green* bonds from the Corporation²³. The issue dates, as well as the principal characteristics thereof, are as follows:

²³ Does not include the *green* bonds issued by Avangrid or the *green* infrastructure debentures issued by Neoenergia, which are subject to specific Frameworks and which will be reported in the respective Sustainability Reports of these companies.

Green bonds

ISIN	Issue date	Issuer	Public / Private	Senior / Subordinate	Face value (€ millions)	Maturity	Coupon
XS1057055060	24-Apr-14	Iberdrola International	Public	Senior	750	Oct-22	2.50%
XS1398476793	21 Apr-16	Iberdrola International	Public	Senior	1,000	Apr-26	1.13%
XS1490726590	15-Sep-16	Iberdrola International	Public	Senior	700	Sep-25	0.38%
XS1527758145	07-Dec-16	Iberdrola Finanzas	Public	Senior	750	Mar-24	1%
XS1564443759	20-Feb-2017 (extended on 22-Jun-2017)	Iberdrola Finanzas	Private	Senior	250	Feb-24	Euribor 3 M + 0.67%
XS1575444622	07-Mar-17	Iberdrola Finanzas	Public	Senior	1,000	Mar-25	1%
XS1682538183	06-Sep-17	Iberdrola Finanzas	Public	Senior	750	Sep-27	1.25%
XS1721244371	22-Nov-17	Iberdrola International	Public	Subordinate	1,000	Perpetual	1.875%
XS1797138960	26-Mar-18	Iberdrola International	Public	Subordinate	700	Perpetual	2.625%
XS1847692636	28-Jun-18	Iberdrola Finanzas	Public	Senior	750	Oct-26	1.25%
XS1924319301	21-Dec-18	Iberdrola Finanzas	Private	Senior	44 ²⁴	Oct-25	3.724%
XS1890845875	05-Feb-19	Iberdrola International	Public	Subordinate	800	Perpetual	3.25%

In November 2017 and May 2019 Iberdrola also issued *green* bonds in the U.S. market through its subsidiary Avangrid in the amounts of 600 and 750 million U.S. dollars with coupons of 3.15% and 3.80%, respectively. Information on the projects that received the proceeds from these bonds, as well as the environmental benefits achieved therefrom, are described in Avangrid's [Sustainability Report 2019](#).

In June 2019 Neoenergia also issued *green* infrastructure debentures in the amount of 1,296 million Brazilian reais, which are being used to finance wind, hydro and transmission projects in Brazil. Information on these assets is described in Neoenergia's [Sustainability Report 2019](#).

As regards bank financing, in April 2018 Iberdrola México, a 100%-owned subsidiary of Iberdrola, also obtained a *green* bank loan with a number of international financial institutions in the amount of 400 million U.S. dollars, which was used to refinance the company's renewable assets in Mexico.

²⁴ USD 50 million nominal value.

Green loans signed with development institutions for projects under construction

Lender	Project	Date	Borrower	Type	Amount (€M)
ICO	Tamega	30-May-2019	Iberdrola Financiación	Corporate	400
ICO	Núñez de Balboa	11-Jul-2019	Iberdrola Financiación	Corporate	140
EIB	Núñez de Balboa	11-Jul-2019	Iberdrola Financiación	Corporate	145
EIB	Cavar	4-Nov-2019	Renovables de la Ribera ²⁵	Corporate	25

The proceeds of all of these transactions have been used to fund the refinancing of investments in projects that met certain environmental and sustainable development criteria described within the [Iberdrola Framework for Green Financing](#) (el “Framework”), which is consistent with the *Green Bond Principles* promulgated by the International Capital Markets Association (ICMA) and the *Green Loan Principles* of the Loan Market Association, and which has been validated by PricewaterhouseCoopers Auditores, who verify the Report on *green* financing returns. These projects are mainly within the area of renewable energy.

In most cases, there is also a certification by VigeoEiris (independent expert) regarding the eligibility of the (re)financed assets and their suitability for the Framework.²⁶

Iberdrola used VigeoEiris in validating the “green” nature of its financing instruments. VigeoEiris issues its rating of the issuer not only with respect to the management of the selected projects, but also regarding its general environmental and sustainable development commitments that it implements in the ordinary course of its business.

Certification regarding the eligibility of the (re)financed projects in each transaction issue can be found in the corresponding *Second Party Opinion* prepared by VigeoEiris and available on the corporate website. It is important to note that obtaining this type of certification requires not only compliance with the *Green Bond Principles* and alignment of each transaction with the *Framework*, but also the existence of a strong sustainability profile of the borrower.

²⁵ Renovables de la Ribera is a company that is 50% owned by Iberdrola. The financing obtained is guaranteed by Iberdrola in the amount of its percentage ownership interest.

²⁶ As described in the Framework, this certification or “Second Party Opinion” is required in the case of a public transaction, understood as those bonds issued through a public underwriting process. The standard is not restrictive, and there can also be *Second Party Opinions* in private transactions (such as the ICO loan) if so required by the lender.

On all occasions, VigeoEiris has performed an analysis classifying Iberdrola's sustainability policies and practices, finding that the required standards were met with a level of security that was more than satisfactory.

The conclusions of VigeoEiris, including the controversies identified in the *green* issues, together with the eligibility standards, are described in the *Second Party Opinion* corresponding to each *green* transaction. In the case of the bonds²⁷, this information is available in the [Information related to green finance](#) section of the corporate website.

The table below summarises the environmental benefits in 2019 related to investments financed or refinanced with outstanding *green* financings underwritten by Iberdrola.²⁸

²⁷ Excludes the loans, as they are private contracts between a reduced number of parties.

²⁸ Does not include the *green* bonds issued by Avangrid or the *green* infrastructure debentures issued by Neoenergia, which are subject to specific Frameworks and which will be reported in the respective *Sustainability Reports* of these companies.

Related environmental benefits

Financing (ISIN code for bonds)	Area of investment	Installed capacity attributable to the financing (MW)	2019 output attributable to the financing (GWh)	CO ₂ avoided in 2019 due to the financing (Tm)
XS1057055060	Renewables ²⁹	480	1,075	205,705
XS1398476793	Renewables	736	1,504	317,179
XS1490726590	Renewables	403	786	200,520
XS1527758145	Renewables	540	1,192	226,572
XS1564443759	Renewables	164	403	144,266
XS1575444622	Renewables	338	1,032	372,137
XS1682538183	Renewables	278	690	245,595
XS1721244371	Renewables	650	1,276	325,496
XS1797138960	Renewables	519	309	65,446
XS1847692636	Renewables	228	60	15,349
XS1924319301	Renewables	23	62	32,744
XS1890845875	Renewables	231	232	93,265
IBE México loan	Renewables	188	438	230,709
Támega ICO loan	Renewables	310	N/A ³⁰	N/A ³⁰
Nuñez de Balboa ICO loan	Renewables	241	N/A ³⁰	N/A ³⁰
Nuñez de Balboa EIB loan	Renewables	250	N/A ³⁰	N/A ³⁰
Renovables de la Ribera EIB loan	Renewables	27	N/A ³⁰	N/A ³⁰

For more details on these issues and their sustainability returns, see the *Report on Green Financing Returns*. This report is structured by grouping the benefits and indicators for each financing, so that investors can know the impact of the projects financed by each of them, as well as the *External Independent Verification Report on Green Financing*. For more information, see the [Green Financing](#) section of the corporate website.

²⁹ Among others.

³⁰ Projects in construction phase

Energy transition and supply costs

Contribution to SDGs of the performance described by the indicators of this section



Demand-side management

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 supply of solutions and technologies that help them 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.

Spain

The STAR+ project has commenced in Spain, continuing with the digitisation of the network and which will allow for improvement of the usefulness of the equipment deployed during the STAR project, which involved the renewal of 99.9% of its meters. The development of smart grids allows for the active management of demand by consumers and an improvement in the energy efficiency of the system.

There are also various projects required to expand and improve the telecommunications network, which will directly result in an improvement in the operation of this technology.

In 2019 Iberdrola launched the first energy storage system with lithium-ion batteries, connected to its distribution network. This project, located in Caravaca de la Cruz, will allow for improvement in the reliability of supply in an area affected by supply outages.

Iberdrola also sells a wide range of products and services that promote efficiency, energy saving and environmental protection, all within its *Smart Solutions*:

- Energy efficiency: efficient air conditioning and lighting, capacitor banks, home automation systems and other solutions.
- Renewable energy facilities: solar photovoltaic energy.
- Comprehensive management of energy supplies.
- Electromobility.

Iberdrola will install 25,000 electric vehicle charging points in Spain by 2021. The company launched a comprehensive solution that includes recharging infrastructure, installation and warranty, a personalised supply contract that can be easily managed remotely in real-time using an app for mobile devices.

There is a continued commitment to home energy management through internet-connected devices that allow the customer to better manage their electric consumption and thus obtain energy savings. The *Smart Home* range of projects includes intelligent thermostats and electric meters that provide disaggregated information on consumption.

In the industrial and commercial sectors, there are initiatives to diagnose and propose measures for energy savings and to improve energy efficiency, like efficient lighting, efficient air conditioning, etc.

Other activities to promote energy efficiency were also carried out through the website, social media, campaigns, customer invoices, etc.

In addition, Iberdrola's contribution in 2019 to the Energy Efficiency Fund, used to increase energy efficiency in the different energy consumers sectors in a way that contributes to reaching the national energy savings goal established by the National Energy Efficiency Obligations System (*Sistema Nacional de Obligaciones de Eficiencia Energética*) was 15.5 million euros.

United Kingdom

In the residential customer market, ScottishPower participates in the *Energy Company Obligation (ECO) Programme*, sponsored by the British government, the purpose of which is to reduce CO₂ emissions and heating costs through the measures for improving of insulation and energy efficiency. It also provides energy consultancy and support services through a range of channels, with a team of accredited consultants.

In the area of commercial and industrial customers, the company's products are focused on energy savings, cost reductions and CO₂ emissions. These include automated controls that allow for proactive or reactive response to the requirements of the grid.

In addition, there has been continued development of the Demand-Side Response (DSR) products to allow for the generation of business opportunities through the management of one's own energy consumption based on network requirements.

Generally, most of these programmes seek to promote energy efficiency in the buildings of customers and help to control their electricity consumption through various tools, allowing this consumption to be monitored.

In Scotland there is development of the FUSION project, which will contribute flexibility to the distribution network in the area of East Fife. Aimed at resolving congestion issues in the grid, the project will create a flexibility market based on the Universal Smart Energy Framework, which enables customers to make a more flexible use of electricity.

United States

Various projects have been launched to renew the grid, improving substations and key infrastructure, with a view to meeting the growing needs and demands for energy and to improving the reliability of the service.

There are programmes to help improve the energy efficiency of homes under construction or undergoing major renovations and to replace electrical household appliances.

Demonstration projects are also being rolled out, like Energy Smart Community, a platform that integrates the management of the distributed system and allows for online integration of transactions relating to energy efficiency, response to demand and distributed resources.

Additionally, four battery energy storage demonstration projects have been placed into service in New York in order to show the benefits of integrating storage into the distribution system and its ability to generate savings and benefits for the consumers, as well as to offer solutions to manage their energy needs. These systems will allow, for example, for an adjustment of demand on the grid at peak times or to charge electric vehicles at low-demand times.

Brazil

The companies of the Neoenergia group carry out various energy efficiency programmes for residential customers. For example, the Vale Luz programme promotes the safe and efficient use of electric power, and the Energía con Ciudadanía project intends to encourage reduced consumption through savings and

the replacement of inefficient equipment. There is also a programme for training in the efficient and safe use of energy for educators, students and the general population.

In the institutional and industrial segments, Neoenergia has carried out a range of projects relating to the improvement of energy efficiency and the development and improvement of the competitiveness of these sectors, such as the Energy Efficiency Programme for Sewerage or Public Lighting Systems or the Efficiency Programme for Institutions, through which photovoltaic systems are installed.

Generally, most of the programmes seek to promote energy efficiency in the buildings of customers and help to control their electricity consumption through various tools, allowing this consumption to be monitored.

A loss reduction plan is also being implemented, which leads to lower power costs for customers due to improved efficiency.

On Fernando de Noronha island there is a range of projects focused on energy sustainability, based on renewable energy facilities and storage systems, aimed at reducing the consumption of diesel.

Availability and reliability

EU10

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

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

Spain

The planning of generation in Spain is a government function and is indicative in nature, as participants make investment decisions within a free-market environment.

Analysing the reliability of the short-term electricity supply is a task assumed by the System Operator (which role is played by Red Eléctrica de España, S.A.), which regularly studies different operation scenarios to verify the robustness of the system. Iberdrola significantly contributes to increasing reliability

in the operation of the system by providing great flexibility through hydroelectric generating and pumping capacity as well as with a pioneering renewable energy control centre.

The group's distribution company, i-DE, also contributes to guaranteeing reliability, performing studies to identify the short- and long-term investments needed to meet the increase in demand and to renew older facilities by adopting more modern technologies and network digitisation programmes, with a view to guaranteeing a more operational and reliable network and to reducing the environmental impact of the facilities. These studies take into account the changes in demand, the increase in requests for new supply, and different penetration scenarios for distributed generation facilities, as well as the integration of new technologies like the electric vehicle and internal consumption facilities.

Following completion of the STAR project, the installation of smart meters at Type-4 customers continued during 2019, with more than 10.98 million meters having been renewed.

United Kingdom

Production at ScottishPower is already 100% renewable, and the company is developing new onshore and offshore wind projects to expand the availability of energy supply free of CO₂ emissions.

Electricity transmission network activities are governed by the RIIO-T1 regulatory framework for the 2013-2021 period. Investments with a dual purpose are being considered for this period: first, to increase the transmission capacity of interconnections between Scotland and England, and second, to enable the evacuation of energy from all renewable facilities expected in the short to medium term.

Of note is the operation of the Western Link 850-km long subsea cable, which allows for the transmission of renewable energy from Scotland to homes and businesses in Wales and England. Thanks to this link, transmission capacity between Scotland and Wales has increased by 2,000 MW, which is sufficient capacity to supply more than 4 million homes throughout the year.

ScottishPower Energy Networks has defined four Energy Scenarios for the transmission network. These scenarios provide a framework to test the flexibility range required and then verify that investment plans meet the requirements of future possible scenarios. These scenarios also examine the interaction between the gas and electricity systems, as well as other changes in the transmission and heating sectors that may have an impact on the network.

The GEMS (Generation Export Management Scheme) project involves the rollout of a smart control system to manage the generation of 2,750 MW in real time. This is a project of ScottishPower Energy Networks in collaboration with the system operator (NGESO), which will ensure that the network complies with the relevant standards to control generation in the transmission and distribution network.

The reliability of electricity distribution networks is ensured through studies that make it possible to identify the short- and long-term investments needed to meet new demand and to renew older facilities, all of which is managed in accordance with the RIIO-ED1 regulatory framework for the 2015-2023 period.

United States

Avangrid is among the leading producers of wind energy in this country.

The group's North American companies act in accordance with the laws and regulations of the states in which they operate. In the state of New York, the companies participate in planning activities through official bodies, ensuring that they can meet short- and long-term demand under proper conditions of reliability and safety. The System Operator (NYISO) operates within the reliability margins set by the North American Electric Reliability Council, the Northeast Power Coordinating Council and the New York State Reliability Council (NYSRC). NYSRC sets the installed capacity reserve margin, as well as the required level of generating capacity, such that the loss of load in the New York control region is no more than one day per ten years. In New England, ISO-NE sets installed capacity requirements (ICR) using similar criteria.

In the State of Maine, transmission and distribution companies have no authority over energy planning, and cooperate with official bodies on operational matters that may be required by such bodies. In any case, electricity distribution companies guarantee reliability, carrying out studies that make it possible to identify the short- and long-term investments needed to meet the increase in demand, and to renew older facilities by adopting more modern technologies, with a view to ensuring a more operational and reliable network.

Avangrid continues making progress in securing the permits for construction of the 233-km-long high-voltage direct current (HVDC) transmission line (New England Clean Energy Connect - NECEC) to transport clean energy from Canada to Massachusetts. This project will improve grid stability and reliability, allowing for the supply of 100%-hydroelectric energy.

Avangrid's utilities are considering Non-Wire Alternatives (NWA) projects as an alternative solution for investments in the network, where appropriate and profitable. These solutions use distributed energy resources to postpone certain traditional construction projects, mainly needed to correct overloads or reliability issues.

The Rochester Area Reliability Project (RARP) for improved reliability of the network in the Rochester area will make it possible to meet the demand and economic increase in the region and to improve the reliability of supply.

Brazil

The group's companies in Brazil manage major electric distribution areas and electricity production plants. They work in close cooperation with government authorities, developing systems to help them attain energy planning goals, achieving the desired balance between available resources, quality and reliability of the electricity supply.

The Networks Business contributes to ensuring the reliability of electricity supply, making investments to meet the rapid increase in demand and electricity consumption in the areas in which it distributes, ensuring a more functional and reliable network. It also invests in electricity transmission projects that will encourage robustness by improving the backbone of the system. One transmission project was awarded in December 2019 involving the construction of 210 km of transmission lines, which is in addition to the 10 transmission projects awarded in prior auctions.

Other examples of activities to improve the quality of supply in Brazil during 2019 are:

- Improvement of prioritisation of incidents based on their scope (number of customers affected and duration of the interruption) and definition of a new contingency plan for the crisis.
- Review and expansion of automation of the network, improving coordination of protective equipment and expanding automation of the lines.
- Start-up of eight substations.

The group's companies in Brazil also participate in developing generating facilities using different technologies (hydroelectric, wind and photovoltaic).

Mexico

In Mexico, a major portion of production (approximately 20%) is generated by gas combined cycle generation plants with long-term contracts from the Federal Energy Commission (net production for third parties), while the rest of production is sold through long-term contracts to private customers. Combined cycle gas plants contribute to the country's energy transition with efficient energy, providing safety of supply and high levels of availability, as well as allowing for a considerable reduction in emissions to the atmosphere compared to other more polluting fossil fuels like coal, fuel oil and diesel, which still account for a significant portion of Mexico's generation mix.

Iberdrola is also investing to grow in the segment of renewable energy, especially in wind and solar photovoltaic technologies.

Fuel

A key element in managing the availability of electricity service is the supply of the necessary fuel. Iberdrola ensures it has a global portfolio of gas contracts that is flexible and diverse as to geographic origin. This is in addition to a stable, long-term and low-risk supply of nuclear fuel.

The risk of fuel cost is managed using financial contracts that fix the price of the fuel at a particular time, allowing for reduction of risks and ensuring a margin on forward sales. Derivatives are also used to cover fuel costs in euros, as purchases are usually made in U.S. dollars.

The Iberdrola group's generation facilities have high availability factors, as shown below:

EU30

Average availability factor of generation technologies (%)

	2019	2018	2017
Combined cycle	91.6	90.4	90.9
Conventional thermal	96.0	94.3	93.9
Cogeneration	97.1	92.2	82.8
Nuclear	90.1	89.3	89.3
Hydroelectric	89.3	86.9	86.0
Wind	94.0	96.4	94.4
Total³¹	90.4	91.6	90.5

Information on the availability factors in the various countries is described in Annex 1 Supplementary Information.

Supply costs

European Union

- Studies by the European agencies (Agency for the Cooperation of Energy Regulators (ACER) and the European Commission itself) on electricity prices confirm that taxes and charges associated with social and environmental policies are what have grown the most in recent years, reaching approximately 40% of the average bill in the EU and up to 50% in Spain. This mainly due to the supports for renewables in each country being imputed as an additional electricity charge, meaning that the electricity consumer is the only one funding them. A competitive electricity supply requires the elimination of cost components outside of the service itself, and a distribution of the charge for climate action among all types of energy based on the "polluting party pays" principle.
- In 2019 there was completion of a new energy rulebook called the Clean Energy for all Europeans Package, which includes rules to reach the goals of the European Union for 2030 (40% reduction in greenhouse gas emissions, 32% penetration of renewable energy out of all final energy, and energy efficiency improvement of 32.5% relative to the 'business as usual' scenario), in addition to a new Market Design to ensure a safe supply, with prices that are competitive for the industry and accessible for citizens. As regards the existence of specific regulated rates for vulnerable customers, the Package permits the situation to be maintained until 2025, when the Commission will analyse the justification for its interventions and may propose the elimination thereof.

³¹ Weighted average with the installed capacity.

Spain

- The price for electricity in the Iberian market is aligned with the other European markets. However approximately half of the electricity bill of domestic customers is not directly related to the provision of the service. The rest derives from the pursuit of energy policy goals (aid for renewable energy and cogeneration), social goals (subsidies for electricity in non-mainland territories and recovery of tariff deficits from previous years) and taxes. Iberdrola has included in its *General Sustainable Development Policy* the protection of customers in situations of vulnerability, in order to ensure their energy supply. For this purpose, it is taking action to promote, inform and facilitate access to the subsidised rates, and Iberdrola is also working with public authorities, various institutions and NGOs to identify and protect economically disadvantaged persons (see “Access to electricity” section of chapter II.5).

United Kingdom

- In 2018, the UK government approved the “Tariff Cap” law and Ofgem defined the cap for the standard variable tariffs (SVT) effective 1 January 2019. The tariff ceiling is updated half-yearly (in April and October) and will apply until the end of 2020 under current law, although there is a possibility for it to be extended until the end of 2023.
- The government continues working to minimise the costs impacting energy consumers, and to show its environmental commitment it has maintained the minimum price for CO₂ paid by electricity generators in the United Kingdom, and has announced plans to introduce a new Carbon Emissions Tax when the United Kingdom leaves the EU ETS as a result of Brexit.
- The government will also allocate a global budget of 557 million pounds for a Contracts for Differences (CfD) auction scheme for renewable generation projects, the next auction for which is scheduled for 2021, with additional auctions every two years. The government’s current goal is for the installation of 30 GW of offshore wind power by 2030 within the framework of the Offshore wind Sector Deal, although the scheme presented by the Conservative party in the General Elections in December 2019 contemplated an increase in this objective to 40 GW by 2030.
- On 27 June 2019 the United Kingdom became the first G7 country to approve a law establishing the commitment to reach net zero emissions by 2050, expanding upon the existing commitment since 2008 under the Climate Change Act, which set a goal for reducing emissions by at least 80% of 1990 levels by 2050.

United States

- The Environmental Protection Agency (EPA) concluded its Affordable Clean Energy (ACE) rule, replacing the “Clean Power Plan (CPP) that was never implemented. This new rule provides guidelines for the states to submit their own plans to regulate existing carbon dioxide emissions within a period of three years. Unlike the CCP, the new rule doesn’t set an emission reduction goal, giving the states flexibility to determine the best system for reducing emissions for each plant, based mainly on efficiency improvements. This new regulation has been challenged in the federal courts.
- There are other costs of supply, depending on political issues, including: potential changes in tax policy, the possibility of obtaining tax credits (PTCs or ITCs) for new renewables developments; the impact of changes in tariffs on Chinese products, especially solar panels, wind towers and other components using the raw materials of steel or aluminium.
- The development of smart grids, the rapid replenishment of supplies in the face of extreme weather conditions, new EPA regulations, and the integration of new energy sources require major investments, which sometimes conflicts with the goal of reducing final tariffs. These final rates are agreed between the distributors and the state regulators.

Brazil

- Brazil has the least polluting energy matrix among the large economies of the world, according to the Brazilian Energy Balance (*Balanço Energético Nacional*) 2019 (BEN 2019). 45% of final energy consumption is from renewable sources, which rises to 83% if we analyse the electric generation mix.
- As a result of the large share of renewable generation, especially hydroelectric generation, prices in the Brazilian electricity market are quite dependent on the country’s hydrological situation. In times of low rainfall, the price of energy increases, and there are mechanisms by which the tariffs directly transfer the changes in costs to the final users. During the first half of 2019, based on the favourable hydrological situation, there was no additional surcharge on the consumer rates (green band) except in May, when the yellow band was activated with a surcharge of R\$ 1 for every 100 kWh consumed. On the other hand, the second half had unfavourable hydrology, which caused the regulator to also activate the yellow bank during the months of October and December, while the rest of the months were red, increasing the bill by R\$ 5 for every 100 kWh consumed.

- According to ANEEL data, 42% of Brazilian domestic consumer energy invoices are due to taxes, approximately 40% corresponds to generation and transmission and 18% corresponds to energy distribution costs.
- Brazil has the “Light for All” programme for vulnerable consumers, which has been extended to December 2022. This programme was created in 2003 in order to electrify rural, isolated and economically disadvantaged areas. The programme is coordinated by the Ministry of Mines and Energy, operated by Eletrobrás, and executed by the energy concessionaires and rural electrification cooperatives. The programme is financed by industry funds, by the state governments and by the electric power distribution companies. The current Coelba contract is financed 65% with industry funds (CDE account) and 35% with own funds that are recovered in the tariff revisions every 5 years. The Coelba contract does not have financing from the government of the State of Bahia.
- The Ministry of Mines and Energy has approved the Decennial Energy Expansion Plan, which provides for the installation of a total of 67.9 GW between 2020 and 2029, of which 39.8 GW will be renewable. Breakdown by technology: 24.4 GW will be wind, 8.4 GW solar and 4.6 GW hydroelectric, with the remaining 2.4 GW being biomass. Investments during this period in the transmission business are estimated to be R\$ 103.7 billion (approximately 23,000 million euros).

Mexico

- In Mexico, private investment in electricity generation, the goals of renewable generation and the establishment of a system of clean energy certificates (*certificados de energía limpia*) (CELs) are encouraging competition and the diversification of the energy matrix, which is allowing for a reduction in generation costs.
- There were three long-term auctions of this type through the end of 2018, and the price has progressively decreased at each of them from USD 41.8 (€37.65)/(MWh+CEL) for the first auction to USD 20.57 (€18.53)/(MWh+CEL) for the third. With the change in government in Mexico in December 2018, a decision was made to temporarily suspend the Long-Term Auctions.
- The mechanisms for the purchase/sale of CELs continues in effect to incentivise new clean energy generation projects. However, in October 2019 the Secretary of Energy approved changes to the requirements for granting CELs in order for the CFE’s clean generation plants in existence before the Reform to be able to verify CELs for generation. This measure eliminated in practice the need for CFE Suministro Básico (a retail company of the CFE group) to purchase CELs in the Long-Term Auctions, containing the increase in Basic Supply tariffs to domestic customers.

- No changes are expected in the methodology for determining the electricity tariffs for financial year 2020, with rates expected to remain stable compared to those of 2019. In this way, the Federal Government can meet its commitment to not increase electricity rates in real terms (taking inflation into account).
- For more information about the business environment and the main factors and trends in the markets in which the company operates, see the [Integrated Report](#).

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 of chapter III.

According to Law 25/1964 on nuclear energy, the management of radioactive waste, including spent nuclear fuel, and the decommissioning and closing of the nuclear plants, is an essential public service reserved to the State, pursuant to article 128.2 of the Spanish Constitution. This law vests Empresa Nacional de Residuos Radiactivos S.A. (Enresa) with the management of this public service. Therefore, the State assumes ownership of the radioactive waste and 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 *General Radioactive Waste Plan (Plan General de Residuos Radiactivos) (PGRR)*, which 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, together with the corresponding economic/financial study. The PGRR is sent to the Ministry of Ecological Transition (MITECO) with a 4-year frequency, or whenever the Ministry requires, 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 called 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 that is calculated by Enresa and approved by the government, which covers all management expenses relating to the management of the spent fuel and the radioactive waste generated at its plants, as well as the expenses 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 means the period from the final cessation of operations of the plant and decommissioning approval, at which time ownership of the plant passes to Enresa. The current sixth PGRR establishes a period of 3 years for this stage.

Nuclenor, S.A., the company owning the Santa María de Garoña plant in which Iberdrola has a 50% interest, created a reserve for the pre-decommissioning to pay for the closure once commercial operation of the plant has ended and until Enresa takes ownership thereof.

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.

Creation of employment and salaries

Contribution to SDGs of the performance described by the indicators of this section



GRI 401 GRI 402

Policies and commitments

The professionals of the Iberdrola group form a global, multicultural, committed and qualified team that contributes to the sustainable creation of value with its work and talent.

The policies defined for the management of human resources contain guidelines governing labour relations among the various companies of the group and serve as a reference to define the company's employment-related goals: maintaining employment guarantees and a stable relationship with workers; strengthening of occupational health and safety and training aspects; protection of diversity and equal opportunity in access to employment; promotion of professional development; and promotion of behaviour and attitudes among its entire workforce in line with ethical principles.

Iberdrola has a *Human Resources Framework Policy*, the purpose of which is to define, design and disseminate a human resources management model of the group that will allow it to obtain, promote and retain talent and encourage the personal and professional growth of all people belonging to the group's workforce, making them participants in the successful business enterprise and guaranteeing them a dignified and safe job.

This policy is further developed in the following specific policies:

- *Recruitment and Selection Policy*
- *Knowledge Management Policy*
- *Equal Opportunity and Reconciliation Policy*
- *Occupational Safety and Health Policy*

Objectives

In relations with its employees, Iberdrola has identified as especially significant issues:

- Culture: the strengthening of a group corporate culture.
- Integration: boosting integration (Orientation Programme).
- Recruitment: defining a basic recruitment model at the international level.
- Training: the implementation of an integrated training management system (SAP system).
- Diversity: raising the awareness of our workforce with respect to diversity.

Our workforce

405-1

Employees in the workforce

		2019		2018		2017	
		No.	%	No.	%	No.	%
By gender	Men	27,125	77%	26,117	77%	26,229	77%
	Women	8,249	23%	7,961	23%	8,026	23%
By age group	Up to 30 years old	6,080	17%	5,378	16%	4,924	14%
	Between 31 and 50 years old	20,638	58%	19,512	57%	18,912	55%
	Over 51 years old	8,656	25%	9,188	27%	10,419	31%
By professional category	Management team	825	2%	830	2%	928	3%
	Middle managers and skilled technicians	15,074	43%	14,240	42%	14,676	43%
	Skilled workers and support personnel	19,475	55%	19,008	56%	18,651	54%
Number of employees		35,374	100%	34,078	100%	34,255	100%

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 systems of the companies making up the Iberdrola group do not record their membership by ethnic group, religious group or any other diversity indicator. Information by geographic area can be found in Annex 1 Supplementary Information.

Subcontracted activities

EU17

To perform those activities that the company deems necessary to carry out at its facilities using subcontracted personnel, Iberdrola follows a procedure of entering into service agreements defining the type of activities to be performed, and contractors are responsible for allocating and managing the resources required for the proper performance thereof.

To ensure that the subcontracted activities are performed in alignment with the values of the group, the subcontracted companies:

- Must be approved in accordance with the process described in the “Description of Supply Chain” section of this report, which takes into account both their technical performance and their labour, environmental and social practices.
- Must meet the requirements set forth in the [contracting terms of the group](#), which take into account financial and quality aspects as well as environmental, labour, health and safety, and social responsibility performance.

Under these terms and conditions, subcontractors, with a total of 104,759,200 days worked, manage their technical and human resources and Iberdrola supervises the subcontracted activities performed, and does not deem it necessary to keep statistics regarding subcontracted personnel, except as regards health and safety given the importance of these issues in the social area and because they are considered material topics.

New hires

GRI 202 401-1

As a global company, Iberdrola has specific policies approved by the Board of Directors that regulate the selection activity (including the [Recruitment and Selection Policy](#) and the [Equal Opportunity and Reconciliation Policy](#)), as well as a master recruitment and selection process that applies at the global level. It also relies on local practices in order to ensure that the best talent is attracted and selected in line with activities appropriate to each specific territory and legal system.

The company believes that the talent of our organisation is a fundamental part of ensuring the success of the organisation each day. It is for this reason that we join forces from all countries to attract and select professionals with the skills, knowledge and abilities aligned with the current and future values and needs of the company.

In 2019, Iberdrola took various actions in this area seeking to attract and retain the best and most diverse talent pool in its various regions, including the following:

- Attending job forums and holding talks and conferences at various prestigious universities in the countries in which Iberdrola has a presence, reaching a total of 24,000 students with whom it has shared the value of our company, while at the same time encouraging them to participate in the company's selection processes.
- Holding "Talent Hackathons" at universities in Spain, the United Kingdom, the United States, Mexico and Brazil in order to get the word out about our company and attract university talent.
- Creation of an internal guide for attracting talent on social media (Twitter, LinkedIn, Instagram, etc.) in order to define, guide and encourage the participation of local human resources groups in the creation of content and collaboration with the internal and external communications areas.
- New unique employment channel: in April 2019, called "Success Factors", where external and internal candidates can look for and request vacancies that match their profile.
- Training programmes at the company directed towards vocational students, as well as university students, in order to complete their education within the professional environment. In total, 615 vocational students and 821 university students throughout the world have begun their training at Iberdrola Spain, ScottishPower, Avangrid, Neoenergia and Iberdrola Mexico.
- International scholarship programmes for master's studies. In 2019, Iberdrola granted 51 scholarships for master's studies, with students from Brazil, Spain, Mexico, the United Kingdom and the United States having had the opportunity to study in different countries.
- Mentoring programmes for students from the Iberdrola scholarship programme, with which they can not only develop skills and abilities relevant to the professional area but also work towards their career goals.
- Weekly email of vacancies published internally to the group of officers, department heads and team leaders to encourage mobility within the company, as well as for career development and personal and professional growth.
- At Neoenergia, a feedback programme has been developed for professionals who participated in the process and have not been selected for the position in question. The goal is to enhance the ability of the application to improve their employability for future openings.
- At ScottishPower, there is a training course for the hiring managers who participate in the selection process, providing training in four modules: the selection process, impartiality in the process, labour regulations and skills-based interviews.

By way of summary, during the 2017-2019 period, Iberdrola held 19 hackathons or bootcamps with the presence of more than 2,000 young talents, 350 entrepreneurial ideas to be developed, and the collaboration of more than 300 mentors. There were also more than 60 workshops or talks and almost 3,500 hours of mentoring were provided to the students. The international side of this programme was expanded upon during 2019, linking to various universities through global initiatives.

The Universities Program, Iberdrola U, focuses its efforts on strengthening the relationship between the company and the academic world through a number of resources and activities aimed at attracting talent, transferring knowledge and contributing to our society. The programme is based on five lines of action: support for university chairs, development of R&D projects, training through student scholarships, internal training of Iberdrola employees and support for young entrepreneurs.

Iberdrola has signed agreements for its development with major universities in the countries in which it has a presence. Two new universities joined and the programme connected with more than 290,000 members, including students, professors and interns, in 2019.

- Massachusetts Institute of Technology (MIT) and Yale University in the United States.
- Monterrey Technology Institute in Mexico.
- University of Strathclyde in the United Kingdom.
- Universidad Pontificia de Comillas and Universidad de Salamanca in Spain.
- Hamad bin Khalifa University in Qatar.
- Federal University of Pernambuco in Brazil.

All of these initiatives form part of the actions that Iberdrola has taken to attract talent. The relatively limited number of women seeking employment in technical/scientific profiles make it difficult to achieve numerical equality with respect to gender in the hirings that occur in the industry. Nevertheless, Iberdrola actively works to promote equality of gender in hiring, taking action at all of its subsidiaries to increase the attraction of women towards technical careers and thus increase the critical mass of available talent.

New hires

		2019		2018		2017	
		Men	Women	Men	Women	Men	Women
By age, in numbers	Up to 30 years old	1,333	406	1,351	377	1,012	295
	Between 31 and 50 years old	1,207	375	1,235	328	1,353	318
	Over 51 years old	99	61	87	35	189	43
Total number		2,639	842	2,673	740	2,554	656
By age ³² , in %	Up to 30 years old	28.17	30.14	32.15	32.04	26.39	27.09
	Between 31 and 50 years old	7.74	7.46	8.44	6.72	9.65	6.50
	Over 51 years old	1.45	3.26	1.19	1.84	2.26	2.10
Total³² in %		9.73	10.21	10.23	9.30	9.74	8.17

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Iberdrola's approach is to promote and favour the hiring of employees in the geographic boundaries within which it does business, also encouraging these individuals to reach executive positions in the corresponding companies. In 2019, 99.62% of executive officers at the companies of the group were local, defined as anyone with management responsibilities in the same geographic area as the one they come from, thus excluding professionals of other nationalities who are assigned there temporarily under an international mobility programme.

The management approaches described in the "Diversity and equal opportunity" and "Non-discrimination" sections of this report are applied to both remuneration as well as the selection of professionals. The current collective bargaining agreements at the companies of the Iberdrola group ensure equality in starting wages for men and women.

³² Of the headcount of this group at year end.

202-1

Entry-level wage compared to legal minimum wage (%)

	2019	2018	2017
Spain	112.6	136.54	140.72
United Kingdom	107.8	113.01	125.52
United States	128.2	146.00	125.00
Brazil	128.8	128.74	135.18
Mexico ³³	466.0	449.12	464.09

Average relative remuneration (base plus variable salary) by age groups and gender

Iberdrola (EUR) ³⁴	Remuneration men/Remuneration women			(Remuneration men – Remuneration women) / Remuneration men		
	2019	2018	2017	2019	2018	2017
Up to 30 years old	92.7	92.7	98.0	-7.8	-7.9	-2.0
Between 31 and 50 years old	86.1	89.1	94.5	-16.2	-12.2	-5.9
More than 51 years old	112.1	111.0	110.2	10.8	9.9	9.3
Total average remuneration	95.1	97.3	100.9	-5.2	-2.8	0.9

Average remuneration (base plus variable salary) by age groups and gender

Iberdrola (EUR) ³⁴	Men			Women			Total		
	2019	2018	2017	2019	2018	2017	2019	2018	2017
Up to 30 years old	23,357	22,208	25,076	25,183	23,953	25,579	23,758	22,591	25,188
Between 31 and 50 years old	43,458	42,685	46,569	50,487	47,882	49,299	45,179	43,991	47,287
More than 51 years old	75,089	67,787	68,259	66,993	61,064	61,914	73,292	66,378	66,973
Total average remuneration	47,614	45,990	49,089	50,086	47,278	48,639	48,195	46,293	48,983

³³ In Mexico, the minimum wage is generally not used as a reference for market wages; it is applied in sanctions by the labour authority, fines and limits on tax deductibility.

³⁴ Companies included: Iberdrola S.A., subsidiaries of: Iberdrola España, Iberdrola Energia Internacional (Spain), ScottishPower, Avangrid, Neenergia and Iberdrola México.

Average remuneration (base plus variable salary) by professional category

Iberdrola (EUR) ³⁴	2019	2018	2017
Management team ³⁵	124,742	119,185	124,675
Middle managers and skilled technicians	56,109	53,798	56,009
Skilled workers and support personnel	32,883	32,008	34,617
Total average remuneration	48,195	46,293	48,983

Employee turnover

Personnel leaving the company ³⁶		2019		2018		2017	
		Men	Women	Men	Women	Men	Women
By age, in numbers	Up to 30 years old	254	106	293	117	242	113
	Between 31 and 50 years old	617	252	839	317	638	288
	Over 51 years old	901	212	1,694	382	1,072	336
By age ³⁷ , in %	Up to 30 years old	5.37	7.86	6.97	9.94	6.31	10.38
	Between 31 and 50 years old	3.95	5.00	5.73	6.50	4.55	5.88
	Over 51 years old	13.28	11.33	23.27	20.04	12.80	16.45
By seniority, in numbers	Up to 10 years	779	322	925	320	810	308
	Between 11 and 20 years	222	109	386	165	222	167
	Over 21 years old	772	139	1,515	331	920	262
By seniority ³⁷ , in %	Up to 10 years	10.97	12.47	7.59	8.06	6.18	7.18
	Between 11 and 20 years	1.59	2.60	6.85	7.66	3.93	4.16
	Over 21 years old	12.64	9.33	18.28	18.01	12.32	10.90
Total number		1,772	570	2,826	816	1,952	737
Total³⁷ in %		6.53	6.90	10.82	10.25	7.44	9.18

³⁵ The management team includes up to the level of team leaders.

³⁶ Information by geographic area can be found in Annex 1 Supplementary Information.

³⁷ Of the headcount of this group at year end.

Redundancies at the company

		2019		2018	
		Men	Women	Men	Women
By age, in numbers	Up to 30 years old	84	25	93	24
	Between 31 and 50 years old	250	58	270	74
	Over 51 years old	131	28	309	70
By age ³⁸ , in %	Up to 30 years old	1.78	1.85	2.21	2.04
	Between 31 and 50 years old	1.60	1.15	1.84	1.52
	Over 51 years old	1.93	1.50	4.24	3.67
By seniority, in numbers	Up to 10 years	276	81	248	70
	Between 11 and 20 years	71	18	46	17
	Over 20 years	118	12	378	81
By seniority ³⁰ , in %	Up to 10 years	3.89	3.13	2.03	1.76
	Between 11 and 20 years	0.51	0.43	0.82	0.69
	Over 20 years	1.93	0.81	4.55	4.41
Total number		465	111	672	168
Total³⁰ in %		1.71	1.35	2.57	2.11

³⁸ Of the headcount of this group at year end.

Average seniority of workforce (years)

	2019			2018		
	Men	Women	Total	Men	Women	Total
Spain	18.31	13.84	17.44	20.60	15.81	19.64
United Kingdom	15.96	14.56	15.49	16.54	14.65	15.90
United States	13.32	13.60	13.40	14.16	13.84	14.07
Brazil	7.75	6.85	7.59	7.90	7.27	7.78
Mexico	5.66	4.02	5.34	6.39	4.56	6.05
IEI	6.09	5.65	5.96	6.65	5.51	6.32
Average overall seniority of workforce	12.95	11.74	12.67	13.99	12.57	13.66

International mobility programmes

The Iberdrola group's international mobility programmes form part of the set of tools that contribute to the development of talent, transmitting and strengthening the culture of the group and offering opportunities for professional growth in an international environment that attracts, motivates and retains the professionals who will ensure the sustainability of the business.

In 2019 the "Early Career" programme, which began in 2016, was launched once again. The goal is to accelerate the development of young professionals in any of the countries in which the Company is present by means of international experience, becoming integrated within a team in any of the corporate or business areas in Spain so that after a maximum of 3 years they can return to their own countries to continue their career after having acquired a global view and better understanding of the business and of the global processes. Employees will participate in improvement and transformation initiatives through this programme. One very important additional value is cultural exchange and greater mutual understanding between the company different geographic regions.

During 2019 386 employees participated in the group's international mobility programmes in their various forms.

As was done the prior year in order to favour opportunities for internal promotion and international mobility, the company continued to encourage the use of a global Internal Employment Channel during 2019. 55% of published vacancies were filled internally during 2019, with outside professionals being hired mainly due to:

- Development of business in new countries, and
- Hiring of professionals with a specialisation in a particular field of knowledge.

The management team of Iberdrola and its subsidiaries comprised 784 people at year-end 2019, with a voluntary turnover rate of 0.51%.

Stable labour environment. Commitment to quality employment

Collective bargaining agreements

102-41

The companies of the Iberdrola group have collective bargaining agreements or specific equivalent agreements to properly regulate labour relations.

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

Employees covered by a collective bargaining agreement

	2019	2018	2017
Number of employees	27,829	26,900	26,643
Percentage of employees	78.67	78.94	77.78

There are 2 collective bargaining agreements in Spain, 2 in the United Kingdom, 12 in the United States, 11 in Brazil, 3 in Mexico, and 1 in the other countries. A breakdown by geographic area is available in Annex 1 Supplementary Information.

These agreements have specific monitoring mechanisms, such as the committees and sub-committees of the Collective Bargaining Agreement in Spain, the ScottishPower Company Consultative and Negotiating Machinery Constitution in the United Kingdom, the Union/Labor-Management Committee Leadership Committee, Operating Committee, Business Committee and the Joint Union/Management Partnership Committee in the United States, the CSE in France for renewables and for commercial. These Committees serve to regulate labour, safety and health, and pension issues and consult with employees and with representatives on social matters within the company, as well as to ensure compliance with commitments made.

402-1

The different organisational changes and significant events that occur are officially reported in compliance with the various legal provisions that apply at both the global and the local level within the labour relations of the companies of the group. These notifications are made via the various channels and forums enabled for the purpose, such as monitoring committees formed by management and employee representatives, intranet, notices to interested parties, unions, etc.

- In Spain, organisational changes are governed by both the *Workers Statute* and by the collective bargaining agreements, and generally provide for a period of at least 15 days prior notice.
- In the United Kingdom, employees and their representatives are consulted prior to the implementation of major operational changes that could materially affect them. The minimum notice period depends on the change to be implemented, but is generally 4 weeks.
- In the United States, notice requirements are governed both by collective bargaining agreements and labour laws. When organisational change or significant events occur that may impact union employees, union leaders are routinely provided with advance notice. The minimum notice period depends on the change to be implemented, but is generally 4 weeks.
- In Brazil, organisational changes at the distribution companies of the Networks Business (Coelba, Celpe, Cosern and Elektro) are governed by their respective collective bargaining agreements, which give guidance on how these changes should occur, always giving advance notice to the unions. The period is established by the management of the area together with the human resources area, depending on the type of operational change.
- In Mexico, significant operations are reflected in the collective bargaining agreements and notice is provided an average of two to three months in advance.
- In the other countries, organisational changes are made within the periods set out by local regulations in accordance with the process in question.

Benefits

401-2

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

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

Information by geographic area can be found in Annex 1 Supplementary Information.

For employees of Iberdrola, S.A., and the subsidiaries of Iberdrola España, Iberdrola Energía Internacional, ScottishPower, Avangrid, Neoenergia and Iberdrola Mexico, there are no significant differences between benefits provided to part-time employees and benefits provided to full-time employees.

201-3

The features of the contributions to pension plans at the various countries of the group are described below by country:

Spain

The companies signing the *7th Collective Bargaining Agreement* jointly sponsor a voluntary employee pension plan in which 98% of the workforce participates. The periodic contributions made under said Collective Bargaining Agreement are determined as a percentage of each employee's annual pensionable salary. Iberdrola does not have any unmet financial commitments pending with respect to this plan.

United Kingdom

98% of the workforce participate in the pension plans of the workforce in one form or another:

- The defined-benefit plan has two pension plan structures, based on company and seniority.
- The defined-contribution plan has a pension scheme that is based on a percentage of each employee's annual pensionable salary. This scheme is optional for employees and is co-funded by the company and employees.

United States

- The Networks Business has twelve defined-benefit plans, for which the company makes the contribution, with benefits being based on salary and years of service. It also has defined-contribution plans with distinct and separate operations. Employees can make contributions as a percentage of their pre-tax salary (generally up to 50%). Approximately 96% of the workforce are members of these defined-contribution plans.
- The Renewables Business has a corporate defined-benefit plan, with contributions assumed by the company and benefits determined based on salary and years of service. It also has a defined-contribution plan with three different types of company contributions. Employees can make contributions as a percentage of their pre-tax salary. 100% of the workforce are members of these defined-contribution plans.

Brazil

After the integration of all of the businesses of the company Elektro Holding into Neoenergia on 24 August 2017, the pension plan scheme is as follows:

- At Elektro Networks and Commercialization, they have a defined-benefit plan and a mixed plan (70% of salary as defined benefit and 30% as defined contribution). 83% of the workforce are members of both plans.
- The distributors Coelba, Celpe and Cosern have various defined-benefit plans and defined-contribution plans. 99% of the workforce are members of both plans.

Mexico

The commitments to the organised employees of Iberdrola Mexico, arising from the auctions by the Federal Electricity Commission, in which Iberdrola is required to apply a Collective Labour Agreement for organised staff, are provisioned as internal funds. A defined-contribution pension plan was implemented in 2015, with 63% of the non-organised workforce with pension plan rights signing up.

EU15

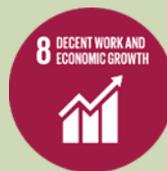
Employees eligible to retire

	In the next 5 years (%)			In the next 10 years (%)		
	2019	2018	2017	2019	2018	2017
Iberdrola total	13.05	12.59	16.21	22.06	21.70	27.60

A breakdown by professional category and region can be found in Annex 1 Supplementary Information.

II.2. Workplace Safety and Employee Development

- A safe work environment
- Professional training and development
- Diversity and equal opportunity



Priorities of the Sustainable Development Plan



A safe work environment

Contribution to SDGs of the performance described by the indicators of this section

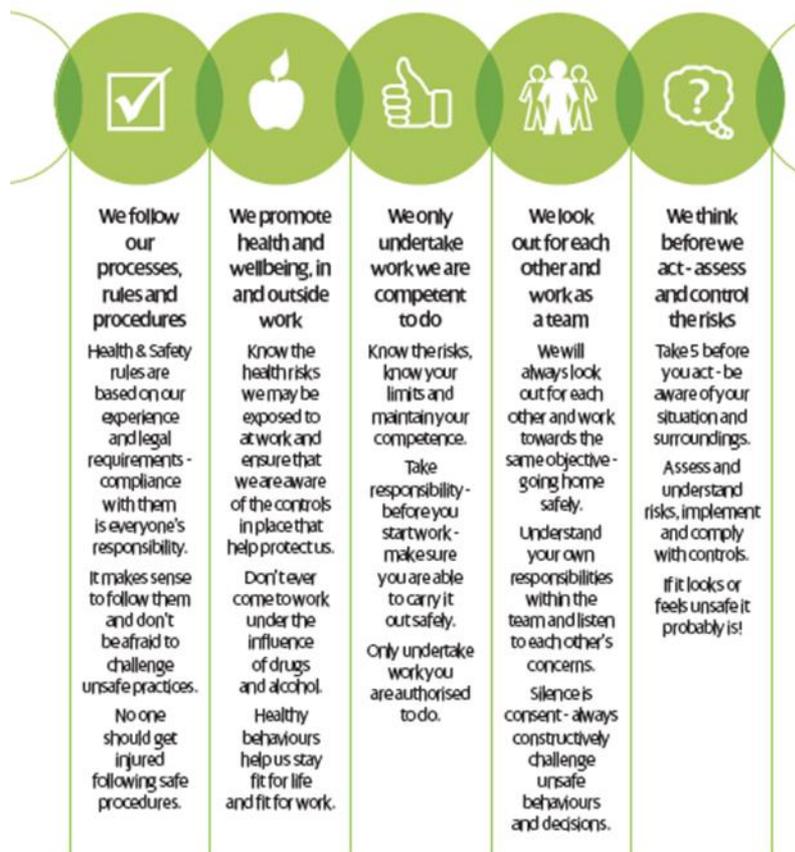


GRI 403

403-1

Occupational health and safety management system

Our 5 Health & Safety Essentials...



403-8

Workers covered by an occupational health and safety management system

The purpose of the Global Safety and Health Department is to propose a global strategy and objectives to homogenise safety and health requirements and standards throughout the company in those countries in which it has a presence. There are no legal requirements that specifically apply in this department, but rather it works through global practice groups that engage persons with knowledge and experience related to the objectives of such groups in order to achieve results based on the objectives set out in the Global Strategic Safety and Health Plan 2019-2022.

- In Spain, the applicable legal requirements are: Section 16.1 of Law 31/1995, of 8 November on Occupational Risk Prevention and Section 2. Occupational Risk Prevention Plan of Royal Decree 39/1997, of 17 January, approving the Regulations on Prevention Services.
- The United Kingdom has a Safety and Health System with related policies and procedures that must be followed to ensure that the Company and its employees comply with all applicable internal, external, legal and regulatory requirements and standards.
 - UKHS-GSP-SMS2007 Procedure to identify legal and other requirements
 - UKHS-GSP-SMS2008 Health and Safety Legal Registry - Describes all legal requirements
- In the United States, the only existing legal requirements to implement an occupational health and safety system are those relating to the offshore wind power sector. This sector is a business that is still emerging, for which reason the projects are still currently under development. The networks business already has a safety and health system.
- In Brazil, the purpose of the corporate safety and health department is to develop and implement all of the Iberdrola group's strategies in the country in order to comply with global safety and health requirements and standards, despite there being no legal requirements that these systems be implemented in Brazil.
- In Mexico, although there is no legal requirement, the group's facilities in the country implement and maintain an integrated quality, safety and environment system based on processes that satisfy the current versions of the ISO 9001, ISO 14001 and OSHAS 18001 standards.

- The purpose of Iberdrola Energía Internacional is to establish a common standard and propose global objectives to homogenise Safety and Health requirements and standards. There are no legal requirements that specifically apply to this Area; instead, work is performed locally, through suppliers with platforms used for this purpose.

The Global Safety and Health Department is not itself certified by a recognised standard or guideline, although the countries and businesses that it services are certified under the OHSAS 18001 standard.

- Spain conforms to the international OHSAS 18001:2007 standard.
- The United Kingdom has developed, documented and implemented a Safety and Health Management System within the scope of the ISO 45001:2018 certification.
- In the United States, the Networks and Onshore Renewables business units have implemented an occupational health and safety management system based on accepted management and risk management standards. As at the date hereof, the networks and renewables businesses have the OHSAS 18001 certifications and will move to ISO 45001 in 2020.
- Brazil is certified by a standard based on the OHSAS 18001 and ISO 45001 standards.
- In Mexico, the integrated management system, which currently contemplates the OSHAS 18001 standard, is in the process of migration to the ISO 45001 standard.
- Iberdrola Renovables Internacional Onshore (Operation and Maintenance) holds OHSAS 18001 certification in Portugal, Greece, Hungary and Romania; Iberdrola Renovables Internacional Offshore is working to obtain ISO 45001, managed by the Safety and Health, Environment and Quality Department. At Iberdrola Clientes Internacional, Italy is certified using OHSAS 18001, France is working to obtain ISO 45001 (it will replace OHSAS 18001) during the last quarter of 2020, and in Portugal they are working to obtain the ISO 45001 certificate in 2020.

Scope of the occupational health and safety management system

The Global Safety and Health Department is made up of a director and 4 occupational risk prevention experts (all employees of the company). One person is responsible for compliance, recording and tracking of the overall Indicators and reports and three are the prevention officers of the businesses of the company (networks business, liberalised business and renewables business), who lead, among other things, the global practice groups of the businesses to whom the technicians and officers of each country and business turn to deal with specific issues and needs and to follow up on specific objectives therein.

Workers covered by an occupational health and safety management system³⁹ (own personnel)

	No.	%
Employees covered by occupational health and safety management system	35,374	100
Occupational health and safety management system internally audited	35,374	100
Occupational health and safety management system audited or certified by an external party.	35,374	100

Workers covered by an occupational health and safety management system³⁸ (subcontractors)

	No.	%
Employees covered by occupational health and safety management system	40,400	100
Occupational health and safety management system internally audited	40,400	100
Occupational health and safety management system audited or certified by an external party.	40,400	100

403-2

The Global Safety and Health Department does not make or issue specific risk evaluations of the personnel for which it is responsible, as these evaluations are already provided by human resources areas of other corporate departments, which design and provide them to workers based on the roles that each person performs within the company.

However, upon the report of a serious or very serious accident in any company, they have the obligation to immediately report it to this global office and thus be able to inform the corporate human resources leadership and other country safety directors as soon as possible.

Occupational Safety and Health systems and processes

- In Spain, the companies party to the 7th Collective Bargaining Agreement share the process of identifying hazards to Occupational Safety and Health and the evaluation of occupational risks, pursuant to the law in this area and the OHSAS 18001:2007 standard. The quality of these processes is ensured through the creation of a Joint Prevention Service.
- The United Kingdom has created a system and certain processes to identify, implement and maintain a number of mechanisms for identifying hazards, evaluating risks and determining the required controls.

³⁹ Iberdrola's Health and Safety Management System covers all employees and subcontractors.

- In the United States, the hazards and risks to land and facilities are identified through a process of observation and inspection from the ground, the results of which are recorded in a safety management software tool.
- In Brazil, the identification of occupational health and safety risks follow the system defined in the management system procedure. The procedure handles the risk evaluation, review control, change management, documentation of information and reference to controls.
- In Mexico, the quality of these processes is ensured through internal and external audits, in which external members and customers validate compliance with the procedures, their acceptance of the processes and awareness of the personnel applying them. These exercises give rise to corrective, preventive and improvement actions, which are handled based on methodologies of the Comprehensive Management System.
- Iberdrola Energía Internacional does not make or issue specific risk evaluations of the personnel for which it is responsible, as they are already provided by Human Resources area of other corporate departments through the Prevention Service.

There is a quarterly and annual “Global Face to Face Meeting” of all corporate safety and health officers of the countries, where major accidents occurring during the period under review are shared as lessons learned to be integrated into the safety management systems of the various countries and thus avoid the repetition of similar events.

Occupational Safety and Health Plans

- In Spain, the annual planning of the prevention activities of each company is the subject of consultation and participation (central safety and health committee) and quarterly monitoring for compliance and effectiveness both by the central safety and health committee and by the safety and health coordinating councils of each business.
- In the United Kingdom there are an effort to continuously improve the suitability, sufficiency and effectiveness of the Safety and Health Management System through the organisation of various forums, performance evaluations, employee participation, communication, etc. The strengthens the encouragement of a culture of ongoing improvement and management commitment.
- In the United States there is a review and analysis of the results of the observations, inspections and audits in order to detect hot spots and specific trends. Gaps in the management system can be identified based on this review and the adjustments needed to improve the system can be made.

- In Brazil there are specific Safety and Health Committees, which verify the results at frequent regular meetings.
- In Mexico, the results of the processes are used as entries for the corrective, preventive and improvement processes, as well as the process of management review of the management system, in which the reasons for deviations from established procedures are established.
- This service is outsourced in the countries where Iberdrola Renovables Internacional, Onshore, Offshore and Iberdrola Clientes Internacional operate. Processes that follow up on workers who want to communicate hazards or dangerous situations.

Injury reporting and evaluation systems

Each country in which Iberdrola has a presence has its own procedures, means and systems for reporting work-related injuries in accordance with local practices and the regulations required by the country. In addition, all of the countries also have common practices, which give any worker the ability to report unsafe conditions and actions that occur while performing their duties.

- In Spain, hazard notices are provided through various instruments that are available both universally (Employee Portal) and locally. These include the “Maintenance Notices” system that manages thousands of communications each year. Any of the local (or central) Safety and Health Committees can also be informed of any potential or actual hazardous situation.
- In the United Kingdom, evaluation of the risks and reporting of occupational injuries takes place just like in the other countries, by reporting it to a supervisor or through a management system.
- In the United States, workers can communicate work-related risks and injuries through their supervisor or the online safety management system. If they prefer, they can also report problems anonymously using the ethics hotline.
- In Brazil, employees have complete freedom to make safety complaints regarding the business itself as well as the specific safety area. If the employee encounters any resistance with respect to these forms of communication, it is considered a violation of the Code of Ethics, will be analysed by the compliance area, and the employee will be protected against potential reprisals.
- In Mexico, the generation plants make available to the employees, contractors and other personnel engaging in activities within the facilities a Deficiency Observation Report (*Reporte de Observación de Anomalías*) (ROA), which is an effective participation mechanism to prevent and avoid risky situations that could lead to incidents and/or injuries. Once the deficiency is detected, the reporting party must act in two ways, correcting the deficiency or, if unable to do so, notifying their superior for it to be uploaded into the EQDz system.

- At Iberdrola Energía Internacional, upon the report of a serious or very serious accident in any company, they have the obligation to report it to this safety and health area in a format established by the Department and thus be able to inform the corporate human resources leadership and other country safety directors as soon as possible.

Right of workers to remove themselves from work situations that could cause injury or ill health

Safety has been a constant in the preventive culture of the company, and as such all workers are always urged to not proceed or give priority under any circumstance to performing any work that entails a risk without having the means and knowledge necessary to mitigate or eliminate the effects of the risk itself. This principle of conduct is set out in the safety policy of the company and is supported by the company's officers. The global department has implemented a training initiative of "No Harm" at the international level in order to more strongly emphasise and strengthen these concepts.

- In Spain, there is application of the legal provisions governing the processes to be followed by workers who want to remove themselves from work situations that they believe constitute a serious and imminent risk to their safety and occupational health.
- In the United Kingdom, there has been an effort to integrate health and safety into the DNA of the organisation and promote a fair and equitable culture of health and safety in which everyone is responsible for their own health and safety and that of their colleagues and they are responsible for their own actions or omissions.
- In the United States, employees are taught that they not only have the right to stop work if they feel unsafe without fear of retaliation, but also to expect to start work under safe conditions. There is also an insistence that employees only engage in work for which they are qualified.
- In Brazil, the right of rejection is provided for under Brazilian law, regulated in the NR01 (miscellaneous) standard of the labour and employment ministry of the federal government applicable to a specific activity if the worker does not feel safe in performing it.
- In Mexico, the employee portal contains a Code of Ethics mailbox in which any worker of the group or outside worker can communicate their objection to any labour instruction and/or practice that puts their physical or moral integrity at risk.
- In the countries in which Iberdrola Energía Internacional is present, they have both common practices and their own procedures, means and systems for reporting work-related injuries in accordance with local practices and the regulations required by the country.

Investigation of work-related incidents, hazard identification and corrective actions.

The global department ensures that each country has within its safety and health systems, all certified by third parties, the means to investigate work-related accidents and occupational diseases. It also performs regular Global Assessments of specific businesses in all countries, assessing whether the steps are performed with quality and in due time and form and there are records of all of them in the form of documentary evidence, and if not that they are formally requested to correct it in an Action Plan by country.

- In Spain, general procedures apply to the management of occupational safety and health incidents.
- In the United Kingdom, the “ScottishPower Incident Management Framework” has an investigation procedure in this regard, identifying hazards and evaluating the risks relating to incidents.
- In the United States, incidents must be immediately reported to the supervisor and recorded in the online safety management system, after which an investigation of the incident is performed based on the seriousness thereof.
- In Brazil, there is an analysis of work-related incidents based on a corporate management system procedure. Each causal factor and root cause are list and assigned to one or actions for treatment. The safety committees, with the participation of various areas of the company, are also part of the analysis report.
- In Mexico, the process of communication, classification, investigation and recording of accidents, incidents and occupational diseases considers that all undesired events that cause or might cause harm to personnel, the environment and/or the facilities as well as illnesses must be electronically reported and communicated. There is an investigation of the immediate causes giving rise to them, and the immediate corrective action is generated to mitigate and deal with the event, and a lead person is assigned to follow up on this action.
- Iberdrola Energía Internacional ensures that each country has within its safety and health systems, all certified by third parties, the means to investigate work-related accidents and occupational diseases. These means record in detailed form all of the data and details identified during the investigation of an accident. The report provides specific conclusions regarding assignable causes, corrective actions, risk mitigation measures and specific parties responsible for closing out the non-conformities detected during the process and setting deadlines.

403-3

Occupational health services

- Health services at the company are completely integrated within the preventive dynamics of the company. Health requirements are similar among countries and can be tracked for employees, contractors, temporary staff or interns, and personnel from temporary staffing or outsourcing companies. The health of the company's own workers is monitored in accordance with medical protocols that are applied based on the specific function of each worker based on an evaluation of occupational risks. The global safety department works to ensure that the health monitoring systems are consistent with the written procedures in each country. They are monitored using regular Global Assessments in the various businesses of the countries. The confidentiality of the personal health data of workers is ensured through the application of the measures established by applicable law and the internal and external controls established for this purpose (internal and external audits).
- In Spain, the monitoring of occupational health or workplace medicine is one of the four mandatory preventive specialities. The speciality is developed with internal means, through the occupational medicine unit of the joint prevention service, structured into four medical regions and which has the technical and human means established by applicable law.
- In the United Kingdom, the occupational health services guide includes how to provide professional medical and occupational health services, advice and assistance to efficiently manage risks to health and occupational hygiene relating to work-related activities and operations. In the United States, like in Spain, occupational health services are provided by third party healthcare organisations.
- Depending on the state, there tend to be a number of occupational health centres with which the company is related and shares information with relating to the work, as well as the ability to adapt to any type of work-related restriction.
- In Brazil, the health of workers is monitored in accordance with medical protocols that are applied based on the specific function of each worker based on an evaluation of occupational risks.
- In Mexico, the annual health monitoring plans contemplate programmes, services and clinical exams that can be easily accessed by the workers. There is currently a transition towards an online platform that will contain the medical files of each worker, for which purpose the worker will sign an informed consent and notice of confidentiality so that their data are maintained on this platform and can only be viewed by the worker and persons they authorise.

- At Iberdrola Renovables y Clientes Internacional the health monitoring service is outsourced in accordance with local law and Iberdrola standards. The health of workers is monitored in accordance with medical protocols that are applied based on the specific function of each worker based on an evaluation of occupational risks.

403-4

Worker participation in the development, implementation and evaluation of the health and safety management system

There are union formations in all countries that collect the concerns of workers and bring them to forums and meetings that are regularly held with representatives of the company to deal with topics of common interest, including safety and health. At the work centre level and depending on the number of workers therein in accordance with the legal requirements of each country, there are specific safety and health committees that meet regularly with the participation and representation of both unions and the company.

- In Spain, there is a general procedure for the participation, consultation and communication of workers that gives effect to applicable legal requirements in this area and the 4.4.3 Communication, Participation and Consultation requirement of the OHSAS 18001:2007 standard.
- In the United Kingdom, the Health and Safety Governance Committee (HSGC) meets quarterly and serves as a forum for senior management governance and leadership in the area of health and safety.
- In the United States, there is a safety committee, at either the facility or job level, that ensures the representation of all employees.
- In Brazil, formal agreements with the unions on safety and health matters are not common because legal guidelines define the areas of responsibility for employees and companies. At companies with more than 20 employees, there is a legal requirement for a joint committee. The Occupational Accident Prevention Commission (CIPA) has a presence in safety audits, safety and health programmes and campaigns, and the analysis of incidents and improvement actions.
- In Mexico, communication takes place through the internet and email. Information that is routinely communicated includes accidents and incidents and operational events. For external communications, there is a communication procedure that governs requests for information as well as technical communications with customers.

- At Iberdrola Energía Internacional, there are union formations in all countries that collect the concerns of workers and bring them to forums and meetings to deal with topics of common interest, including safety and health.

Health and safety committees

All companies of the group in each country have occupational safety and health committees, under different names, to establish channels for consultation and participation with the employee representatives in this area, to monitor indicators, accident rates, to plan and take preventive measures to correct deficiencies and to improve the Safety and Health System.

- In Spain, there is a Central Safety and Health Committee, inter-centres and another 36 local safety and health committees, such that all of Iberdrola's personnel are represented on a local committee. In order for there to be consultation and participation of the employees in all company processes and decisions, they include the preparation of occupational risk prevention plans and all related work-related safety and health procedures, the process for evaluating work-related risks, the planning of prevention activities and information regarding occupational safety and health incidents and the causes thereof.
- In the United Kingdom, there is a Health and Safety Governance Committee that is in charge of the general strategy, guidelines and governance in this area. The Committee, which meets quarterly, is made up of members of the executive management teams of each of the business units and of the health and safety management team. The Governance Committee has the support of the executive teams of each area of the business, the Health and Safety Department and the health and safety forums.
- In the United States, in those business areas that have a union, they have created joint health and safety committees with officers and workers to adapt to the structure of the groups of experts on safety.
- In Mexico, the Safety and Hygiene Commission (*Comisión de Seguridad e Higiene*) (CSH) is the internal organisation that will help the organisation to ensure that the Occupational Safety and Health Management System is implemented and complies with requirements in all areas and processes of each corresponding facility, in addition to actively participating in the investigation of accidents and incidents.
- In Brazil, they have occupational safety and health committees, under different names, to establish channels for consultation and participation with the employee representatives in this area, to monitor indicators, accident rates, to plan and take preventive measures to correct deficiencies and to improve the Safety and Health System.

- At Iberdrola Energía Internacional, they have established channels for consultation and participation with the employee representatives in this area, there is monitoring of indicators, accident rates, and planning, and preventive measures are taken to correct deficiencies and to improve the Safety and Health System. The frequency for each country differs according to the nature of the work centre.

403-5

Worker training on occupational health and safety

The company has made available to employees a software system called “Savia” that offers various types of courses, including on safety and health, so that each worker can make their own “Personal Development Plan” supported by their immediate superior.

In parallel, the company regularly launches 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 Spain, there is an annual identification of their needs for information, education and training on occupational safety and health issues. This planning is based on the evaluation of occupational risks of each job position and the skills required, which are compared to the accredited training already appearing in the file for each employee.
- In the United Kingdom, immediate supervisors are responsible for evaluating skills and identifying the training needs in order to ensure that employees have the skills and knowledge necessary to perform their duties effectively and safely. The country training plans are prepared by the training department, which obtains information from the health and safety compliance team regarding all approvals of plants in relation to the various functions within the companies in order to ensure the observance of all legal and compliance standards, and is in contact with the various business areas to determine the needs and priorities for training and development.
- In the United States, employees receive both technical and safety training relating to the work they perform. No employee can work unless they have passed the required tests and demonstrated their competence. This technical training includes all work-related safety requirements.
- In Brazil, the company regularly launches 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. At the end of each training unit, there is a small test of knowledge that must be passed.

- In Mexico, the training plan for personnel is based on a performance evaluation each year for each employee, comparing their annual performance to their job profile, and based on which training deficiencies or improvements of the person are established, developing a training plan with additional courses.
- At Iberdrola Renovables Internacional, all employees have access to specific safety and health training courses. There are 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.

403-6

Promotion of health

Access to medical services and monitoring of the health of employees is managed by the Human Resources Division in the various countries. They maintain the history of medical examinations of all employees of each business in the countries in accordance with specific local regulations. Specific medical protocols are applied, in all cases based on an evaluation of the risks of each individual and the activities thereof. Medical examinations are performed with the frequency applicable in accordance with the country's local law and based on standards that may or may not be mandatory based on the duties of the worker and the risks to which they are exposed.

- In Spain, all personnel have access to medical services and non-work-related healthcare, not only through the public health system, but also through a system arranged with a private entity that offers health coverage to said personnel and to their direct family members.
- In the United Kingdom, all employees considered to be at risk are offered a confidential health monitoring programme at work and fitness for work programme. Innovative solutions and programmes have also been developed to engage and cause personnel to participate in general, health, exercise and well-being activities. It also has a confidential assistance programme for the workers that offers help, advice and assistance to the workers and their immediate family regarding a large number of issues relating to health, consumption, law and lifestyle.
- In the United States, there are high-quality non-work-related medical and health services for the employees through group medical plans.
- In Mexico, all employees are provided with medical benefits based on a catastrophic medical expense policy, a medical consultation policy with specialists, a dental insurance policy and a life insurance policy.

- In Brazil, access to medical services and monitoring of the health of employees is managed by the Human Resources Division. They maintain the history of medical examinations of all employees of each business in the countries.
- At Iberdrola Renovables Internacional, access to medical services and monitoring of the health of employees is managed by the respective Human Resources Divisions.

Promotion of health in non-work-related aspects

Iberdrola provides workers with significant means to promote the health of its employees, as well as the organisation of non-work-related sports activities, which are announced and promoted through the corporate intranet, as well as the sponsorship of sports teams, etc.

- The medical services in Spain (Prevention Service) engage in regular campaigns promoting good health and the acquisition of healthy habits (including anti-smoking and healthy food treatment) and includes voluntary programmes for monitoring and early prevention of potential pathologies at regular health examinations, including the prevention of colon and prostate cancer, cardiovascular illnesses, etc.
- In the United Kingdom, there are two key strategic initiatives to help workers:
 - Mental health: an awareness-raising programme was implemented throughout the company with the distribution of materials “Putting on a brave face: it’s time to talk, you’re not alone” and the holding of seminars and training on emergency mental health assistance.
 - The TOM (musculoskeletal disorders) plan, there has been approval of the DorsaVi system for telemetry data of evidence-based musculoskeletal disorders for implementation in the occupational hygiene area. A *Guide for the prevention and treatment of musculoskeletal disorders* has been prepared to contribute to the visibility of these changes.
- In the United States, voluntary health services are provided such as health events that include activities like free diabetes, high blood pressure and body mass tests and tests for the detection of various types of cancer, etc.
- In Brazil, to promote the health of workers, not only are more than 700 sports offered, but a communications campaign has also been implemented to promote healthy practices among the workers.
- In Mexico, there are two programmes focused on promoting health, both were voluntary established by the workers’ organisation:
 - Gympass: a benefit to promote the physical activation of the personnel.
 - Medical chart: a database of electronic medical records that will contain the medical exams along with the recommendations of the plant’s doctor.

- At Iberdrola Energía Internacional, this service is outsourced for local (in-country) Iberdrola personnel, in accordance with specific local regulations. Specific medical protocols are applied, in all cases based on an evaluation of the risks of each individual and the activities thereof.

403-7

Prevention and mitigation of occupational health and safety impacts directly linked by business relationships

There are operations, products or services for which there are difficulties in hiring or outsourcing because these kinds of companies are not familiar with the safety and health pre-qualification requirements required by Iberdrola or they do not have certified integrated management systems, and verification of compliance therewith delays their hiring. Iberdrola coordinates specific plans with the relevant health and safety department to avoid major impacts on the occupational safety or health of workers due to the existing commercial relationship with the supplier.

- In Spain, potential impacts on the occupational safety and health of the personnel of Iberdrola directly related to business processes are focused on through the process of evaluating occupational risks, which includes roadway and psycho-social safety aspects.
- In the United Kingdom, there are a large number of subcontractors in each of our business areas. Ensuring the highest possible standards of compliance on health and safety issues for all of our subcontractors is fundamental to achieving a strong health and safety culture.
- In the United States, the principal negative effects on occupational health and safety directly relating to the operations, products and services in which there is no control over the work or over the worksite are prevented and mitigated by raising awareness regarding public safety. We seek to generate greater awareness regarding the dangers of systems and facilities by working with local emergency personnel, and through educational programmes for youth.
- At the plants of Iberdrola Generación México, significant risks directly related to the power plant operation processes and the generation of products and services that directly affect the relationship with various stakeholders have been identified.
- Brazil is making investments in the facilities to reduce ergonomic risks for the workers. And at the operational facilities the group is taking action to change processes and improve equipment and infrastructure, all to continuously improve the safety and health of the workers and the quality of the public services provided.
- At Iberdrola Clientes Internacional, the process of hiring suppliers for the installation of products of the Iberdrola Customers business involves difficulties due mainly to the fact that these installation companies are not familiar with the safety and health pre-qualification requirements required by Iberdrola or do not have certified integrated management systems, and verification of compliance therewith delays their hiring. But in those places where these difficulties occur (Italy, France,

Portugal), they are defining specific plans under the control of Iberdrola Energía Internacional and by the Liberalised business.

Own staff represented on safety and health committees (%)

	2019	2018	2017
Iberdrola total	98.80	98.61	98.53⁴⁰

⁴⁰ In Mexico, there has been a recalculation of the data from 2017, including the Renewables and Engineering businesses.

Injury and absenteeism rates

403-9

Employee injuries⁴¹

	2019	2018	2017
Number of injured workers	416	399	455
Men	378	363	376
Women	38	36	79
With fatality	1	0	0
Men	0	0	0
Women	1	0	0
With leave	83	80	104
Men	77	75	101
Women	6	5	3
Without leave	332	319	341
Men	301	288	265
Women	31	31	76
With high consequences	1	1	2
Men	1	1	2
Women	0	0	0
Number of lost days	3,896	3,929	4,374⁴²
Men	3,747	3,806	4,318
Women	149	123	56
Injury rate (IR)	1.33	1.37	1.75
Men	1.61	2.26	2.20
Women	0.41	0.21	0.22
Severity index	0.06	0.07	0.07
Men	0.08	0.12	0.09
Women	0.01	0.01	0.00

⁴¹ Methodology for calculating the indicators:

- Injury rate (IR) = (number of accidents with leave*1,000,000)/hours worked.
- Severity index = (number of calendar days lost per accident, as from first day of leave/hours worked)*1,000.

⁴² In 2017 there was a lower number of accidents with leave but a higher number of lost days.

Rate of work-related injuries (own personnel)⁴³

	2019
Rate of fatalities	0.00
Men	0.00
Women	0.01
Rate of high-consequence work-related injuries	0.00
Men	0.00
Women	0.00
Rate of work-related injuries	1.33
Men	1.58
Women	0.51

Rate of work-related injuries (subcontracted personnel)

	2019
Rate of fatalities	0.01
Rate of high-consequence work-related injuries	0.02
Rate of work-related injuries	1.12

In the event of a high-consequence work-related injury, there is an evaluation of risks, where each type of risk has a classification that is determined by means of evaluating the probability of occurrence and the consequences thereof (FINE method). The two are multiplied to give the final classification, which will be low, medium or high. The corresponding measures are taken based on these classifications to eliminate and/or minimise such risks.

⁴³ **Rate of fatalities** = Number of fatalities as a result of a work-related injury / number of hours worked x [200,000] **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] **Rate of recordable work-related injuries** = Number of recordable work-related injuries x [200,000].

Absenteeism among own personnel

	2019	2018	2017
Number of lost hours⁴⁴	1,187,531	1,663,424	N/Av.
Men	814,819	1,109,664	N/Av.
Women	372,712	553,800.0	N/Av.

Information is provided by geographic area in Annex 1 Supplementary Information.

The table below shows the accident and absenteeism rates of subcontracted employees:

403-9

Injury and absenteeism rates (subcontracted personnel)

	2019	2018	2017
Number of injured workers	587	570	631
Men	572	549	614
Women	15	21	17
With fatality	4	3	13
Men	4	3	13
Women	0	0	0
With leave	208	174	309
Men	201	171	307
Women	7	3	2
Without leave	375	396	309
Men	367	378	294
Women	8	18	15
With high consequences	12	6	4
Men	12	6	4
Women	0	0	0
Number of lost days	11,992	9,661	11,927
Injury rate (IR)⁴⁵	1.98	1.72	3.10

⁴⁴ The calculation of hours lost due to absenteeism includes leave arising from common illnesses and maternity in the United States (the hours lost due to occupational disease are calculated within the injury rates).

⁴⁵ Injury rate (IR) = (number of accidents with leave*1,000,000)/hours worked.

403-10

The Iberdrola group's companies monitor the health of their workers for prevention purposes, using in-house or outsourced medical services that are responsible for monitoring the health through regular medical check-ups.

In general terms, the group considers that employees are not exposed to specific occupational or work-related diseases in the course of their work that may be considered to have a high level of incidence or to carry a high risk.

Occupational diseases among own personnel (No.) ⁴⁶

	2019
Fatalities	0
Occupational diseases	1
Total	1

Occupational diseases among subcontracted personnel (No.) ⁴⁶

	2019
Fatalities	0
Occupational diseases	0
Total	0

⁴⁶ Methodology for calculating the indicators (per GRI standard):

- Occupational disease rate (ODR) = (number of occupational disease cases/hours worked)*200,000

Professional training and development

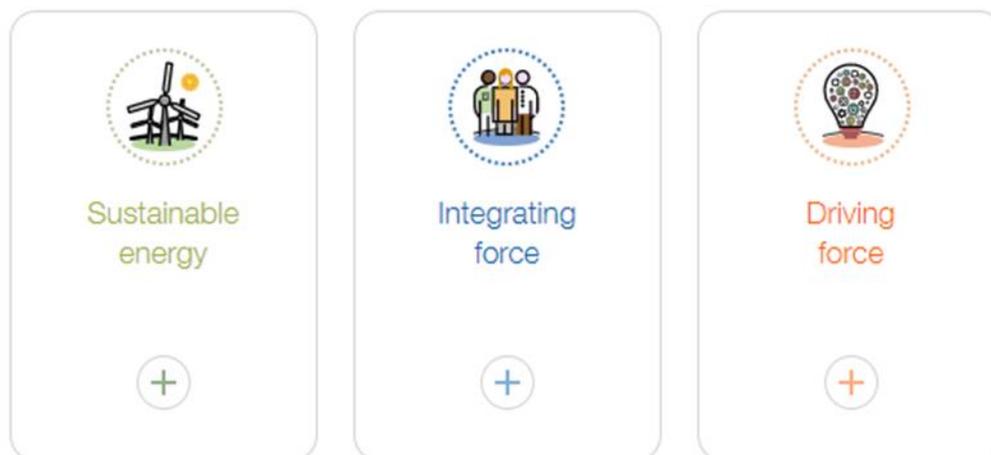
Contribution to SDGs of the performance described by the indicators of this section



GRI 404

Iberdrola's commitments to the training and development of its professionals extend to all professional categories, all levels of responsibility, and without distinction as to gender.

OUR VALUES



In order to be aligned with the purpose and values of the Iberdrola group and the results of the climate survey, Iberdrola launched new **Model Principles of Conduct** in 2019. It is the **sole model** for all professionals and countries of the group, which provides a common language. It is made up of **6 Principles**, and behaviours have been defined for each of them that inspire the form of conduct of the company's professionals at each stage of their **professional career**. This model will be the basis for the development of all Human Resources processes (selection, training, development and performance).

It began deployment in 2019 at both the global and local level, with the adaptation of the selection tools to include the new behaviours in all vacancies that are published, as well as the preparation of Personal Development Plans (PDPs) at the global level.

Each country has also implemented specific actions to disseminate this model and engage in the change management required for each professional to know the new behaviours and internalise them.

One example is the case of the United Kingdom, with “**Team Talks**” that link to this new model in addition to talking about the values of the group; another is the case of Mexico, with the launch of the “**DNA of a Leader**” programme, which is intended for Iberdrola’s leaders to know and continuously live the 6 behaviours.

In 2019, in line with the principle of designing activities and programmes with a clear focus on the employee, various global initiatives in the training management area have been launched as the centre of our activity:

- The launch of a specific section for courses dedicated to diversity in the global learning and development portal called Learning Meeting Point (LMP).
- The preparation of a global design process for courses in digital format, including a handbook of recommendations and good practices, in order to raise quality standards in the preparation of virtual courses.
- Commencement of a process of digitisation of training management, including the launch of an app to access virtual training from a mobile phone.
- Work has continued on recognition of international mobility programmes as an instrument favouring the exchange of experience and knowledge, professional development, the firm establishment of a group culture, and employee retention, aligned with the group’s business model. Mobility initiatives were launched in 2019 to promote the creation of a global community of talent that contributes to attaining the group’s objectives, to transmit and strengthen the company’s culture and to offer opportunities for professional growth that attract, motivate and retain the professionals who will ensure the sustainability of our business. One example of these types of initiatives was the pilot launch of the Career Advisor platform in 2019 to provide tools for reflection and exploration of new career paths and mobility options for employees of the Iberdrola group.

In addition to the above, in the area of training and development, different activities at both the global and local level were carried out in 2019 in the various countries in which Iberdrola is present. The more significant activities include the following:

- The Iberdrola Spain Campus has hosted numerous courses and development programmes in all knowledge areas and for all groups of the Company. It has also been the location of a large number of corporate events. These facilities have become a leading training centre for the Company.

- Within the framework of the Personal Development Plans (PDPs), there have been various local activities so that professionals can ask for their development plans. In Spain, there have been numerous programmes throughout the year that, experientially, have been able to place “skills management” in fourth place in terms of hours provided. Except for the United States, which continues with its biannual 2018-2019 development plan, all countries have begun new cycles in 2019, including in the case of Spain with the launch of a new process for preparing PDPs, with development activities taking place throughout 2020.
- There has been a strengthening of the programme for new team managers in order to strengthen the abilities and skills required in the management of teams of these professionals in the first stages of their career and which was designed globally but has followed a local implementation in order to adapt it to the needs of each of the countries. In Spain this programme is called “*DINAMO*”, and is designed with a modular four-month skills structure, and which was provided four times in 2019. In Mexico this programme is known as “*Liber*” and had more than one hundred participants in 2019. In the United Kingdom there was the “*Leadership Fundamentals programme*” and in the United States there was “*AMP’D Leading People*”. Finally, In Brazil there was a redesign of the local programme “*Lidera*”, moving from an on-line format to on-site modules, which has increased the level of utilisation and satisfaction of the participants.
- There has been a continuation of the language programmes, offering English, Portuguese and Spanish classes in various modes (on-site, telephonic and virtual), including immersion programmes and seminars, to employees from the different countries. To promote the learning of Spanish by English-speaking employees, and in order to strengthen local training activities launched in the United Kingdom, the United States and Brazil, two Spanish immersion courses were organised in 2019 at our San Agustín de Guadalix Campus.
- In the United Kingdom, the networks business (ScottishPower Energy Networks) has put tremendous effort into the creation, design and implementation of a training programme for the entire business regarding the environment and sustainability in order to ensure an understanding of and compliance in these areas. Work has also begun on revising all of its Workforce Renewal catalogues, creating a proposed alternative for its Craft Apprentice programme. The improvements in the programme are intended to meet the needs of this group to acquire new skills and behaviours, due to the increasingly high standards of technical competence required and the need to revise the methods for delivery. Finally, also in the United Kingdom, there has been collaboration with the onshore business of ScottishPower Renewables to create a standardised catalogue of courses for Electric High Tension work. A new programme will begin during the first quarter of 2020 and will include the use of new technologies of ScottishPower Renewables at the other centres of the company in the country.

- There has been a continuation of the on-boarding programme implemented at the global level in 2018 for the group of professionals who recently joined the company in Spain, the United Kingdom, the United States, Brazil and Mexico. This On-Boarding programme is intended not only to facilitate their on-boarding and inclusion into the company, but also to strengthen their professional development. The programme presents a virtual itinerary in the Landing Page format that gathers together all of the elements that a new employee needs to land at Iberdrola: orientation video, general information about Iberdrola, general courses on the energy business and specific courses on Compliance, Human Rights, Corporate Social Responsibility and Cybersecurity, among other topics. This training is completed with other resources like a new section of the employee portal and a guide for managers. This programme is also strengthened with local plans that help new hires to understand the context of their new company at both the global level as well as their local particularities.
- During the 2019 cycle there was work on the definition, design and implementation of a global on-line Mentoring platform. The main objectives of this Platform are to non-training development experiences (70/20/10 model), drive the process of digital transformation at Iberdrola and favour the existence of collaborative environments within the company. During this first phase, there has been work on the definition of global and local needs, integration with Iberdrola's computer systems and testing of functionality at the global level. At the end of 2019 Avangrid began to develop its local programmes within the Platform, and it is expected that the other countries will begin joining with their own programmes during 2020.
- The development activities include offering external Coaching to various professionals in Spain, the United Kingdom and the United States.
- Within the global homogeneous process of evaluating leadership skills and identifying employee potential in the various countries in which Iberdrola is present, there was a new analysis of the group in 2019 through meetings that analysed abilities, interests, professional aspirations and development needs, defining development actions to be taken in order to guide them on career types, whether technical or management. There has been work for this purpose on establishing goals and generating development opportunities.
- The Iberdrola group's commitment to professional training has gone beyond the scope of the company and has positively impacted civil society. In Brazil, the Electricians' School is training men and women over 18 years old to be able to join the electricity sector, making up a talent bank for the company. This project included the creation of four classes exclusively for women, the Electricians' School for Women, in order to attract diverse talent and encourage gender balance. By 2020 there will have been training of a total of 100 women, who are expected to form part of the company in the future.

- The global initiatives related to virtual training include offering employees courses like “Agile methodology”, “Cybersecurity risk evaluation in purchases”, “Transformation of job positions”, “Diversity management” and others.

404-2

Programmes for skills management and lifelong learning

The Iberdrola group believes that professional development contributes to achievement of the Company’s results and improving the efficiency of the organisation, by equipping employees with the skills and competencies they need to perform their work efficiently today and preparing them to undertake greater responsibilities and challenges in the future.

All of Iberdrola’s training and development activities are based on the 70/20/10 learning model. This model is supported by the theory that 70% of a professional’s learning comes from experience and on-the-job training (“learning by doing”), 20% is acquired through conversations, feedback, coaching and mentoring, and only 10% comes from structured training courses and programmes.

Various development and training programmes have been carried out in 2019 in addition to all of the specific actions and objectives described in the “Management approach”:

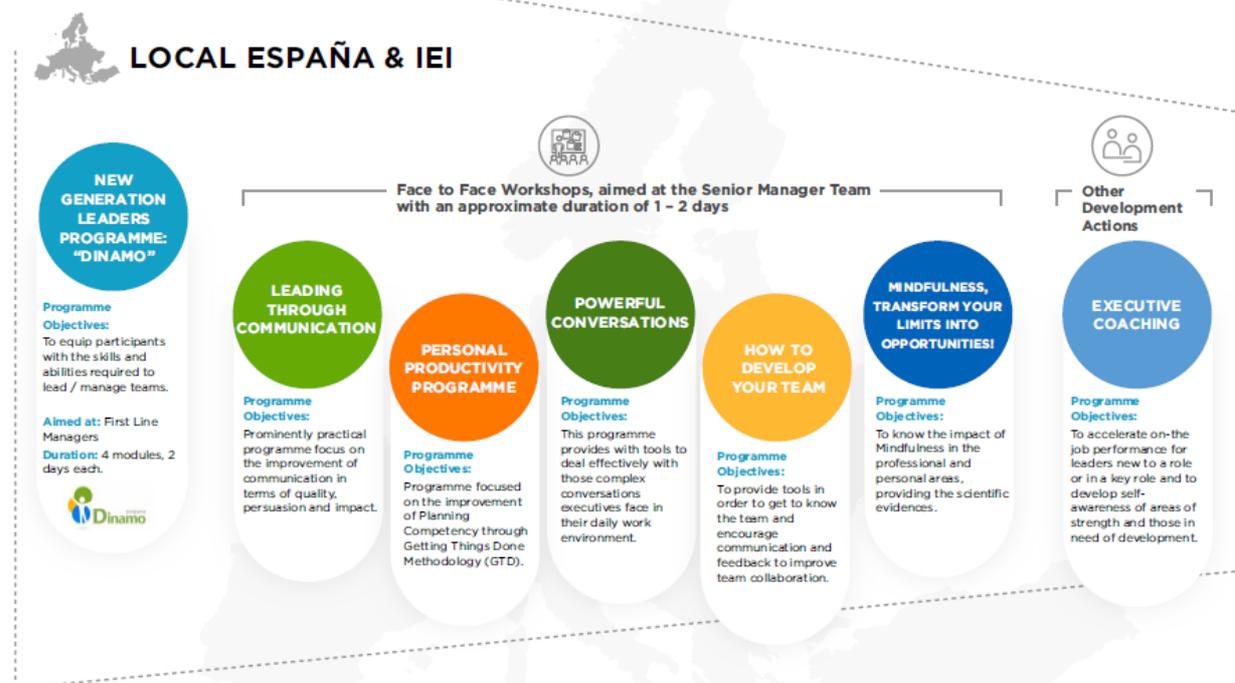
Type of training	Corporate Programmes	Spain	United Kingdom	United States	Brazil	Mexico	Remarks
Training for high-potential employees	MBA in the Global Energy Industry - 2 and a half years (Universidad Pontificia de Comillas in Madrid and Strathclyde University Business School in Glasgow)	✓	✓	✓	✓	✓	The third class successfully graduated in 2019 and the fourth class has ended the first academic year.
Training for technicians, middle managers and executive group	Personal Development Plans (PDPs)	✓	✓	✓	✓	✓	On-site activities, workshops, online resources, jobsite actions, etc.
Ad-hoc training	Monthly presentations and activities, etc.	Atlas Programme			<i>Inspiração</i> (Inspiration)		Strategic skills, agile methodology, customers, social action, diversity, etc.
Technical career training	IMD International Business School	✓	✓	✓	✓	✓	Online format of two modules (one already given)
Specific programmes	Global training at the San Agustín de Guadalix Campus.	✓	✓	✓	✓	✓	Exchange knowledge, information and experience in the training and development areas.

- **Specific training for executives**

The Executive Management and Talent Unit worked during 2019 on coordinating and supervising the global talent management process in the various countries; it also attends to all management training and development needs through the Leadership School, including the following programmes:



Leadership Training and Development Actions



AND WE ALSO OFFER...

- Series of Presentations
- IMD Corporate Learning Network
- IMD Corporate Learning Network:
 - Discovery Events: Global Meetings
 - Online Programs
- Professional Development Plan
- Learning Meeting Point:
 - E-Leaders
 - Mentoring Global Platform
 - Virtual Training

404-1

Hours of training by professional category and gender

		2019		2018		2017	
		Men	Women	Men	Women	Men	Women
Hours of training	Management team	16,256	6,026	19,504	5,871	21,477	5,225
	Middle managers and skilled technicians	352,623	155,230	371,927	164,251	355,838	132,073
	Skilled workers and support personnel	1,091,123	154,822	914,036	112,077	895,808	96,690
Total		1,460,002	316,078	1,305,467	282,199	1,273,123	233,988
Average hours of training	Management team	28.19	40.81	29.15	34.73	18.06	28.09
	Middle managers and skilled technicians	38.07	37.51	36.71	35.54	33.55	26.96
	Skilled workers and support personnel	69.88	58.75	56.49	33.74	56.16	30.16
Average hours of training - total workforce		57.36	45.67	45.67	34.78	48.54	29.16

The specific training is different based on the diverse professional profiles of the staff and not from a generic perspective. Information by geographic area can be found in Annex 1 Supplementary Information.

Labour climate survey 2019

In 2019 there was an initiative to perform a Global Climate Survey, which has been launched for the second consecutive year among all the employees of the Iberdrola group at the global level. The geographic scope was increased this year to reach 100% of the group's employees.

The survey is totally confidential, ensuring the anonymity of the respondents at all times. For the first time this year, the survey was launched simultaneously in all countries (3 June 2019), with a completely digital process, so all of the surveys were answered online.

The communication of the results to leadership has provided an increased understanding of their teams and of themselves, resulting in the identification of opportunities for improvement and strengths, upon which a number of action plans have been traced. The 1,400 action plans that have been launched since 2018 have resulted in a 4% increase in participation since 2018, from 78% to 82%. There has also been a 2% increase in the levels of commitment reached, to 76%, and in organisational support, to 71%.

Employees receiving performance and career development reviews

404-3

As stated in Iberdrola's *Human Resources Framework Policy*, employee performance evaluations and communication of the results thereof are considered to be fundamental aspects of their professional development. Some of the basic principles of conduct relating to this aspect described in said 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 the internal level of the employees and their corresponding responsibility, as well as the country in which they are located.

Employees can be reviewed through two types of processes, based on the level of responsibility relating to their position.

Executive officers:

- 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 the achievement of the goals.

Employees who are not part of the management team:

- Performance review ("How"): employees are reviewed on the basis of a number of personal competencies.

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 such processes (employee, evaluator and Human Resources team) can work in real time and globally. However, the main advantage of this tool is that it allows for the global handling of all participants, unifying the focus and applicable standards.

Employees with performance reviews (%)

		2019	2018	2017
Men (%)	Management team	94.99	89.41	94.57
	Middle managers and skilled technicians	88.56	93.21	96.20
	Skilled workers and support personnel	69.81	72.64	74.91
Average men		77.36	80.70	83.58
Women (%)	Management team	93.79	85.22	90.10
	Middle managers and skilled technicians	87.68	91.82	95.23
	Skilled workers and support personnel	66.85	71.25	72.15
Average women		79.76	83.28	86.00
Iberdrola average		77.93	81.30	84.15

Information by geographic area can be found in Annex 1 Supplementary Information.

Diversity and equal opportunity

Contribution to SDGs of the performance described by the indicators of this section



GRI 405

Policies and commitments

The development of labour relations based on equal opportunity, non-discrimination and respect for diversity are key goals in the company's [Human Resources Framework Policy](#).

The introduction to this chapter identifies the policies that Iberdrola applies in the area of labour relations, including the [Equal Opportunity and Reconciliation Policy](#), which promote the commitments of equal treatment between men and women and support for employees with diverse abilities, promoting their effective employment.

The group's companies, in the various countries in which they operate, promote equal opportunity and respect diversity, effective equality between men and women in access to employment, training, promotion and working conditions, and provide support to workers with diverse abilities, facilitating their integration into the workplace.

Objectives

The main goals in this area during 2019 have focused on:

- The encouragement of reconciliation between employees' work and family life, which includes measures to ensure compatibility between a positive experience of parenthood and a successful professional career.
- The development of labour relations based on equal opportunity, non-discrimination and respect for diversity.
- The fostering of diversity and the social inclusion of vulnerable groups, particularly persons with diverse abilities, through the Corporate Volunteer Programme, which affords our employees an opportunity to participate in various solidarity initiatives to raise awareness of these groups and to improve the quality of their life.

Specific activities

- Our company has been given the Best Corporate Governance (Spain 2019) Award by the prestigious publication World Finance. The World Finance Corporate Governance Awards acknowledge efforts made by organisations to ensure their boards are more diverse and dynamic through long-term strategies. The companies selected are better positioned to handle risk, particularly impacts of climate change on their business activities; they are also drivers of excellent environmental, social and governance policies in the world of corporate governance.
- We have joined the #CEOPorLaDiversidad Alliance, with a total of 60 leaders of large companies in Spain having committed to the promotion of diversity policies at their companies. The mission of the Alliance is to unite the CEOs of the main companies in Spain around a common and innovative vision of diversity, fairness and inclusion, acting as drivers and ambassadors to help accelerate the development of strategies that contribute to business excellence, the competitiveness of talent in Spain and the reduction of inequality and exclusion in Spanish society.
- In the area of reconciliation, in Spain various options have been offered in Spain for employees on non-school days, as well as educational courses for children. There has also been a continuation of the "Iberdrola Parents' School", which offers employees the opportunity to participate with their

children in various programmes. And as happens each year there have been summer camps for children of employees, especially taking into account those with diverse abilities.

- As regards diversity, the *Hello/Hola* and *My Guest (Mi invitado)* cultural exchange programs have been held for the children of employees in Spain, the United Kingdom and the United States.
- To promote equality and the elimination of violence against women, there has been the voluntary activity “We all join in the fight against gender violence” (*En la lucha contra la violencia de género todos sumamos*), based on Iberdrola’s joint campaign with the Ministry of the Interior: “Don’t look the other way” (*No mires a otro lado*). The initiative was directed towards youth and adolescents of the Tomillo foundation.
- In the United Kingdom, ScottishPower has for the second year held *Breaking Barriers*, in cooperation with Enable Scotland and Strathclyde Business School, offering recognised qualifications and work experience to youth with learning disabilities.
- In 2019 this company continued with its 4 networks of employees (SP Connected Women, In-Fuse LGBT+, Future Connections and SP Carers) and launched the first multi-ethnic network called *VIBE*. It has also continued its collaboration with well-known organisations such as *Business Disability Forum*, *Employers Network for Equality & Inclusion*, *Equate*, *Working Families*, *ENABLE*, *POWERful Women*, *Stonewall* and *Carers UK*.
- ScottishPower has once again sponsored the National Diversity Conference of Scotland, which in May brought together representatives from the business and educational worlds and the third sector in order to share ideas regarding diversity and encourage the organisations to create a more inclusive and diverse environment. At the conference, ScottishPower and other attendees offered some of their more positive experiences in this area.

Gender equality

Iberdrola’s Corporate Governance System articulates the company’s firm commitment to equal opportunities, from which derives our commitment to gender equality in four management areas: recruitment and selection, salary terms, professional training and development, and communication, which take form in six areas of action:

- Promote equality within and outside of Iberdrola.
- Implement positive action measures to correct inequalities.
- Ensure that women participate in all areas of consultation and decision-making.
- Eliminate career obstacles for women.
- Strengthen mechanisms that correct the underrepresentation of women with the required qualifications.
- Encourage measures of reconciliation and flexibility under the perspective of gender parity.

Our commitment to gender equality has progressed over the years and has materialised in numerous initiatives:

1. Iberdrola has been included for the second consecutive year in the **Gender-Equality Index (GEI)** prepared by *Bloomberg*. The company is thus the only Spanish electricity company included in this report, which honours companies committed to transparency in information on gender issues and progress in equality between women and men. *Bloomberg* analyses aspects such as the presence of women on the Board of Directors (Iberdrola is one of the IBEX-35 companies with the highest percentage of female directors), family care (more than 70 measures to promote work/life balance), awareness-raising programs (campaign against gender violence recently developed with the Spanish government's Ministry of the Interior), and products that encourage support for women. The company's commitment to gender equality has also earned it the "Best in Class" rating in 30 GEI sections, including:
 - Number of women on the Board of Directors.
 - Percentage of women on the Board of Directors.
 - Minimum paid period for maternity leave.
 - Return to work programme.
 - Assistance for care.
 - Other assistance for family care.
 - Flexible working hours.
 - Presence of women in different programmes.
 - Female recruitment strategy.
 - Gender diversity requirement for candidates for management positions.
 - Goals for senior managers.
 - Health education programmes for women.
 - Lobbying for gender equality.
 - Membership of gender equality organisations.
 - Donations to gender equality organisations.
 - Recruitment of women returning to working life.
2. Currently, 43% of the members of Iberdrola's Board of Directors and 50% of the non-executive directors are women, which makes it one of the IBEX-35 companies with the largest number of women on the Board. The CEO of Iberdrola España is also a woman.
3. In 2007 Iberdrola España introduced measures to support maternity by allowing pregnant women to have 15 days off prior to delivery and one year of reduced working hours at 100% salary, guaranteed.

4. In 2008 Iberdrola España agreed with its workforce to make the shortened workday universal. The initiative, which was unprecedented at a large industrial company, was an inflection point in Spain, as it was the first in the country to attempt full work and family reconciliation.
5. In 2016 Iberdrola's Board of Directors acknowledged as a strategic objective the development of labour relations based on equal opportunity, non-discrimination and respect for diversity. For these purposes, the Board of Directors approved the group's Equal Opportunity and Reconciliation Policy.

Reconciliation and labour disengagement policies

Iberdrola has taken on the challenges of SDG 5 and has therefore implemented a number of actions, policies and procedures that contribute to the achievement of this Goal.

WE PROMOTE EQUALITY-FOCUSED ACTIVITIES



We promote **gender equality**, ensuring that men and women have the same opportunities for personal development and growth.



Agreements with notable universities to achieve **gender equality**, goal number 5 of the Sustainable Development Goals approved by the United Nations.



Holding events to drive **professional growth and leadership among women in the energy sector**.



Structuring the recruitment process to **avoid personal preferences**. Job opportunities available to all staff through the employee portal.

Iberdrola promotes the reconciliation of professional and personal life, as well as co-responsibility in the performance of family obligations, providing measures for looking after family members and children and flexible working hours.

- In Spain, there are improvements made by the 7th Collective Bargaining Agreement, and the rules thereunder, beyond those required by applicable law (Workers Statute) regarding all matters relating to the reconciliation of work and family life. One example of our company's clear commitment to the implementation of hours that allow for improved reconciliation of work and family life is the fact that Iberdrola was the first large IBEX-35 company to establish the continuous

(shortened) workday as a general schedule throughout the year, a measure that has been improved with even more scheduling flexibility in the latest collective bargaining agreements. Also, taking into account the public service that our company provides 365 days a year, 24 hours a day, and the nature of our company, hours have also been implemented that allow for field personal servicing the generating facilities and distribution network to also enjoy the continuous workday most of the time. There is also a reduction in the workday for legal guardianship until the child reaches 12 years old (compared to eight years old provided by applicable law), and the ability to reduce the workday to five hours without a reduction in fixed remuneration until the infant reaches one year of age.

- In the United Kingdom, ScottishPower is implementing an innovative focus in renovating the design of work spaces, initially at the corporate office on Tudor Street, and providing various ways to work. Workers are also given the freedom to choose the most appropriate place to work, depending on the tasks performed, and employees can choose the location most convenient for them, whether within the new work centre or outside of the office. Employees can choose provided that this system works within their team and meets the requirements of the business. This change is designed to facilitate reconciliation and to help employees, executives and teams to better organise their work based on requirements, projects, personal needs and objectives.
- In Brazil, the companies of the Neoenergia group are concerned about the well-being of their colleagues, promoting reconciliation of personal and professional life. One noteworthy item is the group's initiative to control overtime, with effective leadership using computers that have an alert system after 8 hours of work per day, turning off lights and air conditioning after certain hours, and other measures. Some companies of the group also have flexible working hours to use at times of personal need and to take advantage of "bridge days" for long vacations. Maternity leave is expanded to six months, two more than guaranteed by law.
- In Mexico, maternity leave has a duration of 84 days. After the end of the legal maternity leave period, employees are entitled to job-protected leave. Special working hours are given for maternity provided that the established number of hours are covered.

Specific activities regarding equality

Iberdrola has various initiatives and collaborations with institutions that support respect for the principle of equality in both the private and the public arena.

At the group level, Iberdrola is a member of the *European Round Table*, an initiative at the EU level bringing together 50 chairs and executive directors of European multinational companies in order to design and defend policies creating a strong, open and competitive European Union. Within this initiative, Iberdrola works with the *Jobs, Skills and Impact working group*, focusing on issues relating to the European Union's most valuable resource, its people. One of its four action areas is the promotion of the representation of women in leadership positions, focused on monitoring figures and milestones mainly promoted and driven by the more than 50 members of the initiative.

In 2019 Iberdrola also joined in the *UN Women* campaign, which gives support for advances in equality between women and men.

The following are examples of these collaborations and initiatives:

- Spain: to put the principle of diversity and equal opportunity into effect, the 7th Collective Bargaining Agreement in Spain includes an Equality Plan within the framework of labour relations (hiring, training, promotion, remuneration, etc.), which guarantees such principle. There is also sponsorship of the “*Commitment to equality*” (*El compromiso con la igualdad*) event at the Complutense University of Madrid, collaboration with the Diversity Charter, the Social Programme Convocation to support vulnerable groups through its foundation and the delivery of the “*Women Who Shine, also on the Internet*” (*Mujeres que brillan, también en Internet*) awards. In order to promote and disseminate the role of women in sports, a historically male-dominated area, Iberdrola forms part of the *Women's Universe (Universo Mujer)* programme of the *Higher Council for Sport (Consejo Superior de Deportes)* (CSD), which it joined in 2016.
- United Kingdom: in 2019 ScottishPower published its second *Gender Pay Gap* report in compliance with British law, which identified a number of areas relating to diversity and inclusion. ScottishPower has given training to the managers involved in the selection processes, and has included in the training offered to new managers the themes of inclusion and unconscious bias in order to improve self-awareness on these topics. Likewise, in all outside recruiting campaigns balanced male/female lists of candidates and gender interviews were submitted, and gender “de-coding” was introduced in all descriptions of externally published jobs. After the continuing success of the “Returns” programme, participation for 2019-2020 increased for this programme, which offers paid internships in the STEM (Science, Technology, Engineering and Mathematics) fields to persons who stopped working or temporarily left the industry, in order to support them in their return to work. As part of this STEM commitment, during the year the team has given our message to almost 21,000 school-age girls and boys (working with various partners and events to communicate our early career programmes to school-age children and their families). There has also been a

renewal of its commitment to collaboration on rugby in Scotland and Wales to support more women in the sport. ScottishPower became a founding member of Energy Leaders Coalition, which is made up of the CEOs of eight of the main companies in the UK energy sector, united in a public statement to improve gender diversity in their companies and in the industry generally. ScottishPower is also a member of Women's Engineering Society (WES), a professional network of women in the technology and engineering area that offers inspiration, support and development to future engineering professionals. In 2019 ScottishPower for the second year collaborated on the *Breaking Barriers* programme, an innovative association with Enable Scotland and Strathclyde Business School offering a recognised trade qualification to youth with learning disabilities. 2019 saw the development of four networks established and directed by employees (SP Connected Women, In-Fuse LGBT+, Future Connections and SP Carers) as well as the launch of the first multi-ethnic network called *VIBE*. ScottishPower was once again a key sponsor of the Diversity Conference for Scotland, which took place in May 2019. The event this year gathered persons representing employers, educators and third sector organisations to share knowledge and encourage businesses to adopt the diversity of the labour force, sharing experiences and showing how diversity and inclusion have had a positive impact on their workplace.

- United States: Avangrid has expanded its *Business Resource Groups* (BRGs) with *WomENergy*, focused on empowering women to drive the results of the business, and *AVANVeterans*, which seeks to strengthen relations with veterans throughout the company. All of the BRGs are focused on attracting the highest level candidates, providing networking opportunities and creating relations, working with outside organisations and giving visibility within their community in order to promote a strong sense of inclusion and belonging. Avangrid has continued its work with various initiatives supporting diversity, including *Troops to Energy* to encourage the inclusion of veterans in the workforce, *INROADS* to include diverse candidates in our talent portfolio, and participation in a consortium along with other services companies to discuss good practices regarding diversity.
- Brazil: In 2019 Neoenergia launched a new edition of the *Electrician's School* for a specific group of women. This programme was warmly welcomed and received more than 14,000 applications in two weeks. Likewise Coelba developed the *Energy* programme, allowing 21 young apprentices in situations of vulnerability to work as electricians in buildings and on the electricity grid. At Celpe, the *New Look (Novo Olhar)* programme has been operating since last year and continues to promote the insertion into the workforce of Down Syndrome youth through a mentoring system. In 2019 all of the supervisors of the group received training on a diversity module through the *Leadership Programme (Programa Lidera)*. Employees are offered a discussion on the same topic in the *Inspiration (Inspiração)* programme. To raise awareness, roundtable discussions have been organised with cooperating bodies and outside guests to speak about female empowerment and racism on symbolic dates. There have also been internally communicated campaigns on this issue.

A “*Junt + s*” stand with reflections focused on diversity was created for the Annual Leadership Convention.

- Mexico: There are flexible work hours, and holiday periods are offered beyond what is required by Mexican law. The company also allows for a reduced workday due to maternity or other family reasons. Women are entitled to reduce their normal working hours by 1 hour for a breastfeeding period at the beginning or end of the workday. For those who are far from the work centre, these 5 weekly hours can be accumulated on a single day. All workers can enjoy a period of maternity leave prior to giving birth and afterwards.

Iberdrola has also implemented a number of measures in the form of corporate policies, local policies and working and monitoring groups acting in cases of discrimination or conduct that could in any way hinder the egalitarian development of the professional career of men and women. At the local level, some companies have designed their own policies to adapt the company’s requirements to the specific policies of the country. In the United States, various policies have been implemented, including a *Sexual Harassment Prevention Policy*, a *Professional Development Non-Discrimination Policy* and an *Equal Opportunity Policy*. An *Equal Pay Policy* has been defined in Brazil. The main mission of the Diversity and Equality Governance Committee in the United Kingdom and the Equal Opportunity Committee in Spain is to engage in an appropriate review of the measures implemented in the annual action plans to ensure equal opportunity and non-discrimination.

Iberdrola, sponsor of women's sports in Spain

In 2016, after its agreement with the Ministry of Education, Culture and Sport, Iberdrola became the first company committed to the promotion of female participation in all areas of sport: school, amateur and professional. The company continues to promote equality through female sports within the framework of the [Women's Universe Programme](#), working with different national federations.

The main goals of this project are to promote gender equality, drive the success and practice of women's sport and foster healthy habits from a young age. The company has thus become the main driver behind the "Woman's Universe" programme to develop initiatives that contribute to improvement and social transformation through the values of female sports.

After the end of the Women's Universe I programme, Iberdrola became the main driver of the Women's Universe II programme in 2019. This new programme will last for three years (2019, 2020 and 2021), and its support, like the prior programme, goes to various national federations that stand out:

- by promoting and increasing female participation in all areas of sport.
- by the existence of programmes to promote sport at the grassroots level and other social projects.
- by their extraordinary level of success achieved and high participation rate.

Iberdrola continues to support 16 federations: gymnastics, badminton, handball, boxing, ice sports, fencing, hockey, karate, rugby, canoeing, triathlon, table tennis, surfing, volleyball and football. Together with each of the federations, Iberdrola also supports activities to promote women's sport like educational campaigns at high schools and national competitions.

In 2019 Iberdrola also organised four stages of the [Women, Health and Sport Tour](#), touring various Spanish cities (Oviedo, Granada, Huelva and Cáceres) with the aim of promoting women's sport and transmitting the concepts of effort and improvement via the practice and exhibition of various disciplines.

In short, by supporting women's sports, Iberdrola also contributes to the promotion of talent, effective equality and social development, which form part of the company's key pillars. Its support for values such as teamwork and overcoming challenges materialises through various projects with the aim of reinforcing the social and cultural dimension of sport and activating support for women's sport.

Defend salary equality

Salary equality

Iberdrola guarantees respect for this right and has made it one of the commitments included in the Equal Opportunity and Reconciliation Policy. Monitoring salary equality is one of the keys to ensure the creation of an inclusive and respectful culture without differentiation based on gender, age, race or any other personal factor.

The remuneration structure for all categories of professionals and responsibility levels within the group is designed following the standard of gender neutrality.

To support equality, Iberdrola strengthens mechanisms and procedures for selection and professional development that facilitate the presence of suitably qualified women in all areas of the organisation in which they are underrepresented, including the implementation of specific training and professional development monitoring programmes for women.

Furthermore, the salary review processes that the company implements each year are based on an evaluation of individual performance and common standards for both genders.

Difference between salary gap and salary equality

It is important to understand the difference between the concepts of salary gap and salary equality:

- The salary gap shows the difference between the average salary received by men and women.
- Salary equality is the right of men and women to receive the same salary for the same work.

The average remuneration of men and women within the consolidated group is quite similar. The ratio between the average remuneration of men and that of women was 95.1% in 2019, 97.3% in 2018 and 100.9% in 2017.

The underlying cause of the salary gap at certain age groups is the smaller presence of females within the staff, a common situation in the energy sector, which is accentuated in management and technical positions. This reality is more notable due to the scarcity of women specialising in STEM careers.

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 the promotion of 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 the promotion of measures of reconciliation that equally benefit men and women, so that they can exercise co-responsibility in family duties and thus establish the conditions required for parity.

Iberdrola's defence of salary equality in the last two decades and its commitment to the reduction of the salary gap is seen in the segmentation of average remuneration by age groups and gender.

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Average remuneration (base plus variable salary) by age groups and gender

Iberdrola (EUR) ⁴⁷	Remuneration men/Remuneration women			(Remuneration men – Remuneration women) / Remuneration men		
	2019	2018	2017	2019	2018	2017
Up to 30 years old	92.7	92.7	98.0	-7.8	-7.9	-2.0
Between 31 and 50 years old	86.1	89.1	94.5	-16.2	-12.2	-5.9
More than 51 years old	112.1	111.0	110.2	10.8	9.9	9.3
Total	95.1	97.3	100.9	-5.2	-2.8	0.9

401-3

Leave and return to work due to paternity/maternity

	2019		2018		2017	
	Men	Women	Men	Women	Men	Women
Employees entitled to maternity/paternity leave (No.)	27,125	8,249	26,117	7,961	26,229	8,026
Employees entitled to maternity/paternity leave (%)	100	100	100	100	100	100
Number of employees taking parental leave	789	424	441	444	345	440
Number of employees that returned to work after parental leave ended	878	365	516	366	363	349
Number of employees that returned to work after parental leave ended that were still employed 12 months after their return to work	856	350	373	337	328	411
Return to work rate	111.26 ⁴⁸	86.00	117.01 ⁴⁸	82.34	105.2248	79.32

⁴⁷ Companies included: Iberdrola S.A., subsidiaries of: Iberdrola España, Iberdrola Energía Internacional (Spain), ScottishPower, Avangrid, Neenergia and Iberdrola México.

⁴⁸ Greater than 100% because during the current year employees who were entitled to leave the prior year returned to work.

Diversity and inclusion: sum of cultures and talents

To put the principle of diversity and equal opportunities into effect, in Spain the companies of the 7th Collective Bargaining Agreement included an Equality Plan within the framework of their labour relations (hiring, training, promotion, remuneration, etc.), which guarantees such principle. Within this Plan, an Equal Opportunity Committee has been created with the main mission of engaging in an appropriate review of the measures implemented to ensure equal opportunities and non-discrimination, and to encourage the inclusion of new activities in this area.

A number of appropriate measures are also established for workers with disabilities in order for them to adjust to and access the work position, based on the requirements and characteristics thereof and on the needs in each specific situation, which facilitates their integration.

Likewise, Iberdrola continues collaboration with the Diversity Charter, of which it has been a signatory since 2009, and has the category of patron member; as such, it respects prevailing legal provisions in terms of equal opportunity and non-discrimination, and puts diversity policies into practice.

In addition, in order to comply with the principle of non-discrimination for reasons of diverse abilities, arrangements were made to obtain disability certificates for those employees who applied for them. 79 families have benefited from the Family Plan, which is intended to facilitate the social and workplace integration of family members with a disability who are the dependent of an employee. Finally, donations have been made to entities or foundations whose purpose is professional training, entry into the job market or the creation of employment for persons with disabilities; and contracts have been signed with special employment centres, in excess of the amount required by law for investment in alternative measures, thus promoting protected employment.

In the United Kingdom, ScottishPower wagers on policies supporting people with disabilities to help ensure equal opportunity in employment. In 2019 they retained the *Disability Confident Standard* award and renewed their *Career Positive* accreditation, moving from “committed” to “established”. The *ScottishPower Careers Network* university chair received an award from the Scottish Parliament coinciding with the 25th anniversary of *Careers Week*.

In the United States, Avangrid has four diversity policies: equal opportunity in access to employment, support for disabled persons or disabled veterans, promotion of a non-discriminatory work environment and combating sexual harassment in the workplace.

The following table shows the number of disabled employees within the group:

Employees with disabilities		
	2019	2018
Men	273	257
Women	147	145
Total⁴⁹	420	402

⁴⁹ Does not include employees in the United Kingdom or the United States. The company has chosen not to request this information in the United Kingdom. In the United States, the employee has the option not to report on their disability, and at year-end 2019 no employee decided to exercise their right to share this information.

II.3.

Fight against Climate Change and Protection of Biodiversity

- Management of natural capital
- Circular economy
- Environmental management system
- Efficiency in energy consumption
- Reduction of emissions
- Rational use of water
- Waste management
- Protection of biodiversity
- Environmental safety



Priorities of the Sustainable Development Plan



Iberdrola and sustainable management

Iberdrola has a broad set of Sustainable Development Policies, four of which are specific corporate policies for environmental management:

- Sustainable Management Policy

The group has transformed its business model in recent years to make it more sustainable, achieving development that meets the needs of the present without compromising the ability of future generations to meet their own needs.

To continue leading this transformation, the group follows a strategy with the following main pillars:

- leadership in the fight against climate change,
- development of clean energies that contribute to the decarbonisation of the economy, and
- development of products that are increasingly competitive, cause the lowest possible environmental impact and are capable of assuring its customers of reliable supply.

This policy reflects the main principles of conduct regarding management that all companies of the group must comply with and that constitute a frame of reference for achieving the Sustainable Development Goals (SDGs).

- Environmental Policy

102-11

Iberdrola's *Environmental Policy* establishes the company's principles of environmental prevention and the minimisation of environmental impacts, which govern all of the company's activities. These principles emphasise compliance with regulations and seek to anticipate the regulatory changes outlined by the government, driving innovation and the implementation of robust management systems that integrate precautionary principles (the avoidance of risks and impacts), continuous improvement and participation by all of the company's stakeholders.

The policy also defines three areas of special interest to the company, namely: the circular economy, natural capital and the protection of biodiversity. All of these pillars are essential to achieving fully sustainable activity.

- *Biodiversity Policy*

The *Biodiversity Policy* illustrates Iberdrola's commitment to the fight against the loss of biodiversity, which is an integral part of its strategy, such that its activities have a net positive impact on biodiversity.

To this end, the policy establishes the principles of conduct and their integration into the company's decision-making during all phases (construction, operation, and dismantling) of the life-cycle of its facilities. The mitigation hierarchy (avoid, mitigate, restore and compensate) is the fundamental principle of conduct in any of our activities, avoiding the placement of new infrastructure elements in protected areas, integrating the preservation and promotion of biodiversity into the environmental management systems through specific biodiversity plans, collaborating with stakeholders, and encouraging awareness and communications.

This *Biodiversity Policy* confirms the Company's commitment to sustainable and efficient development, recognising the strategic value represented by the preservation and promotion of biodiversity for all of the companies belonging to the group.

- *Policy against Climate Change*

For more information about the implementation of this policy within the group, see the "Climate action at Iberdrola" section of chapter I.3.

Management of natural capital

Economic and social development are 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. The use that we make of these materials will affect not only their availability but also the integrity of the ecosystems and their biological diversity that share the use of the materials.

Iberdrola, aware that the preservation of ecosystems is an essential condition for global sustainability, has been working since 2012 to develop methodologies that make it possible to identify, quantify and assess the impacts and consequences of its activities with regard to natural capital. This work includes the Biovalora project, which was centred around the economic assessment of ecosystem-related services at the hydroelectric power plants of the Tera System in Zamora (Spain), and the REIS project, which developed a methodology for evaluating the ecosystem-related services generated during the construction of infrastructure elements; and in recent years there has been work on the *Cumbernauld Living Landscape*

project, which applies the evaluation of natural capital to the infrastructure elements of the Business Networks at ScottishPower.

In 2019 Iberdrola has been combining its efforts and experience with those of seven other energy companies in order to lead a collaborative project that is unique in the world, creating the first working group on natural capital and energy. Its goal is to work on the application of the Natural Capital Protocol in the energy sector, exchanging the knowledge and experience necessary for the development of a common methodological framework for the identification, measurement and valuation of natural capital. This initiative aims to serve as a reference and to motivate other companies and sectors to undertake similar collaborative learning efforts and to share good practices in order to expand action in favour of sustainable development.

Iberdrola is also collaborating with the University of Salamanca on the ES-Values project⁵⁰, the goal of which is to expand knowledge about natural capital, the benefits it gives us and its economic quantification through the world's largest database of economic estimations of ecosystem-related services.

Circular economy

Contribution to SDGs of the performance described by the indicators of this section
(according to SDG Compass www.sdgcompass.org)

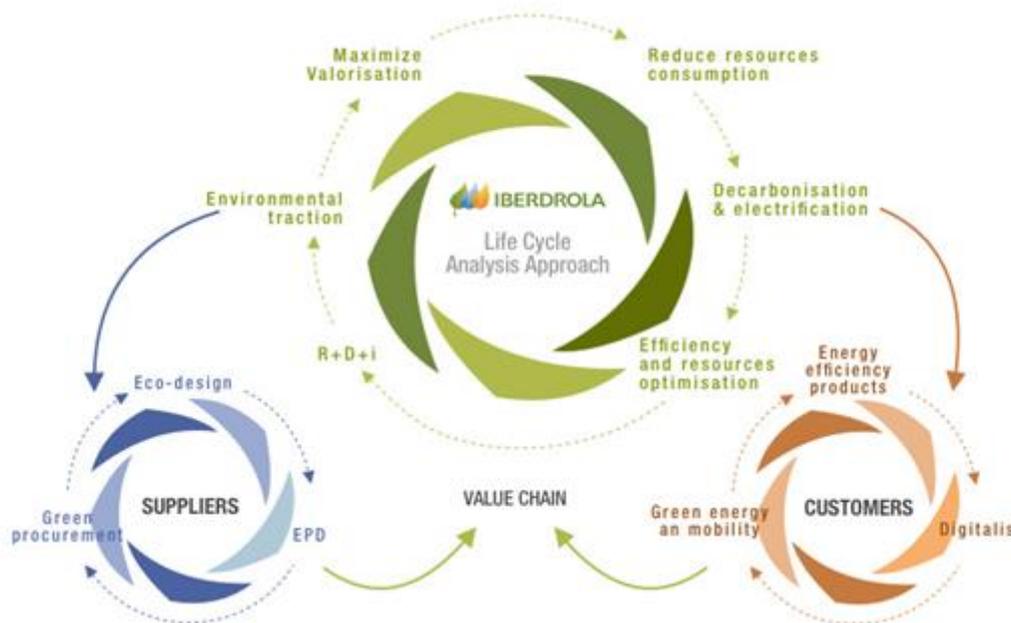


For Iberdrola the circular economy is a key element for sustainable development and affords an opportunity as a driver for climate action and energy transition.



Our sustainable energy model, which relies on the decarbonisation and electrification of the economy and on innovation, is directly aligned with the circular economy through emissions reduction, improved efficiency, resource optimisation and the maximisation of waste recovery.

⁵⁰ <https://esvalues.org/>



The challenges of sustainability cannot be addressed in isolation, but rather must be approached in a holistic and interrelated manner, such that progressing toward a low-carbon economy also means progressing toward a circular economy model.

Iberdrola has included a focus on the life cycle in its management, which is the basis for the transition towards the circular economy, since 2014. Since 2017 Iberdrola has been a signatory to the Spanish government's circular economy agreement with the Ministry for Ecological Transition and Demographic Challenge.

This year, work was done on Iberdrola's economic strategy through the identification of the specific indicators for the company's flow of materials, with the objective of reducing the percentage of waste generation, increasing the percentage of recycled waste and increasing the percentage of secondary materials by engaging suppliers.

To drive this objective, Iberdrola is changing the way it manages its warehouses and the equipment and materials that are no longer useful to the company, encouraging their sale as second-hand equipment and materials, thereby avoiding treating them as waste.

We also focused on encouraging and raising awareness about this new way of seeing the world and caring for the environment, in which the reduced use of natural resources is primordial and in which the best

waste is waste that is not produced, with unavoidable waste viewed as a resource that can be reintroduced into the productive cycle. This is all made possible by a regenerative vision based on innovation (in business, product and process models), collaboration and outreach and heightened awareness.

Efficiency in the use of natural resources

The generation of electricity is one of the main activities of the group. As part of its commitment to encouraging 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:

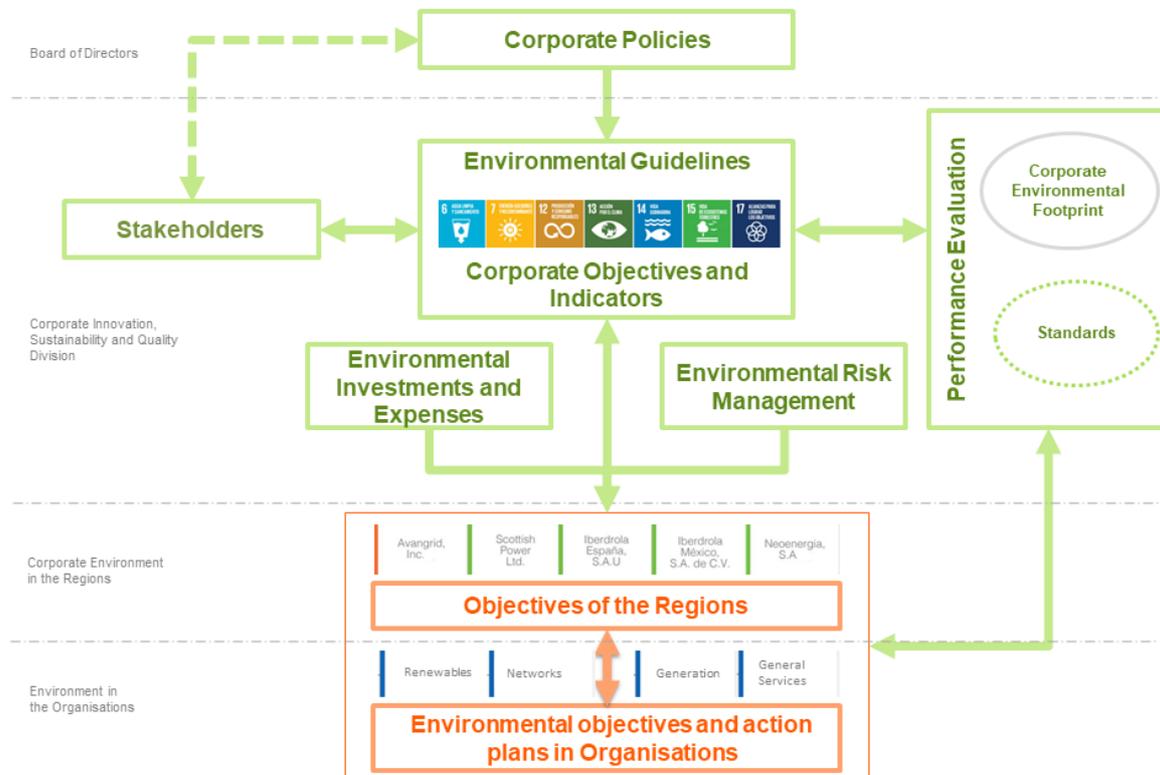
- Commitment to the development of renewable energy, especially onshore wind, offshore wind and solar photovoltaic energy.
- Proposed closure of the last two coal plants (in 2019 coal generation accounted for only 0.2% of the group's production), pursuing a business strategy of replacing conventional technologies with others offering production with lower emissions.
- Selection of products with a reduced environmental impact.
- Sustainable management and use of consumables, always respecting the natural environmental and taking the necessary measures to reduce the risks of impact thereon.
- Commitment to technologies with lower dependence on water resources.
- Sustainable management of water collected for cooling, whilst optimising systems for reuse of this water before returning it to the environment.

Environmental Management System

The commitments made in the policies take shape in the Iberdrola group's Environmental Management System. This system allows for alignment of the environmental dimension within the group's sustainability model, integrating the SDGs and articulating the mechanisms to measure and evaluate the group's environmental performance from the life cycle perspective, including the concept of circular economy and of natural capital in the management thereof.

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

ENVIRONMENTAL MANAGEMENT SYSTEM OF THE IBERDROLA GROUP



The System thus translates the corporate environmental policies into environmental guidelines, which are deployed by the organisations of Iberdrola in environmental objectives and targets. The environmental guidelines that define Iberdrola's strategic environmental approaches are:

- Protect the environment and stop the loss of biodiversity.
- Combat climate change and its effects.
- Guarantee sustainable modes of production and consumption.
- Revitalise partnerships with Stakeholders for sustainable development.

102-11

The precautionary principle set out in its *Environmental Policy* takes shape through its environmental management system. Thus, Iberdrola identifies the group's environmental risks and opportunities, and manages them through specific instruments for the prevention and mitigation of risks, and action plans for opportunities.

The advantages provided by the environmental management system include:

- Identification of environmental aspects throughout the entire life cycle and their impact on the environment, by calculating the Corporate Environmental Footprint (CEF).

- Exploitation of synergies between business activities and improvements in internal tools that result in a simplification of procedures.
- Environmental training and awareness-raising programmes for employees. Overall, 36,469 hours of environmental training were provided to employees, and a campaign to raise awareness of the circular economy was conducted in all of the regions in which the Iberdrola group operates.
- Improvement in supplier engagement.
- Strengthening of relations with Stakeholders.

A specific environmental training program is also being implemented for construction contractors.

The environmental function is thus distributed among all organisational and hierarchical levels of the group, from the Chairman's Office down to each person with local power over his or her surroundings. This complies with the "subsidiarity" principle of the *Environmental Policy*, pursuant to which all matters relating to the environment are addressed and resolved in each region by the affected business, although they must all be included within the framework of Iberdrola's environmental management system.

Corporate Environmental Footprint (CEF)

Measurement of the global environmental performance of the group



Iberdrola's environmental management activities include the calculation of the CEF, which evaluates the effects of the company's activities on the environment from the life-cycle viewpoint (ISO/TS 14072:2014 standard). The objectives of the CEF are:

- To quantify, homogenise and unify the group's environmental performance.
- To determine the effect of Iberdrola's activities in the different environmental impact categories.
- To help monitor the organisation's environmental performance and allow for tracking of the objectives of the businesses and of environmental improvements.
- To identify and assess the environmental aspects having the greatest significance for Iberdrola's activities.

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 recognised prestigious independent agencies. The company currently holds the following environmental certifications:

- ISO 14001. This standard covers the activities consisting of the generation, transport, distribution and marketing of products, the management of offices, and general services. In particular, 83% of energy was generated within certified facilities in 2019.
- 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. Iberdrola verifies its Corporate Environmental Footprint under this standard, and is the only company in the industry that has obtained this certificate.
- ISO 20121. Sustainable Event Management. Iberdrola certifies its General Shareholders' Meeting under this standard.

More information is available in the [Certifications and Verifications](#) section of the website.

Expenses and investments

Iberdrola generally considers all expenses or investments regarding projects that have a clear environmental impact, whether direct or indirect, to be environmental expenses or investments, in accordance with the following categories:

- Treatment of emissions, which includes expenses or investments relating to emissions treatment equipment or systems.
- Treatment of waste, which includes investments and expenses relating to the management and treatment of waste, both hazardous and non-hazardous.
- Reduction of environmental impact through the removal of ground and water pollution.
- Environmental prevention, which considers investments in new renewable energy facilities.
- Environmental management, which encompasses investments and expenses relating to the management of the environment that are not included in the above categories.

All of this is aimed at moving toward a more sustainable energy model.

Environmental investments and expenses (€ thousand)

	2019	2018	2017
Environmental investments	3,711,609	2,132,586	2,239,917
Environmental expenses	705,851	549,666	513,233

Reserves and insurance coverage for environmental risks

In 2019 Iberdrola invested 224 million euros in the prevention of environmental risks (fires, spills, protection of avifauna, etc.). It also establishes accounting reserves to cover the materialisation of potential environmental risks.

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

- Environmental Liability Insurance: Contractual limit of 130 million euros 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 euros per incident and in the aggregate per year.

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 "Access to adequate information" section of chapter II.4.

Specifically focused on the environmental aspects of its activities, Iberdrola has an email mailbox medioambiente@iberdrola.es, that serves as a channel of communication with its Stakeholders, and which can be accessed in the [contact](#) section, offering the ability to ask questions, provide suggestions, place concerns or make complaints. This mailbox is included in the company's Environmental Management System and is certified under the ISO 14001 standard. In 2019 a response was issued regarding an environmental claim for which a reply was pending in 2018 due to the fact that it was received at the end of December of that year. It should be noted that of all of the emails received, only 5 were environmental claims, all of which were handled with the responsible parties and closed out during the year.

In addition to the environment mailbox, Iberdrola can also receive messages relating to the environment through various channels that it maintains in [social media](#).

Use of materials

GRI 301

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

301-1

Use of raw materials

	2019	2018	2017
Coal (t)	162,683	736,670	1,205,609
Fuel-oil (t)	36,084	44,155	48,376
Natural gas (Nm ³)	13,607,759,164	11,657,294,782 ⁵¹	12,293,944,087
Diesel (m ³)	13,054	61,818 ⁵²	15,217
Uranium (kg)	37,148	44,625	65,407
Waste-derived fuel (WDF) (t)	1,841	2,983	2,666
Offgas ⁵³ (m ³)	77,560,574	N/Av.	N/Av.

The coal that was consumed in 2019 was the coal that had been stored in the power plant as a result of the closing of the coal-fired thermal power generation plants.

The use of waste-derived fuel (WDF) and offgas accounted for 0.3% of the total energy from fuel consumed at thermal plants during the year, thus contributing to the circular economy process.

301-2

Fuel use (%) by country during 2019 is shown below:

⁵¹ Data recalculated with respect to the data published in 2018.

⁵² Data recalculated with respect to the data published in 2018. The shutdown of the plants in Mexico for maintenance work increased the use of gas-oil at those plants.

⁵³ Offgas is a gas that is produced as a byproduct of an industrial process. The only data available is for 2019.

301-1

Distribution of fuel consumption 2019 (%)

	Coal	Fuel oil	Natural gas	Gas-oil	Uranium	WDF	Offgas
Spain	100	100	18	18	100	100	100
United Kingdom	0	0	0	0	0	0	0
United States	0	0	5	0	0	0	0
Brazil	0	0	6	0	0	0	0
Mexico	0	0	71	82	0	0	0
Other countries	0	0	0	0	0	0	0

Apart from fuel, there is also much lower consumption of chemical products (in water purification, filtering of gases, etc.), oil and grease (as lubricants to maintain equipment) and office paper. As to this last consumable, it should be noted that the implementation of electronic billing continued during 2019, saving 621 t of paper.

Efficiency in energy consumption

GRI 302

The Iberdrola group ensures optimisation in the use of energy throughout its entire value chain (production, transport, 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 digitisation.
- 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 use of energy by consumers, whilst encouraging the reduction of the environmental impact of their energy habits and consumption.

Energy intensity

302-3

The trend of the intensity of fuel consumption in thermal power generation plants in relation to their net production (tep/GWh), and the intensity of internal energy consumption, are shown in the following two tables:

Fossil fuel consumption (tep/GWh)⁵⁴

	2019	2018	2017
Total	174	174	189

Intensity of internal energy consumption (GJ/GWh)

	2019	2018	2017
Total	2.80	2.75	3.26

Generation technologies (% energy production)

	2019	2018	2017
Renewables	39%	42.4%	36.7%
<i>Onshore wind</i>	24.6%	25.1%	24.7%
<i>Offshore wind</i>	1.3%	1.1%	0.6%
<i>Hydroelectric</i>	12.4%	15.9%	11.4%
<i>Photovoltaic solar and other</i>	0.7%	0.3%	0.00%
Nuclear	15.7%	16.2%	16.9%
Combined cycle	39.3%	34.8%	39.3%
Cogeneration	5.8%	5.5%	5.0%
Coal	0.2%	1.1%	1.9%

The increase in combined cycle production was mainly due to the reduction in hydroelectric production in 2019.

⁵⁴ Conversion factor used: 1GJ = 0.023888889 Tep.

Energy consumption within the organisation

302-1

Energy consumption within the organisation (internal consumption) includes the consumption of energy at all of the Iberdrola group's 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) is obtained from direct measurement of the fuel used at each facility based on its calorific value (NCV):

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

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

$$\text{Consumption(GJ)} = \sum \text{building/facility consumption (MWh)} \times 3.6 \text{ GJ/MWh}$$

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

302-1

Energy consumption within the organisation (GJ)⁵⁵

	2019	2018	2017
Fuel consumption	764,339,820	705,925,458	760,201,810
By type of fuel			
<i>Natural gas</i>	491,432,273	415,501,034	462,114,731
<i>Uranium</i>	264,926,154	265,340,801	262,902,924
<i>Coal</i>	4,566,621	20,786,570	33,020,919
<i>Fuel-oil</i>	1,461,030	1,801,267	1,899,317
<i>Diesel</i>	105,425	2,398,130	175,699
<i>WDF</i>	60,226	97,598	88,220
<i>Offgas</i>	1,788,091	N/Av.	N/Av.
By type of technology			
Generating plants ⁵⁶	682,235,522	630,813,850	691,154,673
Cogeneration	82,007,939	74,427,358	68,440,622
Non-generating plants ⁵⁷	96,359 ⁵⁸	631,635	606,515
Energy purchased	9,526,837	11,323,334⁵⁹	11,664,660
Standby and pumping	8,883,625	10,456,923 ⁶⁰	10,886,544
Buildings	643,212	866,411 ⁶¹	778,116
Energy sold (non-renewable)	332,690,372	301,836,963	312,791,322
Steam sold	14,155,713	14,695,071	18,527,684
Total⁵⁵	427,020,573	400,716,558⁶²	440,547,464

⁵⁵ Energy consumption within the organisation (GJ) = Fuel consumption + Energy purchased - Energy sold (non-renewable) - Steam sold.

⁵⁶ Combined cycle, conventional thermal and nuclear plants.

⁵⁷ The "non-generating" facility is Hatfield (gas storage) in the United Kingdom.

⁵⁸ The sizable reduction in consumption is due to the sale of the Daldowie thermal drying facility in the United Kingdom.

⁵⁹ Data recalculated with respect to the data published in 2018.

⁶⁰ Data recalculated with respect to the data published in 2018.

⁶¹ Data recalculated with respect to the data published in 2018.

⁶² Data recalculated with respect to the data published in 2018.

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 the steps taken to improve energy efficiency.

In 2019 the consumption of fossil fuels for the generation of 227,235,600 GJ of energy was avoided through the generation of renewable energy and the supply of steam to industrial customers, which accounted for a 14% increase over the 2017 figure.

302-4

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

Areas	Energy type	2019	2018 ⁶³	2017
Renewables	Annual primary energy savings through the production of renewable energy	213,480,000	222,314,400	182,689,200
Cogeneration	Annual savings through the supply of heat energy (steam) within the group	14,155,200	14,695,200	18,511,200
Total		227,635,200	237,009,600	201,200,000

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 from direct measurement at the output terminals of the facilities.

$$Consumption(GJ) = \sum generation (MWh) \times 3.6 GJ/MWh$$

Various measures were implemented in 2019 to improve energy efficiency within buildings and infrastructure elements. The energy savings produced by these measures is presented below:

⁶³ Data recalculated with respect to the data published in 2018.

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

Areas	Item	2019	2018	2017
Efficiency in the distribution network	Savings due to efficiency in the grid	997,153	2,824,279	4,273,557
Efficiency in generation	Savings due to efficiency improvement at plants	663,852	9,117	44,744
Efficiency at buildings	Savings due to efficiency in buildings	509 ⁶⁴	672	76,000
Total		1,661,514	2,834,068	4,318,301

Much of the savings through generation efficiency is due to improved efficiency at the Escombreras combined-cycle plant, as reflected in the saving of 177 GWh of gas, accounting for 96% of the total plant savings.

Savings due to efficiency measures of the electricity grid

Energy savings from network efficiency derive from actions the company takes to control or reduce losses, including:

- Updates and modifications to reduce the length of lines through construction of new substations and increases in the power of existing substations, increases in voltage and improvement of power factor, implementation of remote management, and maintenance work.
- Improvements in contract management and supply point inspections: replacement of electromechanical meters with electronic meters, inspection of facilities and regulation of customers and clandestine connections.
- Increase in top-level reviews and strengthening of field activities with supply point inspections to reduce administrative and non-technical losses.

The table below shows transmission and distribution network losses:

⁶⁴ Includes only data from Spain and the United States.

EU12

Transmission and distribution network losses (%)

	2019	2018	2017
Transmission			
United Kingdom	2.11	1.52	2.12
United States	0.85	4.68	4.72
Distribution			
Spain	6.47	6.60	6.70
United Kingdom	6.43	6.43	6.32
United States	2.24	3.72 ⁶⁵	3.59
Brazil ⁶⁶	15.20	13.21	12.24

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 savings resulting from efficiency in generation are calculated by estimating the reduction in fuel consumption per MWh due to the improvements made.

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

EU11

Average performance⁶⁷ of thermal generation facilities (%)

	2019	2018	2017
Combined cycle	55.11	54.22	53.57
Conventional thermal	34.34	34.28	34.38
Cogeneration	56.24	55.62	53.81
Total	55.15	53.83	52.76

⁶⁵ Data recalculated with respect to the data published in 2018.

⁶⁶ The only available data is from distributors in Brazil.

⁶⁷ Average of efficiencies weighted by the annual production of each thermal power plant.

Detailed information about the average performance of the thermal generation facilities in the various countries is provided in Annex 1 Supplementary Information.

Efficiency at buildings

Iberdrola continues to implement energy efficiency measures in the company's buildings and offices throughout the world. In 2019 the provision of green energy (from renewable sources) to buildings was introduced, which accounted for 60% of the total energy consumed by the buildings in Spain and 34% of the energy consumed by the buildings in the United Kingdom.

Moreover, energy audits of the buildings made it possible to implement improvements during these years in order to optimise the acclimatisation (heating and air conditioning) performance, improve thermal insulation, increase the efficiency of building lighting and automate the associated facilities. The savings achieved through the application of these measures amounted to 509 GJ in 2019.

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 care for the environment.

302-5

Energy savings of green products and services (GJ)

	2019	2018	2017
Photovoltaic solar energy	4,182	20,336	1,899
Energy audits and plans	4,737	46,545 ⁶⁸	100,375
Gas maintenance service	821,171	875,326	790,441
Other savings and efficiency activities	171,781	99,970	158,113
Green energy supplied	48,047,064	42,700,000 ⁶⁹	49,874,302
Total	49,048,935	43,742,176	50,925,130

More information about these and other initiatives is available on the websites of [Spain](#), [Brazil](#), the [United Kingdom](#), the United States (through [NYSEG](#), [RG&E](#) and [CMP](#)) and [Portugal](#).

⁶⁸ The energy audits and plans are in effect for 5 years, giving rise to the reduction they produce

⁶⁹ No data available from Brazil as at the date the report is issued.

Energy consumption outside of the organisation

302-2

The most significant consumption of energy outside the organisation is consumption associated with the transport of fuel by motorway, with trips to/from work by the group's employees and with business travel (planes 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 distances travelled via each means of transport and is transformed by means of conversion factors obtained from official sources⁷⁰. The energy consumption for these items is on the order of 1,106,522 GJ.⁷¹

Reduction in emissions

Contribution to SDGs of the performance described by the indicators of this section
(according to SDG Compass www.sdgcompass.org)



GRI 305

As part of its climate action, Iberdrola has ambitious emission-reduction objectives that will bring us to emission neutrality by 2050 and which are recognised as Science Based Targets (SBTi). The company also has an investment plan and innovation policies focused on decarbonising the energy mix and strengthening our leadership in renewable energy, smart grids and clean technology, and is progressing with its commitment to implement the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

For yet another year, Iberdrola has registered its footprint with the Carbon Footprint, Carbon Offset and Carbon Dioxide Absorption Projects Register of the Spanish Ministry for Ecological Transition and the Demographic Challenge.

More information is available in the "Climate action at Iberdrola" section of chapter I.3 and in the [Climate change and emissions](#) section of the website.

⁷⁰ Defra: Department for Environment, Food and Rural Affairs (United Kingdom).

⁷¹ Does not include data from Mexico because the data was not available as of the closing of this report.

Intensity of GHG emissions

The intensity of CO₂ emissions is calculated based on direct emissions from the production facilities⁷² divided by the group's net output, including steam.

As reflected in the EU2 indicator in the "Key figures" section of chapter I.1, in this report Iberdrola uses the reporting criterion for its power generation assets, distinguishing between its "own" production and installed capacity and "third-party" production and installed capacity. The latter type of generation reflects the particular operating conditions of some of our plants in Mexico, which Iberdrola operates, under the instructions of the Mexican Federal Electricity Commission (CFE), in its capacity as an Independent Power Producer (IPP).

Under these conditions, Iberdrola believes that the IPP plants do not comply with the requirement enunciated by the *GHG Protocol* regarding "... the authority to introduce and implement operating policies at the operation" in order to be included in Scope 1.

The following table shows the intensity of emissions.

305-4

Intensity of CO₂ emissions

	2019	2018	2017
Specific emissions from global mix (kg/MWh) ⁷²	110	112	136
Specific emissions from global mix (kg/€) ⁷³	0.363	0.379	0.480

In 2019, CO₂ emissions per MWh generated remained among the lowest among domestic and international energy companies. It should be noted that Iberdrola's emissions intensity in Spain was 94 kg/MWh in 2019.

⁷² See "Direct greenhouse gas emissions. Scope 1 (per GHG Protocol)" below

⁷³ Direct emissions from energy generation facilities (305-1) compared to net revenues in €.

Inventory of Greenhouse Gas Emissions (GHGs)

Iberdrola's inventory of emissions is calculated using the emissions set forth in disclosures 305-1, 305-2 and 305-3. In April 2019, for the tenth consecutive year, AENOR verified Iberdrola's greenhouse gas emissions inventory, covering the direct and indirect emissions from all of its activities, pursuant to the UNE ISO 14064-1:2006 standard.

Set forth below is the inventory (as of the date of approval of this report) to be submitted for verification in 2020 pursuant to the *Greenhouse Gas Protocol (GHG)* of the World Business Council for Sustainable Development (WBCSD) and the World Resources Institute (WRI).

CO₂ equivalent emissions to be verified in 2020 (t)

	Spain	United Kingdom	United States	Brazil	Mexico ⁷⁴	Total
Scope 1: Direct emissions	5,803,460	44,487	1,934,393	1,001,945	4,799,539	13,583,823
Scope 2: Indirect emissions	863,954	491,455	231,192	513,329	54,227	2,153,797
Scope 3: Other indirect emissions	3,858,165	9,437,581	19,892,852	190,409	15,657,512	49,036,519

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 sources of GHGs that are owned or controlled by the company. They include:

- Emissions from electric power generation facilities (fuel consumption) with owned production.
- Emissions from non-generation (gas storage) facilities.
- Fugitive emissions of methane (CH₄) (storage and transport of natural gas).

⁷⁴ Iberdrola has assigned to Scope 3 of the emissions inventory those emissions generated by the plants that Iberdrola operates in Mexico as an Independent Power Producer (IPP), based on its understanding that Iberdrola does not have operational control of those plants because the CFE is responsible for making decisions regarding the dispatch and entry into operation (or not) of said plants. If Scope 1 were include the emissions associated with the installed capacity for third parties the values would be 26,530,725 t for Scope 1 and 36,089,620 t for Scope 3. The totals would be adjusted in accordance with the changes. In this case, the historical emissions-intensity series (305-4) would be: 166 kg/MWh (2019), 161 kg/MWh (data reported in 2018) and 187 kg/MWh (data reported in 2017).

- Fugitive emissions of sulphur hexafluoride (SF₆) in distribution networks.
- 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.

Iberdrola has reduced its direct emissions (Scope 1) by 14% over the last two years from 15 to 13 million t CO_{2eq}. This is mainly due to the reduction of emissions at the thermal generation plants, which decreased 25% since 2017, as shown in the following table:

305-1

CO₂ emissions at Scope 1 production facilities (t)

	2019	2018 ⁷⁵	2017 ⁷⁶
Thermal generating plants	8,401,126	9,237,529	11,325,830
Cogeneration	4,526,760	4,090,080	3,693,748
Total	12,927,886	13,327,609	15,019,578

77% of the group's own installed capacity is emission-free. Direct emissions other than the above emissions from production facilities are less than 1% of the total of Scope 1.

⁷⁵ Data updated in the verification of the GHGs.

⁷⁶ Data updated in the verification of the GHGs.

305-1

Other Scope 1 emissions (t CO₂eq)

	2019	Source of emission factors
CH ₄ and NO ₂ emissions due to combustion ⁷⁷ (Non-renewable generating plants)	171,048	IPPC
Non-generation emissions (Gas storage)	26,233	DEFRA: ⁷⁸ United Kingdom.
CH ₄ Fugitive Emissions (Gas storage and transport)	221,619	IPCC ⁷⁹
SF ₆ Fugitive Emissions (Electricity distribution)	156,704	IPCC
Emissions in buildings (Fuel consumption)	44,739	MITECO: Spain. DEFRA: United Kingdom, Mexico and Brazil. EPA: ⁸⁰ United States, Mexico and Brazil.
Emissions from mobile combustion (Fleet vehicles)	30,311	DEFRA: Spain and United Kingdom. EPA: United States, Mexico and Brazil.
Total	650,654	

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 electric energy by standby systems during shutdowns at the thermal, renewable and nuclear plants and during pumping at the hydroelectric plants.
- Emissions associated with the consumption of electricity in buildings.
- Emissions associated with network losses.

The emission factor of the generation mix of the respective country is used to calculate CO₂.

- Spain: Red Eléctrica de España
- United Kingdom: DEFRA
- United States: U.S. Energy Information Administration
- Mexico: SEMARNAT⁸¹
- Brazil: Ministry of Science, Technology and Innovation for Brazil

⁷⁷ Only emissions associated with owned generation are included.

⁷⁸ DEFRA: Department for Environment, Food and Rural Affairs (United Kingdom).

⁷⁹ IPCC: Intergovernmental Panel on Climate Change.

⁸⁰ EPA: Environmental Protection Agency (United States).

⁸¹ SEMARNAT: *Secretaría de Medio Ambiente y Recursos Naturales* (Secretary of the Environment and Natural Resources) in Mexico.

An action plan is being advanced internally to complement the calculation of emissions using a "market-based" methodology. This effort will continue throughout 2020.

Iberdrola has reduced its direct emissions (Scope 2) by 38% over the last two years from 3,415,200 t CO_{2eq} to 2,103,404 t CO_{2eq}. This is mainly due to the measures for improving the efficiency of the facilities and distribution networks that have been made in recent years.

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Scope 2 emissions (t CO_{2eq})

	2019	2018 ⁸²	2017 ⁸³
Emissions associated with network losses.	1,597,207	1,793,198	2,464,981
Emissions from consumption of electric energy during shutdowns and pumping	520,992	698,236	897,734
Emissions associated with the consumption of electricity in buildings	35,598	52,610	52,485
Total	2,153,797	2,544,044	3,415,200

As can be seen, the decrease in emissions associated with electricity consumption in buildings is due to the certified consumption of green energy therein.

Other indirect greenhouse gas emissions. Scope 3 (per 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 are a result of the company's activities at sources not owned or controlled thereby. They include the following:

- Emissions from electrical-energy generation facilities (fuel consumption) with production for third parties. (GHG Protocol Category 3).
- Emissions associated with the transport of employees for work purposes (hire vehicles and personal vehicles, planes, trains and ferries). (GHG Protocol Category 7).
- Emissions associated with the transport of fuel. (GHG Protocol Category 4).
- Emissions associated with the supply chain. (GHG Protocol Category 1 and 2).
- Emissions associated with employee commuting to and from work. (GHG Protocol Category 6).

⁸²Data updated in the verification of the GHGs.

⁸³Data updated in the verification of the GHGs.

- 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, Activity D).
- Emissions arising from activities upstream of the fuels purchased and consumed⁸⁴ (GHG Protocol Category 3, Activity A).

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

Scope 3 emissions were the following in 2019:

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Scope 3 emissions (t CO_{2eq})

	2019	2018 ⁸⁵	2017 ⁸⁶
Emissions associated with the production of energy for third parties	12,946,900	10,816,309	11,695,888
Emissions from employee business travel	19,429	17,986	21,034
Emissions associated with the transport of fuel ⁸⁷	1,623	58,646	92,168
Emissions associated with the supply chain ⁸⁸	1,884,772	1,392,782	1,636,912
Emissions associated with employee commuting to/from their workplace ⁸⁹	52,467	59,729	77,655
Emissions associated with energy (gas and electricity) purchased for sale to end customers ⁹⁰	30,446,639	35,091,320	38,839,197
Upstream (WTT) emissions from fuel acquired and consumed	3,684,689	3,576,870	3,897,898
Total	49,036,519	51,013,642	56,262,798

Emissions from employee travel per employee in 2019 were 0.45 t CO_{2eq}.

⁸⁴ Excludes transport of fuels, as this is specified in Category 4, and the emissions under scopes 1 and 2.

⁸⁵ Data updated in the verification of the GHGs.

⁸⁶ Data updated in the verification of the GHGs.

⁸⁷ Calculated for the transport of fuel by motorway, train and ship. Fuel transport activities in 2019 only occurred in Spain by motorway.

⁸⁸ Estimated based on the Supplier Awareness and Greenhouse Gas Measurement Campaign that Iberdrola sends to the group's suppliers.

⁸⁹ Estimated using surveys sent to the employees of the Iberdrola group in order to record their emissions through an emissions calculation tool.

⁹⁰ The energy purchased for sale to end customers is calculated based on the difference between the energy supplied on the market and the internally produced energy. The emissions from such energy result from CO₂ emissions obtained by applying the emission factor of the generation mix of the corresponding country and adding it to the upstream emissions of such energy, using the DEFRA WTT (Well to Tank) emission factor.

More information about scope 1, 2 and 3 emissions is available in the [GHG Report](#), which is audited annually under the ISO 14064 standard.

Reduction of GHG emissions

Initiatives to reduce emissions are undertaken through a broad range of products and services promoting energy efficiency and savings. Some examples of actions taken in 2019 are given below:

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Initiatives for reducing emissions

Areas	Actions and initiatives	CO ₂ avoided in 2019 (t)
Renewables	Primary energy savings through the production of renewable energy	15,551,630
Cogeneration	Savings through the supply of heat energy (steam) within the group	1,140,211
Network efficiency	Savings from distribution network efficiency in Spain, the United Kingdom and Brazil	61,377
Commercial	Energy savings and efficiency through green products and services	6,156,992
Group	Use of videoconferencing (t CO _{2eq})	10,231
Total		22,920,441

There were 64,780 videoconferences in 2019 that avoided employee travel, entailing a reduction of approximately 10,231 t of CO_{2eq}.

In total, the emission of 22,920,441 t CO₂ was avoided, equal to the amount of CO₂ absorbed by 1,146 million trees over the course of a year⁹¹.

The operating regimen of the group's production facilities led to the level of CO₂ emissions described in the section entitled "Direct greenhouse gas emissions. Scope 1 (per GHG Protocol)". The sections "Reduction of energy consumption"⁹² and "Indirect greenhouse gas emissions. Scope 2 (per GHG Protocol)" provide additional information on this topic.

⁹¹ The estimated amount of CO₂ absorbed by an average tree is 20 kg of CO₂ per year.

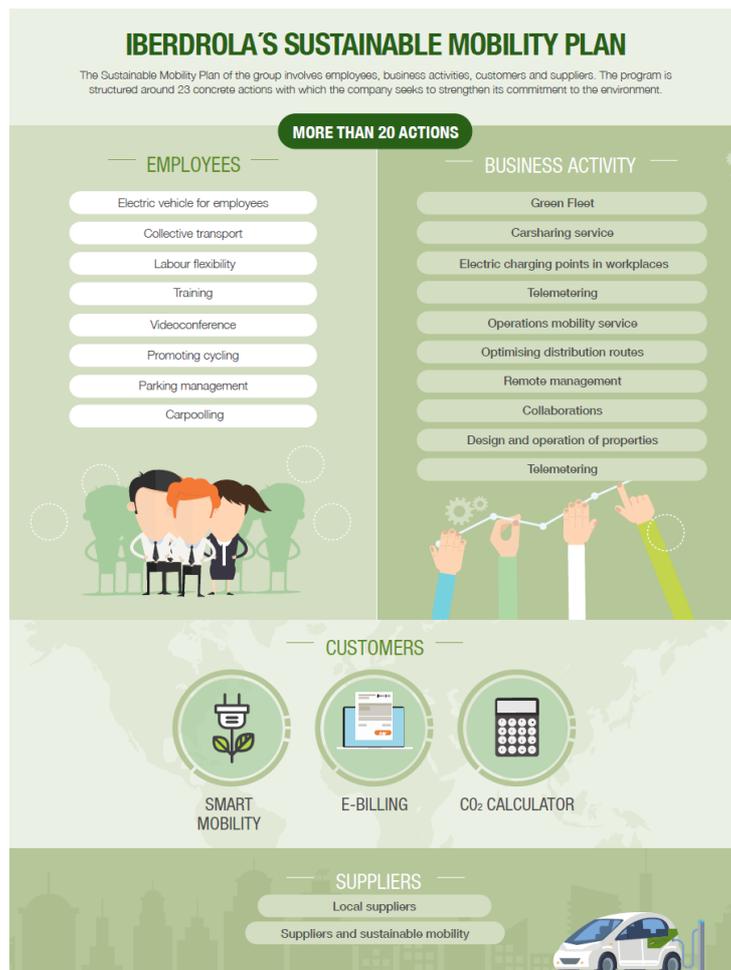
⁹² In addition to the reductions described in "Reduction of energy consumption", the group's nuclear production during the financial year prevented emissions of 5,089,685 t CO₂, taking into account the mix. Source: RRE.

Sustainable Mobility Plan for employees

In order to reduce emissions relating to employee travel and commuting to/from their home and workplace, Iberdrola is developing a Sustainable Mobility Plan that contributes to a rational use of the means of transport. This plan is included in the commitment made by the company in its Sustainable Management Policy.

The inclusive nature of the programme involves employees, the business activity, customers and suppliers, covering approximately 20 specific actions in which the company seeks to strengthen its support of sustainability.

These initiatives include Iberdrola’s launch of a new edition of the Electric Vehicle for Employees programme in Spain and the United Kingdom, which consists of special advances and financial assistance for the purchase of electric vehicles. Thanks to this initiative, the local emission of 531 t of CO₂eq in employee travel to the work place in Spain and the United Kingdom was avoided in 2019.



Allocation of CO₂ emissions allowances or equivalent

EU5

Only the generation facilities located in Europe are subject to an emission rights trading system, for which reason this indicator does not affect the thermal generation facilities in Mexico, Brazil or the United States.

The facilities located in Europe (Spain and United Kingdom) have not received free trading rights since 2013, for which reason they have to acquire the necessary rights at auction to offset the emissions produced.

Only the Tarragona Power facility has been assigned 23,929 emissions rights, within the emissions trading system (ETS) market.

Iberdrola intends to close the last two coal-fired facilities that are currently in operation in Spain.

Other atmospheric emissions

305-7

Emissions⁹³ of sulphur dioxide (SO₂), oxides of nitrogen (NO_x) and particulate matter are also created by the burning of fossil fuels. The changes in the generation profile discussed in the emissions section tends to reduce them with the incorporation of renewable energy and the support of modern technologies for monitoring combined cycles. This management focus is supplemented with a plan to invest in improvements in the combustion process and in the dismantling of less environmentally-efficient units.

Investments have been made in combustion control systems at the thermal plants in order to comply with *Directive 2001/80/CE*, which limits the atmospheric emissions of SO₂, NO_x and particulates from large combustion facilities in Spain.

⁹³ These emission figures are obtained either from direct measurement or through conversions of fuel-consumption figures using emission factors from official sources.

Emissions of oxides of nitrogen (NO_x)

NO_x emissions (t)

	2019 ⁹⁴	2018	2017
Generating plants	42,469	6,549	7,613
Cogeneration	8,298	6,202	8,539
Total	50,767	12,751	16,152

Intensity of NO_x emissions (kg/MWh)

	2019	2018	2017
Specific emissions from the global mix	0.326	0.085	0.113

Emissions of sulphur dioxide (SO₂)

Sulphur dioxide (SO₂) emissions (t)

	2019	2018	2017
Generating plants	970	2,733	4,143
Cogeneration	793	782	1,249
Total	1,763	3,515	5,392

Intensity of SO₂ emissions (kg/MWh)

	2019	2018	2017
Specific emissions from the global mix	0.011	0.023	0.038

⁹⁴ The methodology for calculating NO_x emissions has been changed.

Emissions of particulates

Particulate emissions (t)

	2019	2018	2017
Generating plants	1,015	745	1,114
Cogeneration	129	141	158
Total	1,144	886	1,272

Intensity of particulate emissions (kg/MWh)

	2019	2018	2017
Specific emissions from the global mix	0.007	0.023	0.038

Emissions of ozone-depleting substances

305-6

Ozone-depleting substances have a very limited presence within the Iberdrola group, and are located primarily in fire-extinguishing equipment (Halon) and some cooling systems (chlorofluorocarbons, CFCs). These systems and equipment are maintained in accordance with the provisions of applicable legal provisions.

The only atmospheric emissions originating from these products would be those arising from potential losses, which are identified by the volumes used to recharge the equipment. Although Iberdrola's goal is to eliminate the presence of these emissions in its facilities, these substances continue to be used where their use is authorised, and a better substitute has not been found on the market. 2,160 kg of CFC-11 were recharged in Mexico in 2019.

Emissions of mercury (Hg) and other compounds

The emission of mercury (Hg) from the combustion of coal during 2018 was 5.73 kg.

Furthermore, 449.33 t of volatile organic compounds (VOCs) were emitted in Spain, the United Kingdom, Mexico and the United States.

Rational use of water

GRI 303

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 itself the goal of ensuring the increasingly responsible use of this resource.

The main actions taken by the group for a more sustainable use of water are:

- Limiting the volume of withdrawal and consumption of inland water in all technologies.
- Establishing and controlling limits on ecological flows at the hydroelectric generation reservoirs.
- Continually improving processes at facilities to reduce consumption and impact.
- Avoiding withdrawal of water in water-stressed areas.
- Reusing and recycling water at facilities.
- Conducting awareness-raising campaigns to achieve a more efficient and responsible use of sanitary water by employees at offices.

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The water cycle needed for the generation of power at Iberdrola's thermal generation plants is based on the following three phases: Withdrawal, use, and return to the environment.

The quality of the returned effluents is strictly controlled and is kept below the maximum acceptable values established by the government based on the characteristics of the withdrawal point and the point of discharge into the environment (sea, reservoir or river).

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

Iberdrola has treatment plants and water quality measurement systems at its facilities that allow it to ensure a return to the environment in the desired condition, reducing the risk of polluting discharges through the use of preventive control tools:

- Consolidated systems for reporting anomalies and incidents in order to establish plans to minimise spillage risks, by implementing predictive, preventive and corrective actions that ensure the proper condition of the water.
- Certificates in ISO 14001 and EMAS, as tools for continuous improvement.

The company also has emergency plans and protocols to ensure a proper and rapid response in the event of discharges or spills with negative effects on the surrounding environment.

The thermal power-generation plants treat residual water before discharging it into the natural receptor environment.

- Water from the process undergoes physicochemical treatment, which includes the separation of hydrocarbons and temperature monitoring.
- Wastewater is treated in compact treatment systems with biological aerobic processes.
- Coal plants have a treatment system for slag from the plant, and a decantation/coagulation process that prevents the entry of particulate coal or coal in suspension into the receptor water.

After being treated, the process water and the sanitation wastewater are diluted with the water returned from the cooling system and are discharged into the receptor environment, with continuous monitoring of various parameters (temperature, turbidity, conductivity, etc.). An accredited organisation analyses these discharges and regularly reports to the government.

In Mexico, the combined cycles have separate and independent networks for industrial and sanitary water. The latter receive final treatment in biodigesters whereas industrial water is discharged into the natural environment or sent to municipal treatment plants or to the customer for treatment. The La Laguna power plant captures sanitation wastewater for all processes, for which reason the water discharged by this facility is of better quality in some parameters than the water that is collected.

303-3

The company makes no withdrawals that significantly affect water resources or habitats associated with water withdrawal points. The Iberdrola group does not have any plants located in areas considered to have water stress.⁹⁵ 72% of the water withdrawn is sea-water or brackish water. These areas can be seen in the [FAQ](#) and in [Aqueduct Water Risk Atlas](#).

⁹⁵ High or severe water stress is taken into account.

Total water withdrawal

The following table breaks down the group's total water withdrawal by source:

Origin of raw water withdrawal (ML⁹⁶)

	2019	2018	2017
Surface water (rivers, lakes, reservoirs, wetlands)	529,653	736,406	663,570
Offshore water	1,467,179	1,230,076	1,298,726
Groundwater	1,805	1,041	1,834
Rainwater directly withdrawn and stored	0	0	1
Purified wastewater	14,580	14,934	14,655
Municipal water supply or supply from other water companies	2,891	2,842	5,103
Total	2,016,108	1,985,300	1,983,889

The dissolved solids of all of the withdrawn water are less than 1,000 mg/L, such that all of the withdrawn water is termed "freshwater".

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

90% of the total amount of water withdrawn is used in cooling processes. The rest of the water withdrawn (10%) corresponds to other auxiliary services of the generation plants and consumption at offices.

The following table shows the different sources of withdrawal for cooling:

⁹⁶ Megalitres

Source of withdrawal of cooling water

	Raw water withdrawal ⁹⁷ (ML ⁹⁸)	Raw water withdrawal (%)
Seawater and brackish water	1,278,373	70.7
Rivers and groundwater	151,442	8.4
Lakes and reservoirs	368,707	20.4
Purification of wastewater	8,941	0.5
Total	1,807,463	100%

All water withdrawal is strictly regulated by government authorities, which assign permits and determine the maximum permissible volumes of withdrawal to ensure that there are no significant impacts.

303-5

The total intake and discharge of water at the coal-fired thermal generation, combined-cycle, nuclear and cogeneration plants in 2019 are shown below.

Use of water in thermal generation (ML⁹⁹)

	2019
Withdrawal	
Withdrawal for standby process and services	208,104
Withdrawal for cooling	1,807,463
Discharge	
Evaporation of water used for cooling	82,538
Discharge into the receiving environment ¹⁰⁰	1,927,711
Water use (withdrawal less discharge)¹⁰¹	87,856
Percentage of water returned	96%

After use in cooling and other auxiliary processes, 96% of the water withdrawn at thermal generation and cogeneration facilities returns to the receptor environment in a physical/chemical condition allowing it to

⁹⁷ Raw water withdrawal: total raw water volume withdrawn for cooling.

⁹⁸ Megalitres

⁹⁹ Megalitres

¹⁰⁰ The total discharge figure includes the return from cooling, the return of water used in processes, and rainwater collected at some thermal facilities that lack an independent storm-drain system.

¹⁰¹ Withdrawal less discharge into the receiving environment is deemed to constitute water use.

be utilised by other users without affecting the natural environment. The other 4% has been consumed and/or retained in the various processes, or returned to the environment in the form of steam generated in the cooling systems of the thermal power plants.

The group's use of water is summarised in the following table:

Water use¹⁰²			
	2019	2018	2017
Total water use (ML ¹⁰³)	88,399	87,890	82,275
Water use/global production (ML/GWh)	583	604	597
Water use/overall sales (m ³ /\$k)	2.16	2.14	2.15
Water use/overall sales (m ³ /€k)	2.42	2.53	2.56

Water cycle in hydroelectric generation¹⁰⁴

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

Water use in hydroelectric generation (ML)			
	2019	2018	2017
Net water volume	97,062,635	133,262,232 ¹⁰⁵	49,824,142
Volume of pumped water	1,939,270	2,709,926	2,806,800
Annual increase in reservoir water	1,798,489	2,547,269	-1,179,000 ¹⁰⁶

Additional information, such as withdrawal locations and discharges from the thermal facilities, can be found in [Water use](#).

¹⁰² Use of water is defined as water withdrawn minus water discharged into the natural environment.

¹⁰³ Megalitres

¹⁰⁴ Hydroelectric generation in the United States, which is approximately 0.9% of the installed hydroelectric capacity, is not included (information not available).

¹⁰⁵ 2018 was a year with high levels of precipitation and high hydroelectric generation in Spain. Data recalculated with respect to the data published in 2018.

Water reused

303-3

At the thermal plants with closed or semi-open cooling systems, the withdrawn water is reused in the cooling towers in an average of approximately three to five cycles per m³ before being purged. The total volume of this reuse was approximately 1,600 hm³ in 2019.

Water recycled

Furthermore, wastewater is also used in the cooling systems at some of the thermal generation plants in Spain, Mexico and the United States.

Use of wastewater or recycled water in cooling systems in 2019

	ML	% of total country
Mexico	10,690	5
United States	3,651	98
Spain	382	0.01

In addition, at some of ScottishPower's wind farms the control buildings have rooftop rainwater collectors and storage tanks to use the water.

Water discharges in terms of quality and destination

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The data regarding the discharge of water into the environment for all facilities and offices is as follows:

Total water discharged (ML)

	2019	2018	2017
Ocean	1,453,877	1,220,814	1,289,298
Rivers	149,930	324,636	248,498
Lakes and reservoirs	320,382	347,764	360,073
Purification network	3,522	6,299	5,888
Total	1,927,711	1,899,513	1,903,757

Water consumption and discharges by the facilities during 2019 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.

306-5

The company's activities can even be beneficial for the ecosystem, as seen in the following examples:

- In Spain, above and beyond the Integrated Environmental Authorisation requirements, at times additional quality control analyses are conducted on water upstream from hydroelectric generation facilities, with a view to improving, if necessary, the quality of this water once it has passed through the plant and is returned to the environment (see disclosure 304-3).
- In Mexico the discharge from the Altamira III and IV plant has been re-directed over the Garrapatas estuary, which is allowing it to recover its salinity and thus the specific characteristics of this habitat and the species of fauna and flora adapted thereto. This estuary was losing its brackish nature due to salt-water entry being blocked after the construction of a pipeline, with the resulting desalination of the ecosystem.

For more information, see the [Water Usage](#) section of the corporate website.

Waste management

Contribution to SDGs of the performance described by the indicators of this section
(according to SDG Compass www.sdgcompass.org)



GRI 306

Iberdrola's goal is to reduce the generation of waste for any process or activity (construction, operation, maintenance of facilities and work centres), and to prioritise recycling and the reuse thereof. Iberdrola is committed to the concept of the "circular economy" for all of the parties to its activities, having joined the Circular Economy Agreement of the Spanish Ministry for Ecological Transition and the Demographic Challenge.

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.

306-2

Two types of waste are distinguished within the Iberdrola group's activities:

- Waste arising during the energy production process.
- Waste generated at facilities and offices.

The various areas and businesses of the company perform activities to minimise waste and improve waste management, within the framework of the certified environmental management systems.

Waste from the production process

Fly ash and slag

Fly ash and slag are the most typical types of waste in the generation process at coal plants. The following table shows the production and reuse thereof:

Production and reuse of ash at Iberdrola's thermal power plants

	2019	2018	2017
Ash produced (t)	25,985	92,440	174,523
Ash reused (t)	21,009	61,459	76,034
Percentage of product reused (%)	81	66	44

Reused ash was used for the production of cement as filling in infrastructure work and to produce compost. The reduced production of ash in 2019 is associated with the reduced production by means of carbon-fired plants (78.7%).

Nuclear waste

As part of its commitment to transparency of information for Stakeholders, Iberdrola provides additional information on its nuclear plants (General Radioactive Waste Plan, Enresa¹⁰⁷). The processes of reduction, reuse, segregation, recycling and recovery is applied to radioactive waste in the safe management thereof.

¹⁰⁷ Enresa: Empresa nacional de residuos radioactivos, S.A.

Iberdrola's nuclear power plants are included within 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 country¹⁰⁸.

Low-low level and medium-low level radioactive waste generated during 2019 are shown in the following table:

Hazardous waste generated at nuclear facilities in 2019

	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 plant	8,065	35.98	0.004	195	0.024
Partially-owned nuclear plants	15,673	302	0.019	638	0.041

As to high-level waste, 328 spent fuel assemblies were generated during 2019.

Other waste

Hazardous waste

Hazardous waste that is generated is regularly delivered to authorised handlers for proper processing. Not all of the waste generated is deposited or recycled immediately, as there are temporary warehouses for hazardous waste at the facilities.

Hazardous waste generation (t)

	2019	2018	2017
Produced	19,662	13,169	9,193
Incinerated	166	0	0
Recovered (energy recovery)	N/Av.	N/Av.	N/Av.
Deposited	1,854	4,161	3,023
Recycled, reused	17,548	8,839	7,288

Hazardous waste produced includes PCBs, batteries, dissolvents, lighting, etc.

¹⁰⁸ For more information, see the technical reports on environmental radiological monitoring issued by the Nuclear Safety Council, available at www.csn.es.

There are residual PCBs at the group's facilities in Spain, the United States and Brazil. However, no pyralene transformers with more than 500 ppm of PCBs remain. The company's policy is to eliminate equipment containing PCBs from its facilities. 942 t of oil with PCBs in Spain, 855 t in the United States and 191 t in Brazil were managed during 2019.

Non-hazardous waste

Non-hazardous waste that is generated is regularly delivered to authorised handlers for proper processing. Not all of the waste generated is deposited or recycled immediately, as there are temporary warehouses for hazardous waste at the facilities.

Non-hazardous waste generation (t)

	2019	2018	2017
Produced	655,694	549,146	1,053,671
Incinerated	694	0	0
Recovered (energy recovery)	N/Av.	N/Av.	N/Av.
Deposited	157,342	247,256	543,254
Recycled, reused	663,128	294,845	449,920

Non-hazardous waste produced includes inert waste from construction and demolition, electronic equipment, wood, metals, plastics, paper, etc.

As a result of the new focus on avoiding waste generation by obsolete material or equipment and instead encouraging its sale on second-hand markets, in 2019 the company avoided sending 186.17 t of material to waste managers, thereby preventing the emission of about 200 t of CO₂.

Protection of biodiversity

Contribution to SDGs of the performance described by the indicators of this section



**IBERDROLA
WITH BIODIVERSITY**

== OBJECTIVE ==

Iberdrola is committed to **continual improvement of our biodiversity protection standards** with the aim of achieving, in 2030, a positive net balance in all new generation infrastructures developments, **applying the principles of the mitigation hierarchy and avoiding the use of protected areas for their location.**

== APPROACH ==



Knowledge and awareness



Action



Commitment

GRI 304

Iberdrola is aware that the conservation of biodiversity and the services provided by it (ecosystem-related services) is an essential condition for global sustainability. As a leading company of the energy industry, the company is also aware of its responsibility for knowing and managing the interactions of its activities with habitats and wildlife throughout their entire life-cycle, and for working with stakeholders to adopt measures that allow them to be identified and eradicated.

Along these lines, Iberdrola is committed to assuming a leadership position in the conservation and protection of biodiversity and in encouraging a corporate culture oriented toward promoting awareness-

raising amongst all of its Stakeholders regarding the magnitude of this challenge and the benefits associated with the resolution thereof, identifying specific actions in the area of prevention and adaptation.

Since 2007 Iberdrola has had a Biodiversity policy that establishes the company's position in the fight against the loss of biodiversity, as well as its commitment to ensuring that its activities go beyond mere regulatory compliance to generate a positive impact while contributing to the creation of value for its stakeholders.

The protection and conservation of biodiversity are integral parts of its management through the *Biodiversity Policy*, which establishes the main principles of conduct and defines four high-priority approaches:

- Promoting the protection, preservation and sustainable use of natural capital by applying the hierarchical mitigation principles (i.e., avoidance, mitigation, restoration, and - as a last resort - compensation), while avoiding the placement of new projects in protected areas, and through the adoption of specific preventive, mitigating and compensatory actions in those areas that might be affected by the Group's facilities.
- Encouraging knowledge about and research on the surroundings, with the adoption of a preventive approach and integration within the management of natural capital of best practices throughout the entire life cycle.
- Engagement with Stakeholders, considering their needs and expectations regarding biodiversity for the integration thereof in action plans, and partnering with research projects.
- Communication, awareness-raising and training, both internally and externally.

Various instruments are used to carry out these lines of action, including:

- *Biodiversity Policy*, applicable in all of the geographic areas in which the Iberdrola group does business, the basic principles of which are developed by various approaches.
- *Stakeholder Relations Policy* and the company's Stakeholder Engagement Model.
- *Corporate Environmental Footprint*, which enables an evaluation of the group's impact on biodiversity, and which, combined with the methodology for the assessment of the ecosystem-related services, makes it possible to establish goals for improvement for both direct and indirect effects.
- The environmental management system of the group and its organisations, certified under ISO 14001 or EMAS, which implement biodiversity commitments in action plans establishing the monitoring and control thereof.
- Environmental committees with the leaders of the organisations dealing with biodiversity risks and opportunities.

- Biodiversity plans, which implement the high-priority approaches of the *Biodiversity Policy*.

Biodiversity plans¹⁰⁹

Plans	Sub-plans
Plan for the prevention, reduction and compensation of impacts.	Plan for the direct protection of fauna.
	Direct protection and management of vegetation.
	Restoration of, and compensation for, habitats and species.
	Prevention of impacts on the edaphic environment.
	Prevention of impacts on the hydric environment.
Plan for understanding and preserving the environment.	
Plan for awareness-raising and communication.	

Working with the Stakeholders is a cross-sectional approach of the three plans.

102-11

In keeping with the precautionary principle, Iberdrola supports the expansion of knowledge and of research as key measures for the conservation and protection of biodiversity. Accordingly, in 2019 the company continued its support of research into species behaviour, such as the work associated with the study of *Thermal stress, immunosuppression and climate change in threatened raptors*¹¹⁰, the *Project for the recovery of ospreys in the Picos de Europa National Park*¹¹¹ and the continuation of the *Migration Project*¹¹², the goal of which is the study of the migratory movements of birds in Spain. The company also took part in studies for appraising ecosystem-related services such as the *ES Values Project*¹¹³, and held sessions with the environmental authorities on good practices and lessons learned with regard to ecological mitigation strategies as applied to projects, such as the ones implemented in the East Anglia One project.

¹⁰⁹ The three plans work with Stakeholders in a cross-sectional approach.

¹¹⁰ A collaborative project of Fundación Iberdrola and Fundación Aquila.

¹¹¹ A collaborative project of Fundación Iberdrola and Fundación para la conservación del Quebrantahuesos.

¹¹² A collaborative project of Fundación Iberdrola and Sociedad Española de Ornitología, SEO/BirdLife.

¹¹³ In partnership with the Universidad de Salamanca.

Numerous studies of species and ecosystems have been conducted in the vicinity of our facilities, such as the research study on the acoustic deterrence of bats at the Blue Creek Wind Farm¹¹⁴ and the tracking and research studies of species at the Teles Pires hydroelectric plant¹¹⁵, which are leading to the identification of new fish species¹¹⁶, one primate species¹¹⁷ and flora species. Also noteworthy is the project for the application of the methodology of the LIFE institute, which is being carried out at the hydroelectric facilities in Brazil, which will make it possible to evaluate performance with regard to the actions for the protection and conservation of biodiversity.

In the new projects, Iberdrola also applies the mitigation hierarchy (avoid, minimise, remediate and, as a last option, compensate) in the environmental impact assessments (EIAs). These analyse alternatives, with a view toward avoiding placing 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 the various Stakeholders regarding new projects and incorporates best construction practices, going beyond the applicable legal requirements in each case. Afterwards, and during construction, Iberdrola continues to work with the Stakeholders, seeking for the environmental impact to be as low as possible, and restoring the affected areas.

304-2

The following table shows activities that might have more significant impacts during the various phases of a project:

¹¹⁴ A joint research program conducted by Avangrid Renovables, Bat Conservation International, the U.S. Geological Service and the U.S. Department of Energy.

¹¹⁵ Collaboration to Support Teaching and Research of the University of Mogi das Cruzes - Genetics Laboratory for Aquatic Organisms and Aquaculture (LAGOAA).

¹¹⁶ *Myleus pachyodus* (family *Serrasalminidae*); *Ageneiosus apiaka* (family *Auchenipteridae*); and *Hyphessobrycon pinnistriatus* (no defined family).

¹¹⁷ Zogue-zogue.

Activities during the phases of a facility's life-cycle

Phase	Activity
Construction phase	Entry of vehicles and machinery.
	Opening of pathways and changes in plant cover or the seabed.
	Generation of noise, vibrations and turbidity in the water.
	Prolonged human presence (which temporarily affects the behaviour of species of fauna, and is generally reversible).
	Changes in landscape.
Operation phase	Emissions.
	Changes in the natural system of rivers and barrier effect of hydroelectric developments (affecting the ecosystems and habitat of certain species).
	Presence of facilities.
	Changes in vegetation to maintain power line corridors, etc.
	Discharges and spills.
Decommissioning phase	Use of machinery and vehicles to remove and demolish existing facilities.
	Prolonged human presence (which temporarily affects the behaviour of species of fauna, and is generally reversible).

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:

Potential impacts

General impacts	Loss of habitat and species.
	Increase in greenhouse gases and climate change.
	Pollution of the atmospheric, edaphic and/or aquatic environment.
Impact on avifauna	Electrocutions.
	Collisions.
Impact on terrestrial fauna	Electrocution, trapping, etc.
Impact on ichthyofauna	Changes in water quality.
	Discharges/spills into the hydrological environment.
Impact on flora	Production and spread of fires.
	Deterioration in the edaphic environment.

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 full avoidance or mitigation is not possible, compensatory measures are implemented.

EU13

The following table shows the principal activities in this regard during 2019:

Principal actions taken

Country	Technology	Actions and results	Objectives
Spain	Hydroelectric plants	Release of a total of nearly 5,600 eels into the Júcar, Cabriel and Mijares rivers as part of the Eel Repopulation Plan for the rivers in the Valencian Community, this being the fifth of 10 years.	Recovery of the eel population
	Onshore wind farm	Planting of 5 hectares of grain for the improvement of prey species hunted by Bonelli's eagle (<i>Aquila fasciata</i>).	Recovery of Bonelli's eagle populations
	Onshore wind farm projects	Relocation of the habitat of the <i>Pimelia canariensis</i> beetle, which was affected by the project due to the environmental restoration and landscape integration of an area of 4 hectares with 4,430 specimens of <i>Euphorbiaceae</i> , <i>Ceropegia</i> , <i>Kleinia</i> and <i>Plocama</i> . The 38 specimens that were rescued during the environmental monitoring prior to construction were released into the restored area in March of 2019. Monitoring and tracking will be performed during the next few years.	Relocation of the <i>Pimelia canariensis</i> habitat and species.
	Photovoltaic projects	The <i>Núñez de Balboa</i> project included the creation, in coordination with the Department of the Environment of the Regional Government of Extremadura, of two Agricultural and Environmental Management Areas, each consisting of 45 hectares, and two reserve areas of 5 hectares each for the steppic birds in the vicinity of the project. In 2019 the proceedings for the siting of the land areas were in progress.	Recovery of croplands and creation of reserve areas for steppic birds

	Nuclear plants	The construction project for the Individualized Temporary Storage (ITS) facility includes the restoration and preservation of an area of oak groves equivalent to the one that was removed during the construction of the ITS facility. The initial planting of species for meadow repopulation took place in 2019. These species consisted of: <i>Quercus rotundifolia</i> , <i>Olea europaea</i> var. <i>Sylvestris</i> , <i>Quercus suber</i> . Monitoring will be performed during 2020 and 2021, with replacements if necessary.	Recovery of meadow habitats
		A Monitoring Programme for birds was implemented for the characterisation of the structure and dynamics of the avian community at the Arrocampo Reservoir, as part of the Almaraz ITS project.	Characterisation of birds in the ZEPA area of the adjacent reservoir
United Kingdom	Onshore wind farms	Continuation of the Habitat Management Plan for 19 wind farms with a surface area of 8,700 hectares. Performance of work for vegetation maintenance and for livestock entry management.	Habitat compensation
United States	Networks	Recovery of the CI-32 wetland, in which 404 trees and 2,597 shrubs were planted. Plants were replaced and the status of the wetland is being monitored. Follow-up work will be performed and the results will be documented during the next few years.	Wetland recovery
	Onshore wind farms	Continued monitoring and maintenance of habitats (grasslands, meadows, wetlands, deserts, etc.) within and around the area thereof. Mitigation and implementation of the preservation plan for the San Diego Conservancy.	Improvement of adjacent habitats and protection of associated fauna. Conservation and management of sensitive habitats and species

Brazil	Baguari (hydroelectric)	Reforestation of 1.77 km ² of the Areas of Permanent Protection (APPs). Slope recovery work was performed in 2019, with the enrichment of 48.11 hectares of land and the planting of 64.01 hectares. All of the areas except for the islands were fenced and monitored, and corridors for animal use were created.	Improvement of adjacent habitats, strengthening of soil absorption capacity and reduction of the risk of losses due to erosion.
	Corumbá (hydroelectric)	Continuation of the reforestation of 2,562,308 trees for the recovery of 1,538 hectares of Areas of Permanent Protection (APPs).	Improvement in soil quality and the reduction of erosion.
	Teles Pires Dardanelos (hydroelectric)	In 2019, 774,126 native plants were planted on 88.75 hectares of the forest restoration areas of the reservoir. Since 2014, native plants have been planted on 697.2 hectares of land.	Improvement of adjacent habitats and reduction of the risk of losses due to erosion.
	Power lines	Reforestation of 224 hectares and planting of 171,287 trees in degraded areas, with plants at various different growth stages, with native species from the region in accordance with the environmental permits for the installation and operation of transmission lines (69 kV to 138 kV), substations (69 kV to 138 kV) and distribution networks (13.8 kV to 34.5 kV).	Recovery of degraded habitats
Mexico	Onshore wind farms	Reforestation of 25.56 hectares as compensation for the Línea Venta III project, and of 19.18 hectares for the P.E. Venta III project.	Restoration of habitats

304-1

The areas in which Iberdrola conducts its activities serve as habitats for a variety of flora and wildlife, which in some cases are under some form of protection. This is mainly due to the fact that the construction work was performed prior to the issuance of said declarations of protection by the public authorities. There are also facilities for which - after an analysis of the alternatives, giving priority to avoiding the protected areas, and after an environmental assessment process in which the mitigation hierarchy was applied - the competent authorities authorised the project, finding that even though 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 process¹¹⁸, it was determined that the presence of such facilities in protected spaces or in high biodiversity-value areas was indeed compatible with the protected elements, with the consequent implementation of the corresponding measures for the prevention, mitigation and compensation of the possible adverse effects,

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

¹¹⁸ Except for those for which the designations were made subsequently, in which case the actions for monitoring possible adverse effects are being managed with the environmental authority.

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
Spain			
Hydroelectric plants - Reservoirs	Inside	31,505 hectares	Biosphere reserves, Ramsar wetlands, Nature 2000 Network, national parks and nature parks.
Power lines	Inside	18,774 km	Nature 2000 Network, Ramsar wetlands, National Parks, Natural Parks and Biosphere Reserves.
Substations	Inside	135 units	Nature 2000 Network, Ramsar wetlands, National Parks, Natural Parks and Biosphere Reserves.
Transformer centres	Inside	8,654 units	Nature 2000 Network, Ramsar wetlands, National Parks, Natural Parks and Biosphere Reserves.
Onshore wind farms	Inside	343 ha	Nature 2000 Network, important bird and biodiversity areas
Nuclear plants	Inside	115 ha	Nature 2000 Network
	Adjacent	3 units	Nature 2000 Network
Thermal plants ¹¹⁹	Adjacent	12 units	Nature 2000 Network, Protected Landscapes, Biosphere Reserves and Protected Offshore Areas
United Kingdom			
Power lines	Inside	3,815 km	National Park, Nature 2000 Network, Ramsar Wetlands, National Nature Reserve (NNR) and Sites of Special Scientific Interest (SSSI).
Substations	Inside	414 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	8,881 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	9,035 ha	Sites of Special Scientific Interest (SSSI).
United States			
Onshore wind farms	Inside	32 ha	National Forest Systems
Power lines	Partially inside	384 km	Protected areas designated by each federal state, which may be Biosphere Reserves, forests, national parks or national wildlife refuges, and those with high ecological value even though they may not have the same level of protection.
Brazil			
Power lines	Inside	27,199 km	Environmental protection areas (EPAs).
Substations	Inside	96 units	Environmental protection areas (EPAs).

Hydroelectric plants	Adjacent	5 units	Private Nature Park Reserve (PNPR), Biosphere Reserves declared by UNESCO, Important Bird and Biodiversity Areas (IBAs), High Biodiversity Wilderness Areas (HBWA), Wildlife Refuge (Revis), Sustainable Development Reserve (SDR)
Mexico			
Generating plant	Adjacent	1 production centre	Environmental protection areas
Onshore wind farms	Adjacent	1 Wind farm	Regional Ecological Park
Greece			
Wind and solar farms	Inside	129 ha	Nature 2000 Network and Important Bird Area
Hungary			
Wind farms	Adjacent	6 Farms	Near Nature 2000 Network and Ramsar Wetland areas.
Portugal			
Wind farms	Inside	0.12 ha	Nature Reserve.
Romania			
Onshore wind farms	Adjacent	1 wind farm	Nature 2000 Network
Germany			
Offshore wind farms	Adjacent	1 wind farm	Marine Special Protection Area

304-4

Knowledge 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 identifies threatened species included on the IUCN Red List and on the national and regional lists of the areas in which it does business. The company also implements species monitoring programmes and research projects at many of its facilities with a view toward learning more about their patterns of behaviour and incorporating this knowledge into its operations (see 102-11 and 304-3).

¹¹⁹ Combined cycle plants, Cogeneration and Coal

IUCN Red List Classification	No. of species
Critically endangered (CR)	17
Endangered (EN)	87
Vulnerable (VU)	203
Near threatened (NT)	62
Least concern (LC)	709

Habitats protected or restored

304-3

Iberdrola's action plans include tasks aimed at the prevention, protection, reduction and mitigation of impacts on species and habitats, which tasks are carried out during the life-cycle of each facility in accordance with its needs.

The various activities that were begun in 2019, or that were begun in prior years and continued during this financial year, are shown below:

Spain

Project/Technology	Activities	Objectives
Hydroelectric plants	Limnological control of the most eutrophicated reservoirs in the Tagus basins (pollutant loads contributed by agents unrelated to Iberdrola that travel along these rivers before they flow into the reservoirs)	Prevention of potential impacts on fauna located downstream of the reservoirs
	19 activities aimed at the prevention of pollution: Construction and waterproofing of tanks and drums; replacement by dry transformers; septic-tank reinforcement; oil separators; replacement of lubricating oils with less polluting substances; maintenance and adaptation of spill-containment systems, etc.	Prevention of pollution and of its potential effects on flora and fauna.
	Biomass cutting and management for the prevention of forest fires	Fire prevention
	6 activities for the protection of fauna: relocation and construction of animal escape platforms in the Sil basin; channel fencing in the Mediterranean and northern basins, etc.	Fauna protection and recovery
	Environmental recovery of channels in the Mediterranean and northern basins, and of the Villar weir in the Sil basin. Decommissioning and recovery of huts and septic tanks in the Duero Basin	Environmental land recovery
Onshore wind farms	Environmental Fauna Monitoring Avifauna and/or chiroptera censuses are being conducted, as well as collision control, at 108 farms.	Protection of avifauna
Wind farm projects	GPS tracking of vulture species at the Cavar wind farm over a 3-year period	Protection of avifauna
	Installation of bird-safety beacons along the 4.5 km of ground cable of the Cavar wind farm evacuation line	Protection of avifauna
Photovoltaic plant projects	Placement of 33 of the 50 nesting houses for lesser kestrels and European rollers at the Núñez de Balboa Plant	Protection of avifauna
	Protection of a 40-hectare area of the <i>Núñez de Balboa</i> plant where Montagu's harrier has been sighted, and where no photovoltaic panels will be installed, in order to ensure the successful reproduction of the species.	Protection of avifauna
	Annual review of the insulation components of the overhead evacuation line and of the maintenance of the regulatory distance from vegetation.	Avifauna protection and fire prevention.
Thermal and combined-cycle plants	16 activities aimed at the prevention of pollution: construction of perimeter ditches; sealing of openings; waterproofing of floors and tanks; installation of continuous purge valves and hydrocarbon detectors, etc.	Prevention of the pollution of soil and water.
	15 activities aimed at reducing waste generation; reducing the amount of water withdrawn for cooling; reducing the use of chemical products; reducing the generation of external noise, etc.	Reduction of withdrawn water, waste generation and noise generation.
	Revegetation of the non-hazardous waste disposal site of the Carbón de Lada thermal plant	Land restoration
Networks	154 preventive activities for preventing and mitigating the impact of possible spills (construction of disposal sites at transformer substations and pits and/or trays at thermal plants).	Prevention of pollution

	<p>The Flash Project is helping to optimise vegetation management and the maintenance of power-line corridors by capturing images using a helicopter and Lidar¹²⁰ cameras. 29,400 km of lines were inspected in 2019, at a cost of 5.3 million euros. 2,144 maintenance and renovation operations on power lines, which made it possible to reduce the risk of fire at the facilities.</p>	Fire prevention
	<p>ALETEO project, the goal of which is to reduce the risk of harm to avifauna from pylons in protection zones. This year, 19,383 pylons were corrected and 1,574 activities were performed for the installation of protectors and insulators on lines and in substations. The project also includes collaboration on various LIFE¹²¹ projects for the conservation of emblematic species threatened with extinction, through the adjustment of high-risk pylons in the species recovery areas.</p>	<p>Reduced risk of collision and electrocution of avifauna. Species conservation: Vulture, Bonelli's eagle, and black vulture</p>
	<p>Application of the waste-mitigation hierarchy in the field: Maximum reduction of waste generated, with proper separation and treatment, and the application of appropriate minimisation, reuse, recycling-recovery and disposal processes.</p>	Waste reduction
Fundación Iberdrola	<p>Reforestation of a surface area of approx. 50 ha with more than 40,000 trees on land belonging to the Ministry of Defence.</p>	<p>For the improvement, protection and conservation of the environment and the fight against climate change</p>

¹²¹ Rupis Life, in the Arribes del Duero and International Douro Nature Park. The AQUILA a-LIFE Programme, the AQUILA a-LIFE Programme, MONACHUS Project.

United Kingdom

Project/Technology	Activities	Objectives
Onshore wind farms	Monitoring of species such as the hen harrier (<i>Circus cyaneus</i>), blackcock (<i>Tetrao tetrix</i>) and crested newt (<i>Triturus cristatus</i>).	Protection of fauna: Hen harrier, blackcock and crested newt
Networks	When golden-eagle nests were discovered, construction of the access roads leading to the pylons was postponed until after the conclusion of the eagles' breeding season. Currently underway, but successful so far.	Protection of avifauna: Golden eagle
	Exclusion of badgers from their setts, for adaptation in areas located away from the construction work. In collaboration with, and under license from, SNH. The outcome was a success and the construction work did not affect the badgers.	Protection of fauna: Badger
	Protection of the habitat of the hen harrier at the construction site for the access roads. Acquisition of licences and specific training of contractors for protection of the hen harrier	Protection of avifauna: Hen harrier
	Measures for protecting reptiles (adder snakes) during construction of the paved access road, including the removal of vegetation and the <i>in situ</i> redesign of the lanes, with the installation of special SNH-approved mitigation means below the paving so as to allow water to flow under the road.	Protection of fauna: Adder snake
	Plan for the restoration of heaths and the seeding of more than 6,500 m ² with a mixture of heather seeds. A hibernaculum was also installed. The site will be monitored monthly to ensure that the desired species are becoming established and to remove any ruderal species that are reaching the site.	Restoration of adder-snake habitats

United States

Project/Technology	Activities	Objectives
Power lines	Activities aimed at the protection of fauna on projects, such as contractor training and on-site monitoring for the protection of the eastern box turtle (<i>Terrapene carolina carolina</i>).	Protection of fauna
	Avifauna protection measures. Four osprey nests were relocated.	Protection of avifauna
Wind farms	Continued tracking and monitoring of avifauna through 58 programmes at 48 wind farms. Performance of livestock management tasks and the removal of carcasses.	Protection of avifauna and chiroptera.
	Implementation of preventive measures with the goal of reducing the impact of avifauna and chiroptera. Test of the DTBird dissuasion/detection system for birds of prey. This new system combines artificial intelligence with high-precision optical technology to identify species of protected birds such as golden eagles, evaluate their flight paths and send a warning to shut down specific turbines in case of a risk of collision. On-site contractor training, etc.	Protection of avifauna and chiroptera
	Correction of substations and pylons of the evacuation lines at six wind farms in accordance with the directives issued by the Avian Power Line Interaction Committee (APLIC) for protection against electrocution and fauna collision.	Protection of fauna

Brazil		
Technology	Activities	Objectives
The Baixo Iguazú hydroelectric plant	Monitoring and environmental programme on jaguars. Work is being performed jointly with researchers from the Iguazú National Park and members of the community surrounding the Park on the participatory construction of the Jaguar Permeability Map.	Species conservation: Jaguar expansion in the region
	Marking and monitoring of species displacement habits: Endemic species of Iguazu catfish (<i>Steindachneridion melanodermatum</i>), Williams's toadhead turtle (<i>Phrynops williamsi</i>), herpetofauna and avifauna	Species protection and conservation
	Programme for the rescue of, and scientific research on, fauna before the clearing of vegetation	Protection and conservation of fauna
Telespices hydroelectric plant	Genetic Ichthyofauna Research ¹²² . The goal of the programme is to understand the population structures of the species and to identify patterns in the distribution of genetic variability over geographic distances. The study will contribute toward the determination of the future adoption of mitigation measures directed toward ichthyofauna.	Ichthyofauna conservation
	Species environmental monitoring programme: specific programmes for semi-aquatic and terrestrial avifauna, entomofauna, herpetofauna, primates and mammals.	Species conservation and research
Onshore wind farms	Quarterly study and monitoring of avifauna, flying mammals, terrestrial mammals and herpetofauna at the Calango and Santana Wind Farms.	Studying the potential richness and composition of faunistic species and protective measures for avifauna and chiroptera
Power lines	The Meliponiculture Project in the Itamboató Valley, sponsored by Coelba ¹²³ , has been underway since 2012. It consists of expanding meliponiculture in the Itamboató Valley through the creation and rational management of the Uruçu bee (<i>Melipona scutellaris</i>), thereby creating an opportunity to improve family earnings and the quality of life of small producers in a sustainable manner.	Conservation of the Uruçu bee

¹²² In collaboration with FAEP - the Foundation for Support for Teaching and Research of the University of Mogi das Cruzes - Genetics Laboratory for Aquatic Organisms and Aquaculture (LAGOAA).

¹²³ In collaboration with Fundación Terra Mirim

Mexico

Technology	Activities	Objectives
Thermal plants	The Garrapatas Estuary Rescue Project, in Altamira, Tamaulipas. In 2019 work continued on the physico-chemical studies of the Garrapatas estuary for observation of the recovery of the brackish conditions of the water and the gradual change in the area's vegetation.	Reconstruction and maintenance of the mangrove-swamp ecosystem under conditions suitable for the characteristic flora and fauna.
	Continuation of the Feline Support Project in the Altamira region. The following species were observed in 2019: Jaguars, ocelots, jaguarundis and bobcats.	Identification of feline distribution ranges, and the delimitation and proposal of a Feline Biological Corridor (Golfo Norte).
	Studies of the quality of discharge water	Monitoring and protection of aquatic ecosystems
	Wildlife rescue and relocation during construction of the Topolobampo III power plant	Protection of wildlife
Onshore wind farms	Bird monitoring during the 4 seasons of 2019	Monitoring and protection of avifauna
	Evaluation of physico-chemical parameters of the marine biota of the offshore ecosystem adjacent to the Baja California power plant	Monitoring and protection of the adjacent offshore ecosystem
	Activities aimed at protection of the soil and the water environment: The leak-proofing of hazardous-waste storage facilities was strengthened	Prevention of the pollution of soil and water
Photovoltaic plants	Rescue and relocation of at least 166 wildlife specimens during construction of the Santiago and Hermosillo photovoltaic plants	Protection of wildlife

For more information about the biodiversity protection measures taken by the Iberdrola group, see [Iberdrola and biodiversity](#), which sets out the management approach, strategies and progress of the activities undertaken by the various businesses and regions in which the company has a presence. See also Iberdrola's [Biodiversity Report](#).

Environmental safety

Contribution to SDGs of the performance described by the indicators of this section

(according to SDG Compass www.sdgcompass.org)



Disaster/emergency planning and response

As in any industrial activity, situations of risk to the facilities or the public at large may occur at power generation plants and in electricity grids, either because of an accident or due to loss of electricity supply.

In these situations, the subsidiaries of the Iberdrola group and the companies in which the company has an interest have put contingency plans, procedures and other mechanisms in place in order to try to minimise the consequences. Such measures include preventive measures that have been jointly established with local authorities, as well as training both for its own and subcontracted staff and ongoing education, and regular safety drills with on-site audits.

The Wholesale and Retail Business and the Renewables Business have various documented emergency management procedures in place at its facilities: for example, in Spain and Mexico there is an *Emergency Response Organisation (Organización de respuesta ante emergencias) (ORE)* procedure, which involves personnel of all levels and is put into operation in the event of emergencies that jeopardise the assets of the company or its employees. In the United States and Canada, each facility has a Prevention, Control and Countermeasures Plan, which includes preventive and reactive actions, and also has an Emergency Response Plan. There are also emergency plans at the generation plants in Brazil.

In addition, there may be specific plans based on each technology; for example, hydroelectric generation facilities also have an internal process to monitor a Reservoir Emergency Plan implemented at all of the Cuenca Units, which optimises the safety of people and of the facilities in the event of a serious rupture or breakdown of the dam and is known by civil protection authorities, municipalities and other government organisations.

Nuclear power plants have specific emergency plans in order to ensure that emergency systems are operational and to guarantee the safety of employees and the public, which include both an *External Emergency Plan (Plan de emergencia exterior)*, for which the governmental authorities are responsible (called the Nuclear Emergency Plan (*Plan de Emergencia Nuclear*) (PEN) of the Province in which each

plant is located), and an *Internal Emergency Plan (Plan de emergencia interior)* (PEI), compliance with which is the responsibility of the companies that own the power plant. The PEI is known by the public authorities and municipalities of the region, which participate in its adoption and verify its effectiveness through annual emergency drills supervised by the Nuclear Safety Council (*Consejo de Seguridad Nuclear*) (CSN), as well as tests and internal exercises performed at the facility itself. The Basic Nuclear Emergency Plan (*Plan Básico de Emergencia Nuclear*) (PLABEN) provides for an interface to coordinate both Emergency Plans.

Another example of emergency management is the cooperation of the company with the authorities responsible for the operation of the national electricity grids and of connections with other countries in order to deal with the possibility of a global supply failure. System operators are responsible for guaranteeing the reliable and safe operation thereof and for restoring service following severe incidents in a controlled manner and within the shortest possible time. To that end, they draw up detailed plans and procedures that determine the responsibilities and guidelines for action by geographic areas. Concurrently therewith, Iberdrola conducts tests at its facilities to ensure that the main generation centres can resume production in the event of a power grid failure.

The Networks Business also has various management plans and procedures to facilitate the restoration of electric service in the case of a major outage

In Spain there is a major procedure entitled "*Emergency plans - Actions in extraordinary situations affecting the grid*" as well as other procedures that describe supplemental aspects of actions in those circumstances, such as the activation of resources for dealing with incidents on the grid; the management of high-voltage and medium-voltage incidents; and the procedure for communication and coordination between the Operations Center, 112 and the i-DE customer-service telephone line. Both Iberdrola's personnel and 112 receive periodic training in the actions to be taken in emergencies, and simulations of emergencies affecting the energy supply are performed each year in order to validate the proper operation of the process as a whole.

A documented and proven emergency plan has also been established in the United Kingdom. There are 3 levels of emergencies that can be declared, according to the severity of the "prognosis" until the impact as an event develops. It should be noted that there is active communication with vulnerable groups during power outages to ensure the provision of the assistance that may be required.

The Avangrid distribution subsidiaries in the United States also have emergency plans and perform simulations.

Also noteworthy are the operations centres of the distributors in Brazil, which standardise safety in operations and the procedures to restore supply and for the maintenance of the electricity system. Monitoring the system in real time controls the conditions of the electric system and responds to scheduled and emergency requests for service, ensuring the restoration of service as quickly as possible, while respecting safety and quality.

Significant spills

306-3

Iberdrola has an Environmental Management System, with prevention as one of its primary objectives. To this end, multiple preventive measures have been implemented in all of the group's businesses. These measures are set out in organisational and technical manuals. Within the various businesses of the group, minimise risk plans (emergency guides and procedures, regular drills, etc.) and environmental incident management systems have been established to prevent and to control accidental spills and to inform the relevant authorities whenever necessary.

One example of safety and containment measures for mitigating damage consists of the measures implemented in Spain, where there were 189 preventive activities in 2019 to prevent and mitigate the impact of potential spills. These included the construction of 13 oil collection reservoirs in case of a major discharge at the substations and 141 trenches/oil collection trays at transformer stations.

Of all the leaks and spills recorded within the Iberdrola group in 2019, 28 incidents were significant¹²⁴, with a total spill volume of 9.25 m³. In all cases it was within the group's facilities and was resolved satisfactorily, thanks to the emergency response team, with contaminated area cleaned and the waste handled properly. In the case of minor accidents or incidents that did not have permanent environmental impacts on the surroundings, corrective or compensatory measures were not required.

¹²⁴ The term "significant spill" means a spill that causes damage to the external surroundings of the facility or that entails a significant risk of damage and must be reported to the governmental authorities. Small spills may occur within the facilities during the operation and maintenance thereof, which are properly handled and reported as required.

Environmental compliance

GRI 307

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

Since then, and in keeping with the commitment to ongoing improvement and with the goal of implementing the purpose and values of the Iberdrola group, this shared system has been developed with the incorporation of innovative actions in the environmental management area that allow the alignment of the environmental dimension within the group's sustainability model, integrating the Sustainable Development Goals and articulating the mechanisms for measuring and evaluating the group's environmental performance from the life cycle perspective. This in turn allows Iberdrola to incorporate both the circular economy and natural capital within its management.

The Environmental Management System of the Iberdrola group embodies the environmental policies of sustainable development in the environmental guidelines. These environmental guidelines are deployed by Iberdrola's organisations in the form of environmental objectives and targets, which include the assignment of responsibilities, resources and implementation periods.

Iberdrola holds specific Environmental Management Systems (EMSs) for the businesses and processes, based mainly on the UNE-EN-ISO 14001:2004 and EMAS standards, which are distributed to and implemented within its organisations. This arrangement makes it possible to reduce environmental risks, improve the management of resources and optimise environmental investments and costs.

Disclosure 307-1 below provides information regarding pending legal proceedings of an environmental nature directed at companies managed directly by Iberdrola.

Incidents relating to the environment during 2019 involved the following fines and monetary sanctions:

307-1

Fines relating to the environment (€)

	2019	2018	2017
Total amount of fines imposed	2,301,170	7,538,539	3,881,246

Of the total amount of the fines imposed during the fiscal year, 2,204,416 euros were imposed in Spain, 88,046 euros were imposed in Brazil and 8,707.98 euros were imposed in the United States. In Spain, 74% of the total amount consisted of fines involving the pruning of trees, fires caused by branches, and the electrocution of birds. In Brazil, they were due primarily to non-compliance with environmental provisions. In the United States, a fine was imposed on the company in connection with the delay in compliance with environmental improvement requirements relating to the purchase of a piece of real estate.

307-1**Non-monetary sanctions, sanction proceedings and arbitrations (No.)**

	2019	2018	2017
Non-monetary sanctions	27	41	14
Proceedings commenced	378	212	57
Cases being resolved through arbitration or similar mechanisms	0	0	0

100% of the non-monetary sanctions were imposed in Brazil. Of the proceedings that were initiated, 271 pertain to the network businesses in Spain and 107 pertain to Brazil.

II.4.

Innovation, digitisation and quality for our customers

- Products and services
- Access to adequate information
- Innovation and digital conversion projects



Priorities of the Sustainable Development Plan



Products and services

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

- The Networks Business manages the distribution activities in Spain and the 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 and continental Europe.
- Meanwhile, the Renewables Business manages long-term power purchase agreements (PPAs) with major companies in Spain, the United Kingdom, the United States and Mexico.

In the liberalised retail markets, Iberdrola mainly provides its customers with two products: electricity and natural gas, trying to ensure competitive supply, operational and service excellence, and continuous improvement of efficiency in operations, together with safety and respect for the environment. Although the Iberdrola group engages in other activities (see “Main products and services” section), due to the nature and scope thereof, these activities are insignificant in connection with customers for purposes of the information presented in this report.

Overall, the group's distribution companies manage 32 million energy supply points, 31 million of which provide electric power and 1 million of which provide gas. This information is described in this report by type of supply point in the “Key Figures” section.

Customer satisfaction

Iberdrola has various mechanisms that it uses to measure customer satisfaction levels and to gather their 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 mechanisms for measuring the satisfaction level of users, including the Voice of the Customer Study. On a quarterly basis, it generally measures 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. Overall satisfaction in 2019 was rated higher than 7 out of 10 for the fifth consecutive time.

Most of the studies use the Net Promoter Score (NPS) Index, which ranks the recommendation that Iberdrola's customers would make. This index highlights the use of products and services, as well as attention to digital channels, and experienced major growth in the issues it focused on in 2019.

A Voice of the Customer Measurement Programme was also implemented, allowing satisfaction surveys to be performed in a transactional manner (that is, immediately following an interaction with the customer) at various key times in the customer's relationship with Iberdrola, while also analysing unstructured information through the use of text analytics. This all 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 Customer Service Points
- Attention to the Digital Channels (Web/App)
- Use of products and services (Maintenance Pack, Gas Comfort, Gas Assistance or Gas Protection, Home Electrical Protection, Home Electrical Protection Plus, Electrical Emergencies, Home Appliances Protection, Home Appliances Protection 10, Climate Control and SME Assistance).

Regarding the Networks Business, calls are made weekly to customers who have contacted the company in order to present them with a satisfaction survey about the service that was provided. These results are used to measure the Customer Satisfaction Index and to detect and resolve problems with the service. Customer satisfaction has continued to grow. The result of this survey for the year 2019 is a score of 7.26 out of 10.

Specific studies are also conducted annually regarding the satisfaction of applicants for new supplies, direct-toll customers and electrical-energy retailers. In all instances, satisfaction with i-DE has remained in positive numbers, and the studies being conducted allow for identification of areas for improvement and the definition of concrete plans for the ongoing improvement of customer and retailer satisfaction.

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

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 69% in the *USwitch* survey, and was recognised as the best energy retailer in the categories *Best value for money*, *Best account management*, *Best deal for you* and *Best green services*. The British subsidiary received an overall customer-satisfaction rating of 66.4% in the UK-CSI study in 2019.

The most significant internal analysis is *Pulse*, which is performed monthly and measures confidence, loyalty, ease of use, value, etc., showing an overall satisfaction level of 47 out of 100. This result is along the same line as other customer-satisfaction studies such as “*Which?*” Accordingly, measures are being implemented to improve the processing of customer complaints. Internally, there is also *YouGov*, which is used to compare the various competitors in terms of brand reputation and intent to purchase.

In the regulated business, the Broad Measure of Customer Satisfaction (BMCS) scores were used as an indicator to set the regulatory incentive. The internal objectives are reviewed annually in order to ensure optimal customer service. The index is calculated on the basis of a survey that covers all of the customers who requested customer service, and takes into consideration various aspects of the service that the customers received. The scores obtained by the distributors ScottishPower Manweb and ScottishPower Distribution in 2019 were 9.17 and 9.19, respectively.

In the United States, the subsidiaries of Avangrid measure service perception and customer satisfaction, which are evaluated through telephone surveys on a weekly basis. The companies of Avangrid obtained the following results in 2019: RG&E 90.3%; NYSEG 91%; CMP 87%; UI 91%; CNG 89%; SCG 90% and BGC 94%. All of the distributors have fixed customer-service quality standards, although only NYSEG and RG&E have regulatory targets, which are 89.5% and 88%, respectively.

In Brazil there are two types of annual satisfaction studies: the Perceived Quality Satisfaction Index (ISQP) study of the services, conducted by the Brazilian Association of Electric Power Distributors (*Associação Brasileira de Distribuidores de Energia Elétrica*) (ABRADEE), and the Consumer Satisfaction Index (IASC) study, conducted by the National Electric Power Agency (*Agencia Nacional de Energia Elétrica*) (ANEEL).

ABRADEE, in association with Fundación Instituto de Investigaciones Económicas (FIPE), is responsible for classifying and recognizing companies 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 by the customer via surveys performed by Instituto Innovare, which evaluates the quality of the services provided, classified according to supply of energy, information and communication, the energy bill, customer service, image, etc. The results obtained from the Abradee ISQP in 2019 are 65.4% (Celpe), 69.6% (Coelba), 77.6% (Cosern) and 78.3% (Elektro). All of the distributors in the Neoenergia group improved their positions in the ranking among distributors in Brazil.

As to research by the National Electric Power Agency (ANEEL), which measures the Customer Satisfaction index (IASC) and evaluates the attributes of perceived quality, perceived value, satisfaction, trust and loyalty, the results for 2019 have not yet been disclosed by the agency. The figures for 2018 are 64.2% (Celpe), 60.9% (Coelba), 72.2% (Cosern) and 68.9% (Elektro). With these results, published in 2019, all of the distributors in the Neoenergia group improved over the previous year.

Supply quality

EU28

Improvement in the quality of the service is an essential element and one of the main goals of Iberdrola's activity. A quality system allows for the achievement of objectives linked to continuous improvement. Implementation of the system also involves strict internal and external audit procedures, which ensure compliance with the established quality standards. Moreover, in Spain as well as in the United Kingdom and Brazil, the distribution companies have incentives to improve the quality of supply and to reduce losses in the distribution networks.

Iberdrola monitors service quality in the various countries. However, the measurements in each country are taken according to different standards, following the respective legal requirements or customs, such that in each country one indicator is used to measure the frequency of interruptions and a different indicator is used to measure the duration of interruptions.

The figures achieved for the frequency of supply interruptions are:

- The Installed Capacity Equivalent Interrupt Number (*Número de interrupciones equivalentes de la potencia instalada*) (NIEPI) is used in Spain.

NIEPI	2019	2018	2017
Spain	0.94	0.91	1.14

- The Customer interruptions per 100 connected customers (CI) is used in the United Kingdom.

CI	2019	2018	2017
United Kingdom ¹²⁵	39.46	43.32	35.91

- The System Average Interruptions Frequency Index (SAIFI) is used in the United States.

SAIFI	2019	2018	2017
United States	1.17	1.22	1.15

- The Equivalent Duration of Interruption per Consumer Unit (*Freqüência Equivalente de Interrupção por Unidade Consumidora*) (FEC) is used in Brazil.

FEC	2019	2018	2017
Brazil	5.47	5.81	7.15

Throughout this “Innovation, digitisation and quality for our customers” chapter, additional information is offered regarding the development of smart grids to improve the quality of the electric supply, among other things.

EU29

Furthermore, the figures for the average duration of electric supply outages are presented below:

- The Installed Capacity Equivalent Interrupt Time (*Tiempo de interrupción equivalente de la potencia instalada*) (TIEPI) is used in Spain.

TIEPI	2019	2018	2017
Spain	45.2 min	44.6 min	52.7 min

¹²⁵ The figures differ from the ones published in earlier reports in that they have been adjusted to reflect the time-frame (January to December) of the report. Previously, the figures that were published were the same ones that were submitted to the regulatory agency in accordance with its requirements (April to March).

- Customer minutes lost per connected customers (CML) is used in the United Kingdom.

CML	2019	2018	2017
United Kingdom ¹²⁶	33.47 min	35.51 min	31.26 min

- The Customer Average Interruption Duration Index (CAIDI) is used in the United States.

CAIDI	2019	2018	2017
United States	1.93 h	2.07 h	1.91 h

- The Equivalent Duration of Interruption per Consumer Unit (*Duração equivalente de interrupção por unidade consumidora*) (DEC) is used in Brazil.

DEC	2019	2018	2017
Brazil	11.02 h	12.24 h	15.96 h

Marketing communications

GRI 417

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

In Spain, Iberdrola is a member of the Association for Commercial Self-Regulation (*Asociación para la Autorregulación Comercial*) (Autocontrol), the Spanish Association for the Digital Economy (*Asociación Española de la Economía Digital*) (Adigital), the Spanish Advertisers' Association (*Asociación Española de Anunciantes*) (AEA) and the Marketing Association of Spain (*Asociación de Marketing de España*) (MKT), and has subscribed to their respective codes of conduct, which entails the assumption of a commitment to offer to society responsible advertising that complies with the codes of conduct, and accepts the decisions of an Advertising Jury (*Jurado de la Publicidad*) regarding complaints that may be filed by consumers or competitors with that body.

¹²⁶ The figures differ from the ones published in earlier reports in that they have been adjusted to reflect the time-frame (January to December) of the report. The previously published figures were the same ones that were submitted to the regulatory agency in accordance with its requirements (April to March).

ScottishPower in the United Kingdom complies with all of the advertising rules and also follows a structured internal approval procedure for all advertisements, which includes legal aspects, prices, product development and marketing. All of the advertisements that are produced are approved by the legal department, which compares them to the current advertising practices codes of the Advertising Standards Association to ensure their compliance.

In France, Iberdrola adopts mechanisms and voluntary codes that impart transparency and truthfulness to said advertising and marketing communications. Before being released, all advertising materials are submitted to the Authority on the Professional Regulation of Advertising (*Autorité de Régulation Professionnelle de la Publicité*) (ARPP). In Portugal, Iberdrola is a member of the Portuguese Advertisers' Association (*Associação Portuguesa de Anunciantes*) (APAN), and has subscribed to its respective codes of conduct, with a commitment to offer to society responsible advertising that complies with the codes of conduct.

The following table lists the incidents that occurred due to non-compliance regarding marketing, advertising, promotion and sponsorship during financial year 2019, in which 19 incidents resulting in a fine occurred in Spain and one incident occurred in Portugal.

417-3

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

	2019	2018	2017
Resulting in a fine	20	5	0
Resulting in a warning	0	0	0
Relating to voluntary codes	0	0	0
Total incidents	20	5	0

Information on and labelling of electricity sold

GRI 417 417-1

As regards labelling, in Spain Iberdrola informs its customers about the sourcing of the energy sold by the retailer and its associated environmental impact by means of the label included in the electricity bills and in marketing communications sent to customers. This information is presented using standard graphic

images and labels established by the National Markets and Competition Commission (*Comisión Nacional de los Mercados y la Competencia*) (CNMC), which also provide a breakdown of the mix of national production technologies to compare the average national percentages with those corresponding to the energy sold by the company together with the company's energy mix. For the preparation of said labels and graphic images, the CNMC has launched an energy "Guarantee of Origin" system for the energy supplied. This information is also available in the [electricity labelling](#) section of the retail website.

In the United Kingdom, ScottishPower reports the origin and the environmental impact of its energy on an annual basis. New customers receive this information as part of their Welcome Cycle communications, and existing customers receive this information in the "Important Information" section of each invoice or notice, in accordance with the guarantee regulations established by Ofgem. All labelling information is also available in the [Where you get your energy](#) section of the website.

In the United States, the companies use the electricity bill to inform customers of their energy demand, the cost of the energy and their consumption history. This information is shown in the format established by the regulatory bodies in each state, i.e., the Maine Public Utilities Commission (MPUC), the State of New York Public Service Commission (PSC) and the Public Utilities Regulatory Authority (PURA). The companies are required to provide customers with information sheets regarding their electricity service, and must state which company is the energy supplier. The sourcing of the energy supplied and its environmental impact and associated emissions must also be reported periodically.

In Brazil, the distribution companies are required by industry regulations to use either printed invoices or specific notices to provide specific communications regarding reclassifications, service outages, suspensions of supply, compensation for electrical damage, claims and regulatory changes, among other things. The group's distributors comply with the specific legislation governing the electricity industry, pursuant to the provisions of Resolution 414/2010 of the National Electric Power Agency (ANEEL).

Finally, such additional information as may be of help to consumers for making more rational, efficient and safe use of these products is set forth at the beginning of the "Access to adequate information" section.

The following table lists incidents relating to information and labelling that occurred during financial year 2019, in which none occurred.

417-2

Incidents relating to information and labelling (No.)

	2019	2018	2017
Resulting in a fine	0	0	2
Resulting in a warning	0	0	0
Relating to voluntary codes	0	0	0
Total incidents	0	0	2

Furthermore, in the United States one complaint was received from a customer regarding a possibly illegal discriminatory practice.

Health and safety of customers and of the general population

GRI 416

For Iberdrola, the safety of the users of the network is of the utmost importance. For this reason, it makes information and training available to the various emergency services and security forces 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 are highly regulated because these products are essential to the development of a country's economy and entail an improvement in the quality of life of the people.

Thus, during the *planning* stage for the facilities, the community participates through its social and political representatives in broad discussions concerning the energy model to be adopted in the country. During the *approval* stage, citizens can participate during public information periods, taking into consideration economic, environmental and health and safety aspects, as well as the reliability of supply, generating public policies that lay the groundwork for the companies within the Iberdrola group to adopt investment strategies that are consistent therewith.

In the countries in which Iberdrola engages in electric power *production activities*, there are extensive environmental and labour regulations aimed at ensuring that existing risks to human health and safety remain within the limits established thereby. The companies thus provide the information required to verify that the operating conditions established in the regulations and in the technical specifications for generation plants are observed in their construction, operation and maintenance.

Likewise, the electricity and gas *transmission and distribution* stages are subject to extensive regulations governing the construction, operation and maintenance of these facilities, and therefore the companies provide the human, physical and financial resources needed to minimise electricity risks and those associated with the handling of natural gas.

During the *marketing* stage, the company believes that the most effective way to protect public health and safety in the use of electricity and gas consists of providing consumers with training and information. There are also gas maintenance operating procedures to ensure safety in Spain. In the United Kingdom, devices have been developed to improve the safety of customers, such as carbon dioxide alarms, fire alarms and devices preventing hypothermia. In the United States, the evaluation and control of electrical risks for customers is thoroughly regulated at the state level. Very detailed regulations exist for identifying and controlling the health and safety risks of the electricity sold to customers and for ensuring that safe and reliable service is provided.

As a complement to the foregoing, the Iberdrola group voluntarily adopts various measures to improve aspects relating to product safety. Specific internal regulations have been developed at distribution networks in this regard and there are also training seminars for third parties so that they understand electricity-related risks (fire brigade, Guardia Civil, Civil Protection, Military Emergency Unit, students, etc.).

Last, Iberdrola has a variety of mechanisms for informing and training the public through activities and programmes that are explained in greater detail in the "Access to adequate information" section of this chapter. There are also direct channels of communication with customers, as described in the "Stakeholder engagement" section.

416-1

All processes required for the supply of electricity and gas at all stages as described above ensure that said products arrive at the consumer with an appropriate level of assurance for their health and safety. The impacts on health and safety of all categories of major products and services are evaluated in order to make improvements.

The following table lists the incidents regarding the impacts of products and services on the health and safety of customers during 2019, of which there were 0 incidents.

416-2

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

	2019	2018	2017
Resulting in a fine	0	0	6
Resulting in a warning	0	0	0
Relating to voluntary codes	0	0	2
Total incidents	0	0	8

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 following table shows the accidents of this kind that occurred during 2019. Among the persons who suffered accidents, 10 were in Spain, 11 in the United Kingdom, 15 in the United States and 150 in Brazil. Of the accidents that involved fatal injuries, 5 occurred in Spain, 1 in the United States and 66 in Brazil.

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

	2019	2018	2017
Accident victims	186	229	333
Fatalities	72	41	50

The claims listed in the table below have been filed against companies of the group on these and other similar grounds not resulting in injuries and are following the relevant legal procedures applicable in each jurisdiction. As at the end of 2019, 64 legal proceedings were resolved or pending in Spain, 59 in the United States and 122 in Brazil.

Annual legal proceedings (No.)

	2019	2018	2017
Resolved and pending, stemming from those accidents	245	234	408

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 show that there has been no identification of detrimental effects on human health with respect to the maximum emission figures established by the applicable law. Iberdrola, inspired by the precautionary principle, applies the rules in this regard and is 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.

There are differences in the practices relating to this issue in the various countries in which the company does business:

In Spain, the levels of the electromagnetic fields of the facilities - whether transformer centres, power lines, or electrical substations - are substantially below the levels set by law, which in turn were fixed, with an extremely broad safety margin, by the Recommendation of the Council of European Communities dated July 12, 1999 (1999/519/CE), which was transposed in Spain by RD 1066/01 of September 28, and which was also ratified in Spain by the Ministry of Health and Consumer Affairs and by the Royal Spanish Academy of Sciences (*Real Academia de Ciencias Exactas, Físicas y Naturales*).

The figures for the electrical and magnetic fields emitted by the facilities are analysed periodically through two reports, which are audited by AENOR. The study concludes that all of the distribution facilities emit electrical and magnetic fields below the maximum public exposure limits mandated by law.

In 2019 measurements were taken of the electrical and magnetic fields at the Beniculi and Torrevieja transformer substations. The measurements were taken in accordance with the provisions of EC Regulation No 765/2008 of the European Parliament and of the Council of 9 July 2008 setting out the requirements for accreditation and market surveillance relating to the marketing of products and repealing Regulation (EEC) No 339/93. The measurements were taken with equipment that was calibrated and certified by ENAC, and the figures that were obtained at both transformer substations were below the recommended limits for general public exposure. In 2019 a new measurement was also taken at a transformer centre (Cifuentes-Azuquera), where the values were also found to be below the regulatory maximum figures, with the conclusion that the mandatory regulatory requirements are being met in all cases.

In the United Kingdom and the United States, the facilities comply with applicable regulations and measurements are not taken at the facilities unless requested by the customer. However, they offer an advisory service and perform surveys that gather the concerns of customers.

In Brazil, the law requires that a new measurement be taken and that electromagnetic fields be simulated at those facilities with a voltage level greater than or equal to 138 kV and that have been expanded in any way.

There were no incidents of this kind, nor any complaints in this regard, during 2019.

Access to adequate information

Contribution to SDGs of the performance described by the indicators of this section



Apart from commercial information, the safety of users of the electricity grid or the promotion of the efficient use of energy is an ongoing concern at the companies of the group. To progress in these areas, information and training plans, programmes and activities are being developed in the various geographic areas.

Accessibility of information

The Iberdrola group's distribution and supply companies engage in various initiatives to make communication with customers having specific difficulties, whether idiomatic or sensory, simpler and more agile. With these services, Iberdrola puts into practice its policy of ensuring equal opportunity, non-discrimination and universal accessibility, within the framework of its focus on sustainable development, particularly with regard to disadvantaged groups. This initiative is also due to the company's commitment to offering individualised services that cover the needs of all customers.

Iberdrola continues to offer a pioneering sign-language video-interpretation service in its customer service area, thanks to the collaborative initiative with Fundación CNSE that began in 2012 and that was renewed in 2019. In this way, persons who are deaf or hard of hearing can contact the company through sign-language interpreters using an application available on the customer website and also included in a [tool](#) for the exchange of written messages, thus covering the needs of all deaf persons, regardless of their

degree or type of disability, and whether or not they know sign language. Furthermore, both the public website and the private website (My Customer Area) are available in Spanish, Basque (Euskera) and English, and the website is also available in English. Communications (invoices, letters, policies, etc.) are issued in ten languages: Spanish, English, Italian, German, French and Portuguese, and the regional languages: Valencian, Basque (Euskera), Gallego and Catalán.

The Accessibility Certificate issued by Ilunion Tecnología y Accesibilidad was renewed for the corporate website in 2017, attesting to its commitment and to the work of auditing, consulting and certification of the website (see [Accessibility Certificate](#)). Thus, it complies with the Web Content Accessibility Guidelines 2.0 of the World Wide Web Consortium (W3C), as well as with the requirements for satisfying the UNE 139803:2012 standard governing the degree of accessibility applicable to the websites of public utility companies. Audits are performed twice a year to ensure that the website meets the requirements, and there will be work in 2020 toward the renewal of the certificate. Ilunion has also given Iberdrola an additional award for its efforts in the area of universal accessibility and service to disabled persons (see [Accessibility Diploma](#)). The Iberdrola group continues to encourage compliance with the accessibility guidelines for the other corporate websites, and in 2019 ScottishPower obtained the [WCAG 2.0 Double-A certificate](#) from Ilunion Tecnología y Accesibilidad for www.scottishpower.com.

Furthermore, to facilitate communications, the website now includes a customer-service tool (Unisono) that lets customers adapt their telephone in order to be contacted, thereby offering much closer and more human communications and interaction. In addition, in the My Customer Area, a webchat has been launched that offers direct and efficient real-time customer service during online navigation. This tool helps to reduce calls and emails received at the Contact Center, is available at no additional cost to the customer and increases their level of satisfaction and loyalty. For the same purpose, the app now includes the option of allowing customers to contact us directly via Whatsapp (a simple application that is very well known to users).

In 2019 a new Iberdrola Customers app was launched that improves the experience of the *Android* and *iPhone* versions of the Iberdrola Customers app. The new functionalities include improvements in the user experience, such as payment via *Bizum* and the management of Products and Services.

Last, Iberdrola promotes information and training on safety and energy-saving measures amongst disabled and underprivileged groups or those at risk of social exclusion, in order to contribute to the equality of these persons by removing barriers to communication.

In the United Kingdom, ScottishPower has an interpreting service to facilitate communications in cases where customers have difficulty expressing themselves in English. Also, for customers who choose Welsh as the language in which they wish to receive service, invoices are offered in this language, and these customers are ultimately offered the mechanisms they require in order to communicate effectively. In addition, the *Customers Requiring Additional Support* programme offers additional services to customers who are visually or hearing impaired or who suffer from chronic illness, or who are over sixty years old. This service includes the provision of bills in Braille, in large print, on compact discs or on audio tape. ScottishPower offers multiple alternatives so that customers with hearing or speech impairments can communicate without needing to call: changing account details through the website or by using the website's chat function, Facebook Messenger for private communications, e-mail, Twitter, etc. With the new *Next Generation Text Services* (NGTS) initiative, the company also offers a range of tools and services that can help customers with difficulties to communicate by text using a smart phone, tablet or computer.

In the United States, the U.S. companies CMP, NYSEG, RG&E, UI, SCG, CNG and BGC, which are all subsidiaries of Avangrid, have a special communications service for hearing-impaired people called *Telecommunications Device for the Deaf* (TDD/TYY), which facilitate communication through written messages, and *Telecommunications Relay Service for the Hearing Impaired 711*, through which users can make 711 calls from any telephone in each state of the United States without needing to remember area codes. These companies also have interpreters to serve customers who don't speak English. NYSEG and RG&E also provide special printed invoices for visually impaired customers, as well as an option called *Third Party Notification* to designate a third party to receive important notices.

Avangrid also has a service to help people with special needs and advise them on choosing services that might be useful. The company also has customer service for Spanish-speaking customers through the *In-house Spanish Speaking Representatives* service. CMP and RG&E also make available to customers employees who know other languages for those persons who request information in a language other than English (Bilingual Employee List).

In Brazil, Neoenergia makes improvements in physical accessibility at customer service locations and preferential treatment for persons with diverse abilities. They also implement programmes to provide service, information and access to billing to persons with visual and hearing impairments, which include: accessible websites, bills in Braille, dedicated phone lines for service to those with hearing or speech difficulties, special documentation and signage, and the availability of employees trained in sign language.

Query and complaint mechanisms

As provided by Iberdrola's By-Laws, the corporate website (www.iberdrola.com) is a permanent channel of communication in service of the *Stakeholder Relations Policy*. For this reason, the website contains the main channels for responding to potential claims, as set out below:

- From any page on the corporate website, one can use the new navigation menu for direct access to pages dedicated to customers and to the distribution networks of the countries in which Iberdrola does business.
- The "[Iberdrola group](#)" link in this menu also offers a complete map from which one can access all of the websites of the various country subholding companies and heads of business companies of the group, as well as those of the Foundations of each country.
- The navigation menu can also be used to access the "[Contact](#)" section, in which the following appear in an organised and accessible form:
 - The main contact channels (Corporate Communications, Brand, Social Responsibility, Investor Relations Office, Shareholders' Office, CDI and ADR Holders, Sustainability and the Environment, Supplier Service Centre, Employment Channel, etc.).
 - The addresses of the Iberdrola group's offices in the various countries.
 - Customer service centres in the various countries.
 - Subject-specific query mailboxes.

Last, the [Corporate structure of the group](#) section within Corporate Governance shows the corporate organisation chart with the corresponding links to all of the country subholding companies and heads of business companies of the group.

The company's Stakeholders have the channels described above, which are handled in the various countries, businesses and corporate areas, to make their complaints and suggestions regarding business activities with a specific impact on the environment, labour relations, human rights, local communities, competition or market power, and such complaints will be attended to following established internal procedures.

The ethics mailboxes are the specific mechanisms used by the group to identify and investigate potential improprieties or situations involving fraud or corruption. There are three types of mailboxes: the employees' ethics mailbox, the shareholders' ethics mailbox and the suppliers' ethics mailbox, through which

employees, shareholders and suppliers can channel grievances, queries or complaints with the assurances of resolution and confidentiality that these mechanisms require in order to be effective.

Education in the safe use of electricity

Iberdrola uses the group's websites to provide recommendations and information to consumers regarding the [safe use of electricity and gas](#), as well as guidelines to follow in case of an electrical accident. Informational booklets are also published regarding the potential risks of electricity that affect the proper use of this resource.

In Spain, campaigns are underway for establishing emergency response groups, such as the Fire Brigade, the National Police Force, the Civil Guard and the 112 Emergency Services Coordinators. Also noteworthy is the Christmas Lights (*Ilumina la Navidad*) campaign, which includes safety aspects aimed at municipalities and the issuance of tri-fold leaflets regarding safety, cranes and transport equipment.

In Spain, Iberdrola also promotes informational and educational campaigns on safety measures and energy saving directed toward the general public. It also offers its customers products and services that provide additional safety in the home or place or business, such as Electrical Emergency services, Gas Maintenance Service, Gas Protection, Assistance for SMEs, Home Assistance, Electrical Appliance Protection, Home Electrical Protection, Home Electrical Protection Plus, Air Conditioning Protection or the Iberdrola Gas Comfort service, or Home Electrical Appliance Protection 10. It also works with consumer associations and special groups in order to contribute to communication on matters relating to safety, training and education. Iberdrola also distributes informational messages regarding safety and energy savings via its customer profile on Twitter (@Tulberdrola).

Iberdrola's suppliers are also required to comply with strict safety measures, even sealing off facilities that pose clear risks to people and their property. In addition, upon the passage of 15 days after issuance of the notice regarding the sealing of a facility, the company requires gas maintenance suppliers to visit again in order to verify whether the problem has been remedied and the facility is in proper condition and operational, thus avoiding dangerous situations or irresponsible actions by customers.

In the United Kingdom, ScottishPower has maintained its [PowerWise](#) website program regarding electrical safety for parents, teachers and students, with 3,035 visits in 2019. It has also continued its extensive campaigns to promote electrical safety, with programmes such as children's visits to DangerPoint in Northern Wales and to The Risk Factory in Edinburgh, with a total of 12,409 visits. Further, 5,970 children

attended the Crucial Crew safety event; 195,400 attended the Royal Highland Show; 70,000 came to the Cheshire Show; and 56,000 visited the Anglesey Show, which were dedicated especially to agricultural workers and their families.

It should also be noted that ScottishPower is a partner of the *Stayenergysafe* service, which was launched by Crimestoppers to enable the public to report energy-related crimes, where the risk of manipulation of meters might pose risks to property and life. ScottishPower also offers emergency-related information, not only in its welcome packages for new customers but also online, in addition to publishing pamphlets, arranging safety-related seminars and posting safety-related tweets.

In the United States, information and recommendations are provided regarding how to act in an emergency, such as adverse weather conditions, poisoning or health risks, as well as [safety advice](#) in case of storms or outages causing the collapse of lines or other equipment. The *Storm Safety Information* publication provides safety information regarding potential public safety risks. CMP also has an Outreach Campaign directed toward at-risk groups such as schoolchildren, safety teams, contractors and emergency personnel.

In Brazil, Neoenergia provides information about the proper use of electricity and about safety, doing so not only on the bill but also in the customer service areas, at conferences, via its digital channels and social networks, and while calls are on hold waiting for customer service, so as to reach all consumers, in addition to conducting awareness-raising campaigns. More than 500 safety awareness activities directed toward all sectors were conducted in 2019 by the companies in the Neoenergia group: farmers, children, industrialists, freelance construction professionals, etc. There is also a training programme for volunteer employees who want to help disseminate safety alerts relating to the electrical power grid in their social environments, such as, for example, primary schools, community meetings, etc. All of the distributors have citizen safety awareness-raising programmes. For example, Coelba has a programme called *Friendly Energy in Schools (Energia Amiga nas Escolas)*, the goal of which is to conduct educational activities at government schools in various towns and cities in Bahía. Celpe has a *Learning with Celpe (Aprendo Com a Celpe)* programme, aimed at independent professionals in the civil-engineering field, and Elektro hosts *Safety D-Day* where the companies and participating entities organize various activities for raising awareness about the safety of electricity.

In Italy, Iberdrola's offerings have been expanded with solutions for self-employed individuals and small companies, through various versions of the *Tuttofare PRO* service, which provides rapid assistance and access to a broad network of professional technicians who facilitate the continuity of the businesses in the event of a power failure. The PLUS version also includes maintenance of air-conditioning systems and

gas installations. In the residential market, the following services continue to be provided for the home: *Tuttofare*, *Tuttofare Maintenance* and *Tuttofare Plus* which prevent breakdowns, through maintenance visits together with fast responses for performing repairs, thus providing improved safety for customers.

The Products and Services offered in Portugal were expanded with the commercial launch of *Proteção Climatização*, which ensures the proper functioning of the installation and of the air-conditioning equipment. Together with the *Proteção Eléctrica Lar* package, this service forms the *Proteção Eléctrica Lar Plus* product, which expands our protection to cover more household appliances.

It should also be noted that our offering in the French residential market was expanded in 2019 with two additional emergency assistance services for use in case of an electrical failure or a gas leak, the *Atout Prix Electricité* and *Atout Prix Gaz* services include sending a technician within 3 hours after a failure is reported, and extend the coverage guarantee to include refrigerators and gas heaters. Furthermore, the *Atout Confort Electricité* and *Atout Confort Gaz* services remain focused on diagnosis, maintenance of installations and assistance with electrical and gas failures, respectively.

Innovation and digital transformation projects

Contribution to SDGs of the performance described by the indicators of this section



Iberdrola today is the utility company of the future thanks to its innovative strategy, which permeates all of its business units and operating areas. Thanks to its ongoing commitment to innovation, Iberdrola is the most innovative Spanish utility company, ranking second in this area in Europe and third worldwide, according to the classification published by the European Commission – a position that the company has reached through the talent, experience and efforts of 34,000 people in more than 40 countries.

In 2019 Iberdrola invested a total of 280 million euros in R&D, a 5% increase over 2018. The R&D efforts within the Iberdrola group are organized around five main pillars, namely:

- **Disruptive technologies** that are increasingly efficient, sustainable and environmentally friendly, and that allow for optimisation of the operation of facilities and processes.
- **New products and competitive services** that respond to customer needs, with more personalised content and offers.

- **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**, in order to develop partnerships and new disruptive business models, favour the exchange of knowledge and serve as a driving force among its partners.
- **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 Project involves the development of various initiatives with the academic world, such as endowed chairs, R&D projects, student training, in-house training and young entrepreneurs.

In 2019 Ignacio Galán, the chairman & CEO of the Iberdrola group, received the National Innovation Award in the Innovative Career category from the Ministry of Science, Innovation and Universities.

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. Launch of the European ENERXICO project, the goal of which is to adapt computational fluid dynamics (CFD) models for use by future exascale supercomputers. Continuation of work on the ROMEO project for reducing the operating and maintenance costs of offshore wind farms, on the ASPA project for developing new models and tools for the early detection of failures based on artificial-intelligence and big-data techniques, and on the Doctor PV project, the goal of which is to reduce the costs of photovoltaic plants. The YO SOY INNOVADOR (I AM AN INNOVATOR) initiative was commenced in order to launch internal and external challenges, and work continued on the *Renewables Digital Evolution Plan (2018-2022)* and the *Renewables Accelerator* project for the promotion of new ideas to encourage greater efficiency and the global competitiveness of renewable energy sources.
- **In the hydroelectric power area**, there is the HIDRODEMAND project, aimed at the implementation of efficient operating procedures, and the HIDROSMART project for the development of new technologies for operation of the Cuenca Operation Centres (COCs).
- **Innovation relating to offshore wind projects** includes construction being completed on the East Anglia One offshore wind farm in the United Kingdom, where various initiatives have been implemented like the development of tools for modelling and predicting movements of the seabed. Formal steps have commenced for the construction in the coming 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*. Noteworthy in the Baltic Sea is the coming construction of the Baltic Eagle offshore wind farm, where a new monopile design will be implemented due to

seabed conditions. The Saint-Brieuc offshore wind farm is implementing an innovative onshore-pile project that will increase efficiency after its future installation at sea. At Wikinger Sud, the installation of a new type of foundation that reduces installation times and costs is being evaluated. Last, there is the FLAGSHIP project – an initiative of the H2020 program – for the design, manufacture and operation of a new semi-submersible floating platform in the waters off Norway.

Clean generation technologies

In 2019, efforts in the generation area focused on operational flexibility and efficiency, reduction of environmental impact and improved safety at the facilities:

- **In the nuclear area**, there was the completion of the Open Phase Detection (OPD) project, which led to the successful implementation of a system for detecting open-phase conditions in the start-up transformers of nuclear power plants.
- **In the thermal power generation area**, work was completed on the OCTAVE project (a continuation of the ambitious GT-CONTROLFLEX project), with satisfactory accomplishment of the initially proposed goals in terms of flexibility, while also contributing to the integration of intermittent generation of renewable energy into the generation mix. The REDEMIS project, to improve environmental performance of combined cycle plants during the start-up and shut-down phases, as well as during load variations, has also commenced.

Retail - New projects and services

Innovation is essential in retail activities, in order to be able to offer customers the products and services best suited to their needs. Thus, in 2019 Iberdrola worked on:

- **New initiatives to improve the customer's experience:**
 - In Spain, a new app was launched with a more innovative modular design that makes it simpler and intuitive, and *Bizum* was implemented as a payment method. Multiple functionalities were also added to the apps in Italy, France, and Portugal, including the management of fixed instalment payments, automatic lighting and gas reading, direct-deposit payments, etc. The website was also restructured, with an innovative design that offers an excellent experience to users regardless of the device they are using and the information they wish to obtain.

- **New products and functionalities:**

- In 2019 an innovative product was launched for home energy management: the Iberdrola Smart Assistant, which allows unbundling of the energy consumed by household appliances.
- This year a new *Smart Home* product was launched for the management of cooling and heating air-conditioning systems, and the sale of smart LED lighting products was boosted. We continued to develop the *Energy Wallet* product, through which customers can select the renewable energy generation plant from which they receive their power from a list of available wind and hydroelectric facilities.
- In 2019 the *Smart Solar* distributed-generation solution for self-consumption was launched in Italy, and work continued on improving the functionalities of the product in Spain and Portugal, where customers can monitor generation, self-consumption and injection into the grid from their solar panels.
- *Smart Mobility* includes the deployment of a network of recharging stations, integrated with third-party equipment (interoperability with recharging stations made by other companies), with access through the Iberdrola Public Recharge app. Users can already manage their home recharging station through the Iberdrola Customers app. In Brazil and the United Kingdom, various initiatives are also being implemented to strengthen the deployment of electric vehicles (through new charging stations, rates for 100% renewable energy sources, etc.).

Iberdrola also participates in R&D projects in the area of electric mobility, including the REMOURBAN project, which is developing a public charging network in the city of Valladolid (Spain), and the CIRVE project, through which it has participated in the development of rapid charging corridors that allow for electric mobility, Spain's connection with France and Portugal, and participation in a working group for the creation of a state interoperability platform for public charging stations.

Smart grids

R&D within the group for electrical energy distribution particularly focused on improving customer service, maintaining and expanding the smart and digital grid model and advancing toward greater integration of renewable energy in the grid, electric vehicles and storage systems, at both the Spanish and European level.

At the European level, the COORDINET project began with the participation of various players in the value chain in the electric power industry, with the goal of offering a favourable framework for facilitating the participation of all players. In 2019 the European Commission also approved the ATELIER project, the goal of which is to develop Positive Energy Districts (PEDs) in eight European cities, including Bilbao.

In Spain, there was the continued implementation of the LAYCA project (which won the *Quality Innovation Award*), to develop a system for locating failures and identifying faults in medium-voltage networks. The LIDAR project also completed the deployment throughout Spain of a new system for the inspection of overhead power lines.

Efforts in the United Kingdom were highlighted by the launch of Zero Carbon Communities, which is the first in-depth plan designed to show how local communities can play their role in achieving zero-emissions goals. The campaign, which began in Liverpool, will be extended to other areas with different energy requirements, such as Edinburgh and Glasgow, or to the rural communities of Anglesey and Cheshire. Notable in the United States is the Aries project, the goal of which is to provide a solution based on LiDAR technology for the assessment of damages during meteorological events. The result will be a significant reduction in the amount of time required for diagnostics, with better customer service. The *Energy Smart Community* programme includes the implementation of pilot electric vehicle quick-charge projects, as well as pilot projects for energy storage using batteries on the grid.

Noteworthy in Brazil are the DSO Atibaia project which calls for the installation of a new automated system, smart meters and a telecommunications network, and the Transmission Networks project in which new alloys, fibers, structures and digital solutions will be studied.

Regarding *Iberdrola Innovation Middle East* (the company's technology centre in Qatar), R&D projects with a high degree of digitisation and significant commercial potential have been launched in various areas, including smart grids, the integration of renewable energy sources and energy management.

Iberdrola Ventures – Perseo

Iberdrola Ventures - PERSEO is the start-up programme created by Iberdrola in 2008 with the goal of encouraging the development of a dynamic ecosystem of start-ups and entrepreneurs in the energy sector. The program focuses on technologies and business models that are based on broader electrification and economic decarbonisation. Since its creation, the programme has enabled investments of more than 65 million euros in start-ups in the energy sector worldwide. The main achievements in 2019 include:

- **Recognition by the European Commission** within the framework of the *Start-up Europe Partnership* initiative. For the third consecutive year, Iberdrola was named as one of the top 12 European companies that work best with start-ups, and also received the “*Start-up Procurement Award*”.
- There are more than 15 pilot projects with start-ups in technological areas like artificial intelligence, big data, the Internet of Things (IOT) and blockchain, the goal of which is to improve both the

planning and management of assets, while optimising operations and maintenance. The *Iberdrola Challenges* programme was launched to capture innovative solutions that can be applied in order to overcome the challenges faced by the company.

- An investment was made in Wallbox, which is dedicated to the development of electric mobility solutions, and in Balantia, which develops solutions for improvements in the area of energy efficiency. These investments are an important component of the group's support of the electric mobility and energy efficiency areas.

More information about the R&D projects in which the Iberdrola group participates can be found in the [Innovation](#) section of the corporate website.

II.5.

Contribution to the well-being of our communities

- Access to energy
- Protection of human rights
- Support to local communities
- Contributions to society
- Corporate volunteering programme
- Foundations
- Iberdrola and the Global Compact



Priorities of the Sustainable Development Plan



Access to energy

Contribution to SDGs of the performance described by the indicators of this section



The *Sustainable Development Policy* approved by the company's Board of Directors assumes the promotion of universal access to power supply, with environmentally sustainable, economically assumable and socially inclusive models, to be a basic principle of conduct in the creation of sustainable value. In addition, it pays attention 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 administrations in each case.

Access to energy for off-grid customers

EU26

For the companies of the Iberdrola group in Spain, the United Kingdom and the United States, the electrification level covers practically the entire population. In Brazil, in the Neoenergia distribution area (around 835,000 km², with a local population of slightly more than 33.8 million people), 201,649 people do not have electricity, representing around 0.6% of the total population within the area of the Neoenergia group companies.

The companies of the Neoenergia group have continued to develop rural electrification programmes, undertaken jointly with government authorities, with the goal of extending the electricity infrastructures in order to facilitate economic and social development and minimise inequalities among the various regions and between rural and urban areas. These programmes represent a fundamental component for development of the most disadvantaged sectors of Brazil's population.

In 2019 the aggregate funds allocated to rural electrification programmes in Brazil (Neoenergia) represented a total of 40.1 million euros on a consolidated basis for the group.

Some populations with difficulties accessing the network, such as indigenous populations or *quilombolas*, also receive various assistance programmes from Neoenergia and the installation of off-grid photovoltaic systems and other actions to ensure universal access to the distribution network.

Electricity for All programme

The Sustainable Development Goals (SDGs) 2015-2030, to which Iberdrola has linked its business strategy, define universal access to energy as essential and frame sustainable energy as an opportunity that transforms life, the economy and the planet. Energy plays a central role in meeting the challenges and opportunities currently faced by the world, whether by helping with employment, safety, climate change or food production or by increasing income.

A lack of access to the supply of energy is an obstacle to human and economic development. The *Electricity for All* programme is Iberdrola's response to the call of the international community to ensure universal access to energy services that are accessible, reliable and modern, focused on sustainable electrification activities, linking the purpose thereof to SDG 7.1.

Upon launching the programme, the company set itself the goal of reaching four million beneficiaries of the *Electricity for All* programme by 2020. Iberdrola announced this goal at the UN SE4ALL Forum held in New York in May 2015. This objective was revised in 2018 within the framework of the Iberoamerican Conference on the Sustainable Development Goals held in Salamanca, Iberdrola launched an ambitious 2030 goal of providing access to electricity to 16 million persons without it in emerging countries. The *Electricity for All* 2014-2019 programme reached 7 million beneficiaries within its 3 primary areas of activity:

- Funding of projects through equity investments, using the PERSEO investment fund. Iberdrola has invested in Sunfunder and in Iluméxico within the framework of this programme.
- Activities with a social impact: investments promoted by businesses in the countries in which Iberdrola has a presence. This is the case with the *Light for All* Programme of the distribution companies in north-eastern Brazil and their rural customers.
- Development of projects with a high social component, through NGOs and corporate volunteers.

And there are 2.5 million beneficiaries of its fourth line of activity:

- Access for vulnerable persons in developed countries through various agreements and projects to assist vulnerable customers.

Access for vulnerable customers

The companies of the group have procedures to protect customers at risk of exclusion or in vulnerable situations to facilitate access for the most disadvantaged groups, including the following:

- In Spain, there is application of the *Vulnerable Customer Protection Procedure*, which allows for an increase in collection periods, making payment terms more flexible, and providing personalised advice. Iberdrola has also encouraged the signing of agreements with various public institutions and other organisations, establishing mechanisms to prevent the suspension of electric and/or gas supply due to non-payment of the invoice by economically disadvantaged citizens, and to ensure the immediate restoration of service if already suspended. The company also has a free exclusive telephone service line for customers in vulnerable situations: 900 100 708. The [agreements signed](#) by the company protect 100% of Iberdrola's residential customers in Spain that might be in situations of vulnerability.
- There are also subsidised electricity rates (known as *Bono Social*) that apply lower electricity prices to electricity consumers considered to be vulnerable on the basis of certain social, consumption and purchasing power characteristics. To facilitate access to subsidised rates, Iberdrola has implemented a broad communication plan to get information to all people, like the creation of a new website of the retailer, where customers can obtain all information through the website <https://www.curenergia.es/social-bonus>. It has also sent information to more than 1,500 Consumer heads, and has had meetings with consumer associations. The company has made available to customers an inbox for queries, 512 onsite service points with more than 1,000 agents, and 24-hour telephone service with personnel specifically trained to serve customers with respect to the "*Bono Social*". At the end of 2019, Iberdrola had 559,630 customers with subsidised *Bono Social* rates.
- In the United Kingdom, ScottishPoweris has signed the *Energy UK Safety Net for Vulnerable Customers* agreement, which includes a commitment to not disconnect those customers who have been declared vulnerable due to reasons of age, health, disability or other serious reasons, and to reconnect them, if necessary, on a priority basis. It has also signed the *Energy UK Prepayment Principles* containing 10 principles designed to address issues related to domestic customers who are or might be at risk of disconnection. There is a continuation of the *Warm Home Discount* scheme for households at risk of poverty, implemented by the government in 2011 and scheduled to end in 2021.
- In the United States, agreements have been signed with the government to help customers at risk of exclusion and vulnerable customers, and offering customers qualifying as "low income customers" a credit on their electricity bills. There are energy assistance programmes for these groups at the federal level, such as the *Home Energy Assistance Program (HEAP)*, CMP's

Electricity Lifeline Program (ELP) (with credits to pay bills based on income and consumption) and the *Energy Assistance Program (EAP)* with two levels of assistance: *Basic Energy* (monthly bill credit) and *Limited Benefit* (to cancel amounts due for late payments). At CMP, the *ELP* programme also guarantees a connection for people with limited resources who depend on an oxygen tank or ventilator.

- In Brazil, the group's subsidiaries have a special different rate for low-income customers (TSEE) and advantageous prices and special terms for persons in difficulty. In 2019, the National Electric Energy Agency (*Agência Nacional de Energia Elétrica*) (ANEEL) continued with an update of the registry, selecting beneficiaries who meet the low-rent criteria of the consumer units determined by the Brazilian regulator.

Information regarding disconnection for non-payment and subsequent reconnections in accordance with the *Electric Utilities Sector Supplement* of the Global Reporting Initiative (GRI) is shown in the following table:

EU27

Residential disconnections for non-payment (No.)

	2019	2018	2017
Paid up to 48 h after disconnection	1,185,356	1,270,849	1,304,986
Paid between 48 h and one week after disconnection	211,859	253,559	236,436
Paid between one week and one month after disconnection	229,173	239,246	226,654
Paid between one month and one year	195,071	197,422	181,141
Paid after more than one year	26	8	7
Outstanding and unclassified ¹²⁶	107,337	0	0
Iberdrola total	1,928,822	1,961,084	1,949,224

Residential reconnections following payment of unpaid bills (No.)

	2019	2018	2017
Less than 24 h after payment	1,575,039	1,640,500	1,612,578
Between 24 h and one week after payment	146,630	162,744	184,780
More than one week after payment	125,925	124,722	116,395
Unclassified ¹²⁷	84,719	0	0
Iberdrola total	1,932,313	1,927,966	1,913,753

Information on disconnections and reconnections in the various countries is described in Annex 1 Supplementary Information.

Protection of human rights

Contribution to SDGs of the performance described by the indicators of this section



Iberdrola's commitment

GRI 407 **GRI 408** **GRI 409** **GRI 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 repair 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 (hereinafter the GPHR)*, the *OECD Guidelines for Multinational Enterprises*, the *Tripartite Declaration of Principles Concerning Multinational Enterprises* and the *Social Policy* of the International Labour Organization.

Iberdrola has a *Policy on Respect for Human Rights* approved by the Board of Directors in 2015 and last revised in 2019, the principles of which must be followed by all professionals of the group, regardless of the place in which they carry out their activities. With this policy, apart from publicly formalising its

¹²⁷ Represents customers of distributors in the United States during the implementation of new IT systems

commitment, Iberdrola wants to transmit to all of its Stakeholders the importance of respecting the human and labour rights recognised by domestic and international law.

The company has adopted the measures necessary to comply with this policy in all countries in which it operates. And it has made the following commitments, among others:

- To respect the human and labour rights recognised in domestic and international legislation, as well as compliance 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, and to respect freedom of association and collective bargaining, as well as non-discrimination, the right to freely circulate 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.

During 2019, the company updated its risk and business/country map using an internal methodology that makes assessments based on the countries ratifying or joining the following international conventions and treaties:

- Forced Labour (C029, C105), Right to Organise and Collective Bargaining (C087, C098), Child Labour (C138, C182) and Non-discrimination (C100, C111).
- Convention C169 on Indigenous and Tribal Peoples.
- The 2019 report of the International Labour Organization (ILO) entitled *Report of the Committee of Experts on the Application of Conventions and Recommendations*.
- International Covenant on Civil and Political Rights.
- International Covenant on Economic, Social and Cultural Rights.
- American Convention on Human Rights signed at the Inter-American Specialized Conference on Human Rights (Treaty B-32).
- European Social Charter (Turin, 18 October 1961).

The position of countries on the following indexes and studies has also been taken into account:

- UNDP Human Development Index (2018 data, the latest available during the study).
- Transparency International (*Corruption Risk*, 2018 data, the latest available during the study).
- Countries involved in armed conflict (*Report on Conflicts, Human Rights and Peace-building. 2019 Alert*. School for a Culture of Peace).

Once the risk map was updated, the data were cross-checked against the analysis of identification by the businesses of the significant locations of operation in 2019, in order to know which of them might have a possible risk of violating human rights.

Of the 158 significant locations of operation (detailed information in the “Key figures” section) covered by analysis or impact evaluations in the area of human rights (100% of the significant locations), 73 of them (46%) are in Brazil and Mexico, countries considered to be at risk for violation of these rights.

As a result of this analysis, the United States and Canada could be considered countries at risk, as they have not yet ratified or joined several of such labour conventions. However, given the socio-political characteristics of these two countries and taking into account the internal procedures defined for the American subsidiary Avangrid, the company does not believe there is a risk of violation of these rights.

Human rights due diligence system

412-1 407-1 408-1 409-1

During 2018, Iberdrola began a new approach to human rights due diligence, further developing its *Policy on Respect for Human Rights*, based on the advice of the Guiding Principles (principle 18.a of the UNGP) and, to that end, it has drawn on the advice of experts who are internationally recognised in this area.

During 2018 and 2019, a project was carried out to improve the implementation of the UNGP in line with the size of the company and the diversity and particularities of the facilities in the various countries.

The Human Rights due diligence system at Iberdrola is supported by its Corporate Governance system as well as its Control Model, which is based on three lines of defence.

The project focused on identifying possible breaches or possible opportunities for improvement in human rights management, reviewing compliance with the *Policy of Respect for Human Rights* and with the other corporate procedures and policies relating to matters concerning the mitigation of impacts and human rights, even if they are not included within a specific human rights 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).
2. *Significant impacts* for the company, based on the severity, possibility of remediation and linkage of impacts (principle 19.b).
3. *Priority impacts* for the Action Plan, giving preference to the elimination of due diligence gaps, if any (principle 19.a).

The greatest progress in the methodology used to date has been in the considerable increase of the number and quality of the sources for the identification of actual and potential impacts on the activities of the company and in the boost given to the full and detailed review of due diligence mechanisms.

At present, there is a two-fold process to identify human rights issues:

- On the one hand, a business/country risk map is prepared, which is updated on an annual basis (since 2011), and which was last updated in January 2020.
- On the other hand, the identification of impacts following the new *Integrated Human Rights Management Model* aligned with the recommendations of the Guiding Principles and based on the control model of the three lines of defence of the Iberdrola group, which assigns clear prevention, monitoring and assessment responsibilities. The ultimate objective is to better integrate all issues relating to human rights into a single comprehensive due diligence system.

Progress and results

The potential impacts on the electric power industry have been identified, thus defining, extensively but precisely, the area with respect to which Iberdrola must be vigilant as regards human rights. To facilitate analysis in the resulting inventory of potential impacts, these impacts have been classified into categories that include those that share the same aspect relating to the organisation and operations of the company

- Impact on local communities (Including minorities and indigenous populations)
- Small-scale environmental impact
- Large-scale environmental impact
- Public insecurity
- Labour practices

- Quality of supply and services
- Universal access
- Privacy and data protection
- Ethics and integrity

This has made it possible to enlarge the focus of what the *Policy on Respect for Human Rights*, the *Code of Ethics* and other corporate documents have considered to date were human rights issues following the advice of the UNGP to take the entire spectrum of internationally recognised human rights into account (principle 12).

Following more than 80 conversations with representatives of different areas, a survey addressed at the main locations of activity and a review of many corporate documents, it was determined that Iberdrola has complex and robust due diligence systems in place for the management of human rights issues, although they are not necessarily identified under this category. Environmental management, safety and occupational health management and privacy and data protection management are good examples of the way Iberdrola manages its potential impacts on human rights.

Furthermore, there are occasions when various areas of corporate activity manage matters relating to human rights issues but that were not included (at least not explicitly) due to issues of simple terminology or strategic formulation. It is therefore important to emphasise that the project has contributed to progress being made in raising sensitivity on human rights in employees across the entire company.

Since the project focuses on people, specifically on the relationship of the company with all its stakeholders, it is essential for the Company to know their needs first-hand (principle 18.b of the UNGP); accordingly, concurrently with the human rights due diligence project, Iberdrola has developed a Stakeholder relations model that ensures there are appropriate communication channels for each of them, making it possible to better identify significant matters and facilitating both prevention and mitigation of possible impacts, helping the Company to respond as expeditiously as required.

Following its review, Iberdrola has defined its human rights expectations in different areas:

- **Employees:** the professionals of the group must exhibit strict respect for human and labour rights recognised in domestic and international law in the conduct of their activities, as well as compliance with the *Policy on Respect for Human Rights* and the other corporate procedures and policies referring to matters relating to the mitigation of impacts and respect for human rights. Professionals

of the group must act as a first line of defence of respect for human rights, reporting to second lines on any possible impact on them or on any departure from group policies.

- **Suppliers:** suppliers must also exhibit strict respect for human and labour rights recognised in domestic and international law in the conduct of their activities. In this connection, we believe suppliers are a key ally, with shared responsibility with the group for compliance with the *Policy on Respect for Human Rights* and with the other corporate procedures and policies referring to matters relating to the mitigation of impacts and respect for human rights. Suppliers and their employees are expected to comply with the Suppliers' Code of Ethics, pursuant to which they have the duty to promote activities and adopt such measures as may be needed in their organisation in order to eliminate all forms or types of forced or compulsory labour, to expressly reject the use of child labour in their organisation, to respect their workers' freedom of trade association and right to collective bargaining, to reject all discriminatory practices in connection with employment and labour, affording their employees fair treatment based on dignity and respect, and to pay their workers as provided by applicable wage laws, including minimum wages, overtime and social security benefits.
- **Investment partners:** We expect our investment partners to be committed to respect for the human and labour rights recognised in domestic and international law. They will be advised of the group's commitment to manage its business and investments in accordance with the *Policy on Respect for Human Rights* and the other corporate procedures and policies that refer to matters relating to the mitigation of impacts on and respect for human rights.

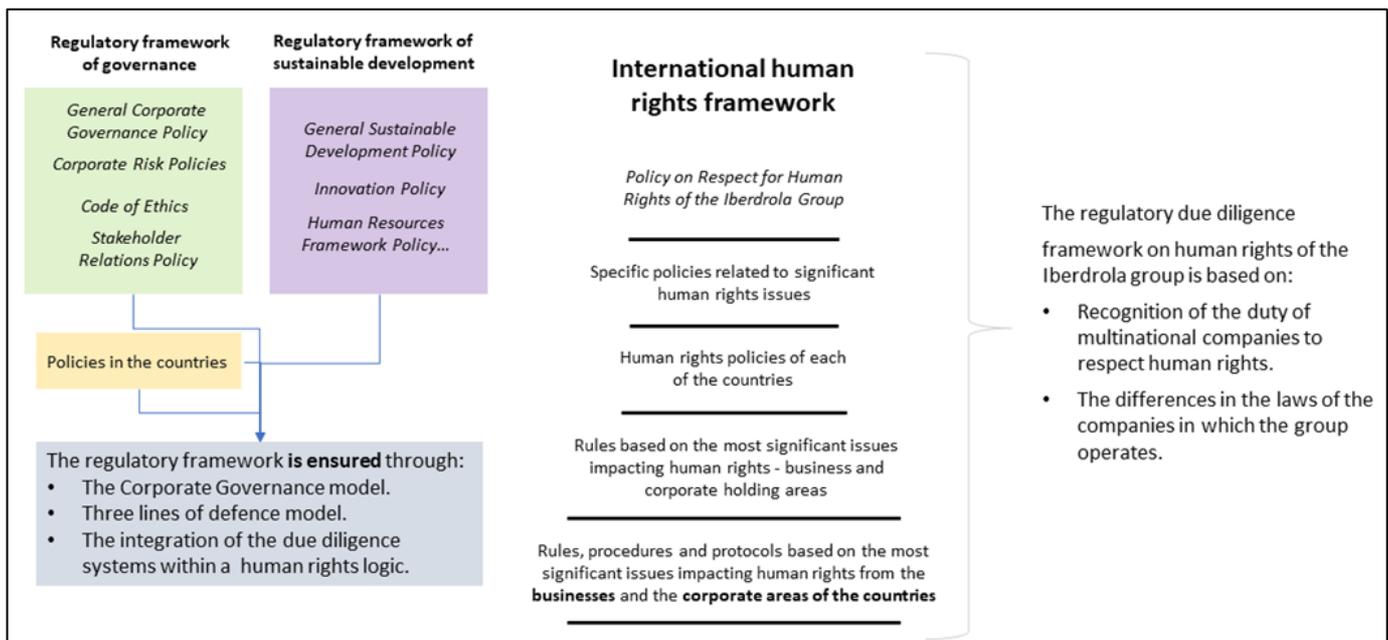
At a second level, an in-depth study has been undertaken to determine which of such potential impacts the company is specifically generating or runs the risk of generating. This study is carried out taking into account the particular characteristics of different contexts and, for that reason, a specialised team has visited work centres and facilities in Spain, Brazil, Mexico, the United Kingdom and the United States. In addition, a survey directed at the heads of the 158 main locations of operation of the group was prepared to complete the compilation of information.

During the visits made, the significance of the human rights impacts specific to each country was assessed based on standards of frequency, severity, scope, possibility of remediation and connection.

It should be noted that a general human rights due diligence framework has been determined that is in line with existing management mechanisms:

- The Iberdrola group's corporate governance model provides for local operation of the various companies of the group while ensuring consistency regarding their commitment to human rights.
- The group's control model, based on three lines of defence, which assigns clear prevention, monitoring and assessment responsibilities, thus allowing for an ongoing improvement model.
- The regulatory framework for sustainable development, which is the basis for policies to guide the responsible management of the business and provide due diligence guidelines across the entire group:
- Integration of the due diligence systems within a human rights rationale.
- Review of the grievance channels of the *Code of Ethics*.

The following diagram illustrates the foregoing:



Progress has been made in documenting existing commitments, procedures and controls, including both those that have been formally established and those that are customary practices and informal management methods.

This process has allowed the company to undertake a gap analysis, which will be the basis for the process to prioritise actions to prevent and mitigate possible impacts. Thanks to this analysis, the formalisation of management procedures and the mitigation of impact on local communities, along with the strengthening of human rights due diligence in the supply chain, particularly in outsourcing, have been determined to be

a priority in our short-, medium- and long-term action plan. Our long-term expectations are aimed at joint management (shared responsibility) with suppliers in human rights due diligence.

Some significant human rights issues for our stakeholders

Below are some 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 relation to labour practices.

GRI 406

The principles of non-discrimination and equal opportunity applied at the Iberdrola group are contained in both the Code of Ethics and in the global policies and procedures that have been approved and implemented (Recruitment and Selection Policy, Equal Opportunity and Reconciliation Policy, etc.), and its mission is to avoid any discrimination for reasons of race, colour, gender, language, religion, political opinion, national origin, social status, membership in an indigenous community, disability, health, marital status, pregnancy, sexual orientation or other condition of the person that bears no relationship with the requirements to perform their work. It also has collective bargaining agreements and local policies, including:

- Equality and Reconciliation Plan and Anti-Harassment Action Plan for companies of the *7th Collective Bargaining Agreement* in Spain.
- Policies on equal opportunity and reconciliation, anti-age discrimination, people with disabilities, equal pay, harassment and flexible working policies, as applied in the United Kingdom.

By applying all of these instruments, Iberdrola ensures that the selection processes are based solely on the merits of the candidates and that the promotion of equality within the group as regards access to employment, professional training and promotion and working conditions is guaranteed.

Group employees can report behaviour that may constitute labour discrimination both through the ethics mailbox and through their respective supervisors/Human Resources.

During 2019, the group received 33 grievances regarding labour discrimination through the various channels. 9 of them are being reviewed and the other 24 have already been closed. Of the grievances that have already been closed, only 6 ended confirming the existence of improper action in the human

rights area. Those 6 led to a written reprimand. The Human Resources area is in charge of taking appropriate disciplinary action.

406-1

Reported incidents of discrimination (No.)

	2019	2018	2017
Iberdrola total	33	26	12

In addition to the foregoing, Legal Services in the United States received two reports relating to possible unlawful discriminatory practices in the labour area.

Iberdrola has not received any complaint during financial year 2019 regarding other aspects relating to human rights through the channels established for this purpose, nor is it aware of court claims that might have a specific social impact.

Impact on local communities and the rights of indigenous peoples

GRI 411 411-1

The issue of relations with indigenous peoples has been a significant issue for our Stakeholders in relation to local communities.

In applying the *Code of Ethics* and its corporate policies (especially the *Policy on Respect for Human Rights*), Iberdrola and its employees undertake 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).

Employees belonging to indigenous communities

During 2019, the Renewables Business of Iberdrola Mexico employed personnel belonging to an indigenous community; specifically 13 people at the la Ventosa wind farm and 3 at the El Espinal wind farm.

In Brazil, at the Belo Monte hydroelectric plant, in which Neoenergia has a 10% interest, outside labour has been hired from the various indigenous communities (5 Juruna, 1 Arara, 1 Pataxò, 1 Kuruaya and 4 Xipaya) in implementation of the Medio Xingu Territorial Protection Plan (*Plano de Proteção Territorial do Médio Xingu*) (PPTMX).

Furthermore, in the United States, Avangrid Renewables has 6 employees who voluntarily self-identify as belonging to ethnic or racial groups.

There is no evidence of employees belonging to indigenous communities at the other companies of the Iberdrola group.

It should be noted that there were no incidents relating to the violation of the rights of employees from indigenous communities in the group during 2019.

Incidents detected relating to local communities

There are two legal actions against the Brazilian electricity distribution company Coelba relating to indigenous rights. In both actions, compensation is claimed from Coelba for the impact of the layout of the electric power line that, in one case, traverses the Tuxá de Banzaé community and in the other, the land of the Kiriris Indians. Both actions are in the investigation stage, waiting for judgement to be rendered.

Presence of the company in indigenous territory

The company, with a presence in 3 countries where there are indigenous communities (Brazil, Mexico and the United States) 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 establishes pathways of dialogue with the participation of the government and of the various organisations representing these communities, in order to report on the projects with due transparency and integrity. However, there may occasionally be direct or indirect impacts on these communities at some facilities, which is why there is an attempt 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.

Below is a description both of the activities performed in indigenous territories and of the incidents detected:

- In Brazil, in August 2017 Iberdrola became the majority shareholder of Neoenergia, S.A., a company that already holds 10% of Norte Energia, S.A., which is the company responsible for the construction and operation of the Belo Monte hydroelectric plant, where there have been impacts on the indigenous communities occupying the region of Medio Río Xingu, in the state of Pará, affecting a total of 9 ethnicities (around 3,857 indigenous persons).

In order to mitigate, offset and/or prevent these impacts, Norte Energia, S.A. prepared an ethnological study, and based on that study prepared a Basic Environmental Plan for the Indigenous Component (*Projeto Básico Ambiental-Componente Indígena*) (PBA-CI) made up of nine programmes: i) Environmental Supervision Programme; Indigenous Territory Management Programme; ii) Works and Infrastructure Programme; iii) Productive Activities Programme; iv)

Integrated Indigenous Health Programme; v) Indigenous School Education Programme; vi) Institutional Strengthening Programme; vii) Tangible and Intangible Cultural Heritage Protection Programme; viii) Relocation and Resettlement Programme; and ix) Indigenous and Non-Indigenous Communication Programme. It also prepared the Medio Xingu Territorial Protection Plan (*Plano de Proteção Territorial do Médio Xingu*) (PPTMX) based on the relocation of “riparian” populations (*riberinhos*). The actions to protect the riparian population are included in the General PBA, now linked to the Rural Resettlement Project.

- The PBA-CI will be developed during the period of the concession, i.e. 35 years. During this period, the investment committed in socio-environmental impact mitigation programmes will total 6,500 million reais (approximately 1,365 million euros), equal to 14% of the total cost of the project, of which 5,300 million reais (1,148 million euros) had already been invested as of September 2019. The plan will be reviewed every 5 years in order to update it and thus ensure that indigenous rights are respected. For more information regarding all programmes submitted to obtain the environmental permit programmes of Below Monte, see <https://www.norteenergiasa.com.br/pt-br/sustentabilidade/licenciamento-ambiental>
- Neoenergia, S.A. also holds 50.1% of Companhia Hidrelétrica Teles Pires, responsible for the construction and operation of the Teles Pires hydroelectric plant, located on the border of the states of Pará and Mato Grosso, on the Teles Pires river, an affluent of the Tapajós river, next to the municipalities of Jacareacanga and Paranaíta. This plant is located 60 km from the border of the nearest indigenous lands. Although there is no direct impact, under Brazilian law there must be socio-environmental studies and programmes, for which reason the company has established a joint dialogue with the National Indigenous Foundation (*Fundación Nacional del Indio*) (FUNAI), the Federal Public Ministry and indigenous leaders of each ethnicity affected by the project in order to respond to the demands and desires of each community. The Basic Environmental Plan for the Indigenous Component (PBA-CI) was jointly prepared and approved along with 19 socio-environmental programmes to sustainably encourage the cultural, social and economic activities of the ethnicities of the area.

The plan, approved by FUNAI, is being implemented according to schedule. For more information on the indigenous components of the Teles Pires environmental action plan, see:

- [Basic Apiaká Indigenous Environmental Plan](#)
 - [Basic Kayabi Indigenous Environmental Plan](#)
 - [Basic Munduruku Indigenous Environmental Plan](#)
- As regards Network activities, various distributors of the Neoenergia group have a presence in indigenous land areas in Brazil. On 27 September the distributor Celpe renewed the terms of the agreement executed with the Fulni-ô indigenous community for the substation and transmission lines in the municipality of Águas Belas (Pernambuco), which will be in effect through 2024.

- The distributor Elektro has a sub-transmission line that is at the environmental permit stage. Studies are being carried out to determine whether the project has any interference in indigenous communities, because the line is close to some indigenous lands; however, the project is still at the planning and study stage.
- In the United States the company continues to work with the Tribes of the Kumeyaay Nation and the Bureau of Land Management (BLM) on the design and content of the cultural resources booths near the Tule Wind Project (Tule Wind or the Project), which became operational in 2018. The company agreed to fund the installation of the booths as part of the mitigation efforts negotiated with the Kumeyaay, who were affected during the construction of the Project. A consultant specialising in cultural resources was hired to design a District Nomination request pursuant to the provisions of Section 106 of the National Historic Preservation Act in order to document and help to preserve the cultural resources discovered near the project site.
- In Mexico, the “Lights of Hope” project is being developed with indigenous communities, whereby solar systems have been installed to provide electricity to the following communities in Tamazunchale: Xicullapa, Tesilo, El Jobo, El Zaino and El Saucito. Additionally, in the area served by the Topolobambo III combined-cycle plant in Sinaloa, an indigenous ceremonial centre, San Zapotitlán, in the municipality of San Miguel, is being remodelled. The La Ventosa and Dos Arbolitos wind farms are located in the La Ventosa community in Oaxaca, a community identified with the presence of Zapotecas indigenous groups.

The table below shows the facilities in territories occupied by indigenous communities:

Country	Facility	Indigenous Community
Mexico	Topolobambo II combined cycle	Téroque Viejo, El Carricito, La Ladrillera, El Bajío, Choacahui, Zapotillo Uno, Las Higueras de los Natoches, Bajada de San Miguel, La Loma 5, El Chalate, El Ranchito, 2 de Abril, La Cruz, La Tea, Nuevo San Miguel, La Línea, Júpare (El Mezquital), Juricahui
	Dos Arbolitos wind farm	Zapoteca
	Bii Nee Stipa wind farm	Zapoteca
	Mexico Ecological Parks	Zapoteca

The “Local Communities” section below provides a detailed description of the development programmes, social impact assessments, consultation processes and displacement management.

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 provisions and with the laws of the countries where the Company is present.

The action protocols have been defined and implemented in all activities and services provided by the Corporate Security Division, and there is a Quality Management System, certified since 2003 to the ISO 9001 standard, which is externally reviewed on an annual basis by Aenor in those countries where it has been implemented, to ensure compliance with the requirements of this standard, as well as with the standards of the management system.

The hiring of security and monitoring services providers is carried out 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, which is performed on an annual basis in order to identify items to be improved.

Both the company's and subcontracted personnel are qualified for their duties and strengthen their knowledge with a rigorous Training Plan, which entails ongoing assessment and monitoring thereof.

410-1

Security personnel trained in human rights

		2019	2018	2017
Own personnel	Own personnel (No.)	155	173	140
	Own personnel trained in human rights (No.)	149	172	139
	Own personnel trained in human rights (%)	96	99	99
Subcontracted personnel	Subcontracted personnel (No.)	1,353	1,448	1,483
	Subcontracted personnel trained in human rights (No.)	837	909	1,240
	Subcontracted personnel trained in human rights (%)	62	63	84

It should be noted that the reduction in both company and subcontracted security personnel is due to the sale of the conventional generation business in the United Kingdom.

Employee training on human rights

Due to the importance that respect for human rights has for the company, there are 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 the prevention of risks in the operations of the company, mitigation and the remediation of any violation of human rights.

Iberdrola believes that all employees must become involved in compliance activities and in the dissemination and reporting of any violation in connection with this aspect, and that the entire team is responsible for ensuring that respect for human rights is a reality.

412-2

Employee¹²⁸ training on human rights

	2019	2018	2017
Spain	106,570	109,595	73,244
United Kingdom	90,232	102,510	30,561
United States ¹²⁹	109,570	15,238	49,247
Brazil	187,179	16,533	23,316
Mexico	28,387	20,832	25,901
IEI	1,772	N/Av.	N/Av.
Iberdrola total	523,710	264,708	202,270

Aware that internal awareness-raising alone is not enough, Iberdrola has also acted as a motivating lever for its suppliers, preparing an awareness-raising module regarding human rights, and intends to make it available to other Stakeholders.

It is worth noting that in 2019, as part of the training and ongoing information programme developed by the Board of Directors that includes both meetings and specific materials that are posted on the directors' website, a specific course was given on respect for human rights in the corporate environment, in order for them to know and be able to address the challenges to which the companies are currently exposed.

¹²⁸ Number of employees in terms of Full Time Equivalents (FTEs); 33,772 in financial year 2017, 33,747 in financial year 2018 and 35,120 in financial year 2019.

¹²⁹ Virtual training was added in 2019.

Investment agreements and contracts that include human rights clauses

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. Specific human rights clauses are also included in the United Kingdom by application of the Modern Slavery Act approved in 2015. During financial year 2019 there were 17 projects with significant investments:

- In Spain, the networks business agreed in October 2019 to supply intelligent network equipment, entailing an investment of approximately 174 million euros over the next 3 years.
- In the United Kingdom, in the networks business, two significant investment agreements were signed for the development of distribution lines of the ScottishPower Distribution and ScottishPower Manged distribution companies for a total of 260 million pounds sterling (309 million euros). Also in the United Kingdom, five significant agreements were signed in the total amount of 134.4 million pounds (149.3 million euros), two relating to onshore wind power (92.2 million pounds/109.7 million euros) and 3 to battery storage (42.2 million pounds/50.2 million euros).
- In the United States, eight significant investment agreements have been signed relating to the La Joya (295.6 million dollars/266.3 million euros), Tatanka (177 million dollars/159.5 million euros), Roaring Brook (135.3 million dollars/121.9 million euros) and Klondike 2 Repower (68.5 million dollars/61.7 million euros) renewable facilities.
- Last, in Mexico, in December 2019, a significant investment agreement was signed for 350 million dollars (315.3 million euros) for the expansion of the Tamazunchale combined-cycle plant, completion of which is scheduled for May 2021.

Significant investment means one that requires more than 100 million euros or one that is considered to be significant for the company even though it requires a smaller investment due to the format or strategic importance thereof.

Support to local communities

Contribution to SDGs of the performance described by the indicators of this section



GRI 413

Iberdrola maintains a strong involvement in the communities in which it operates. The companies of the group make significant contributions to society, primarily as a result of all the activities necessary to provide the supply of an essential product like energy, significant investments in basic infrastructure, promotion of local supplier networks, creation of qualified job positions, etc.

In addition, Iberdrola strengthens its commitment to the local communities where it has a presence through social activities in partnership with governments, institutions and civil society organisations, as well as through sponsorships and patronage. The programmes focused on social and economic development of the surroundings are especially significant.

These programmes and activities are implemented by various organisations, subsidiaries and institutions in various complementary ways:

- From Iberdrola, through its Institutional Relations Division.
- From subsidiaries or affiliates (i.e. investee companies, i.e. those in which the company has an equity interest), in their respective areas of activity.
- Sponsorship and patronage activities through [Fundación Iberdrola España](#), [ScottishPower Foundation](#) in the United Kingdom, [Avangrid Foundation](#) in the United States, [Instituto Neoenergía](#) in Brazil and [Fundación Iberdrola México](#).

Development programmes for local communities

Iberdrola takes various types of actions to minimise, mitigate and offset socioeconomic impacts that might be caused by its facilities. Local communities benefit from these actions, which are usually established and agreed on with local authorities, for example, opening communication processes with the various Stakeholders, 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, among other measures.

Iberdrola has created Energy Classrooms to foster an understanding by society of renewable production technologies, which involve the development of an educational programme with visits to facilities to acquire knowledge about energy, especially about renewable energy sources, and to promote an efficient stance towards the use of energy and thus contribute to energy saving.

In Brazil, in partnership with the government of the state of Bahia, the distributor Coelba created an electricians' school in 2019, which is exclusively for women, offers 100 positions and was very well received, as shown by the more than 15,000 applications received. In addition, the first Electricians' School in Salvador de Bahía, in partnership with the National Industrial Learning Service (*Serviço Nacional de Aprendizagem Industrial*) (SENAI/BA), has trained 24 new professionals in a free course on electric power distribution grids.

A more detailed description of these activities can be found in "Economic/financial impact" section of chapter II.1 and in the "Iberdrola's contribution to the community" and "Foundations" sections of this chapter.

Social impact assessments

413-1 413-2

In each of the countries in which the group operates, environmental impact assessment studies are performed at Iberdrola's locations of operation in accordance with applicable law prior to the construction of facilities, which include a social impact assessment. Activities addressing its Stakeholders are also performed, including social development programmes and participation in local communities. Almost 100% of the company's locations of operation are subject to these types of activities, focused on meeting the needs of its Stakeholders, especially in local communities, and engaging in the most appropriate activities in all those areas that most directly affect them. The principal activities are described in greater detail below:

Iberdrola believes that the impacts of the start-up of electric power generation plants on human rights, including environmental rights, are especially significant. In the countries in which the company builds and operates these types of facilities, applicable laws require the performance of studies assessing the impact

on the environment and the community, and such studies must be approved by the competent public authorities.

These studies include the possible impact on human rights, both by means of an evaluation of the environment providing a review of environmental impacts such as emissions, effluent, waste, changes in land use, changes in landscape aesthetics and quality, restriction of access to water and forestry resources, etc., and through an assessment of the social and economic environment, which analyses demographic aspects like changes in population in neighbouring municipalities, and historic and cultural heritage, along with the growth in job demand in certain sectors, impairment or promotion of basic infrastructure like motorways or railway networks, etc.

In addition to the social impact assessments, Iberdrola has designed a robust human rights due diligence model, as described in the “Protection of human rights” section of this chapter.

Applicable law ensures consultation with and participation of both the affected government administrations and interested parties 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. The viewpoints of the Stakeholders consulted are thus taken into account in defining the future project.

These impact studies also contemplate the preventive and corrective measures required to mitigate the aspects identified.

To conclude the process, programmes are implemented to monitor the various aspects identified and government authorities are informed. Iberdrola reviews the effectiveness of such programmes by means of internal and external audits, as well as by those conducted by the Community Eco-Management and Audit Scheme (EMAS).

Iberdrola prepares information and plans for the closure and decommissioning of facilities in accordance with applicable law and informs the workers’ representatives thereof.

Iberdrola believes that these studies and assessments are appropriate to safeguard the rights of communities, as they include the most significant issues for the affected areas. It should be noted that the various facilities cause similar impacts, regardless of the country in which they are located, and none of them stands out as having significant negative impacts.

Consultation processes with local communities

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.

Iberdrola plays an active role in the participation of local communities during the planning and construction of projects, expressing its points of view and making its knowledge and experience available to the government authorities. All these processes, which are included in the facilities' impact assessment studies, are regulated, and they are determining factors in order to secure the construction and operating permits for the power plants; in addition, they are completed with processes voluntarily performed by the company, like human rights assessments.

In every project, relations are established with local authorities, communities and any other groups that may be relevant to the project. Dialogue channels are established with the main Stakeholders and information concerning the planned development is presented through newsletters, exhibitions, presentations, meetings, the group's websites, etc. There are also e-mail addresses to allow local communities to communicate with the company during the process, and public information days are occasionally held for this purpose.

It should also be noted that channels have been incorporated into the Environmental Management System so that Stakeholders can send their concerns, complaints, requests for information or any other kind of request to minimise impacts in the area.

Set out below are some of the activities conducted by Iberdrola in this field for projects currently under development:

- In the Wholesale and Retail Business in Mexico, there have been studies of the social impact of the projects currently under construction, specifically at the Topolobampo III (in Ahome, Sinaloa) and Tamazunchale II (in San Luis Potosí) combined cycle plants. Based on these studies, the Secretary of Energy of the Mexican government issues a resolution setting out recommendations and actions in the social area to benefit the community: paving, improvements to educational and social centres, etc. In Brazil, there has been a socio-economic evaluation of the area around

Termopernambuco, analysing demographic aspects, surroundings, influence area of the Suape Port, basic infrastructure, cultural heritage and generation of employment.

- In the Networks Business, pursuant to procedures for the management of social impact, there is public dissemination regarding projects of a certain size, in all cases complying with the regulations of each country. Both the project and the size thereof are especially taken into account regarding the impact on road infrastructures, as well as potential impacts on the landscape.
- In the Renewables Business, since the commencement of the Tâmeiga River hydroelectric project in Portugal, there has been an impact assessment process with the participation of Stakeholders through public consultations in the affected municipalities. In 2019 quarterly meetings continued with the Environmental Monitoring Commission (*Comissão de Acompanhamento Ambiental*) (CAA), made up of Iberdrola and various local and national entities, the objective of which is to supervise environmental aspects and socio-economic impact, which is completed with site visits. In the United States, there are social evaluations regarding community development during the planning and construction phases for potential projects. There were various consultations with communities around potential project areas in Illinois, New York, South Dakota, Oregon, Washington and Texas in 2019. The fishing fleets of Massachusetts and Rhode Island are also in the process of consultation for the Vineyard Wind offshore wind project. In Mexico, in the construction expanding the La Ventosa plant, the affected area has been restored in accordance with the ruling of the National Commission on Natural Protected Areas (*Comisión Nacional de Áreas Naturales Protegidas*). Finally, in Brazil, work is taking place at the Serra de Santana windfarm complex (under construction) on a preliminary proposal for economic activation of family farming in accordance with the nature of the region. The new facilities of Neoenergia in Brazil are committed to promoting local development activities for both urban and rural populations: projects to generate income, technical support for affected rural families, health units, schools and social centres.

During the operation phase for facilities, Iberdrola engages in different processes of participation with the various Stakeholders that it relates to and that are described in detail in the “Stakeholder engagement” section of this report.

Management of population displacements

As a prevention measure, during the planning phase for new projects, Iberdrola evaluates the land that will potentially be occupied, choosing that which involves lesser displacement of people who either reside in the immediate area or whose economic activities are affected. If this ultimately occurs, Iberdrola and the relevant government authorities review the economic, environmental and social consequences of such

projects, and jointly hold consultations with the local communities to adopt suitable corrective measures. In addition, in the case of indigenous communities, it establishes pathways of dialogue with the participation of the Government and of various organisations representing these communities, to report on the projects with the required transparency and integrity.

The company believes that such processes ensure the protection of general interests in the countries where these impacts occur. The measures adopted in projects of this nature currently being developed by Iberdrola are described below.

EU22

The construction of Wholesale and Networks assets have not affected the real property of people because they are built on land acquired or assigned, and are also small in size. No person was physically or economically displaced during 2019 in the businesses mentioned above.

As regards the Renewables Business, Iberdrola is currently developing various plants that involve displacements of population:

- In the construction of the Támeiga hydroelectric complex (Portugal), detailed socio-economic studies have been conducted for several years on the possible affected dwellings with a prior assessment, taking into account the needs of each of them and assessing possible relocations with similar characteristics. A total of 59 dwellings was ultimately identified, of which only 50% were permanent residences. The displacements that have been identified as necessary and the respective financial compensation have been provided in accordance with the law on expropriations in Portugal and in accordance with the methodology implemented regarding the management and definition of displacements and potential economic damages. In addition, in cooperation with the Portuguese Government and the municipal Chambers, financial compensation has been determined in addition to the compensation provided in the expropriation process, so as to make it possible to improve the relocation conditions of the affected families and maintain their habits and traditions.
- In Brazil, in the construction of the Baixo Iguazu hydroelectric complex, a total of 141 families (564 persons) were identified and relocated during the exercise, where support actions were planned and with due compensation in accordance with the established programmes. In addition, a socio-economic monitoring of the population committed to the undertaking was carried out, where 432 families (1,728 persons) were financially compensated in 2019 for impacts on their economic activities. The mitigation plans that were implemented are described in the “Protection of human rights” section.

Contributions to society

Iberdrola has selected the *London Benchmarking Group* (LBG) model to measure and assess business contributions to the community due to its wide international recognition. It is regarded as 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.

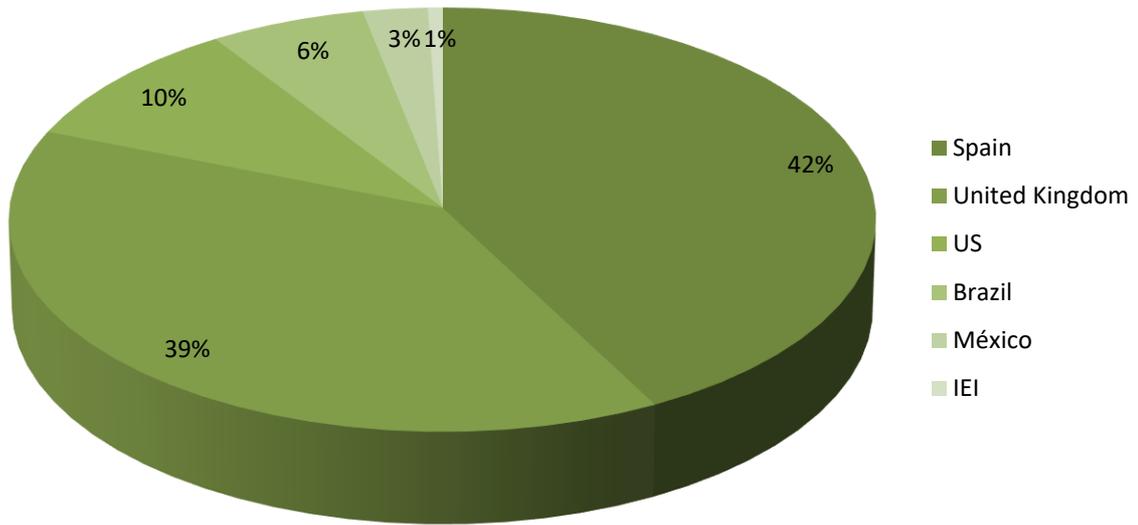
Iberdrola has used the LBG model as a basis to report its contributions to society in this *Statement of non-financial information. Sustainability Report* for financial year 2019.

Contribution to the community in 2019

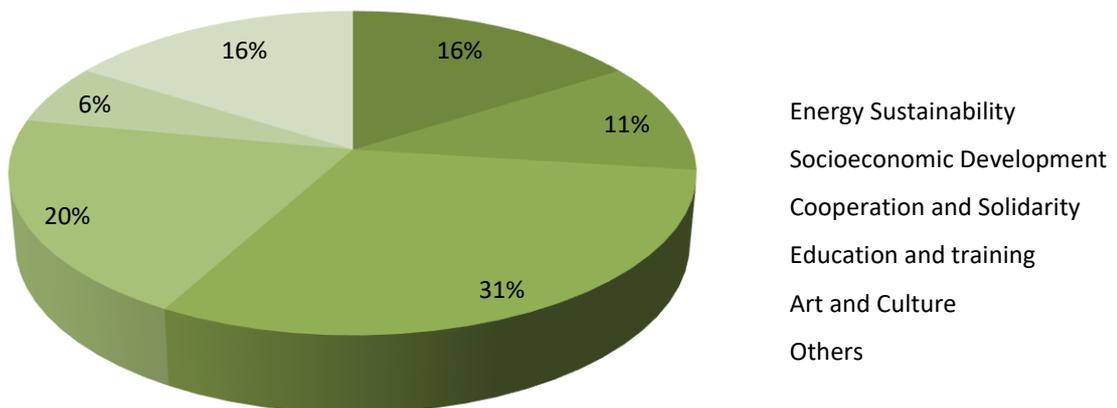
By category	
• Specific contributions	7,111,127
• Community investment	31,235,731
○ Socioeconomic development of the community	
○ Energy sustainability	
○ Art and culture	
○ Education and training	
○ Cooperation and community service	
• Commercial initiatives in the community	10,588,424
• Management costs	3,357,240
By type of contribution	
• Cash contributions ¹³⁰	48,690,681
• Staff time	148,601
• In-kind contributions	95,999
• Management costs	3,357,240
Total contribution to the community	52,292,522

¹³⁰ Contributions made mostly to non-profit organisations and foundations but also to universities, government administrations, etc. provided that they meet the aforementioned LBG Model standards.

IBERDROLA'S CONTRIBUTION BY REGION



IBERDROLA'S CONTRIBUTION BY PROGRAMME

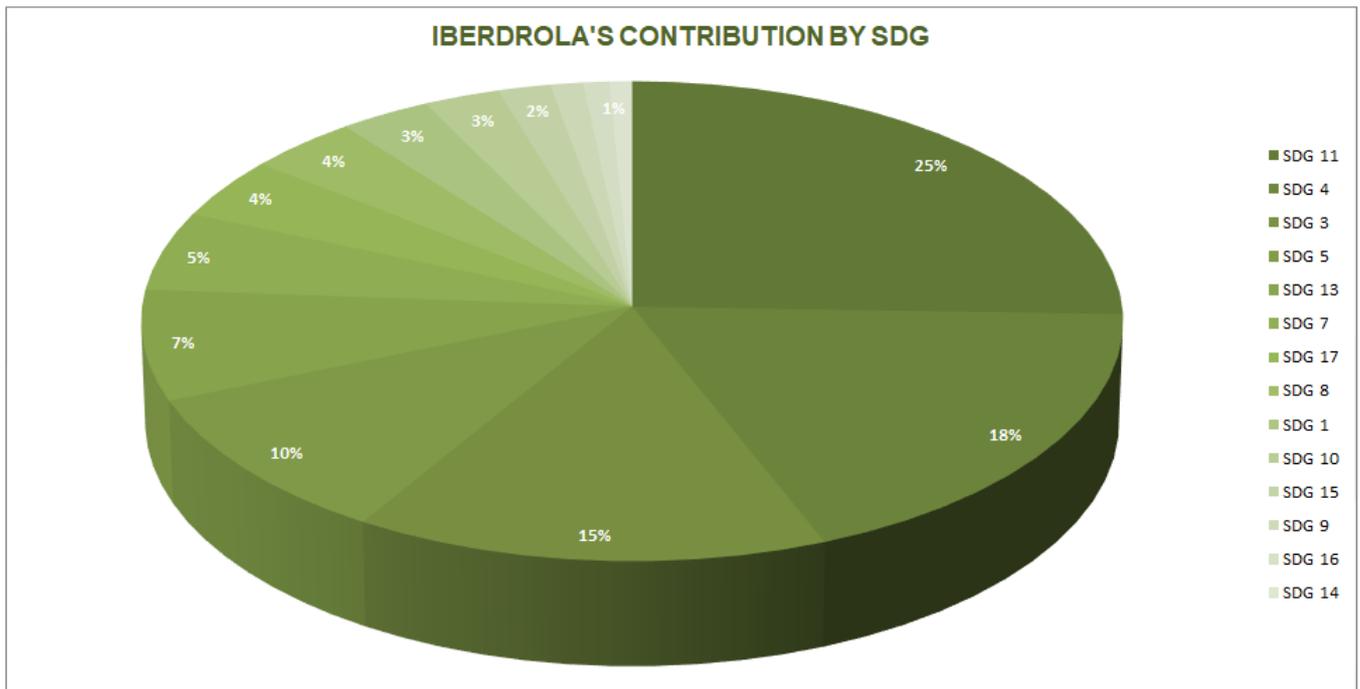


Also, for the third year in a row, Iberdrola has evaluated the SDGs and targets to which each of its social initiatives contribute, as shown in the following table:

Contribution to the community in 2019

By Sustainable Development Goals (SDGs) ¹³¹	
• 1. End poverty	1.5
• 2. Zero hunger	0.2
• 3. Good health and well-being	7.0
• 4. Quality education	8.8
• 5. Gender equality	4.8
• 7. Affordable and clean energy	2.5
• 8. Decent work and economic growth	1.8
• 9. Industry, innovation and infrastructure	0.5
• 10. Reduced inequalities	1.3
• 11. Sustainable cities and communities	12.1
• 12. Responsible consumption and production	0.2
• 13. Climate action	3.6
• 14. Life below water	0.4
• 15. Life on land	0.9
• 16. Peace, justice and strong institutions	0.4
• 17. Partnerships for the goals	2.0
Total monetary contributions	48.0

¹³¹ The breakdown of contributions to the community by SDG covers 98.2% of the figure reported, as it is not in all cases possible to establish a link between the initiatives and their contribution to an SDG.



The 10 targets for which the most contribution has been made through social actions in 2019 are described below:

TARGET 11-4 PROTECT THE WORLD'S CULTURAL AND NATURAL HERITAGE	TARGET 17-17 ENCOURAGE EFFECTIVE PARTNERSHIPS	TARGET 7-1 UNIVERSAL ACCESS TO MODERN ENERGY	TARGET 1-4 EQUAL RIGHTS TO OWNERSHIP, BASIC SERVICES, TECHNOLOGY AND ECONOMIC RESOURCES	TARGET 4-A BUILD AND UPGRADE INCLUSIVE AND SAFE SCHOOLS
TARGET 4-4 INCREASE THE NUMBER OF PEOPLE WITH RELEVANT SKILLS FOR FINANCIAL SUCCESS	TARGET 3-D IMPROVE EARLY WARNING SYSTEMS FOR GLOBAL HEALTH RISKS	TARGET 4-7 EDUCATION FOR SUSTAINABLE DEVELOPMENT AND GLOBAL CITIZENSHIP	TARGET 5-5 ENSURE FULL PARTICIPATION IN LEADERSHIP AND DECISION-MAKING	TARGET 13-3 BUILD KNOWLEDGE AND CAPACITY TO MEET CLIMATE CHANGE

Corporate volunteering programme

The Iberdrola group offers its workforce various volunteer opportunities within the framework of its Corporate Volunteering Programme, in which more than 7,489 volunteers participated during 2019. Created in 2006, it is today a global and international project aligned with the values of the group and its *Sustainability Policy*, which is intended to channel the employees' spirit of community service (solidarity) and motivate them to participate in social projects aimed at the integration of vulnerable groups, improving the environment and sustainable development.

The Programme is aligned with the Sustainable Development Goals defined by the United Nations for the 2015-2030 horizon, and especially focused on goals 3 (good health and well-being), 4 (quality education), 7 (affordable and clean energy), 10 (reduced inequalities) and 13 (climate action). The programme was recognised in 2018 with an Innovation Award during the IMPACT2030 summit, held at the United Nations Headquarters in New York in September 2018, recognising the innovative approaches of companies that make the most of their human capital, through corporate volunteering programmes, to move forward in achieving the Sustainable Development Goals (SDGs). Specifically, Iberdrola was selected for being a company that innovates to educate, inspire and unite employees around the SDGs in their community, and provides opportunities for them to be agents for change and achieve an impact, as well as for its exceptional commitment to move volunteers to action on the SDGs.

Iberdrola is also part of the governing board of Voluntare, the most important Spanish-speaking international corporate volunteering network, with a presence in both Spain and in Latin America. Our company strengthens its commitment to Corporate Volunteering as a Social Responsibility tool.

The company continues to be linked to the main international volunteering working groups and associations such as Voluntare, EVEN (Employee Volunteering European Network), IMPACT 2030, and IAVE, participating in international conferences where we share our good volunteering practices.

In 2019 we were part of the jury for the selection of the European volunteering capital, held in Brussels, the only company to be represented, together with members of the European Parliament, the Economic and Social Committee, the Council of Europe and the Committee of the Regions.

Other noteworthy [corporate volunteering](#) initiatives carried out last year were the following:

- The eighth edition of the **global INVOLVE (International Volunteer Vacation for Education) project**, which has offered training in new technologies to youths at risk of exclusion, with a two-week stay over the summer in Brazil or Mexico, respectively, of an international team of 34 volunteers from Spain, the United Kingdom, the United States, Brazil and Mexico, supported by local volunteers as an intercultural link.
- National and international volunteer days were organised, including **International Volunteer Day** held simultaneously in Spain, the United Kingdom, the United States, Brazil and Mexico which, under the motto *Together we build the world that we want! (¡Juntos construimos el mundo que queremos!)*, brought together more than 2,200 participants in more than 80 simultaneous initiatives in Spain, the United Kingdom, Mexico, the United States and Brazil and, for the first time, in Portugal, directed towards the fight against climate change, the inclusion of vulnerable groups and raising awareness about diversity. Volunteer Days were also held in Spain, inclusive environmental days with games and sports to encourage the normalisation and integration of persons with functional diversity.
- Iberdrola also launched the **“SDG to school”** initiative, a multi-company volunteering proposal to share the Sustainable Development Goals and the 2030 Agenda with schools to promote social commitment and active participation and citizenship by students. Some 3,500 children have already received training at various educational centres in Spain through the volunteers who participate in this initiative. In addition, we cooperate with the Department of Education (*Consejería de Educación*) of the Community of Madrid to provide material for this project to the educational community of this city, so that, by January 2020, Iberdrola will provide in-person training to teachers/professors at the five Territorial Innovation and Training (CTIF) centres in the Community of Madrid.
- In addition to disseminating and promoting the SDGs, 400 volunteers participated in forming a human wave representing the 17 SDGs at the Cibeles square in Madrid.
- Cooperation initiatives for development in African countries, within the framework of the **“Electricity for All”** programme, and its public-private partnership project to improve electric power supply at several refugee camps in Ethiopia.
- **“Iberdrola with Refugees”** has continued with its volunteering activities, giving support to the Integration Schools, promoted by Fundación para el Fomento del Desarrollo y la Integración (FDI) and in cooperation with the Spanish Commission for Assistance to refugees (CEAR), where 92 refugees have been able to take advantage of digital tools workshops, in addition to training in the Spanish language and adjustment to the environment, among other subjects.
- Professional volunteering materialised with initiatives such as **“Lights... and Action!”** together with Fundación Tomillo to provide energy efficiency training and develop the employability of youths from underprivileged environments, which has been updated to offer content that focuses

more on students' training itineraries, such as a new mentoring project for students of this programme by women Iberdrola employees to kindle a technical vocation in women. English classes have also been included, in cooperation with ScottishPower employees, to give it an international perspective. **“Know your Laws”** has favoured the integration of immigrants through courses offered by company employees with legal training.

- Climate action continued with global projects such as **“Fight against climate change”** in Spain, Mexico, and Brazil to raise awareness among youth on this problem through talks at school centres; since its inception, more than 17,200 children have been reached through more than 560 workshops given by Iberdrola Volunteers. In the United Kingdom, a training pack was developed for elementary school teachers and training was provided to 100 teachers in Western Scotland.
- Environmental care activities, cleaning of invasive species and reforestation in various cities in Spain, the United Kingdom, the United States, Brazil and Mexico, such as the 12th annual Tree Day in Spain, which has allowed for recovery of the Urdaibai (Biscay) Biosphere Reserve and thus continue with the “Iberdrola Forest” project, “The forest of life” in Navarra, cleaning of invasive plants in the Cies Islands. Reforestation in the Ribera de la Contraparada (Murcia), cleaning and reforestation of the Dunas de Gavá (Barcelona), repopulation at Palmés Santa Comba de Naves (Orense), clean-up of the banks of the Arlanzón River in Burgos, waste and micro-plastics clean-up in Azkorri (Bilbao) and on the Somo (Asturias) beach, and reforestation, maintenance and adaptation of the Paraje Natural Ermitorio de la Magdalena, in Castellón. Reforestation, maintenance and adaptation at Talamanca del Jarama (Madrid). “Reviviendo Tafalla” (Reviving Tafalla) where we carried out several activities to revive this area of Navarra that was devastated by the 2016 fire, “Reviving Fermoselle”, maintenance and reforestation of this area devastated by a fire in 2018 (Zamora).
- Initiatives to free the environment of waste and garbage, such as “LIBERA”, of SEO/BirdLife together with Ecoembes, with its great collaborative gathering of litter at various places in Spain to raise awareness concerning nature without trash. In addition, to commemorate Oceans Day, we held a microplastics clean-up day at the La Patacona (Valencia) Beach, together with groups of schoolchildren.
- Projects to offer a new life for unused objects, such as **“Solidarity Recycling”**, combining solidarity and environmental ends, such as collecting plastic caps or winter clothes at different international corporate offices.
- Provision of three IT schoolrooms in underprivileged communities in Brazil, Mexico and Equatorial Guinea that will allow for the education of the youths of these areas.
- International food collection campaigns, which have allowed for the collection of more than 20 tons of basic foodstuffs and children's products globally in 2019. One activity that was completed in Spain, Brazil and Mexico, with volunteer food distribution activities to families at risk with a goal of

Zero Hunger in mind, and with the distribution of kits with essentials in the United States and the United Kingdom.

- In Spain, the company participated in various sports competitions aimed at the integration of vulnerable groups, such as the **“Capacities Race”** (*Carrera de las Capacidades*), in favour of persons with disabilities, **“Run for Syria”** (*Corre por Siria*) in favour of Syrian refugees or **“Global 6k for Water”** for the construction of wells in Ghana. In Mexico, the race for the benefit of children and youths held by Fundación Mosaico Down to raise awareness concerning inclusion, the 5th One Kilo of Help with cause Race (*5ª Carrera Un Kilo de Ayuda con causa*) and the First International Day of People with Disabilities (*1er Día Internacional de gente con discapacidad*) in cooperation with Special Olympics. In the United Kingdom we participated, as we do every year, in the popular Race for Life events, where volunteers ran an obstacle course race in support of Cancer Research UK. In the United States, we participated in the Race in the Workplace Workshop with WomENergy for the Black History Month Speaker Series, and in Over the Edge, rappelling down a building in Connecticut to raise funds for the development of young people with Wakeman’s Boys & Girls Club.
- Activities to promote women’s independence and empowerment, such as the **Feminine personal defence workshops** held on **International Women’s Day** and on the **International Day for the Elimination of Violence against Women**: these workshops were held with two different groups: refugee women and women with intellectual disability. In addition, the **“In the fight against gender violence we all count”** (volunteering activity was carried out, based on the campaign Iberdrola conducted together with the Interior Ministry **“Don’t look away”**). The initiative was aimed at teenagers of the Tomillo foundation.
- We continued to be “Future Builders” (*Constructores de futuro*) of Children’s Villages for another year and continue to develop childhood support initiatives such as the donation of Christmas presents through the Red Cross in the “Your rights at stake” (*Sus derechos en juego*) campaign, “A Smile for Christmas” (*Una Sonrisa por Navidad*) together with Children’s Villages in Spain or “Solidarity Tree” (*Árvore da Solidariedade*) which has offered support for Brazilian institutions to assist the minors and old people who are part of their programmes. In Mexico, the donation of toys for cancer patients, co-existence activities with low-income children and youths with Down syndrome and intellectual disability with Fundación Mosaico Down. In the United Kingdom, support for charitable activities organised by British social entities such as Oor Wullies Big Bucket Trail, which helps hospitalised children in Scotland. In the United States, by donating toys to various family support organisations in the Giving Trees activity, as well as building houses with Habitat for Humanity in Massachusetts. Last, donations of warm clothes in the south and southeast of Brazil.
- Participation in the International Corporate Volunteering Week which, under the **“Give & Gain”** motto, offers visibility and promotes the role of corporate volunteering as an agent for social change.

- The *Volunteer Portal* continues to be the meeting point for all professionals of the group interested in social and community service actions, using a global and trilingual website. The *Volunteerism Newsletter* (*Boletín de Voluntariado*) has provided weekly information on activities.

Foundations

[ScottishPower Foundation](#), [Avangrid Foundation](#), [Fundación Iberdrola México](#), [Instituto Neoenergía](#) and [Fundación Iberdrola España](#) represent Iberdrola's commitment to sustainable development in the countries in which it does business. Pursuant to the Master Plan, the foundations have updated their mission, vision and values to include contribution to the Sustainable Development Goals (SDGs) among their purposes and principles. The 2030 Agenda, promoted by the United Nations General Assembly, provides a unique opportunity for global transformation leading to more inclusive development models. Along these lines, the foundations prioritise their focus on human development in order to define objectives linked to programmes and specific aims under the SDGs and to contribute to fostering positive changes for the most vulnerable people and for the planet. It should also be noted that they engage in specific partnerships with other cultural, social, scientific and cooperation institutions in all of the countries.



Iberdrola uses various indicators to measure the results achieved through its community support programmes. In its Master Plan for the 2019-2021 period, Iberdrola's foundations include in their guidelines the development of evaluation mechanisms that include a methodology adapted from LBG to measure outputs and impacts for its most important programmes and projects, which include direct contributions to the SDGs.



The results and achievements by country are available in Annex 1 Supplementary Information.

Training and Research Area

Its activities focus on young students, supporting their undergraduate studies, technical training or language studies. Education is a useful tool to promote sustainable development and these initiatives offer opportunities to youths with good academic backgrounds who do not have financial resources to engage in their studies. These projects contribute to the achievement of SDG 4 ("Quality education") with an investment of 3.5 million euros.

Support programme for studies

The foundations Master Plan takes a fresh approach in order to advance equality of opportunity for access to education by means of a new Support Programme for course studies that includes the following projects:

In the United States:

- *KVCC Lineworkers* (Maine) in the training of electricians, through scholarships in the CMP *Lineworker Technology Programme*, to train specialists while prioritising the inclusion of young women in the energy sector.
- *Monroe Community College Foundation – Salute to Excellence* (Rochester): scholarships for underprivileged students, giving them the opportunity to complete their higher education and overcome barriers to complete their university studies.
- Yale University School of Architecture (Connecticut) – through this programme, undergraduate architecture students can build and design focusing on the social action and community justice area. There are currently 30 homes in New Heaven as a result of this project.
- *BlueHub Capital – Working Communities Challenge & The Federal Reserve Bank of Boston* – In partnership with private, public and non-profit sectors, this is a programme focusing on research, design and implementation of assistance to enable communities to improve the quality of life of low-income residents, focusing on sustainable development, the increase of the economy, social inclusion and the reduction of poverty.

In Mexico:

- There is a programme of partnership with the Monterrey Technological University at its Altamira campus for the education of low-income youth in bachelor's and engineering degrees.
- Fundación Iberdrola México has awarded a total of 6 scholarships to underprivileged students at the Altamira Technical Training centre with the aim of achieving the inclusion of these vulnerable youths.

In Spain:

- Initiatives for linguistic immersion in English: the aim is to teach English to school students in their 3rd and 4th years of Compulsory Secondary Education. The selection of the students is made by the Education Departments of several Autonomous Communities that participate in the programme, according to objective criteria of academic excellence and financial resources. The programme promotes and facilitates the participation of students in rural areas, given that this is the profile of student that finds it most difficult to access this kind of training. Iberdrola offers its facilities over the summer and Easter periods as a venue for these courses. A total of 80 students and 22 teachers have participated in the summer courses in Castile and León, Extremadura and the Valencian Community.

Scholarships and research grants:

- Fundación Iberdrola España has awarded a total of 41 scholarships and grants, 20 of which focus on energy and environmental research. A call for scholarships has also been launched through Fundación Carolina to pursue energy and environment master's degrees at Spanish universities. And 3 Fulbright scholarships have been awarded for energy and environment master's degrees.
- Instituto Neoenergia in Brazil, through the CIEDS project, seeks to reduce educational inequalities among children and young people, directly supporting Municipal Education Plans. The initiative seeks to consolidate a network for the dissemination of innovative ideas and solutions through the standardisation of teaching practices that are in line with the ten General Skills of the National Common Curricular Base. In 2019, 1,111 teachers and educational directors from cities in the interior of Bahia and Sao Paulo participated in the training.

Biodiversity and Climate Change Area: conservation of birds, habitats and ecosystems

There were various partnerships with public institutions and entities engaged in environmental protection, contributing to the achievement of specific targets of the SDGs 13 ("Climate Action") and 15 ("Life On Land"), with an investment of 1.3 million euros.

In Spain, particularly noteworthy is the *Migra* project, aimed at monitoring the movements of migratory birds, in collaboration with the Spanish Ornithology Society, SEO/BirdLife. At the end of 2019, the programme had 388 birds tagged from 18 different species. Finally, several days were devoted to papers on the White Stork and the Bulwer Petrel.

Another important initiative is the partnership with Fundación para la Conservación del Quebrantahuesos (Bearded Vulture Conservation Foundation) with a view to studying the influence of climate change on this and other alpine birds. In 2019, several specimens of this species were released in the Picos de Europa National Park. This project makes it possible to strengthen the Cantabrian natural colonisation front and create a new stable reproductive nucleus outside of the Pyrenees to reduce the risk of extinction in the medium term. Species connectivity is also fostered to restore the Iberian population of the [Nature 2000 Network](#), which coincides with the colonisation front of the bearded vulture in the north of the peninsula.

The LIFE project with SEÖ Birdlifeproject, known as *Wetlands for Future*, consists of the restoration of 3 wetlands in the Community of Valencia, in Cantabria and in Castile-Leon and has a duration of 4 years (it will begin in September 2020 and end in August 2024). Currently, it has currently successfully concluded phase I, presented in June 2019. Stage II will be presented in February 2020.

The “Thermal stress linked to climate change and conservation of endangered predatory birds” project is being carried out in partnership with Fundación Aquila. This initiative has a two-year duration. To date, the results of the first year concerning the affected immunological defence capacity of predatory birds has been disseminated through scientific magazines and talks at schools of veterinary sciences of several universities (Valencia, Murcia, Cáceres and Madrid).

Also worth noting is the Iberdrola Forest Defence (*Bosque Defensa Iberdrola*) project, consisting of the reforestation of and military practice and firing ranges. To date, only the Renedo-Cabezón (Valladolid) Firing Range has been inaugurated, but there are two other ranges in process (Cádiz and Albacete), which will be opened in 2020.

In the United Kingdom, Sussex Wildlife Trust, is carrying out an educational and environmental project at a small natural reserve in Brighton in order to improve the natural habitat at Deneway Natura Reserve, supporting and improving the diversity of species and sustainable development.

In the United States:

- Riverkeeper (New York): the purpose of this project is to protect the environment and the recreational and commercial activities of the Hudson river and its tributaries, in addition to protecting the drinking water of the 9 million residents of New York and the Hudson Valley.
- Wildlife Works – Wildlife Protection Program (Pennsylvania): a scholarship granted by the Avangrid Foundation that allows Wildlife Works to purchase state-of-the-art technology. These new computer systems will make it possible to improve communications and meet business management needs.
- Oregon Zoo Foundation (Oregon): a project to carry out restoration activities and improvements at the Oregon Zoo California.
- Trust for Public Land (Connecticut): for the purpose of scheduling, designing and building a waterfront promenade some 20 miles long along the entire North coast of Bridgeport.
- Will Steger Foundation – Climate Change Generation (Minnesota): outreach to people and communities to participate with solutions to mitigate climate change.
- Gulf of Maine Research Institute or Other Offshore Investment (Maine): multi-annual agreement with the GMRI focussing on the “Advancing Ocean-Climate Research: Strengthening community capacity for science-based decision-making.” This assistance will support scientists who are part of the GMRI and who are doing research on resistance to climate change in the fishing and other coastal industries.
- Connecticut Public Broadcasting (Connecticut): in partnership with CT Public Broadcasting, Sustainable CT and the Tremaine Foundation, people and communities will be informed, educated

and made more aware in order to enable them to use teamwork to create and maintain sustainable communities.

- Red Creek Wildlife – Wildlife Protection Program (Pennsylvania): the goal of this project is to finance the construction of an outside complex for small birds of prey, including: American Kestrels, Screech Owls, Saw Whet Owls, Merlin Falcons, Sharp Shinned and, especially, Cooper Hawks, which require special cages.

In Mexico:

- On land located near the Industrial Port zone of Altamira, a project continues that is devoted to the conservation of felines, which aims to ensure the survival of a number of jaguars, jaguarondis, ocelots and bobcats that inhabit the region. Progress has been made in the creation and demarcation of biological corridors facilitating the safe passage of these animals in danger of extinction.
- The conservation of the Mangrove, another project developed by Fundación Iberdrola México, is intended to ensure the survival and encourage the increase of flora and fauna in the mangrove ecosystem through constant monitoring, research and demarcations that ensure permanence there. Another initiative is the conservation project Parque Estatal Cañón de Fernández, in partnership with PRONATUR, to protect biological and ecological processes in the area and provide environmental services in the ecosystems of the state park.

In Brazil:

- Of note is the *Flyways* project for the conservation of wader birds and endangered species. In collaboration with *Save Brazil*, support is also given to a project devoted to the conservation of endangered birds in the area of Río Grande do Norte.
- The CORALIZAR project of Instituto Neoenergia developed by WWF-Brazil is intended to generate and share knowledge concerning the restoration of coral, as well as promoting innovative initiatives to enlarge the coral restoration agenda.

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. This directly impacts SDGs 8 (“Economic growth”) and 11 (“Sustainable cities and communities”) with an investment of 1.7 million euros.

The Lighting Programme of the foundations of Iberdrola is mainly focused on improving the interior and/or exterior lighting of remarkable buildings, to showcase the historical-artistic heritage.

The use of new LED technology entails a series of advantages such as improving conservation, increasing energy efficiency (on average 75% more than conventional bulbs) and reducing maintenance expenses. The most significant projects in 2019 were the following:

- In the United States, Avangrid Foundation has sponsored lighting and restoration projects at the Barnum Museum Foundation (Connecticut), completing restoration stages IV and V. Another project was carried out in Wadsworth, with the lighting and restoration of monuments such as the statue of Nathan Hale, providing educational resources concerning the sculpture and its restoration process.
- Fundación Iberdrola México champions the MUNAL Programme to light halls in Mexico's National Museum of Art (MUNAL), improve energy efficiency and play a role in conserving its works of art.
- Fundación Iberdrola España has launched and completed major projects: lighting of Salamanca Cathedral, of the Fonseca School, of Ávila Cathedral and of the Grand Staircase of the General Navy Headquarters. Work continues on the projects of the Santiago Cathedral, the Palencia Cathedral, the CESEDEN façade, the Talavera de la Reina Basilica, the Supreme Court in Madrid, the Main Altarpiece of the Old Salamanca Cathedral, Valdepeñas Church and the Guadalupe Monastery.
- Through its lighting programme, Instituto Neoenergia carried out the lighting of the Façade of the Memorial Cámara Cascudo, in Natal, focusing on local development and sustainable tourism.

Also in Spain, the Iberdrola Museum Programme collaborates with the Restoration Workshops of the Prado Museum and the Bilbao Museum of Fine Arts for the conservation of paintings, sculptures and works of art on paper at their art galleries. The Bilbao Fine Arts Museum has also promoted the *Art to Touch* Programme for persons with disabilities, especially those who are visually handicapped.

The following projects have been completed within the exclusive scope of the Restoration Programme: Their Majesties' Retiring Room (Prado Museum), the Villamentero de Campos Altarpiece (Palencia), the Library of the San Millán de la Cogolla Monastery and the Salamanca University Chapel.

Another significant restoration initiative is the **Atlantic Romanesque Plan** involving church buildings in Spain and Portugal. Fundación Iberdrola España, together with the Ministry of Culture of Portugal and the Governing Council of Castile-Leon, carries out an ambitious restoration project of a set of Romanesque art monuments in both countries, which will affect 24 churches located in the north of Portugal and Salamanca and in Zamora, near the Duero and Támega rivers. Specifically, it will act on 13 temples in Portugal and 11 in Spain. The Plan also includes other activities supplementing strict measures regarding

heritage. These are educational, cultural and tourism projects with which the Plan builds a network of synergies and contributes to the achievement of a number of other aims, such as the implementation of R&D projects, the creation of networks for research and the exchange of experiences and the strengthening of a common European identity.

In the Exhibitions Programme, the most significant exhibition in 2019 was ***The Prado in the Streets***. This was an educational exhibition consisting of fifty actual-size photographic reproductions of the most emblematic paintings of the Prado Museum held in Elche, Éibar, Cartagena, Palencia, Jerez de la Frontera, Zamora and, currently, in Albacete. Other exhibitions were also held at the Sorolla Museum: *Sorolla Tireless Illustrator (Sorolla dibujante sin descanso)* and *Sorolla in small scale (Sorolla en pequeño formato)*. The Art and Culture Outreach Programme has the ScottishPower Foundation as a benchmark. The following initiatives were supported in 2019:

- *SEND a Message (Llangollen International Musical Eisteddfod)*, is based on previous work to promote art education, reduce inequality of opportunity and make Eisteddfod a truly inclusive event. This project will improve the skills and confidence of participants that face difficult circumstances and will result in the creation of a unique music and dance presentation that celebrates diversity. The project will also enhance the dimension of culture, beliefs and community commitment, and will promote respect and understanding.
- *The Takeover Team (The Customs House)*. Financing will make it possible to hold a festival of more than one week for young people to allow them to develop and demonstrate their corporate skills.

The projects implemented by Avangrid Foundation include the following: The *International Festival of Arts & Ideas* (Connecticut) aimed at creating and producing plays with a special focus on community and education, and the Rochester International Jazz Festival (New York), which is internationally acclaimed, attracts a large and diverse audience. Finally, through Barrington Stage Company (Massachusetts), Avangrid Foundation develops the *Playwright Mentoring* theatre programme, which offers teenagers at risk (13 to 19) a safe place where they can talk about the serious challenges in their daily life, using their own life stories as a basis for creating original plays. Also worth noting is Geva Theatre Center (New York), devoted to the creation and production of plays and the implementation of programmes and services aimed at outreach and education.

Cooperation and Solidarity Area

There were several partnerships with non-profit institutions, foundations and development agencies to promote social and humanitarian projects aimed at the most vulnerable persons and which contribute to

the achievement of specific aims of SDGs 1 (“No poverty”), 3 (“Good health and well-being”), 5 (“Gender equality”), 7 (“Affordable and clean energy”) and 10 (“Reducing inequality”), with an investment of 4.8 million euros.

Iberdrola’s foundations consolidate their *Social Programme* in order to contribute to improving the quality of life of the most underprivileged groups, with a special focus on infants, youth and women. The programme works with non-profit institutions devoted to eradicating child poverty, fostering education as a useful tool for youths, promoting the social inclusion of persons with disabilities and improving the quality of life of persons who are seriously ill and their families.

Spain:

In 2019, there were 60 alliances with non-profit social organisations and local institutions to promote 32 finalist projects, with a positive impact on 65,000 beneficiaries, and an investment in excess of one million euros, which has entailed the creation of one hundred direct jobs. The programme works along three lines of action, including the following partnerships:

Projects to eradicate child poverty

Fundación Balia por la Infancia	“Balia” classrooms for boys and girls at risk of social exclusion
Save the Children Foundation	Fight against child poverty and social and labour insertion focused children, teenagers and families at risk of social exclusion at the Save the Children intervention centre in Illescas.
Fundación ADSIS	Transition to adult life services
Fundación Aldaba - Proyecto Hombre (FAPH)	Forum Game: Learning and service programme to promote youth recreation
Asociación Ciudad Joven	School, leisure and free time for social inclusion of minors, children and teenagers in vulnerable situations
Candelita	Training and Employment
Fundación Altius Francisco de Vitoria	Youths in the kitchen. Social and occupational inclusion of 250 unemployed youths at risk of exclusion
Fundación Tomillo	Training in energy efficiency aimed at vulnerable youths as drivers of social change
Fundación Amigó	Living together: prevention of violence among teenagers and their families in Euskadi and Madrid
FUNDACIÓN ANAR	Intervention regarding minors who are victims of gender violence through the ANAR phone line
Fundación Ayuda en Acción	<i>Re-Ilumina</i> : equal opportunities for a quality education
Fundación Ilundain Haritz Berri	Bizi-Baso, the forest of life
Fundación Etorikintza	Integration and young enterprise
ASOCIACIÓN COLUMBARES	Comprehensive care for socially vulnerable minors

Projects focused on the autonomy of persons with disabilities:

Fundación Upacesur Atiende	Development of personal and psychosocial autonomy of children and young people with cerebral palsy through medical and functional rehabilitation
Asociación Síndrome de Down de Asturias	Labour training and integration project
Fundación Solidaridad del Henares Proyecto Hombre	Treatment and reinsertion programme for persons with alcohol addiction problems
Fundación Síndrome de Down de Madrid	Social entrepreneurship as a component of personal development and the occupational inclusion of youths.
Asociación El Despertar	We take care of you (<i>Te cuidamos</i>)
AMAMEC-Asociación de mujeres afectadas por el cáncer de mama de elche y comarca	Much to live for (<i>Mucho por vivir</i>): psychological, physical and social care
Asociación para a Atención e Integración de Personas con Discapacidad Intelectual-Autismo (AMICOS)	<i>Amigos</i> : training for people with disabilities
Asociación Promotora de Personas con Discapacidad Intelectual y del Desarrollo Adultas (ASPRODEMA)	Support resource centre building bridges with the community
ASOCIDE-Asociación de Sordociegos de España	Guides-interpreters for deaf and blind people: communication is possible
ANFAS-Asociación Navarra en favor de las Personas con discapacidad intelectual o del desarrollo	Implementation of the "Model focused on families and natural contexts" in the service of early attention (3-6)
GUERAK INKLUSIO FUNDAZIOA	New Steps: labour inclusion
ASIDO Cartagena	I want to live my own life (<i>Quiero vivir mi propia vida</i>)

Projects focused on the autonomy of seriously ill persons

Fundación Alcándara PH Salamanca	Therapeutic intervention for comorbidity, addictions and psychiatric disorders
ASPANION-Asociación de padres de niños con cáncer	Psycho-social and financial support for children with cancer and their families
Fundación Noray-Proyecto Hombre Alicante	Psycho-social and financial support in the treatment of persons affected by addictions
AECC-Asociación Española Contra el Cáncer	Emergency social support for families at risk of social exclusion due to oncological illness.
Fundación Menudos Corazones	Integration through leisure and free time programme for children, teenagers and young people with heart disease
Asociación Bizitegi	Temporary housing for homeless women

In the United Kingdom:

- **Bangor University:** The ReachingWider association focuses on higher education for vulnerable people in Wales. Its Bright Sparks initiative aims to encourage and inspire students and help them achieve their potential in the science, technology, engineering and mathematics (STEM) schools across the six regions in North Wales.
- **Adventure for All:** The Bendrigg Trust is an outdoor education centre working specifically for disabled people. Its goal is to help them integrate into society, achieve independence and become healthier through adventure activities and spending time away from home.

- **Theatr Clwyd Development Trust:** the “Crime Prevention Pathway” programme combines 3 different criminal justice educational programmes: “Justice in a Day”, “Connor’s Time” and “Junior Justice”. The programme uses professional actors to dramatise situations, to thus achieve greater realism and impact. Each project explores the typical areas of concern affecting young people in connection with the criminal justice system in an interactive manner. The entity has held “Junior Justice” workshops for more than 500 students and teachers in North Wales, from Wrexham to Caernarfon. Participants have described these workshops as highly interesting and motivational.

In the United States:

- **Operation Fuel:** Ensures that struggling families have access to year-round energy in more than one hundred towns across Connecticut. Local government and community-based organisations take part in this project. It includes other activities to guarantee basic needs such as distribution of food, clothes, etc.
- **RAINN – National Partner:** an initiative committed to protecting vulnerable persons, including victims of sexual violence. One of the most important social projects in the United States.
- **Habitat for Humanity – National Partner:** National partnership to support the construction of social housing as well as their owners, providing efficient and sustainable energy to the most needy communities.
- **Working Cities Challenge:** support for the most underprivileged persons.
- **National Building Museum – “Evicted” Exhibit**

Mexico:

- **Education with Energy:** training workshops for the most vulnerable children, teachers and heads of household to improve the quality of education. There were more than 45,000 beneficiaries in 2019, and more than 2,000 heads of household, teachers and students were educated.
- **Educational Infrastructure:** construction and equipping of suitable educational infrastructure spaces.
- **Social and Community Support:** support to public institutions and civil associations that have a positive impact on the local communities in which we have a presence.
- **Urological Brigades in the south southeast:** complex urological surgery brigades for low-income women in the state of Oaxaca. Collaboration event with the Oaxaca Health Secretariat, Highly Specialised Regional Hospital in Oaxaca and Fundación Miguel Litton. In 2019 there were:
 - 60 complex surgeries.
 - A lecture cycle and workshops for physicians, nurses and students.
 - 6 international scholarships in 5 years (3 months’ stay).

- **Lights of hope:** offer electrification solutions with solar energy to rural communities without access to electric power in Huasteca Potosina, San Luis Potosi. The following were achieved in phase 1 of this project:
 - Electrify 5 communities in Tamazunchale and San Martín Chalchicuautia.
 - 500 beneficiaries
 - Environmental education workshops in the electrified communities in alliance with ConcentrArte A.C.
- **Build to Educate:** alliance with Instituto de Energías Renovables of the Universidad Nacional Autónoma de México and with Universidad Tecnológica de los Valles Centrales de Oaxaca to motivate the women of Oaxaca to study technical careers and engineering.

Brazil:

- **DroPS:** the goal of DroPS is to present the social ecosystem for 50 ideas and projects with an impact and provide training on relevant matters for the maturing thereof.
- **Impactô:** the aim of the programme is to promote initiatives, projects and social businesses for the development of its management processes and to boost social impact through lectures and courses. The initiative is developed in an alliance with the Ekloos institute, an expert on the subject.

International Cooperation Programme for Human Development

The International Cooperation Programme addresses humanitarian crises and promotes multi-sector alliances in order to foster sustainable development and overcome situations of extreme poverty through the electrification of basic social infrastructures (schools, health centres and community areas, etc.), providing education and technical training components that will lead them to carry out productive and local development actions, with particular attention on the provision of help in emergency humanitarian crises.

The most significant alliances are:

- **Shire Alliance.** Access to energy for refugee population and host communities”, an alliance formed by the companies Iberdrola and Signify, Fundación acciona.org, Centro de Innovación en Tecnología para el Desarrollo Humano of the Technical University of Madrid (itdUPM) and Agencia Española de Cooperación internacional para el Desarrollo (AECID), in partnership with ACNUR, with a view to finding sustainable solutions for access to energy for the refugee or displaced population.
- In the United States, the company continues to work with the Red Cross (American Red Cross Disaster Relief) to help victims and contribute to reconstruction in the affected areas of Puerto Rico.

Iberdrola and the Global Compact

Iberdrola has been a member of the Global Compact since 2002, undertaking 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. 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. Sustainability Report* and its corporate website.

Since 2004, as a founding member, the company has belonged to the *Red Española del Pacto Mundial* (Spanish Global Compact Network), and has prepared progress reports on compliance with the principles of the Compact, which are publicly available both on the website of the *Red Española del Pacto Mundial* and on the UN Global Compact website

During 2019, Iberdrola took the following actions in connection with the Global Compact:

- Submission of the Progress Report 2019 on compliance with the principles of the Compact, rated at the highest level for this type of report (“GC Advanced”).
- Attendance at the 2019 General Assembly of the Red Española.
- Iberdrola participated with the Global Compact on numerous initiatives to promote and develop the SDGs, which can be seen in the “Iberdrola’s contribution to the SDGs” section of chapter I.
- Participation in the main proceedings of the United Nations Climate Action Summit in September 2019 in New York; worthy of note was our leadership in the area of mitigation of climate change.
- Within the framework of the Chile Climate Summit – COP25 – held in Madrid (Spain) in December 2019, Iberdrola promoted all climate action activities of the organization; particularly noteworthy was the collaboration within the framework of the *Moving for Climate NOW* initiative and participation in a high-level event (“High Level Meeting Caring for Climate”), with the presence of the UN Secretary General and world leaders of governments, companies and international organisations.
- The company was identified as a LEAD company for its high levels of commitment as Participants in the United Nations Global Compact.
- It also participates actively in the main platforms and initiatives at the global level, including: the climate action platform (“*Caring for Climate*”) (where Iberdrola has been the main partner since its inception), the “*Business Ambition for 1.5°C - Our Only Future*” declaration in support of a zero emissions goal by 2050, the SBTi (*Science Based Target initiative*), *CEO Water Mandate*, etc.

As mentioned above and shown both in these joint activities and in its daily work, Iberdrola has incorporated the SDGs within its business strategy and By-Laws and actively works with the Global Compact to contribute to the achievement thereof, within its scope of activities.

In 2020 Iberdrola will continue to actively participate in the activities of the Red Española del Pacto Mundial in a manner similar to the past years.

II.6. Promotion of Socially Responsible Practices in the Supply Chain

- Description of the supply chain
- Sustainable management of the supply chain



Priorities of the Sustainable Development Plan



Description of the supply chain

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The Iberdrola group's supply chain consists of two different processes:

- The procurement of material and equipment and the contracting of works and services is the responsibility of the group's Purchasing and Insurance Division.
- The procurement of fuel, handled by the Wholesale and Retail Business.

Both processes are guided by the same principles emanating from 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:



"Efficiency in costs, strategic alignment with the Iberdrola group and ethics guide our activity of purchasing, contracting and management of operational risks"

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 service providers and their auxiliary industries.

Iberdrola placed orders with approximately 22,000 suppliers during 2019. A breakdown of the economic and geographic volume is set out in the following table:

General supply of equipment, materials, works and services (€ millions)

	2019 ¹³²	2018	2017
Spain	1,815	1,564	1,406
United Kingdom	2,014	1,775	1,663
United States	2,583	1,945	2,467
Brazil	1,622	1,335	1,500
Mexico	510	957	902
IEI	173	177	676
Total	8,716	7,753	8,614

These figures were significantly affected in 2019 by the volumes invoiced by suppliers relating to offshore wind energy projects in the United Kingdom, onshore wind in the United States and photovoltaic solar in Spain.

Procurement of fuel

Iberdrola dedicated more than 3,200 million euros to the procurement of natural gas (including both natural gas and liquefied natural gas) and uranium in 2019. 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 10 large domestic and international suppliers and market operators (producers and traders). There were no purchases of coal during 2019, as the facilities are in the process of closure.

¹³² Volume billed during the financial year. Amount awarded in 2019: €12,823 M

With respect to gas procurement under long-term contracts, in June 2019 Iberdrola reached an agreement for the sale of its portfolio of long-term contracts for the supply of liquefied natural gas to the company Pavilion Energy, effective from 1 January 2020.

Procurement of fuel (millions of euros)

	2019	2018	2017
Coal	0	44	104
Natural Gas	3,210	3,249	3,274
Uranium	70	36	54
Coal	0	44	104

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:

204-1

Procurement or contracting of materials, equipment, works and services from local suppliers¹³³ (%)

	2019	2018	2017
Spain	79	85	88
United Kingdom	84	71	85
United States	98	97	98
Brazil	99	100	100
Mexico	76	69	60
IEI	50	65	76
Total	89	85	88

¹³³ 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.

Sustainable management of the supply chain

Contribution to SDGs of the performance described by the indicators of this section



102-9 GRI 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.

2019 has been a key year for the improvement and digitisation of Iberdrola's Purchasing Division. The transformation of the purchasing and supplier management platform has started, with significant changes: the technological change in the bidding tool to an SAP-ARIBA cloud solution and the design and launch of a new Supplier Management System through a new global platform.

The launch of this new platform will involve the gradual replacement of the Iberdrola group's previous supplier registration and classification systems in different geographical areas.

More information is available at <https://www.iberdrola.com/suppliers/tenders>

Factors evaluated for supplier classification

Iberdrola looks for sustainable, transparent, fair and ethical suppliers and providers. We therefore evaluate suppliers during the purchasing process in order to identify potential risk. We confirm that their modus operandi is aligned with the group's policies, principles and responsibilities.

The following factors are evaluated for supplier classification:

REQUIREMENTS

TO BE QUALIFIED AS A SUPPLIER

**SUPPLIER'S ACCEPTANCE OF THE CODE OF ETHICS**

This contains the ethical principles that they must accept before entering into their contractual relationship.

COMPLY WITH THE LEGISLATION OF EACH COUNTRY IN WHICH IT OPERATES

Compliance with the applicable legislation in each of the countries in which the Iberdrola Group carries out its activities.

**STABILITY**

Evidence of a stable financial situation, that there is no credit risk.

SUSTAINABILITY

Environmental performance. Human rights, ethics, SDGs, etc.

**THIRD PARTY LIABILITY**

For certain contracts, a third party liability insurance policy appropriate to the needs will be required.

New supplier sustainability evaluation model:

During 2019, the Purchasing Division designed, tested and launched a new supplier sustainability evaluation model to replace the previous *CSR Scoring* model.

This new model has been adapted to the international reality of the Iberdrola group and is organized based on three fundamental pillars of sustainability, which together comprise the acronym ESG: Environmental, Social and Governance.

The supplier evaluation is more detailed and demanding than in the previous scoring model, as it includes supplier performance in areas with a significant driving effect: identification of targets related to the Sustainable Development Goals (SDGs), management of climate change risks, circular economy strategy, human rights due diligence, etc.

The supplier must provide supporting evidence and documentation for its statements and performance.

The model has been agreed upon with internal stakeholders: Social Responsibility, Compliance, Sustainability and Environment Divisions, as well as having been validated by Forética, a specialist external entity with expertise in the area.

The following information is assessed as part of the three dimensions analysed:



Following the analysis, suppliers are classified within one of the following four levels:

Classification of suppliers based on ESG profile

Range 0:100	Level	Actions to be implemented
< 25 points	Low sustainability performance	Establishment of improvement and monitoring plan
25:50 points	Medium level, scope for improvement	Feedback to supplier with key points to be implemented
50:75 points	Medium-high level, above-average performance	Reinforcement measures
>75 points	Exceptional level, best practices	Reinforcement measures

The information required to classify suppliers representing over 5,000 million euros of purchases was gathered in the same year as the design, development and launch of the new model.

Improvement goals have been established throughout the Purchasing Division team for 2020 relating to the increase in purchases from analysed suppliers and the introduction and monitoring of improvement plans for suppliers obtaining scores of less than 35 points.

Consequently, the supplier is motivated to improve its profile by actions promoting excellence in business management, as well as the Purchasing Division being incentivised through quantifiable objectives to choose those companies showing good performance in social responsibility or making a commitment to improve.

There were 186 social audits of suppliers during the year. Suppliers with non-conformities in the process have a specific period within which to correct the deficiencies found. The goal of on-site audits is to be confident that the supplier has complied with all the requirements to be able to minimise risks in the areas of human resources, environment, quality assurance, occupational risks and corporate social responsibility.

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.

For this purpose, Iberdrola carries out an internal evaluation of its main fuel suppliers in accordance with economic, logistical, environmental and social standards. The following aspects are assessed: 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).

When establishing supply contracts, apart from agreeing on contractual elements that respect the law applicable in the countries involved in the transaction, Iberdrola negotiates the inclusion of clauses regarding social responsibility, and all contracts for imported coal and uranium currently have these types of clauses. The inclusion of these clauses will be negotiated for the new natural gas contracts.

Although it is not currently a member, until the end of 2018 Iberdrola belonged to the international BetterCoal platform, which includes some of the leading European coal-purchasing energy companies. The aim of this platform is to set a standard for ethical, environmental and social conduct; evaluate the conduct of producers through audits; create a database with the results of such evaluations; and improve producers' actions. It is important to note that in 2019 Iberdrola ceased to belong to the platform as it has no intention to remain in the coal market after the proposed closure of its last two coal-fired plants.

The company received no external complaints through authorised channels with respect to its supply chain during 2019, and it has not cancelled any supply contract or order upon grounds relating to human rights, corruption, labour practices or environmental practices.

Supplier environmental assessment

GRI 308 308-1 308-2

Alignment in Purchasing and in supplier management with respect for the environment and sustainability:

Internal Procurement Mechanisms		External Supplier 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	Code of Ethics	Includes environmental principles. Must be accepted by the Group's suppliers and is attached to orders and contracts
Supplier Registration and Classification	Environmental certification weighted in the overall assessment of the supplier. Must accept Iberdrola's Environmental Policy	Specific T&Cs	Environmental clauses that suppliers must comply with during the term of the contract
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.	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
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	Carbon Footprint Measurement	Regular supplier greenhouse gas measurement campaign
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.	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
Reporting	Contribution to Sustainability infographic and Annual Procurement and Supplier Management Report published on the corporate website	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 2019, purchases from suppliers with an environmental management system represented around 73% of all procurement orders issued (general suppliers). Fuel suppliers with an environmental management system represented 80% of those evaluated.

100% of suppliers (both new and existing) of general supplies and significant suppliers of fuel are evaluated according to environmental and sustainability criteria.

The main environmental risks are considered to be managed through the current management systems and periodic audits.

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 414 414-1 414-2 407-1 408-1 409-1

The contracting terms of the group for purchasing equipment, material, works and services, as well as the coal contracts, 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. In the case of other fuels, the company's goal is to include such clauses as it enters into the new contracts.

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.

100% of the suppliers of general supplies (both new and existing) and major suppliers of fuel (the majority under long-term contracts that are still in effect) are evaluated following such management approach, and their significant risks for labour practices and human rights in relation to their impacts on society are managed through the quality processes that have been implemented and through regular audits.

23% of general purchasing has been made in countries in which there might be a risk of human rights violations, according to the sources consulted. In 2019, the percentage with respect to fuel procurement was 53%. In addition, as described in the "Ethics and integrity" section of chapter II.7, the company believes that the calculation should exclude purchases of fuel in Mexico and Brazil because they are made in strongly regulated environments that require contracting with state-owned companies. Excluding both countries from the calculation, the percentage of fuel purchases in at-risk countries would decrease to 13%. The standards used to identify countries at risk are the same as those described in the "Protection of human rights" section of chapter II.5.

There was no identification in 2019 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.

Alignment in supplier management using human rights standards

Internal Mechanisms		External Supplier Mechanisms	
Purchasing Policy	Promote strict compliance by suppliers with contractual terms and conditions..., with special attention on the principles established in the Policy on Respect for Human Rights.	Code of Ethics (Suppliers' Clause)	LABOUR PRACTICES: respect the protection of internationally recognised fundamental human and workers' rights within their sphere of influence (forced labour, child labour, etc.)
Supplier Registration and Classification	Acceptance of Suppliers' Code of Ethics Weighting of status regarding CSR, labour practices and respect for human rights.	Specific T&Cs	Specific contract clauses relating to supplier social responsibility based on the UN Universal Declaration of Human Rights, the ILO Conventions and the principles of the Global Compact
Sanction List Screening	Blocking and remediation plan if a supplier has been sanctioned or there are indications of human rights violations in their activities	Stimulus Campaigns	As a business driver, suppliers are stimulated in areas of common interest as a vehicle to ensure reliable and responsible conduct throughout the supply chain
Annual Improvement Goals	Innovative aspect: annual improvement goals directly relating to supplier CSR improvement established for the Purchasing team and linked to variable remuneration	Modern Slavery Act (United Kingdom)	Classification protocols and audit of suppliers in accordance with contractual clauses in significant contracts
CSR Committee and Plan	The Purchasing Division is part of the group's CSR Committee: guidelines, established goals and related indicators	Sustainability Evaluation Model	Specific section to evaluate supplier performance in observing and respecting human rights
Transparency & Reporting	Purchasing indicator in at-risk countries <i>Contribution to Sustainability</i> infographic and <i>Annual Purchasing and Supplier Management Report</i> published on the corporate website	Supplier of the Year Award	Promoting supplier commitment and improvement and publicly recognising those whose performance stands out

Evaluation of supplier risks

Suppliers are considered a strategic stakeholder for the Iberdrola group and the Purchasing function designs, proposes and implements several policies and mechanisms to ensure transparent, comprehensive and responsible supply chain management and to mitigate risks:

- *Code of Ethics*: principles of conduct that bind the group in its relations with third parties and that contain specific principles of conduct for suppliers that match the principles and values of the group. The code is attached to orders and contracts.
- Purchasing policy and procedure: global framework for the control and management of risks and opportunities arising from purchasing.
- Purchasing terms and conditions. Contract clauses:
 - Require the parties to act within the most stringent levels of safety, occupational risk prevention and environmental protection.
 - They include specific clauses on supplier corporate social responsibility and respect for human rights.
 - They include the rejection of any fraudulent practice or corruption.

The purchasing process guarantees the evaluation of counterparty risks in decision-making during a bidding and tender process.

Evaluation of supplier risks, set out in the *Purchasing Policy*

Credit Risk “In significant Purchases or tenders, a **Supplier credit risk assessment** shall be required in order to ask for sufficient contractual guarantees to ensure obligations are met”.

Fraud Risk “Depending on the nature and amount of the object of the tender, a **Supplier fraud risk assessment** must be carried out, the result of which shall determine the level of approval required to start the relationship”.

Cybersecurity Risk “Processes shall be included to identify and establish **cybersecurity requirements** that would mitigate the risks associated with access by Suppliers and their potential subcontractors to information or to IT systems and services and communications of the group”.

CSR Risks “[...] priority will be given to those Suppliers that have **advanced management systems**, certified by a third party and, in particular: (i) Environmental Management System; Quality Management System; (iii) Occupational Risk Prevention System; (iv) Corporate Social Responsibility Action Plan; and (v) Internal Code of Ethics.

Risks relating to human resources “[...] Suppliers shall be requested to state in their bid the work they propose to subcontract, as well as the names of **potential subcontractors**, for purposes of analysis in the context of evaluating the bid”.

Tax Risk “No contract may be entered into with a supplier that is not current in the payment of its **tax obligations**, tax-related obligations or any other kind of obligations as a result of which the group might incur any secondary liability”.

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 2019 (TI CPI 2019)* as a source to classify countries according to their level of risk.

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 ¹³⁴	% of 2019 general supply purchases in countries on the CPI Index 2019
Purchasing in countries classified as low-risk	76.3
Purchasing in countries classified as medium-risk	0.3
Purchasing in countries classified as high-risk	23.4

Brazil and Mexico are the main countries classified as having a high risk of corruption by the aforementioned TI CPI 2019 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.

Iberdrola has not made any significant purchase of general supplies from suppliers located in tax havens.

Analysis 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 2019:

Corruption risk ¹³⁵	% provisions of fuel in 2019 in countries included in the CPI 2019 index
Provisions of fuel in countries classified as low-risk	46.1
Provisions of fuel in countries classified as medium-risk	0
Provisions of fuel in countries classified as high-risk	53.9

¹³⁴ 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).

¹³⁵ 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).

According to the aforementioned TI CPI 2019, 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 13%.

Transparency in the process of purchasing general supplies

In applying the company's policies, the Purchasing Division, within its area of responsibility, encourages equality of opportunity, applying standards of objectivity and impartiality in supplier relations, promoting publicity of and participation in selection processes, within management efficiency criteria.

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.

Dialogue with and satisfaction of suppliers

The purchasing division carries out a supplier satisfaction survey every two years. Its scope is global, with the participation of suppliers from all geographical areas.

Supplier satisfaction survey

	6th Survey (2018)	5th Survey (2016)	4th Survey (2014)	3rd Survey (2012)	2nd Survey (2009)	1st Survey (2007)
Rating (out of 10)	8.18	8.06	8.00	7.74	7.57	7.56

The 7th edition will be carried out in 2020 in order to compile supplier perceptions regarding relations with their contacts during the purchasing process, assessment of the tools supporting the process, how they rate the Iberdrola group and what being a supplier to the company represents.

Main initiatives with suppliers of materials, equipment, works and services during 2019

Supplier of the Year Awards 2019: Joined by our values

Five local events were held at each country subholding company in 2019.



Approximately 1,000 supplier representatives attended the five events.

An award for best CSR performance delivered at each of them.

In 2020, there will be a single Global Award for the Supplier of the Year.

More information is available in the [Joined by our values](#) section of the website.

A journey through human rights and your business

Human rights are relevant to businesses because they can have an impact on the human rights of all their Stakeholders during the course of their operations. Iberdrola provides an online awareness module on human rights, which is accessible to all suppliers.

More information is available in the [Human rights and business](#) section on the corporate website.

Supplier diversity

Avangrid has a Supplier Diversity Program, which establishes a commitment to include the following within the supplier network and increase purchasing therefrom:

- Minority-Owned Business Enterprises (MBE)
- Women-Owned Business Enterprises (WBE)
- Lesbian, Gay, Bisexual and/or Transgender-Owned Business Enterprises (LGBTBE)
- Veteran-Owned Business Enterprises (VET)
- Service-Disabled Veteran-Owned Business Enterprises (SDVET)
- Small Disadvantaged Businesses (SDB)
- Historically Underutilized Business Zone Enterprises (HUBZone)

There was approximately 93 million euros of contracting volume with these groups in 2019.

During 2019, the contracting volume with Special Employment Centres in Spain (in order to assist and work with persons with disabilities) totalled 2.3 million euros.

Transparency and reporting

Further information on Iberdrola's relations with and management of its suppliers can be found in the [Purchasing and Supplier Management Activities Report](#) and in the [Contribution to Sustainability](#) section of the corporate website.

II.7. Good Governance, Transparency and Stakeholder Engagement

- Corporate Governance
- Stakeholder engagement
- Ethics and integrity
- Fiscal responsibility
- Anti-competitive behaviour
- Public policy
- Cybersecurity and information privacy
- Socioeconomic compliance



Priorities of the Sustainable Development Plan



Corporate governance

Contribution to SDGs of the performance described by the indicators of this section



Iberdrola's Corporate Governance System, described in chapter I.1, is inspired by and based on the commitment to ethics, transparency and the application of best international practices on good governance. As a result of the company's focus on the concept of the social dividend, in 2019 reforms were made to the System in order to deepen the integration of the Sustainable Development Goals therein.

The following keys define the vision of the company's future, its international scope and the establishment of channels of participation and relations with shareholders:



An independent and plural Board of Directors

The Board of Directors focuses its activities on the supervision of the general guidelines and the strategy of the group, as well as on the establishment of its corporate policies.

71% of the directors are independent. Women represent 43% of the members of the Board of Directors and hold positions of the highest significance, including the vice chairmanship of the Board and the chairmanship of two consultative committees.

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](#) for financial year 2019. This report describes issues of crucial interest dealt with during the year.

Selection and appointment of the members of the highest governance body

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 such end, the Board of Directors has approved a [Board of Directors Diversity and Member Selection Policy](#), which 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 [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 requirements that the candidates must fulfil. For such purpose, the Committee will review the structure of each body on a regular basis, including when vacancies occur within such bodies. Furthermore, 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, while at the same time endeavouring to ensure gender diversity in the composition of the Board of Directors.

The members of the Board of Directors must be irreproachable professionals, whose professional conduct and background is 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 a diverse and balanced composition of the Board of Directors as a whole is achieved, such that decision-making is enriched and multiple viewpoints are contributed to the discussion of the matters within its power. To this end, the selection process shall promote a search for candidates with knowledge and experience in the main countries and sectors in which the group does or will do business. 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

102-27 102-21

The Company has a programme to provide directors with information and updates in response to the need for professionalisation, diversification and qualification of the Board of Directors.

A Board of Directors under constant renewal, adjusting to the needs of the businesses and markets in which the group operates.

Therefore, the directors receive training regarding significant issues relating to the group and its Businesses, as well as the environment in which it operates, presentations are made to the directors regarding the businesses of the group, 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 dedicated to training).

This website also facilitates the performance of the directors' duties and the exercise of their right to information, incorporating information deemed appropriate to prepare for meetings of the Board of Directors and the committees thereof based on the agenda, as well as the 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.

During financial year 2019, the directors' website was also used to provide the directors with various training sessions deemed to be of interest for the performance of their duties:

- Analysis of the results of the Katowice Climate Change Conference (COP 24) within the framework of the Climate Agenda 2018.
- Directive (EU) 2017/828 of the European Parliament and of the Council of 17 May 2017 as regards the encouragement of long-term shareholder engagement in the area of listed companies.
- Impact of Spanish taxation of the exit of the United Kingdom from the European Union.
- Respect for human rights within the Iberdrola group and its contribution to the Sustainable Development Goals (SDGs).
- Business secrets law.
- Recharging of electric vehicles.
- Climate commitments in the area of adaptation and mitigation.
- Reform of the Corporate Governance Code for private companies in the United Kingdom.

For their part, the consultative committees have developed their own on-site training programmes during the year.

- *Trends and Best Practices in Remuneration Transparency.*
- *CNMV Technical Guide on Nominating and Remuneration Committees.*
- *International Recommendations on Director Remuneration*
- *Remuneration of directors of non-listed companies after the Supreme Court decision of 26 February 2018.*

A Board of Directors made up of 14 directors with a diversity of nationalities and professional profiles

Evaluating the highest governance body's performance

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 of financial year 2019, 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.

Identifying and managing economic, environmental and social impacts

102-29 102-31

The Board of Directors of Iberdrola, S.A. is structured as described in chapter I.1, and is supported by the consultative committees thereof in its work of supervising the management of the economic, social and environmental performance of the company. 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* for financial year 2019, available on the corporate website.

The *Sustainable Development Committee* has supervised the company's conduct in the area of sustainability, corporate reputation, corporate governance and compliance. The director of the Compliance Unit has appeared on a recurring basis. The secretary of the Board of Directors, the director of Legal Services and the heads of the following areas have also been invited to make presentations at certain meetings:

- Innovation, Sustainability and Quality
- Energy policies, risks and opportunities deriving from Climate Change
- Human Resources and General Services
- Investor Relations and Communication
- Corporate Social Responsibility and Reputation
- Stakeholders
- Corporate Governance

Finally, the director of Fundación Iberdrola España also appeared at a meeting of this Committee.

Remuneration policies

102-35 102-36

The current [Director Remuneration Policy](#) for the years 2018, 2019 and 2020 was approved by the shareholders at the General Shareholders' Meeting held on 13 April 2018.

As provided in the [By-Laws](#) and the [Regulations of the Board of Directors](#) of Iberdrola, S.A., 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 of Iberdrola or of options thereon or which is indexed to the price of the shares of Iberdrola, which must be submitted to the shareholders for approval at the General Shareholders' Meeting. The [Remuneration Committee](#) is a consultative committee chaired by and made up mostly of independent directors.

The Remuneration Committee is responsible for evaluating the level of attainment of the targets to which variable annual and multi-annual remuneration is linked and for submitting it to the Board of Directors for approval. To such end, in financial year 2019 it drew on the advisory services of *PricewaterhouseCoopers Asesores de Negocio, S.L.*

Section C.1.20 of the *Annual Corporate Governance Report* for financial year 2019 describes the business relations of the Company with this entity during the financial year.

Pursuant to the *By-Laws* and the [Director Remuneration Policy](#), the limit to the amounts that Iberdrola, S.A. may annually allocate to the directors each year as an expense, including, in the case of executive directors, remuneration payable for performing executive duties, as well as the funding of a reserve to meet the liabilities assumed by the company in connection with pensions, payment of life insurance

premiums and payment of severance to former and current directors, is 2% of the consolidated group's profit for the financial year, after allocations to cover the legal and other mandatory reserves and after declaring a dividend to the shareholders equivalent to at least 4% of the share capital. As stated, for the purpose of establishing such limit, the quoted price of shares or options thereon or remuneration indexed to the listing price of the shares shall not be calculated, which remuneration shall in all cases require the separate approval of the shareholders at a General Shareholders' Meeting.

The *Director Remuneration Policy* implements, among other things, the structure of the remuneration of the directors for their activities as such and the structure of the executive directors' remuneration for the performance of their executive duties, based on a series of parameters that are in line with the standard remuneration of comparable companies. Said reference parameters are contained in the current Director Remuneration Policy and cover economic/financial, operational and sustainability aspects. Each Annual Remuneration Report specifies the objectives to which the annual variable remuneration of executive directors is tied. For its part, the Board of Directors has proposed to the shareholders at the 2020 General Shareholders' Meeting to be held on 2 April 2020 a new long-term remuneration plan (Strategic Bonus 2020-2022) linked to both economic/financial performance (changes in Net Profit, Financial Strength and Shareholder Return) and contribution to the UN 2030 Agenda and the Sustainable Development Goals (SDGs). In relation to this last item, these are objectives referring to the fight against climate change, the drive for sustainability in the supply chain and the wage and salaries equality among men and women, which contribute to SDGs 3, 5, 6, 7, 13, 14 and 15.

It should be noted that the annual variable remuneration of the Iberdrola group's management team takes into account parameters linked to financial and sustainability aspects.

Stakeholders' engagement in remuneration

102-37

The *Director Remuneration Report* for financial year 2018 was submitted to a consultative vote of the shareholders at the General Shareholders' Meeting held on 29 March 2019, which had a quorum of 74.12%, and was approved with the favourable vote of 93% of the shares represented in person and by proxy.

The *Annual Director Remuneration Report* for financial year 2019 will be submitted to a consultative vote of the shareholders at the General Shareholders' Meeting called to be held on 2 April 2020.

Annual total compensation ratio and annual total compensation percentage increase ratio

102-38 102-39

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, and the remuneration ratios are set forth in the table below.

Country ¹³⁶	Highest level of remuneration	Annual total compensation ratio ¹³⁷ (102-38)			Percentage increase in annual total compensation ratio ¹³⁵ (102-39)		
		2019	2018	2017	2019	2018	2017
Spain	Director	21.75	20.42	21.08	1.72	-0.41	-1.15
United Kingdom	CEO	19.04	15.73 ¹³⁸	12.09	3.39	1.28 ¹³⁶	1.6
United States	CEO	18.95	23.67	22.22	-3.02	0.89	4.54
Brazil	Director	14.72	21.54	22.43	-1.40	0.53	N/A
Mexico	Director	7.12	6.32	7.63	1.28	0.19	1.48

¹³⁶ Country composition:

Spain: Iberdrola, S.A.; Iberdrola España; Iberdrola Energía Internacional (Spain).

United Kingdom: ScottishPower.

United States: Avangrid, Inc.

Brazil: Neoenergia.

Mexico: Iberdrola Mexico.

¹³⁷ Annual total compensation includes fixed salary, cash salary supplements and variable remuneration. Does not include long-term incentives or benefits.

¹³⁸ Data recalculated with respect to the data published in 2018.

Shareholder engagement

Iberdrola is a pioneer in defining one of the fundamental pillars of its corporate governance strategy to be the engagement of its shareholders, with the [General Shareholders' Meeting](#) being their main channel for participation in corporate life.

The idea is to thus allow the Board of Directors to become acquainted with the opinions and concerns of the shareholders and to keep them in mind when establishing the agenda, drawing up proposed resolutions and deciding on other aspects relating to the holding of the General Shareholders' Meeting.

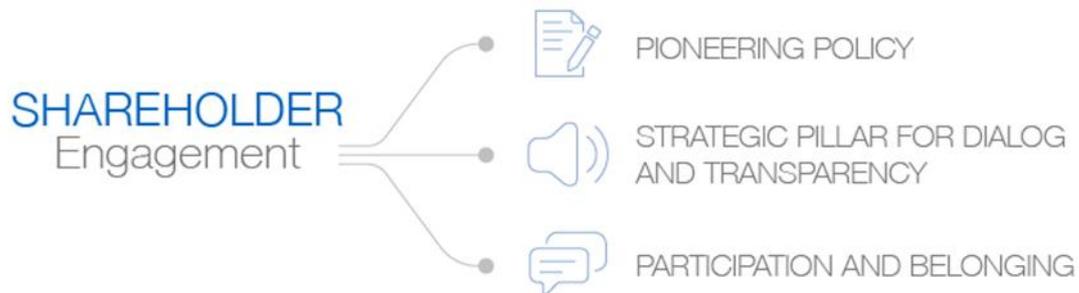
The Board of Directors also actively promotes the informed participation of the shareholders at the General Meeting. On the one hand, all of the [documents for the General Shareholders' Meeting](#) are published on the corporate website in both Spanish and English, as well as in a format accessible by persons with visual limitations, including a [Shareholder's Guide](#) that describes all of the facilities offered by the Company to attend, grant a proxy or cast an absentee vote. For the call to the 2020 General Meeting, this guide will be transformed into an AI-based virtual guide or assistant that is programmed to respond to questions, facilitate the download of documentation and open any software application relating to the General Meeting. On the other, certain *Implementing Rules for the General Shareholders' Meeting* are approved for each Meeting incorporating the latest technological advances in electronic participation, always in accordance with the guarantees required by law and by the Corporate Governance System. Along these lines, apart from the traditional forms of participation, in person, by post or through the shareholder service desks, which Iberdrola continues to offer to its shareholders in order for them to have all of the alternatives for participating in the General Meeting, shareholders can also give their proxy and cast an absentee vote electronically (from any device with access to the internet) and by phone (introduced in 2018). For the first time, shareholders attending the General Meeting held on 29 March 2019 registered on the list of attendees using an auto check-in system, scanning their national identity document at digital kiosks installed at the entrance, which considerably sped up the authentication process.

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.

Other proactive actions are also carried out to foster the maximum possible participation of the shareholders. 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) **Shareholders' Office.** From the call to the General Shareholders' Meeting through the end thereof, the shareholders can rely on the support of the Shareholders' Office (*Oficina del Accionista*), which has a specific site for such purpose at the premises of the meeting in order to resolve any issues that the attendees may raise prior to the commencement of the meeting, as well as to serve and provide information to the shareholders who wish to use the floor.
- b) Furthermore, the Shareholders' Office 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.
- c) **Shareholders' Club.** This is an open and permanent participation channel between the company and the financial community and shareholders who voluntarily join such Club and are interested in monitoring the evolution of the company on an ongoing basis.
- d) **Investor Relations Office.** This responds on a regular and personalised basis to the questions of analysts and institutional and qualified investors in equities, fixed-income securities and socially responsible investments.
- e) **Interactive OLS - On-Line Shareholders** system. Activated on the corporate website, it has an interactive system that allows shareholders (who can access the system with their user name and password) to ask questions of interest either publicly or confidentially, access frequently asked questions regarding various topics, and, with respect to the General Shareholders' Meeting, request information or clarifications or ask questions regarding the items on the agenda, as well as to view the live proceedings.
- f) **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 Communication Division. Long-term engagement plans are also developed with those shareholders who express their intention to have a stable and continuous presence in the company's shareholder base, and appropriate mechanisms for dialogue may be established regarding the performance of the company.
- g) Last, the Corporate Governance System makes provision for the ability of the Board of Directors or its chairman & CEO to empower the lead independent director or other directors to engage in dialogue with specific shareholders on certain issues relating to the corporate governance of the company.

In this section, it is noteworthy that in 2019 Iberdrola updated its *Shareholder Engagement Policy* in order to establish a permanent dialogue with its shareholders, and its *Stakeholder Relations Policy* in order to promote a framework of relationships that favours the inclusion of Stakeholders in the Businesses and activities of the group.



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.

Iberdrola's General Shareholders' Meeting, a sustainable event

Iberdrola was the first Ibex-35 company to certify its General Shareholders' Meeting as a sustainable event (2016), and in 2019 was the first to renew this certificate in accordance with the international ISO 20121 standard. This means that all the processes of the General Shareholders' Meeting (from its planning to its subsequent holding) follow criteria of sustainability, inclusivity and accessibility, with the final goal of optimising Iberdrola's contribution to the local economy, to improving the environment and to its social commitments. New improvements were proposed for the 2019 General Shareholders' Meeting and the more than 70 initiatives already launched were maintained to promote the sustainability of the event, including:

- Hiring of local suppliers.
- Hiring of persons in vulnerable situations.
- Measures aimed at improving energy efficiency.
- Advancement of sustainable transport.
- Actions to guarantee accessibility for groups with different abilities.
- Use of recyclable and reusable materials.
- Collaboration with local NGOs.
- Childcare service as a measure to promote work-life balance.

It should be noted that once again in 2019 Iberdrola has received the "Erronka Garbia" environmental certificate in acknowledgement of best environmental practices in the organisation of its Shareholders' Meeting.

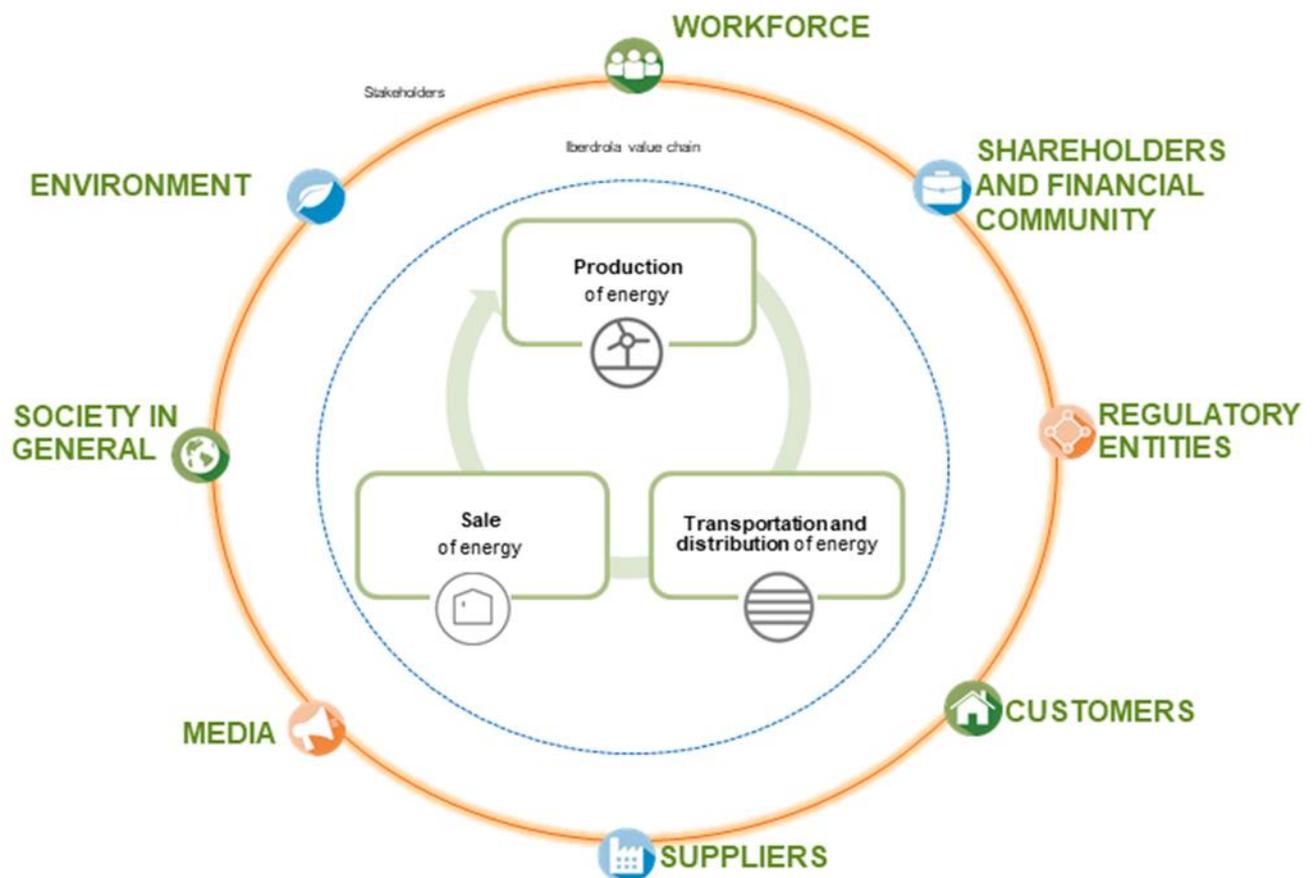
SUSTAINABLE EVENT



Stakeholder engagement

Iberdrola's *Stakeholder Relations Policy* (approved by the Board of Directors in February 2015 and updated in February 2019) explicitly states that the company believes "that its relations with those groups that may influence or that are affected by the decisions or the value of the Company and the group are significant". 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:

102-40



The initial identification and selection of the Stakeholders of Iberdrola was carried out through processes of internal reflection conducted by the management team. Subsequently, in 2015, the *Stakeholder Relations Policy* ratified the Stakeholder categories described in the preceding section.

102-42

On this basis, for the proper management of each of the Stakeholders, the various areas and businesses identify different Sub-Stakeholders that they deem relevant for more specific treatment.

Approach to Stakeholder engagement

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 sense of belonging to Iberdrola.

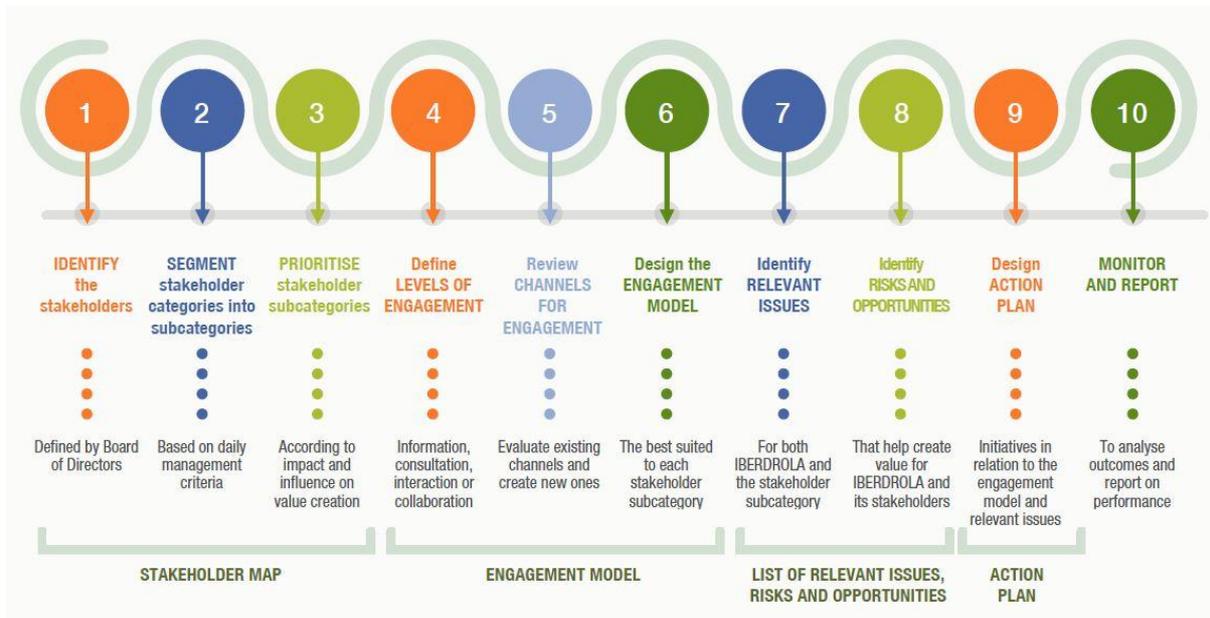
The By-Laws themselves include a specific article dedicated to Stakeholder relations, establishing the principles and objectives that govern these relations.

Iberdrola has decisively driven compliance with its *Stakeholder Relations Policy* (mentioned above), through a Global Stakeholder Engagement Model based on the AA1000 Stakeholder Engagement Standard (AA1000SES) 2015 standard and in its three requirements of inclusiveness, materiality and responsiveness¹³⁹.



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. It constitutes a process of continuous improvement in and of itself, as shown below:

¹³⁹ Iberdrola has been continuously applying Assurance Standard AA1000 for the last thirteen years. In 2016 Iberdrola's Operating Committee approved a new *Global Stakeholder Engagement Model* (referred to in this report) that was digitised in 2019.



This process is implemented in the management of Iberdrola’s eight Stakeholder groups in the five main countries and at most of the Wholesale and Renewables facilities, as well as in the various geographic areas of the Networks business.

Relationship channels and significant issues

102-44

Iberdrola keeps the relationship channels¹⁴⁰ with its Stakeholder groups 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.

Set out below is a summary of the most important Stakeholder relationship channels and the main global issues detected in 2019:

¹⁴⁰ 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 Relations Policy*”.



WORKFORCE

RELATIONSHIP CHANNELS

- ✓ Telephone, mail, web (intranet), meetings
- ✓ Events, surveys, bulletins, newsletter, information screens, posters
- ✓ Commissions, committees
- ✓ Volunteer Channel and Unique Employment Channel
- ✓ Ethics mailbox

SIGNIFICANT ISSUES

- ✓ Management and retention of talent (career plan, training, quality and maintenance of employment)
- ✓ Values of the Company and behavioural principles
- ✓ Occupational risk prevention and health and safety training
- ✓ Employee benefits and pension plans



DISTRIBUTION CUSTOMERS

RELATIONSHIP CHANNELS

- ✓ Telephone, mail, customer website, meetings
- ✓ Satisfaction surveys
- ✓ Claims systems, awareness-raising campaigns
- ✓ Social media, mobile (apps, chat, etc.)

SIGNIFICANT ISSUES

- ✓ Communication during supply incidents
- ✓ Complaint management
- ✓ Service quality



SHAREHOLDERS AND FINANCIAL COMMUNITY

RELATIONSHIP CHANNELS

- ✓ Telephone, post, email inbox, shareholders' website, meetings and exclusive OLS channel.
- ✓ General Shareholders' Meeting, Shareholders' Club, Shareholders' Bulletin
- ✓ Road shows, Capital Markets Day, Investor Relations App, Corporate reports
- ✓ Shareholders' Ethics Mailbox

SIGNIFICANT ISSUES

- ✓ Economic and ESG performance of the Company
- ✓ Strategy and future plans
- ✓ Political and regulatory situation in the markets in which Iberdrola is present
- ✓ Share price and dividends
- ✓ Sustainable financing



RETAIL CUSTOMERS

RELATIONSHIP CHANNELS

- ✓ Telephone, mail, customer website, meetings and visits
- ✓ Satisfaction surveys
- ✓ Customer service desks, pop-ups
- ✓ Social media, mobile (apps, chat, etc.)

SIGNIFICANT ISSUES

- ✓ Overall customer experience: channels, service, product offerings and complaints
- ✓ Optimisation of power and consumption and impact on billing
- ✓ Service quality
- ✓ Smart products: Green recharge, Smart Solar
- ✓ Vulnerable customers



REGULATORY ENTITIES

RELATIONSHIP CHANNELS

- ✓ Telephone, mail, letters, corporate website, meetings
- ✓ Workshops, events, debates
- ✓ Queries, procedures, information capsules

SIGNIFICANT ISSUES

- ✓ Transition to an economy neutral in emissions (decarbonisation of the electric industry, electrification, energy efficiency, etc.)
- ✓ Present and future regulatory framework of the energy sector
- ✓ Remuneration to the businesses



MEDIA

RELATIONSHIP CHANNELS

- ✓ Telephone, mail, corporate website, meetings
- ✓ Press releases
- ✓ Events, visits to facilities
- ✓ Social media

SIGNIFICANT ISSUES

- ✓ Financial results and company strategy
- ✓ Operational and corporate governance performance and social impact of the activity
- ✓ Present and future industry regulation



SUPPLIERS

RELATIONSHIP CHANNELS

- ✓ Registry and classification of suppliers, Supplier of the Year Award, Satisfaction Survey, stimulus campaigns
- ✓ Bidding software system and Supplier Service Centre
- ✓ Telephone, mail, supplier website, meetings
- ✓ Suppliers' ethics mailboxes

SIGNIFICANT ISSUES

- ✓ Digital transformation: New IT tools in Purchasing
- ✓ Iberdrola's role in the supply chain (ethics and CSR, stimulus campaigns, fostering of innovation)
- ✓ Regulatory measures in each country
- ✓ Commercial relations with suppliers (communication of strategy, award standards, contracting terms, payments and billing)



SOCIETY IN GENERAL

RELATIONSHIP CHANNELS

- ✓ Telephone, mail, corporate website, meetings
- ✓ Partnership agreements
- ✓ Reports, events, working groups, visits to projects
- ✓ Social media, digital media and blogs
- ✓ Stakeholders Panel

SIGNIFICANT ISSUES

- ✓ Iberdrola engagement in the development of the communities in which it is present (investment, innovation, collaboration programmes and social projects)
- ✓ Relationship and contribution of the company in institutions and other representatives of society
- ✓ Awareness-raising, disclosure and training on specific industry issues and other issues of social interest
- ✓ Engagement of Stakeholders in operations.
- ✓ Gender and age diversity



ENVIRONMENT

RELATIONSHIP CHANNELS

- ✓ Telephone, audio conferences, mail, corporate website, meetings, reports
- ✓ Sustainability surveys
- ✓ Inspections, audits
- ✓ Alliances, collaborations, events, conferences, roadshows

SIGNIFICANT ISSUES

- ✓ Environmental performance of the company and its facilities (environmental investments, biodiversity, environmental footprint, circular economy and water management)
- ✓ Climate change and energy transition
- ✓ Report and transparency of non-financial information (sustainability indexes and Sustainable Development Goals)

Iberdrola's Wholesale, Networks and Renewables facilities mainly manage three Stakeholder groups: Regulatory entities, Society and Environmental¹⁴¹. 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.

Iberdrola's response to all of these significant issues is set out not only in the various indicators of this *Statement of Non-Financial Information. Sustainability Report*, but also in the *Integrated Report* and in the various specific reports, including: *Annual Financial Report*; *Annual Corporate Governance Report*; *Shareholder Engagement Report*; *Report on Procurement Activities and Supplier Management and the Contribution thereof to the Group's Sustainability*; *Innovation Report*; *Corporate Footprint Report*; *Biodiversity Report*; and Sustainability Balance Sheet. Likewise, the [corporate website](#) and the websites of the businesses and the foundations contain information in this regard.

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. Such review is completed with that made through indirect sources, such as the *Dow Jones Sustainability Index*, 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 decisions¹⁴².

¹⁴¹ In the case of the cogeneration plants, the main Stakeholder group is 'Customers', for whom the most significant issue is compliance with contracts.

¹⁴² 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.

Drive towards direct dialogue with Stakeholders

In 2019 Iberdrola created a **Stakeholder CSR Panel** made up of 10 outside panelists (50% women and 50% men), all of whom are major opinion leaders in this field. The objective of the panel is to know the opinion of CSR experts, global trends and significant issues relating to the Social Responsibility of companies, to use as a benchmark for guidance when Iberdrola designs strategies and makes decisions in this area. The panelists speak with 10 executives of Iberdrola most related to CSR (7 corporate executives and 3 from the businesses).

External panelists:

(In alphabetical order)

- Ángel Alloza, CEO and General Secretary of Fundación Corporate Excellence - Centre for Reputation Leadership.
- Carmen Alsina, head of Communication, Institutional Relations and Sustainability of CEOE.
- Alberto Andreu, Associate Professor of the School of Economics and Business Administration of Universidad de Navarra.
- Marta Colomina, Managing Director of Fundación PwC.
- Joan Fontrodona, professor and director of the Business Ethics Department of IESE. Holder of the CaixaBank Chair of Corporate Social Responsibility and director of the Center for Business in Society.
- María José Gálvez, Vice President of Spainsif and Director of Sustainability at Bankia.
- Germán Granda, General Manager of Forética.
- Carlos Mataix, Director of the Innovation and Technology for Development Centre at the Technical University of Madrid (itdUPM).
- Cristina Sánchez, Executive Director of Red Española Pacto Mundial (Spanish Global Compact Network).
- Elena Valderrábano, President of the Asociación Española de Directivos de Responsabilidad Social (DIRSE) and Global Director of Corporate Ethics and Sustainability at Telefónica.

To ensure the independence of the Panel, it is galvanised by Jaime Silos, Director of Corporate Development of Forética a leading organisation in Europe on CSR and the representative in Spain of CSR Europe and of the World Business Council for Sustainable Development (WBCSD).

Ethics and integrity

Contribution to SDGs of the performance described by the indicators of this section



GRI 205

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The Iberdrola group's compliance system

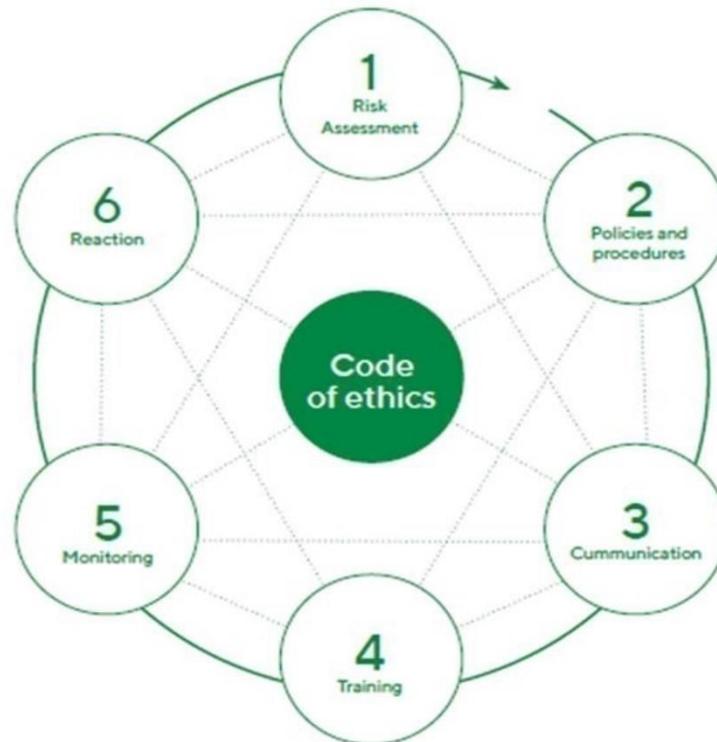
The *General Compliance System Framework of the Iberdrola group* establishes the foundations for the operation of this system following best domestic and international practices in the area of compliance, fraud prevention and the fight against corruption.

The group's compliance system is defined as a set of substantive rules, formal procedures and material actions intended to prevent, avoid and mitigate the risk of conduct that is improper or contrary to ethics or the law that may be committed by professionals of Iberdrola within the organisation, and to ensure that the conduct is in accordance with ethical principles and applicable law (the "**Compliance System**"). The bodies and divisions directly entrusted with the implementation and further development thereof also form part of this Compliance System.

Iberdrola has created a Compliance Unit (the "**Unit**"), a collective, internal and permanent body linked to the Sustainable Development Committee of the Company's Board of Directors. There is also a compliance division linked to the Audit and Compliance Committees at each subholding company and/or head of business company. The duties of all of them include promoting a culture of ethical behaviour and zero tolerance for fraud and the commission of unlawful acts, as well as management of the Compliance System.

The Unit has powers related to the *Code of Ethics*, the *Anti-Corruption and Anti-Fraud Policy*, the *Crime Prevention Policy*, the *Internal Regulations for Conduct in the Securities Markets*, legal provisions regarding the separation of activities, and all other powers that may be entrusted thereto by the Sustainable Development Committee or the Board of Directors of the company or that are established in Iberdrola's Corporate Governance System.

Within this context, the Code of Ethics is the “cornerstone” on which the Compliance System is based and permanently functions as an element “inspiring” the other elements of the System, as described in the following chart:



1.- Evaluation of risks

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One of the main elements of the Compliance System is the regular and continuous identification and evaluation of compliance-related risks in each of the corporate areas and functions and in the businesses of the group. The purpose of this evaluation is to be able to establish the measures required to neutralise or mitigate them based on the probability thereof and the seriousness of the consequences thereof. Various areas in which this risk evaluation occurs are described below.

Crime prevention programmes

Within the framework of the Compliance System, various activities are carried out to encourage the organisation to act in accordance with the most stringent ethical standards and in accordance with applicable laws and regulations. To further develop the *Crime Prevention Policy*, the companies of the group have implemented a set of measures making up the *Crime Prevention Programme*. This programme is directed towards the prevention and detection of and reaction to possible crimes and other frauds, administrative infractions and serious irregularities, 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.

The criminal risk evaluation process follows the methodology described below:

- Meetings are held with the heads of the various areas (corporate and business) of each company in order to analyse the specific activities they perform within their area of responsibility.
- Based on the activities performed by each area, conduct that might entail the risk of committing a crime is identified.
- The risks identified are classified based on the probability of occurrence thereof and are included in a criminal risk map that reflects the divisions, departments or areas of activity within each company where there is a risk of the commission of each crime.
- For each of the crimes, there is an identification of the controls applicable to the various areas that allow for the limitation, prevention and mitigation of each of the criminal risks identified; and in those cases in which an insufficiency is observed, the specific measure necessary to strengthen prevention is adopted, e.g. implementing additional controls or modifying existing ones.
- A control map is thus developed assigning each of the controls to the crime or crimes it is intended to avoid, and identifies a person responsible for each control, who must ensure the proper operation thereof with a predetermined frequency. The person responsible for each control has the powers, experience, training and authority level appropriate for supervision of the effectiveness thereof.
- The persons responsible for the controls issue annual certifications regarding the appropriate operation thereof.

Money laundering

Although Iberdrola, S.A., Iberdrola España, S.A.U 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**”), this risk 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 related to these crimes include i) the *Code of Ethics* itself, 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 number of specific controls for these types of crimes that have also been identified in the aforementioned Programme.

However, due to the nature of its activities, Iberdrola Inmobiliaria, S.A.U. is subject to the Money Laundering Act. Therefore, this company, in addition to having the preventive controls mentioned above, has specific additional controls mainly intended to prevent these types of crimes. By way of example, the company has rules like the *Procedure to Prevent Money-Laundering and Terrorist Financing* and *Contract Approval Countersigning*, the *Contract Approval Endorsements*, the *Leased Assets Billing Procedure* and control of *Payment Order Validation*.

2.- Policies and protocols

Once the risks are identified and duly evaluated, the company must approve the required internal rules (policies, protocols or procedures) to which decisions and activities will be subject in order to prevent and mitigate said risks.

Along these lines, the Iberdrola group has approved (as an integral part of its Corporate Governance System) a number of general internal policies and rules in the compliance area mainly intended to serve as a guide for the conduct of its professionals in a global, complex and changing environment. This general rulemaking includes the *Code of Ethics*, the *Crime Prevention Policy* and the *Anti-Corruption and Anti-Fraud Policy*, which have been approved by the Company's Board of Directors and are called upon to further develop the *Purpose and values of the Iberdrola group*.

Apart from the higher-level rules mentioned above, the Unit in the exercise of its powers approves procedures and protocols in the compliance area required for the further development thereof. These lower-level rules attempt to regulate and mitigate certain specific identified risks and must in any case be in consistent with the provisions of the Corporate Governance System.

In particular, in the area of the fight against corruption, specific rules have been developed pursuant to which there is an analysis and evaluation of the risk of fraud and corruption of the third parties with which Iberdrola is related. In this context, they include:

- 1) **Third parties generally.** The *Protocol for Management of the Risk of Third-Party Fraud and Corruption* is configured as a rule specifically intended to prevent the risks of fraud and corruption arising from the relationship of the companies of the group with any third party related thereto. It establishes a number of procedures and analyses related to the process of selection and contracting thereof for this purpose.

This protocol was initially approved by the Compliance Unit in 2018. The scope of application of this protocol excludes the third-party types referred to in the rules set out in the sections below.

- 2) **Government administrations and public officials.** The *Protocol for Conduct in Professional Relations with Government Administrations* applicable to the entire group, governs employee relationships with government administrations, authorities, public officials and other persons who participate in the exercise of public office, as well as political parties, federations, coalitions or electoral groups. Apart from establishing certain main principles of conduct that must be observed by all of the professionals, this protocol establishes certain requirements to report to the corresponding Compliance Division prior to the formalisation of any contract, agreement or pact with public officials or government administrations.

This protocol was initially approved by the Unit in 2017 and was last amended in 2019.

- 3) **Corporate transactions.** The *Corporate Transactions Protocol* establishes the actions to take regarding risks associated with compliance in the case of mergers and acquisitions, joint ventures and other types of corporate transactions contemplated in the area of application thereof. This protocol establishes the obligation to engage in a compliance review and analysis for any corporate transaction that is going to be formalised. Likewise, the Compliance function also engages in a prior analysis of investment and divestment projects from the standpoint of fraud and corruption risk.

This protocol was initially approved by the Unit in 2013 and was last amended in 2018.

- 4) **Donations, sponsorships and social welfare activities.** The *Protocol for Social Contributions, Donations and Sponsorships*, the object of which is to evaluate any compliance risks associated therewith and the terms and conditions for such transactions, as well as the beneficiaries thereof.

This protocol was initially approved by the Unit in 2016 and was last amended in 2018.

This internal rule, which is regularly reviewed by the Unit and the compliance divisions to the actual activities of a dynamic organisation, as well as to a changing environment, is disseminated and made available to all employees.

3.- Communication

The Unit and the compliance divisions establish an internal and external communication plan in relation to the Compliance System each year. Communication actions are established based on an evaluation of risks, strategic priorities, defined objectives and identified ethics and compliance requirements.

The Communication Divisions, working with the Unit and/or the various compliance divisions, as applicable, are responsible for implementing and monitoring the communication plans.

The various available tools and channels have been used for the communication activities selecting those that are most effective based on the particularities of each case. The main communication activities performed at the group by the various compliance divisions are the following:

- **Email campaign:** The Unit and the various compliance divisions prepare and send emails in relation to the various issues relating to the *Code of Ethics*, compliance rules and the Compliance System generally. In 2019, this included communications regarding (i) the results of the 2018 ethical culture survey, ii) the communication developed with the Company's Human Resources Division regarding the process of municipal, autonomous community and European elections in 2019, iii) communications received in group's various ethics channels during 2018, and iv) the dissemination of a training video on conflicts of interest.
- **Employee portal.** The new version of the employee portal of the Iberdrola group has updated and revised the information relating to compliance and ethics appearing therein. In particular, the employee portals of the Iberdrola group in Spain have been updated to include, among other things, the current versions of all compliance regulations, as well as the *Crime Prevention Programmes* of each company.

The employee portal also makes available information regarding: i) communications received in the various ethics channels of the group during 2018, and ii) the project with the startup Flexiado that Iberdrola has led to develop "CryptoTrust", a platform using blockchain technology, the goal of which is to facilitate the evaluation of third parties, speeding up and providing reliability to these exchanges of information in the area of compliance.

- **Publications in external media.** Apart from the information published on the group's corporate website www.iberdrola.com, for purposes of Iberdrola's inclusion for the sixth consecutive year in the list of the "*World's Most Ethical Companies*" published each year by the Ethisphere Institute, there have been publications in this regard in various media, thus contributing to the dissemination of the group's commitment to ethics, honesty and integrity in all of its activities.

- **Events.** The compliance directors have participated in various ethics and compliance events and seminars, including the Corporate Integrity Forum organised by Transparency International, Compliance Officer Day organised by the Spanish Compliance Association (ASCOM), the domestic and international compliance conference organised by Thompson Reuters, the One Day Barcelona Compliance Campus organised by *Cumplen* and the compliance sessions organised by the National Markets and Competition Commission.
- **Project with ASCOM.** In partnership with ASCOM, Iberdrola has developed a programme for compliance systems intended to help small- and medium-sized businesses (SMEs) and public and non-profit entities that lack sufficient knowledge and resources to establish and develop these systems. Although the programme was launched in 2018, Iberdrola has continued to lead it throughout 2019 to reach more than 60 entities in Navarre, the Basque Country, Valencia, Murcia and Madrid. Iberdrola promotes this programme to disseminate a culture of compliance among the third parties with which it relates in order to achieve both a higher level of ethical commitment from all organisations and improvement in the competitiveness thereof, highlighting the competitive advantage that compliance systems offer to those who implement them.
- **BECAS Programme.** In 2018 Iberdrola also launched the Post-graduate Studies in Ethics and Compliance Programme to help people interested in engaging in these types of studies. Over the course of 2018-2019, 20 people have received scholarships thanks to this programme, which continues in effect for the 2019-2020 academic year.

4.- Training related to anti-corruption rules

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The Unit and the various compliance divisions establish specific annual ethics and compliance training plans, which are defined taking into account (i) the areas in which a higher level of risk in this area has been identified, (ii) changes in applicable rules, and (iii) changes in internal rules. The Human Resources Division is available to assist with the implementation of these specific annual plans.

The initiatives carried out during the year include:

Training for governance bodies

In 2019, as part of the training programme for directors of Iberdrola, various training materials relating to new developments in the area of market abuse introduced by Royal Decree-Law 19/2018 of 23 November and Organic Law 1/2019 of 20 February were made available to the members of the Board of Directors through the directors' website.

Training for employees of the group

- In coordination with the various country subholding companies and/or head of business companies, the Unit develops and regularly updates training programmes on the *Code of Ethics* and the other legal provisions on compliance directed towards all group professionals. Such programmes foster knowledge of the action standards required at the group and promote ethical values and the principle of "zero tolerance" towards the commission of unlawful acts and situations of corruption and fraud. Various initiatives have been developed, including:
 - On-site training and awareness-raising sessions on the Code of Ethics and anti-corruption provisions given by the various compliance directors of the group's Spanish companies.
 - During the month of September there was a global training programme in collaboration with the law firm Baker & McKenzie regarding international sanctions for those employees who might be affected by these types of risks due to the nature of the duties they perform.
 - In order to continue expanding ethical culture within the organisation, in 2019 Iberdrola launched various training and communication campaigns directed towards all employees of the group's companies in Spain. The purpose was to (i) remind and insist upon the need to report conflicts of interest in which the professionals might be involved, and (ii) bring the compliance function closer to the employees and courage the use of the anonymous mailbox, through a marketing campaign that consisted of sending certain materials to the employees' workstations to try to catch their attention.
 - The members of the compliance function in Spain received specific training in 2019 on managing interviews in the context of investigations being carried out in relation to complaints received.

- Specific local training:
 - In the United Kingdom, this includes various specific training initiatives in the area of separation of activities, code of ethics, crime prevention, etc.
 - In the United States, there is a new online course regarding the *Code of Ethics*.
 - There have been onsite training sessions in Mexico to strengthen knowledge on compliance and the Code of Ethics.
 - There have also been on-line and in-person training courses in Brazil regarding the *Code of Ethics*, fraud and corruption.

Employee anti-corruption training in 2019¹⁴³

	Number of employees trained	Percentage of total workforce
Spain	2,669	27.8%
United Kingdom ¹⁴⁴	15	0.003%
United States ¹⁴⁵	6,755	102.4%
Brazil	96	0.8%
Mexico	528	40.9%
IEI	60	11.6%
Iberdrola total	10,123	28.6%

There have been onsite training sessions in all countries except the United States, where training was virtual.

5.- Monitoring

The main activities performed by the group within the Compliance System are monitored quarterly by the Compliance Unit through the report in which the Compliance Divisions of each country subholding and/or head of business company report on changes in a number of indicators regarding the principal elements making up the compliance programs of the respective companies.

¹⁴³ The standard of calculation changed in 2019, for which reason the 2018 information is not comparable.

¹⁴⁴ The training campaign was carried out in 2018.

¹⁴⁵ The percentage is above 100% because the employees trained exceed the workforce total at year-end.

Grievance mailboxes of the group

One of the basic elements of the Compliance System is to establish detection and/or monitoring mechanisms to verify the effectiveness of the controls and prevention activities carried out at the group. Such mechanisms include the ethics mailboxes, which constitute tools to report conduct that could entail an irregularity or an act contrary to the law or to the rules of conduct set forth in the *Code of Ethics* or other internal rules or procedures. All professionals who have reasonable indications of the commission of an event of this kind must report it through the aforementioned mailboxes. In addition to potential grievances, queries may also be made through these channels on matters relating to the interpretation of and compliance with the *Code of Ethics* and the other internal rules in this area.

All communications received are deemed confidential information, and may be anonymous in those jurisdictions in which the law so allows. In any event, there is an express commitment of the group, reflected in the *Code of Ethics*, in the *Anti-Corruption and Anti-Fraud Policy* and in the other internal procedures and rules in this area, not to take measures against those using the aforementioned mailboxes, with the logical exception of cases of bad faith.

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 hire to provide services or supplies, their respective employees and the companies that have participated in a tender for services or supplies to become suppliers, to report conduct that could entail (i) infringement by any group professional of the Corporate Governance System, the *Code of Ethics* or applicable law, or (ii) the commission by a supplier, its subcontractors or their respective employees of any act contrary to the law or to the provisions of the supplier ethical commitments section of the *Code of Ethics* within the framework of their business relations with the group. These mailboxes are available in the purchasing portal of the website. This mailbox has also had the option of reporting anonymous grievances since 2018.

The group also has a shareholders' ethics mailbox. This mailbox represents a channel of communication through which shareholders can report conduct that might involve a breach of the company's Corporate Governance 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".

Ethics Mailboxes

	Related email addresses	Employees	Suppliers	Shareholders	Other local options (employees and third parties)
Spain	codigoetico@iberdrola.es codigoeticoiberdrolaespana@iberdrola.es codigoetico.renovables@iberdrola.es codigoetico_iberdrolageneracion@iberdrola.es codigoetico@i-de.es codigoeticoingenieria@iberdrola.es codigoetico@iberdrolainmobiliaria.com				Not applicable
United States	corporatecompliance@avangrid.com			Ethics Mailbox available in the OLS On-Line Shareholders section of the Iberdrola group's corporate website.	Internet: avangrid.com/speakup Helpline: Help Line: 1-877-606-9171
United Kingdom	compliancedivision@scottishpower.com	Available on the Employee Portal of the Iberdrola group	Available in the supplier section of the Iberdrola group's corporate website	Shareholders section of the Iberdrola group's corporate website.	Internet: https://wrs.expolink.co.uk/scottishpower Helpline: 0800 374 199 Local suppliers: https://www.scottishpower.com/pages/suppliers_ethics_mailbox.aspx
Brazil	neoenergia@canaldedenuncia.com.br				Internet: http://www.canalparadenuncia.com.br/neoenergia Helpline: 0800 591 0857
Mexico	codigoeticoiberdrolamexico@iberdrola.es codigoetico.generacionmx@iberdrola.com codigoetico.renovablesmx@iberdrola.com				Not applicable
IEI	ethics.international@iberdrola.com				

Internal reviews of the compliance system

During financial year 2019, internal audit performed a review of the *Crime Prevention Programmes* of the companies of the Iberdrola Spain subgroup, focusing on the following crimes:

- Crimes against land-use and urban development regulations
- Crimes against natural resources and the environment
- Catastrophic risk
- Crimes against public health
- Withdrawal from market of raw materials or essential goods, and
- Billing of higher amounts for products or services whose cost or price is measured by automatic devices

As a result of audits performed, a number of recommendations have been made that have been implemented or in the process of implementation, none of which were classified as high level.

External reviews of the compliance system

- In 2018, as a result of the external audit performed by the [Ethisphere Institute](#) regarding Iberdrola's Compliance System, the company renewed the Compliance Leader Verification certification, which this institute gives to those companies that show they have an ethical culture implemented within all of their businesses and activities as well as a robust and effective compliance system.
- Iberdrola has been included by the Ethisphere Institute for the sixth consecutive year as one of the most ethical companies in the world, according to the *World's Most Ethical Companies 2019* ranking. [Iberdrola is once again](#) the only Spanish company with this classification.
- After the annual follow-up audit in 2019, Aenor has evaluated Iberdrola's system and has renewed the certifications according to (1) the UNE-ISO 37001 standard regarding the anti-bribery management system, and (2) the UNE19601 standard regarding criminal management systems.
- Also in 2019, (i) the country subholding company Iberdrola España, S.A.U. and its head of business companies, and (ii) Iberdrola Inmobiliaria, S.A.U., after the audit by Aenor, have renewed the ISO37001 and UNE19601 certifications mentioned in the preceding paragraph.
- The law firm Uría Menéndez has issued a report evaluating the effectiveness of the *Crime Prevention Programmes* implemented at the various companies of the group. As a result of the review for 2018, it was concluded that these programmes are in compliance with best international practices, are effective and are useful to significantly reduce the risk of commission of the crimes sought to be prevented.

6.- Response and remediation plans

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As laid down in the [Regulations of the Compliance Unit](#), it falls upon the Compliance Unit to handle communications made through the ethics mailboxes, except in cases where the report affects an employee of a country subholding company or head of business company that has its own Compliance Division.

The right to confidentiality, to a defence and to the presumption of innocence of the persons under investigation are guaranteed in all investigations.

In addition to the work of investigation, in view of the results of the investigation or grievance processes, the Compliance Unit or Divisions may identify potential corrective actions and make suggestions to the corresponding areas to improve the control, prevention and mitigation systems.

As regards the communications received through the ethics mailboxes established in the group, a total of 1,497 communications were received in financial year 2019, of which 804 were queries and 693 were complaints. Of the 693 complaints received, 463 were accepted for processing. In 11% of the cases of complaints allowed to proceed, some type of disciplinary action was taken upon a showing that there had been improper conduct or conduct contrary to the *Code of Ethics* or any other applicable rule.

Information regarding the existence of cases of corruption during the financial year

The company has not been informed of any case of corruption through the ethics mailboxes that has been confirmed during the year. Nor has the company become aware through the corresponding legal channels of its Legal Services, of any specific court decisions regarding cases of corruption during the reporting period. There were also no incidents reported through the mailboxes established for such purpose resulting in the cancellation of orders or of contracts with group suppliers.

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.

A review and analysis of the internal processes performed with the help of independent experts and pursuant to the group's Corporate Governance System and Compliance System has not revealed any violation of the internal control systems or of the *Code of Ethics* or of any other rules or procedures. The impact of these events, if any, would thus be limited to the reputational area.

This issue is discussed in more detail in section E3 of the Annual Corporate Governance Report.

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.

Among the obligations agreed to with the bank under the Agreement, Iberdrola Ingeniería y Construcción, S.A.U. and Iberdrola, S.A. have committed to develop, finance and implement 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. Within this context, the company has performed approximately 56% of the agreed activities during 2019.

Fiscal responsibility

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. The taxes that the group pays in the countries and territories in which it operates are the main contribution of the companies of the group to sustaining public expenditures, and is thus one of their contributions to society.

In 2010 the Board of Directors approved a Corporate Tax Policy, which was last updated on 18 December 2018. This Policy contains the tax strategy of Iberdrola, S.A. and its commitment to the application of good tax practices, and is applicable to all companies of the group in all of the countries in which it operates.

The *Tax Policy* defines a number of principles, including:

- “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, without prejudice to the legitimate disputes that, observing the aforementioned principles and in the defence of the corporate interest, may arise with such authorities concerning the interpretation of applicable legal provisions”.

- “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 one of their contributions to society”.

And by application of these principles, the group assumes the following good tax practices, among others:

- *“Not to use artificial structures unrelated to the Company’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 tax havens, with the sole exception of those cases in which it is forced to do so because it is an indirect acquisition in which the company that is resident in a tax haven is part of a group of companies that are being acquired”.*
- *“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”.*

Applying the maximum standards of tax transparency, Iberdrola, S.A. has adhered 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 will extend 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*.

In addition, in order to strengthen its commitments in this area, Iberdrola, S.A. has submitted to the Spanish tax authorities the “Annual Tax Transparency Report for companies adhering to the Good Tax Practices Code” on an annual basis since 2017.

In 2018, it began a new path through the preparation of a document regarding the global tax contribution of the Iberdrola group. In 2019 a “Report on Tax Transparency of the Iberdrola group / Financial Year 2018. Our commitment to society”, setting out all significant issues from a tax standpoint, was published for the first time, and will be prepared again in 2020.

Furthermore, aware of the significance today of tax havens and non-cooperative jurisdictions, it should be noted that the Iberdrola group 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 of 5 July and respective updates thereof) or in territories classified by the European Union in its black list as non-cooperative jurisdictions for tax purposes.

The group also pays special attention to the state of Delaware due to the interest it raises, even though it is not considered a tax haven or non-cooperative jurisdiction. In this regard, various companies forming part of the Iberdrola group were incorporated in this state. In fact, in the United States, it is customary practice to incorporate companies in the State of Delaware, due to the development of its commercial law and strong jurisprudence. This combination provides strong legal security in the commercial arena.

However, the tax domicile of these companies (which determines the tax system applicable thereto and where they should register for such purpose and pay taxes) is determined by the place where the administration and management of the businesses of the companies is concentrated, regardless of the place of incorporation. Thus, the companies of the Iberdrola group incorporated in Delaware as well as in any other state of the United States have their tax domicile and pay taxes in the states in which the locations of operation of the consolidated tax group of which they form a part are located, which does not include Delaware. In summary, the companies of the Iberdrola group are incorporated according to objective business standards and not to tax engineering structures.

Iberdrola is fully aligned with the principles and actions proposed by the OECD's BEPS Plan. Specifically, as regards Transfer Pricing, the group assesses related-party transactions at arms'-length prices in line with the OECD Guidelines in this area. Furthermore, all existing related-party transactions of the group are duly documented on the terms provided by the legal provisions of the various countries. The group is also committed to the preparation and presentation in due time and form of the Country-by-Country Report upon the terms provided by the law of its parent company, Spain. Information regarding the activities of the group was disclosed in these annual reports, as was information regarding all taxes paid and collected by the companies of the group in the various tax jurisdictions in which it is present.

Iberdrola was ranked for the third consecutive year as one of the leading companies on the tax transparency ranking of Ibex 35 companies prepared by Fundación Compromiso y Transparencia, in recognition of its good tax practices and its transparency.

In 2019 Iberdrola also became the first Spanish company to obtain the AENOR certificate for its Tax Compliance Management System in accordance with the requirements set forth in the UNE 19602 standard.

This certification, aligned with Spanish legal provisions and with the recommendations of the OECD, focuses on the establishment and supervision of tax policies, of the basic guidelines for the management thereof, and of decisions on matters of strategic importance, as well as on the design of the tax management and control system of the Iberdrola group.

The taxes paid are presented in the following table:

Tax contribution (€ millions)			
	2019	2018	2017
Company contributions	2,941	3,096	2,723
Contributions due to third-party payments	5,215	4,843	4,388
Iberdrola consolidated total	8,156	7,939	7,111

More than 98% of taxes paid (total contribution) by the group occur in the five most relevant countries. A detailed breakdown by geographic area can be found in Annex 1 Supplementary Information.

Competition

Contribution to SDGs of the performance described by the indicators of this section



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Pursuant to 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 lawfully, to promote free competition for the benefit of consumers and users, and to promote transparency and free market practices, as provided in the group's [General Sustainable Development Policy](#).

In relation to the foregoing, and specifically pursuant to the provisions of the [Anti-Corruption and Anti-Fraud Policy](#), the companies of the group promote a transparent environment, maintaining appropriate internal channels to favour the communication of possible irregularities, including the ethics mailboxes, which allow professionals of the group, suppliers and shareholders of the company to communicate conduct that may entail a breach of the company's Corporate Governance System or the commission by a professional of the group of an act contrary to the law or to the rules of the [Code of Ethics](#).

At the country level, each of the country subholding companies endeavours to ensure strict compliance with legal provisions on separation of activities. In many countries like Spain, where a [Code for the Separation of Activities of the Companies of the Iberdrola group in Spain with Regulated Activities](#) applies, applicable internal rules go beyond what is required by law, significantly strengthening the measures to prevent any anti-competitive practices deriving from a lack of separation between the 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.

In Spain, the generation head of business company has access to Autocontrol, a private entity that works for truthful, legal, honest and trustworthy advertising, which among other activities provides a consulting service to advise on the ethical and legal adequacy of campaigns before they are launched. It has also implemented internal processes to ensure compliance with *Regulation (EU) 1227/2011 of the European*

Parliament and of the Council of 25 October 2011 on wholesale energy market integrity and transparency and the legal provisions in further development thereof, which establish rules prohibiting abusive practices that affect the wholesale energy markets. In other jurisdictions, the liberalised head of business companies have equivalent internal policies and rules.

In the United Kingdom, ScottishPower has implemented internal processes to ensure compliance with REMIT, the EU regulation on the integrity and transparency of the energy market. REMIT provides a specific regulatory framework for wholesale energy markets that defines market abuse (including manipulation or attempted manipulation of the market, use of inside information, explicit prohibition against market abuse, etc.). The regulator Ofgem supervises compliance with such regulations on integrity and transparency of the electricity and gas market, monitoring, investigating and sanctioning violations of REMIT.

In the practical application of applicable law, the complexity thereof might give rise to interpretations that are not shared by other market players or by the regulatory authority itself, giving rise to situations such as those described below requiring the intervention of the competent courts.

206-1

Pending cases

In 2017, a class action lawsuit was filed with the United States District Court of Massachusetts on behalf of New England customers against the company and Eversource, alleging that certain of their respective subsidiaries that provide natural gas transmission services using the Algonquin Gas Transmission (hereinafter, "AGT") pipeline, which for the company would be its indirect subsidiaries SCG and CNG, engaged in natural gas pipeline capacity scheduling practices with respect to AGT that resulted in an artificial increase in electricity prices in New England. The plaintiffs sought to recover damages, disgorgement, redress in the form of restitution, injunctive relief and an award of costs. The company filed a motion to dismiss all claims in January 2018, and in February 2018 the Federal Energy Regulatory Commission (hereinafter, "FERC") released the results of a staff inquiry into the gas pipeline capacity scheduling practices involving the AGT. The FERC stated that the inquiry did not uncover any evidence of anticompetitive withholding of natural gas pipeline capacity on the AGT and that it would not take any further action on the matter. In April 2018 the company filed a motion to dismiss all claims based on federal pre-emption and lack of any evidence of antitrust behaviour, citing, among other reasons, the results of the inquiry conducted by FERC staff. The plaintiffs filed opposition to the motion to dismiss in May 2018, and the U.S. District Court of Massachusetts held a hearing on the motion to dismiss in August 2018. In September 2018 the U.S. District Court upheld the motion filed by the company and dismissed all of the claims. In October 2018 the plaintiffs filed an appeal. In January 2019 the plaintiffs filed a brief in support

of appeal and in April 2019 the Company and Eversource filed a joint brief in opposition. In May 2019 the plaintiffs filed a reply to the opposition. In September 2019 the First Circuit Court of Appeals affirmed the district court's dismissal of the plaintiff's claims. The plaintiffs filed a motion seeking en banc review in October 2019. In November 2019 the First Circuit Court of Appeals denied the motion for en banc review.

In addition, in August 2018, PNE Energy Supply LLC, a competitive energy supplier located in New England that purchases electricity in the day-ahead and real time wholesale electric market, filed a civil antitrust action, on behalf of itself and those similarly situated, against Avangrid and Eversource alleging that their respective gas subsidiaries illegally manipulated the supply of pipeline capacity in the "secondary capacity market" in order to artificially inflate New England natural gas and electricity prices. The plaintiff claimed to represent entities which purchased electricity directly in the wholesale electricity market that it claimed was targeted by the alleged anticompetitive conduct of Eversource and the company. In September 2018, the company filed a motion to dismiss all of the claims based on federal pre-emption and lack of any evidence of antitrust behaviour, citing, among other reasons, the results of the FERC staff inquiry and the dismissal of the claim by the same Court in September. The district court heard oral arguments on the motion to dismiss in January 2019. In April 2019, the Company filed a brief in support of its motion to dismiss and in June 2019 the district court granted the Company's Motion to Dismiss and dismissed all claims. In July 2019 the plaintiffs filed notice of appeal in the U.S. Court of Appeals for the First Circuit and in October 2019 filed a brief in support of appeal. In January 2020 the Company and Eversource filed a joint motion in opposition. The company cannot predict the outcome of this class action lawsuit.

No cases related to monopoly practices or anti-competitive behaviour have been recorded at the other companies of the Iberdrola group during the financial year. Nor do any cases filed in prior years remain open.

Public policies

Contribution to SDGs of the performance described by the indicators of this section



GRI 415

Relations with regulatory entities and social institutions 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 the monitoring of 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.

102-13

Domestic and international associations

International	World Energy Council	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	NUGENIA
	International Electrotechnical Commission/European Committee for Electrotechnical Standardisation (IEC/CENELEC)	European Network of Transmission System Operators for Electricity (ENTSOE)
	International Emissions Trading Association (IETA)	World Association Nuclear Operator (WANO)
	Agência para a Energia em Portugal (ADENE)	European Utilities Telecom Council-EUTC
	Institute of Electrical and Electronics Engineers (IEEE)	International Conference on Electricity Distribution (CIRED)
	European Round Table (ERT)	International Council on Large Electric Systems (CIGRE)
	European Network of Cybersecurity (ENCS)	European Association for Storage of Energy (EASE)
	Prime Alliance	European Technology Platform Smart Grids
	World Nuclear Association	European Utilities Technology
	European Technology Platform Integration – Batteries (ETIP-Batteries)	Device Language Message Specification User Association (DLMS – UA)
	SNETP	Associazione Italiana Energia Libera
Spain	Associação Portuguesa de Empresas de Gás Natural (AGN)	Associazione Italiana di Grossisti di Energia e Trade (AIGET)
	Foro de la Industria Nuclear Española	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)	Club de Excelencia en Sostenibilidad
	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	Asociación de Directivos de Responsabilidad Social Empresarial (DIRSE)	
United Kingdom	Scottish Fuel Poverty	Aviation Investment Fund Company Limited
	The Scottish Renewables Forum	Energy UK - Energy Efficiency Group
	Energy UK-Efficiency Group	National Skills Academy for Power
	Energy Networks Association	Business Disability Forum
	Renewables UK	Energy Institute
	Energy & Utility Skills	Energy Action Scotland
	Irish Wind Energy Association (IWEA)	Offshore Wind Accelerator
	Scotland's Towns Partnership	Joint Environment Programme
	Institute of Customers Service	Smart DCC Limited
	Institute of Engineering & Technology	Gas Storage Operators Group
	National Energy Action	Energy Efficiency Group

	Welsh Rugby UnionLTD & Glasgow Warriors	British Hydro Association
	Distribution Connection and Use of System Agreement (DCUSA)	Glasgow Chamber of Commerce
	NEA Business Supporters Group	OFGEM
United States	Business Council of New York State	American Wind Energy Association (AWEA)
	The Wind Coalition (TWC)	Center for Energy Workforce Development (CEWD)
	Maine Better Transportation Assn	The Nature Conservancy-Maine (TNC)
	NY State Economic Development Council	Clean Grid Alliance
	Greater Binghamton Chamber of Commerce	E2Tech
	American National Standards Institute (ANSI)	Operations Technology Development (OTD)
	Northeast Gas Association (NGA)	Rochester Business Alliance
	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)
	Interwest Energy Alliance	Alliance for Clean Energy - New York (ACE-NY)
	Center for Energy Efficiency and Renewable Technologies (CEERT)	Independent Energy Producers Association of California (IEP)
	Northeast Underground Committee (NEUC)	New England Power Pool
	National Electrical Safe Code	New England-Canada Business Council
	Mid-Atlantic Renewable Energy Coalition (MAREC)	Center for Energy Efficiency (CEERT)
	North American Electric Reliability Corporation (NERC)	Northeast Transmission Group (NETG)
	ISO New England (ISO-NE)	Energy Council of the Northeast (ECNE)
	Connecticut Energy Workforce Development Consortium (CTEWDC)	North American Transmission Owner and Operator Forum (NATF)
	Call Before You Dig, Connecticut	Association of Edison Illuminating Companies
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)	American Chamber of Commerce (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)
Mexico	Asociación Mexicana de Energía Eólica (AMDEE)	Cámara Española de Comercio, A.C. (CEE)
	Asociación Mexicana de Energía, A.C (AME)	Consejo Coordinador empresarial A.C
	Confederación Patronal de la República Mexicana (Coparmex)	Cámara de Comercio del Canadá en México (CANCHAM)
	Cluster Agroalimentario A.C.	Asociación Mexicana de Parques Industriales (AMPIPI)
	Cámara de la Industria de Transformación de Nuevo León (CAINTRA)	Consejo Ejecutivo de empresas Globales, AC
	Cámara de Comercio Franco-Mexicana	Centro Mexicano para la filantropía (CEMER)
	Empre-Bask México, A.C	

For more details on the company's commitment to the above, its participation within various committees, the contributions it makes or its strategic involvement, please consult public information or visit the websites of these organisations.

Transparency of regulatory positions

As a general rule, Iberdrola endorses the principles of good regulation: proportionality, effectiveness and efficiency, responsibility and independence, consistency and credibility and, finally, transparency and clarity.

A project for the dissemination of regulatory positions has been developed as part of Iberdrola's transparency policy. The company has made publicly available a compilation of [Global Regulatory Positions](#), valid for all countries and businesses. The goal is for the regulatory positions advanced by Iberdrola to be transparent and well-known.

Iberdrola firmly believes that the transition to an economy neutral in emissions is possible and makes economic sense, and supports the goal of achieving net zero emissions by 2050. Reaching this goal will require evolving, at the lowest possible cost, towards more efficient and non-emitting energy vectors and final uses.

Due to its ability to integrate renewables, electricity is the vector most favourable for decarbonisation that is currently available, and is the one that allows for an actual increase in energy efficiency. In this regard, our vision is that the energy transition should happen in two steps:

First, **decarbonise the electricity sector** through the mass integration of renewable energy. This requires certain actions:

- 1) Promote renewable energy, incentivising competitive mechanisms, establishing objectives and monitoring compliance therewith using intermediate milestones.
- 2) Develop and digitise the network infrastructure to integrate clean generation at the lowest cost possible within a stable and predictable regulatory framework.
- 3) Establish capacity mechanisms that ensure the firmness and flexibility the system requires in a sustainable manner.

Second, **electrify other energy uses**, mainly light transport and construction. This requires the placement of foundations for creating a balanced playing ground between energies:

- 1) Establishing tax homogeneity, such that all energies assume their environmental cost, based on the principle of "polluting party pays".

- 2) Eliminating barriers to electrification, cleaning the electricity tariffs of costs outside of supply. There must be a clear price signal that gives the consumer a sufficient incentive to choose the most sustainable energy option.
- 3) Promoting electric end uses:
 - In light transport, setting ambitious goals for penetration of electric vehicles and ensuring the deployment of a basic recharging network on public roadways.
 - In construction, establishing the objectives of decarbonised solutions like heat pumps in new and existing buildings.

There are exceptions, as for those niche sectors that cannot be electrified at this time (like aviation, the maritime industry or the high temperature industry). R&D must be promoted to find emission-free solutions in these cases.

Existing and mature alternative technologies (renewable energy, electric vehicles and heat pumps) could allow for theoretical decarbonisation above 80% of final energy demand in Europe. The niche sectors that are difficult to decarbonise represent approximately 16% of consumption and 18% of emissions in the EU and must be decarbonised in the future, as potential technologies (biofuels, biogas, biomethane and green hydrogen) are still immature.

External initiatives to which the organisation subscribes or which it endorses

102-12

The company has subscribed to or endorsed external initiatives aligned with sustainable development and encouraged its affiliated companies to adhere to them. Iberdrola supports or subscribes to:

- 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.
- The Prince of Wales's Corporate Leaders Group.
- Green Growth Platform
- Carbon Pricing Leadership Coalition.
- REDS, Red Española de Desarrollo Sostenible.

- SE4ALL.
- European Climate Foundation.
- Bruegel.

Iberdrola joined the Global Compact in 2002. Iberdrola has also engaged in other initiatives in partnership with this organisation, as described in the “Iberdrola and the Global Compact” section of chapter II.5.

Items of note in the Spanish context are a very active collaboration with the Spanish Office of Climate Change and Iberdrola’s participation in the Spanish Green Growth Group, of which it is vice-president. Iberdrola has also become a Spanish Member of the Spanish Paralympic Committee and a supporter of the Women’s Universe (*Universo Mujer*) programme of the Higher Council for Sport (*Consejo Superior de Deportes*) (CSD), supporting 16 Spanish female federations to promote the participation of women in sports and equal opportunities. This information is described in more detail in chapter II.2.

In the United Kingdom, ScottishPower has created a team dedicated to coordinating activities with the Cancer Research association, and all joint actions carried out since it joined an initiative in 2012 in order to procure funds to investigate this illness. Since then, they have amply achieved their goals, reaching a figure of 25 million pounds, and there have been countless initiatives by ScottishPower employees helping to raise awareness of the treatment of this illness: *Race for Life*, *Stand up to Cancer*. It also has a specific rate called *Help Beat Cancer Fixed Price*, which when purchased commits the company to work with this organisation.

Along these lines, within the framework of collaboration with the Spanish Cancer Association (*Asociación Española Contra el Cáncer*) (AECC), the *Together against cancer (Juntos contra el cáncer)* initiative was launched in Spain in October 2016, offering the opportunity to make small monthly donations via one’s electricity bill with a commitment from Iberdrola to double the amount donated by its customers. More than 86,000 customers have already joined to collect funds in 2019. The company also participates in the proceedings of World Cancer Day and World Cancer Research Day.

Furthermore, in the United Kingdom ScottishPower is a member of a forum collaborating against energy poverty in Scotland that works closely with the advisory panel of the Scottish government to review the conditions of Scottish homes and advise on energy policy.

In the United States, Avangrid participates in *Reforming Energy Vision (REV)* to promote a more efficient use of energy and greater penetration of renewables in the country. It is also a member of *The Partnership on Climate Resilience* of the U.S. Department of Energy to combat the effects of climate change and

modernise energy infrastructures for the future. And it is also a signatory of the *American Business Act Climate Pledge* to support the fight against climate change.

Finally, in Brazil Iberdrola works with *Centro Clima–Centro de Estudos Integrados sobre Meio Ambiente e Mudanças Climáticas (COPPE/UFRJ) 2019* to contribute to the fight against climate change.

Lobbying activities and contributions to political parties or to related institutions

415-1

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 2019, none of the group's companies, except in the United Kingdom and the United States, contributed to the financing of political parties or to organisations controlled by them.

Contribution to political parties (€)

	2019	2018	2017
United Kingdom	44,412	27,696	26,266
United States	32,152	35,129	14,997
Federal level	0	0	0
State level	32,153	35,129	14,997
Other countries	0	0	0
Total	76,565	62,825	41,263

In the United Kingdom, ScottishPower contributed a total of 44,412 euros, distributed among various parties across the political spectrum, to sponsor lectures and events, pursuant to the *Political Parties, Elections and Referendums Act (2000)*. These occasions are an important opportunity for the group to present its viewpoints to representatives of all political options on a non-partisan basis. The contribution does not involve supporting any particular party.

In the United States, the Renewables Business of Avangrid contributed a total of 17,416 euros to candidates and political parties in 2019, and reported such contributions in accordance with applicable law. The contributions are those made by the company and do not include additional voluntary contributions made by employees. The Networks Business has made various contributions to the *Public Action Committee*, in the total amount of 14,737 euros.

Cybersecurity and information privacy

Contribution to SDGs of the performance described by the indicators of this section



In order to ensure appropriate protection of the group's assets, cyber-infrastructure and information, Iberdrola has a [Cybersecurity Risk Policy](#), approved by the Board of Directors, which establishes the global principles for the control and management of the cybersecurity risks applicable to all the companies of the group.

In particular, it refers to the risks arising from vulnerabilities and threats to information, information technology and communications systems, applications, services, devices, facilities and any other asset that forms part of the group's cyber-infrastructure. Supported by the Policy, the Global Cybersecurity Framework establishes the guidelines for the cybersecurity management model common to the entire group, based on the existence of a Global Cybersecurity Committee and on the development of global rules and standards to be applied within all the businesses and corporate functions. Iberdrola has appointed a chief information security officer (CISO) to lead and supervise the deployment of the global cybersecurity strategy, as well as information security officers at the various country subholding companies to ensure the implementation thereof in each country, taking into account the regulations and legislation applicable in their territory.

The group's Global Cybersecurity Committee, led by the global CISO, and on which all businesses and corporate functions are represented, promotes and supervises the deployment of the cybersecurity strategic plan and rules throughout the organisation, based on an analysis and management of the risks

and on the application of technical and organisational measures for appropriate protection and resilience of assets and services based on the critical nature thereof. It also promotes and establishes training and awareness-raising for the entire workforce, cybersecurity by design, including in the supply chain, and the management of threats and incidents, contemplating collaboration with government authorities and services specialising in cyber-monitoring, as well as to defend the brand and the company's customers against potential risks and fraud through social engineering.

GRI 418

Iberdrola pays special attention to ensuring the privacy of the personal information of the group's Stakeholders. For this purpose, the company has a *Personal Data Protection Policy*, approved by the Board of Directors, and conforming to the European *Global Data Protection Regulation*. Its purpose is to guarantee 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, guaranteeing compliance with applicable law on this topic in all countries in which the group is present.

To further develop this policy, the *Global Personal Data Protection Framework* of the Iberdrola group establishes the general standards and the global governance model on personal data protection and defines the coordination mechanisms and responsibilities in this area. 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 Corporate Security Division, with the support of the Legal Services.

The Iberdrola group has appointed a Global Corporate Data Security Protection Coordinator, also the Data Protection Officer of Iberdrola, S.A., who will rely on a network of Local Data Protection Coordinators at each of the country subholding companies of the countries in which the group does business, and which ensures the implementation in each country of the global personal data protection strategy, taking into account the particularities of their territory.

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. For these reasons, it has launched a Data Protection Compliance Model in order to ensure compliance with the General Data Protection Regulation (GDPR) within the Iberdrola group in a consistent and systematic manner that continues over time. This model is continuously enriched with best practices, and is being deployed in all countries in which the group does business, prioritising the countries of the European Union. Common standards have been applied that are applicable in all of Iberdrola's businesses and corporate areas, which have been deployed using a set of rules, procedures, methodologies and tools that facilitate the proper

application thereof. Iberdrola's compliance model is based on a tremendous awareness-raising and training effort at all levels, such that any employee is fully prepared to comply with the highest standards demanded by the company when dealing with personal data.

The table below shows substantiated complaints regarding breaches of violations of privacy and losses of customer data.

418-1

Incidents relating to privacy (No.)

	2019 ¹⁴⁶	2018	2017
From regulatory entities	106	173	163
From other sources, substantiated	109	191	29
Total substantiated complaints	215	364	192

Of the incidents arising from regulatory entities, 61 occurred in the United Kingdom, 40 in Spain and 5 in Portugal. Of those having another origin there were 101 in the United Kingdom, 7 in Spain and 1 in Portugal.

There were no cases of loss or breach of customer data in 2019.

¹⁴⁶ Does not include data from France, Germany or Ireland, where commercial activity was just beginning in 2019.

Socioeconomic compliance

Contribution to SDGs of the performance described by the indicators of this section

(according to SDG Compass www.sdgcompass.org)



GRI 419

Iberdrola aspires for its conduct and that of the persons connected therewith to conform and adhere not only to applicable law and its Corporate Governance System, but also to ethical principles and generally accepted principles of sustainable development. In this connection, the Code of Ethics of the Iberdrola group provides that:

- Group professionals shall comply strictly with the laws in force in the jurisdiction of their workplace, heeding both the spirit and the purpose of such legal provisions, and shall observe the provisions of the *Code of Ethics*, the other rules of the Corporate Governance System and the basic procedures governing the activities of the group and of the company in which they provide their services. They shall also fully observe all obligations and commitments assumed by the group in its contractual relations with third parties, as well as the usage and good practice of the countries in which they carry out their activities.
- The members of management of the group's companies must have particular knowledge of the laws and regulations, including internal ones, affecting their respective areas of activity, and must ensure that the professionals reporting to them receive the required information and training to enable such professionals to understand and fulfil the legal and regulatory obligations, including internal ones, applicable to their position.
- The group shall respect and abide by all court and/or governmental decisions or resolutions that may be issued, but reserves the right to file such appeals as may be appropriate against any such decisions or resolutions when it believes that they do not conform to the law and are contrary to its interests.

419-1

The following table shows violations of laws and regulations in the social and economic area, i.e. all violations of any kind (whether labour, tax, competition, related to distribution or retail sale of energy and gas, etc.) of the Iberdrola group, other than violations of environmental regulations, which are set out in chapter II.3.

Significant fines and non-monetary sanctions in the social and economic area¹⁴⁷

	2019	2018	2017
Fines imposed (€)	107,589,713	59,544,962	58,891,707
Non-monetary sanctions (No.)	0	17	1
Cases being resolved through arbitration or similar mechanisms (No.)	636	301	465

Of the total amount, in Spain fines in the amount of 380,363.29 euros have been imposed, of which 39,494.29 euros correspond to fines relating to advertising and marketing, 91,000 euros to violations of personal data provisions, and 249,869 euros to fines regarding unauthorised facilities. As regards cases processed by means of arbitration, there has been one (1) arbitration relating to the decision of Iberdrola Renovables to apply penalties and terminate a contract for a dam and hydroelectric plant, and there have been 313 consumer arbitration awards for the retail sale of energy.

In Brazil, fines in the amount of 106,143,880.44 euros have been imposed relating to the calculation of corporate income taxes (*Imposto da Renda das Pessoas Jurídicas*) (IRPJ) and social contributions on net profits (*Contribuição Social sobre o Lucro Líquido*) (CSLL), as well as various federal, state and municipal taxes, all appealed to the corresponding courts. And fines in the amount of 1,026,467 euros on the Networks Business for other product reasons not related to health or safety, marketing or customer information, which have also been appealed. There have also been 2 arbitration cases. In addition, 7 labour fines received in 2019 have been imposed, 3 at Coelba, 1 at Celpe, 2 at Cosern and 1 at Elektro. Two of them are for cases relating to supervision to meet hiring quotas for disabled persons and the other relating to labour issues generally.

In the United States, a fine in the amount of 6,090.22 euros has been imposed relating to the health or safety of customers.

In Portugal (Iberdrola Energía Internacional), a sanction of 9,750 euros has been received for the violation of marketing rules. And there have been 319 arbitral awards.

In Germany (Iberdrola Energía Internacional), there was one arbitral award pending enforcement in 2019, which derives from the purchase of a wind project by Iberdrola in that country.

¹⁴⁷ Arbitration mechanisms are not included in the labour area.

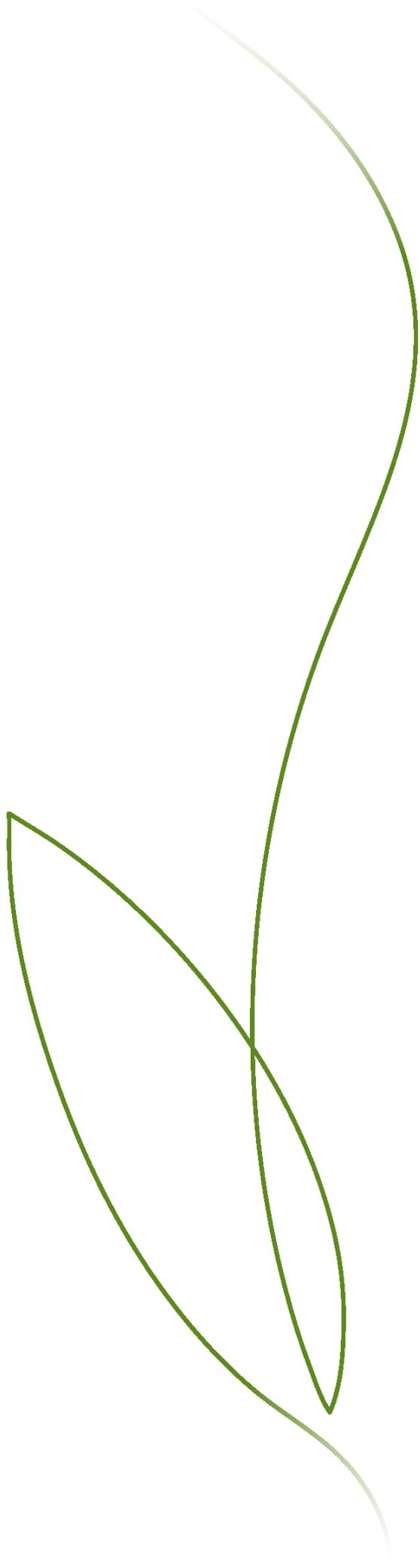
No fines were imposed during 2019 in the other countries in which the company operates.

Nor have any non-monetary penalties been received during the year.

Labour practices grievance mechanisms

Using the standard that class actions on the same matter are deemed to be a single grievance, the companies of the group received 1,296 grievances about labour practices in 2019¹⁴⁸; of these, 246 were resolved in that same year. In addition, 1,585 other grievances pending from previous years have been resolved.

¹⁴⁸ The grievances received correspond to Spain, the United Kingdom, the United States, Brazil and Other Countries. In Spain, the United Kingdom, Brazil, Mexico and Other Countries, this includes the grievances that reach the courts, while in the United States grievances include those filed with the various state and/or federal commissions on human rights and equality.



III. About this Report

III.1. Scope of Information

Introduction

Iberdrola has followed the GRI recommendations for defining the boundary of this report, taking into account the entities in which it has control, those in 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.
- “Affiliated companies” or “affiliates”: the group of companies in which Iberdrola has a percentage interest but not the power to exercise control. At these affiliated companies Iberdrola promotes the policies approved within the group through the decision-making bodies of such companies and includes information on those considered significant in terms of sustainability.

The companies in which Iberdrola owns a direct or indirect equity interest are listed in the document *Consolidated Annual Financial Statements and Audit Report* for financial year 2019.

Information boundaries of this report

Time scope

102-50 102-51 102-52

2019: The report is published on an annual basis.

Organisational scope

102-6 102-45

The presentation of the company’s public information is subject to the following external factors:

- The scope and basis of presentation of financial information must comply with established statutory requirements.
- The environmental and social information is presented in accordance with the new legal requirements as to content, leaving open the reporting framework to be used. This is the reason why Iberdrola has voluntarily elected to use the GRI Standards in the preparation of this report.

To reconcile these factors, Iberdrola has established two quantitative information boundaries: global boundary and report boundary.

Global boundary (Iberdrola Total)

This includes all of the activities carried out by the group, its subsidiaries and its affiliates.

The economic information that is included in this *Statement of Non-Financial Information. Sustainability Report 2019* comes from the *Annual Financial Report* for financial year 2019.

Other non-financial information stated as within the “global boundary”, such as operating information of the group, results from adding to the “report boundary” the information of affiliates consolidated by the equity method that are not considered significant for purposes of this report (as they are minority interests in companies dedicated to non-strategic activities for the group and whose employees do not belong thereto), which are included under the heading “Other”.

Report boundary

Made up of Iberdrola, S.A. and its subsidiaries and minority-owned companies that are significant for purposes of sustainability that do business in the countries indicated in the table below and engage in the activities described therein.

Significant countries and activities for the Iberdrola group in terms of sustainability⁽¹⁾ and included in the 2019 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
		Conventional	Renewable (4)		Wholesale market	Retail market		
Spain (5)	X	X	X	X	LIB	LIB/REG		X
United Kingdom	X		X	X	LIB	LIB	X	
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		
Germany	X		X		LIB	LIB		
Canada	X						X (7)	
Greece	X		X(6)					
Hungary	X		X					
Romania	X		X					
France	X		X(8)		LIB	LIB		
Italy	X				LIB	LIB		
Republic of Ireland	X		X		LIB	LIB		
Other countries (9)	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.
- 3) Environmental information on sales activities in Germany, France, Italy 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.
- 4) Includes the activities of hydroelectric, wind and solar generation. No social or environmental information is included on facilities in which the company has an interest of less than 50% in Spain, the United Kingdom or the United States. Environmental information on construction projects in Portugal and France 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 2019: 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 are not significant from the environmental standpoint. Labour information is included in the information for the United States.
- 8) Activities related to the Saint Brieuc offshore wind farm: Under development, and in the final phase of purchasing of the various main packages.
- 9) Other countries: Algeria, Australia, Belgium, Bulgaria, Egypt, Latvia, Montenegro, Qatar and South Africa. Employees in these countries represent only 0.05% of the employees of the group. Environmental information on these activities is not included as it is not deemed 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

<p>Report boundary = Iberdrola, S.A., subsidiaries and affiliates considered to be significant for sustainability purposes.</p>	<p>Spain United Kingdom United States Brazil Mexico Other Countries (Portugal, Germany, Canada, Greece, Cyprus, Hungary, Romania, France, Italy, Republic of Ireland, Algeria, Australia, Belgium, Bulgaria, Egypt, Latvia, Montenegro, Qatar and South Africa)</p> <p>Report boundary</p>
<p>Global boundary = report boundary plus the information of affiliates consolidated by the equity method that are not considered significant for purposes of this report.</p>	<p>Other</p> <p>Iberdrola total</p>

Limitations on the scope of information

Based on the standards set forth above, Iberdrola believes that this report reflects the economic, environmental and social performance of the company in a reasonable and balanced manner. Existing limitations and differences between both boundaries, described in the preceding sections, have a limited influence on aggregate overall data, which, in the opinion of Iberdrola, would not affect a reader's assessment of the company's performance.

In the future, quantitative information may be included with respect to other activities of subsidiaries or affiliates to the extent that such information contributes to an understanding of the activities carried out by Iberdrola.

Significant changes to the organisation and its supply chain

102-10

Changes in activities and/or in operations

In the course of their business, the various subsidiaries and affiliates of Iberdrola have carried out transactions that change the composition of their assets in 2019, including the following:

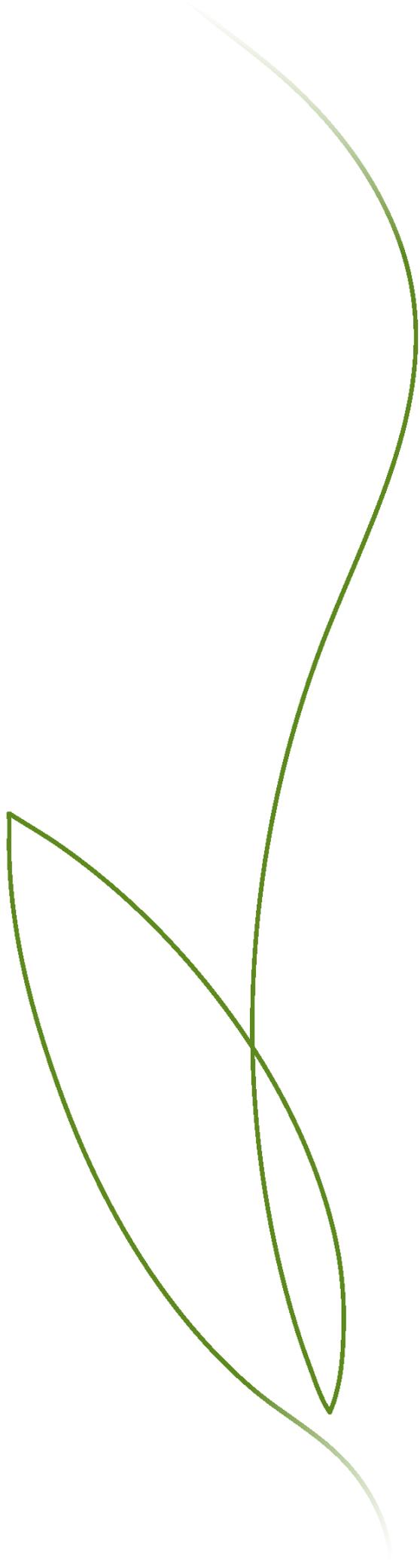
- In the United Kingdom, Iberdrola finished the sale of a 40% interest in the East Anglia One offshore wind farm to Green Investment Group, which forms part of the Australian Macquarie investment fund.
- In Mexico, the Topolobampo II (911 MW) and El Carmen (866 MW) combined cycle plants were placed into commercial operation.
- New wind facilities have been included in Spain (e.g. Ballesta, Casetonas, Pradillo and Cavar), adding a total of 235 MW.
- Iberdrola has concluded the construction of the largest photovoltaic plant in Europe, in Nuñez de Balboa (Extremadura), with 500 MW.
- Commercial presence has increased in Portugal, Italy, Germany, France and Ireland, reaching a portfolio of 1.5 million customer contracts.

Changes in capital structure

The shareholders acting at the General Shareholders' Meeting of Iberdrola held on 29 April 2019 approved two increases in capital by means of a scrip issue in order to once again implement the *Iberdrola Flexible Dividend* system, implementing the first increase in capital in July 2019 and the second in January 2020.

Changes in supply chain

There were no significant changes in the company's supply chain during the financial year.



III.3. Defining Report Content. Materiality Analysis

102-46

Iberdrola directly identifies its material aspects by preparing a *Materiality Study* with the advice of an independent outside firm, with the aim of identifying the specific aspects of interest related to the company's activity by consulting in-house and outside sources. Iberdrola uses this process to identify economic, social, environmental and ethics issues that are significant to its focus on sustainable development.

Iberdrola also takes into account the Topics of the *GRI Sustainability Reporting Standards* (and prior versions) as well as the *Electric Utility Sector Supplement* in this analysis. These guidelines are the result of a process in which various Stakeholders throughout the world have participated, with representatives from business, unions, civil society, the financial markets, auditors and specialists from various disciplines in the business area, regulators and governmental bodies from various countries.

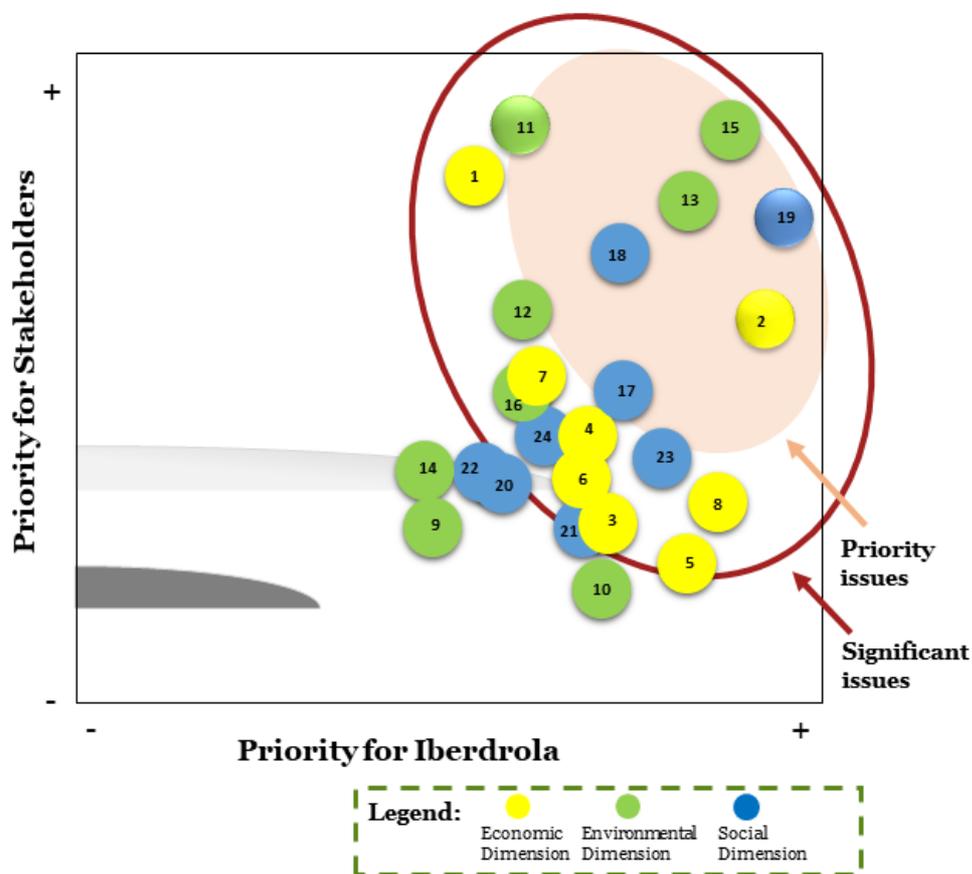
Together with these global processes of identification of and response to material issues, the company also has a *Global Stakeholder Engagement Model*, based on the *AA1000 Stakeholder Engagement Standard (AA1000SES) 2015* standard and on its three requirements of inclusiveness, materiality and responsiveness¹⁴⁹, as described in the "Stakeholder engagement" section of chapter II.1.

The company, with a presence in countries on various continents, conforms to the various regional socioeconomic development models and has developed systems and processes to obtain the information needed to meet legal requests on matters of sustainability made by GRI, with its recommendations, and also by other areas of heightened awareness such as the Dow Jones Sustainability Index or the Carbon Disclosure Project. Iberdrola uses its *Statement of Non-Financial Information. Sustainability Report* to provide an annual report on these issues, adhering to the materiality requirements, following macro-trends in sustainable development and generally meeting Stakeholder expectations.

¹⁴⁹ 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.

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, providing continuity with information for previous financial years.

The analysis for 2019 prioritises those matters 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, 7 topics, shown in the following chart, have been identified as "material":



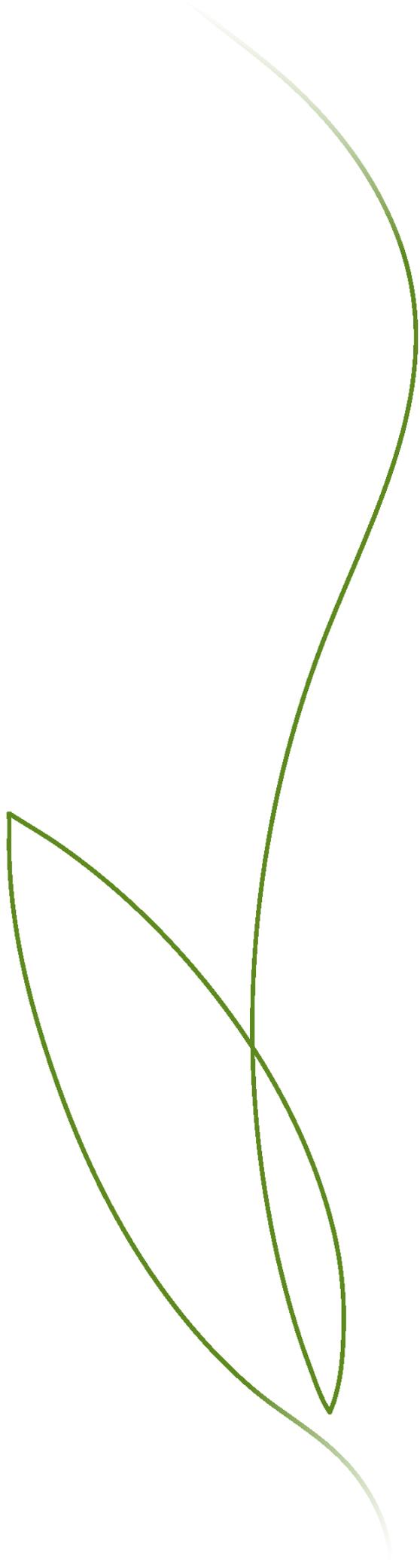
Priority issues	Significant issues	Other significant issues
15. Energy transition	1. Socially responsible investment	22. Vulnerable customers
13. Climate change	12. Integration of renewable energy within the electric system	14. Management of biodiversity
19. Occupational safety and health	7. Smart grids and supply quality	9. Management of natural capital
18. Diversity and equal opportunity	16. Availability and management of water	10. Circular economy
11. Innovation and new business models	4. Ethics and integrity (anti-corruption and free competition)	
2. Economic and financial performance	24. Connectivity, Digitisation and Cybersecurity	
17. Customer satisfaction	23. Attraction, Development and Retention of Human Capital	
	6. Public policy	
	8. Green financing	
	3. Transparency	
	21. Human Rights	
	5. Responsible supply chain	
	20. Impact on local communities	

The coverage of the material topics; that is, whether the topics are significant within the organisation (internal impact on the company or its employees) or outside it (impact outside the company, outside its scope of control or on outside Stakeholders) is reflected in detail in the various sections of this report.

The various sections of this report offer a concrete response to the aspects identified, as shown in the following table:

102-47

Priority issues	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.	"Key figures" section of chapter I. "Business model" section of chapter II. "Energy transition and supply costs" section of chapter II.2. "Efficiency in energy consumption" section of chapter II.3.
Climate change	Science-based goals for reduction of emissions, carbon footprint, emissions trading, CO ₂ storage systems, available adaptation and mitigation mechanisms, economic impacts from climate change, evaluation of risks and opportunities, awareness-raising and sensitisation, etc.	"Business model" section of chapter I. "Economic/financial performance" section of chapter II.2. "Introduction", "Emissions reduction" and "Efficiency in energy consumption" section of chapter II.3. "Products and services" section of chapter II.4.
Occupational health and safety	Management of health and safety of employees and contractors, prevention policies and plans Establishment of goals and performance in accident and absenteeism rates. Employee, supplier and subcontractor training and awareness-raising.	"A safe work environment" section of chapter II.2.
Diversity and equal opportunity	Non-discrimination against women in the labour world and especially in management positions. Merit- and skill-based selection, salary and promotion equality.	"Diversity and equal opportunity" section of chapter II.2. "Non-discrimination" section of chapter II.5. Contribution to the well-being of our communities.
Innovation and new business models	Electric vehicle, more decentralised generation models, self-consumption, increase in clean energy and energy storage.	"Sustainable mobility" section of chapter II.3. "Products and services" section of chapter II.4.
Economic and financial performance	Action plans to guarantee results in uncertain environments. Economic value generated and distributed. Tax policy and strategy, cooperation with tax authority, tax contributions. Indirect economic impacts and creation of social value.	"Business model" section of chapter I. "Economic/financial performance" section of chapter II.1. "Iberdrola's contribution to the community" section of chapter II.5.
Customer satisfaction	Evaluation of customer satisfaction and establishment of improvement objectives. Accessibility and transparency of information Digitisation. Management of information security and privacy, grievances and claims and other matters related to meter reading, billing, rates and contracts.	"Products and services", "Digital transformation" and "Innovation projects" sections of chapter II.4.



III.4. 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

	Related GRI Disclosures	SNFI pages
Description of the group's business model		
business environment	102-1	9, 24, 25, 29, 31, 34, 394, 406
organisation and structure	102-2	
markets in which it does business	102-3	
objectives and strategies	102-4	
	102-6	
main factors and trends that might affect its future progress	102-7 102-14	
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	61, 62, 63, 64, 65, 66, 69, 70
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	GRI content index	
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	102-15 205-1 413-1 407-1 408-1 409-1	61, 71, 72, 279, 293, 329, 353, 358
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	102-11 201-2 308-1 308-2	75, 79, 180, 185, 224, 328
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 environment, taking into account any form of atmospheric pollution specific to an activity	305-5 305-6 305-7	206, 211, 209, 437
including noise and light pollution.	Non-material indicator for the company, as described in the Materiality Analysis 2019 (page 319).	
– Circular economy and waste prevention and management:		

measures for the prevention, recycling, reuse, other forms of recovery and elimination of waste	301-2 301-3 306-2	190, 219, 411, 439
actions to combat food waste.	Non-material indicator for the company, as described in the Materiality Analysis 2019 (page 319).	
– Sustainable use of resources:		
water consumption and supply in accordance with local limitations	303-1	
consumption of raw materials and measures adopted to improve the efficient use thereof	303-2 303-3	
direct and indirect consumption of energy	301-1 301-2	190 -195, 198, 199, 212, 213,
measures taken to improve energy efficiency and the use of renewable energy	302-1 302-2 302-3 302-4 302-5	216, 433, 434
– Climate change:		
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	75, 79, 200,
measures adopted to adapt to the consequences of climate change	305-5 201-2	202, 205, 206,
voluntarily established medium- and long-term targets established to reduce greenhouse gas emissions and the means implemented to such end	305-5	436
– Protection of biodiversity:		
measures taken to preserve or restore biodiversity	304-3 306-5	218, 225, 230,
impacts cause by activities or operations in protected areas	304-1 304-2	234
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	32, 38, 120, 407, 441-450, 474, 475, 476, 477, 478,
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	127, 456
average remuneration and evolution thereof broken down by gender, age and professional or similar classification;	103	125, 126, 175
salary gap	405-2	174, 175
remuneration of same or average job positions of the company	103	125-126
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 47 from the Annual Financial Report 2019
implementation of labour disengagement policies	103	168
employees with disabilities	405-1	177
– Organisation of work:		
organisation of work time	103	133
number of hours of absenteeism	403-2	138, 464
measures to facilitate enjoyment of reconciliation and encouragement of the responsible co-exercise of responsibility by both parents	103	165
– Health and safety:		
occupational health and safety conditions	103	135
occupational accidents, particularly the frequency and seriousness thereof broken down by gender	403-2	138, 464
occupational diseases; broken down by gender	403-3	143
– Social relations:		
organisation of social dialogue, including procedures to inform and consult with staff and negotiate with them	407-1	279, 329
percentage of employees covered by collective bargaining agreements by country	102-41	129, 451
balance of collective bargaining agreements, particularly in the field of workplace health and safety	403-4	144
– Training:		
policies implemented in the field of training	103	155
total hours of training by professional category	404-1	162, 471, 472
– Universal accessibility of disabled persons	103	176
– Equality:		
measures adopted to promote equality of treatment and opportunities between women and men	405	38, 120, 474, 475, 476, 477, 478

equality plans (Chapter III of Organic Law 3/2007, of 22 March, for the effective equality of women and men)	405	170-172
protocols against sexual and gender-based harassment	405	172, 176
measures adopted to promote the employment, integration and universal accessibility of disabled persons	405	176
policy against all types of discrimination and, if applicable, management of diversity	405	169-176
III. Information regarding respect for human rights		
application of human rights due diligence procedures	102-16 102-17 412-3 412-2 410-1 412-1	22, 63, 65, 279, 289, 290, 291, 357
prevention of the risks of violating human rights and, if applicable, measures to mitigate, manage and repair possible abuses	412	277, 279, 290, 291
complaints of human rights violations	406-1	285
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	279, 285, 329
IV. Information regarding the fight against corruption and bribery:		
measures adopted to prevent corruption and bribery	102-16 102-17 205-1 205-2 205-3	22, 63, 65, 357, 353, 363, 368
measures to combat money laundering	205-2	363
contributions to non-profit foundations and entities	103	176, 482
VI. Information about the company:		
– Commitments of the company to sustainable development:		
impact of the company's operations on employment and local development	203-1 203-2 413-1	97, 99, 293
impact of the company's operations on local communities and on the land	203-1 203-2 411-1 413-1 413-2	92, 94, 285, 293
relations with local players and types of dialogue therewith	102-43 413-1	351, 285, 293
association or sponsorship activities	102-12 102-13	378, 381
– Subcontracting and suppliers:		
inclusion of social, gender equality and environmental issues in the purchasing policy	102-9 308-1 414-1	Purchasing Policy 321, 324, 328, 329, 479
consideration of social and environmental responsibility of suppliers and subcontractors in relations with them	414-1 414-2	329, 479
supervision and auditing systems and results thereof	414-1 414-2	329, 479
– Consumers:		
consumer health and safety measures	416-1	256
grievance systems, complaints received and resolution thereof	416-2	257
– Tax information:		
profits per country	201	432
taxes on profit paid	201	432
public subsidies received	201-4	96

III.5. GRI content index

102-54 102-55 102-56

This report has been prepared in accordance with the GRI Standards: Comprehensive option.

Independent External Assurance

Iberdrola obtains independent external assurance of its annual information, the annual accounts and management reports (individual and consolidated with those of its subsidiaries) by KPMG Auditores, S.L. and the *Statement of Non-Financial Information. Sustainability Report* by PricewaterhouseCoopers Asesores de Negocio, S.L. Annex 3 hereto includes the external independent assurance report on this document.

Electric Utilities Sector Supplement: this index incorporates the topics and disclosures required by such supplement, published by GRI in 2014. They 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	External assurance	Relationship with SDGs	Relationship with SASB
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	25	✓		
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	24	✓		
102-5	Ownership and legal form	43	✓		
102-6	Markets served	25, 29, 394	✓		

GRI Standard	Description	SNFI page	External assurance	Relationship with SDGs	Relationship with SASB
102-7	Scale of the organisation	31, 34, 426	✓		
102-8	Information on employees and other workers	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	321, 324	✓		
102-10	Significant changes to the organisation and its supply chain	396	✓		
102-11	Precautionary Principle or approach	180, 185, 224	✓		
102-12	External initiatives to which the organisation subscribes or which it endorses	381	✓		
102-13	Main memberships of associations	378	✓		
EU1*	Installed capacity	27, 420	✓	7	IF-EU-000 D
EU2*	Energy output	28, 423	✓	7, 14	IF-EU-000 D
EU3*	Electricity users and producers	29, 424	✓		IF-EU-000 A
EU4*	Transmission and distribution lines	30, 425	✓		IF-EU-000 B
EU5*	Allocation of CO ₂ emissions allowances or equivalent	209	✓	14, 15	
2.- Strategy					
102-14	Statement from senior decision-maker	9	✓		
102-15	Key impacts, risks and opportunities	61, 71, 72	✓		IF-EU-240a.4
3.-Ethics and integrity					
102-16	Values, principles, standards and norms of behaviour	22, 63, 65	✓	16	
102-17	Mechanisms for advice and concerns about ethics	357	✓	16	
4.- Governance					
102-18	Governance structure	37	✓		
102-19	Delegating authority	40	✓		
102-20	Executive-level positions with responsibility for economic, social and environmental topics	69	✓		
102-21	Processes for consultation between Stakeholders and the Board of Directors	340	✓	16	
102-22	Composition of the highest governance body and its committees	38, 40	✓	5, 16	
102-23	Chair of the highest governance body	38	✓	16	
102-24	Selection and nomination of the members of the highest governance body	341	✓	5, 16	

GRI Standard	Description	SNFI page	External assurance	Relationship with SDGs	Relationship with SASB
102-25	Processes for the highest governance body to avoid conflicts of interest	Section D.6 of the <i>Annual Corporate Governance Report</i> for financial year 2019 describes the mechanisms used to detect, determine and resolve potential conflicts of interest between Iberdrola and its directors, officers and significant shareholders.	✓	16	
102-26	Role of highest governance body in setting purpose, values and strategy	22, 63	✓		
102-27	Collective knowledge of highest governance body	340	✓	4	
102-28	Evaluating the highest governance body's performance	342	✓		
102-29	Identifying and managing economic, environmental and social impacts	342	✓	16	
102-30	Effectiveness of risk management processes	74	✓		
102-31	Review of economic, environmental and social topics	342	✓		
102-32	Highest governance body's role in sustainability reporting	Iberdrola's Board of Directors is the body responsible for reviewing the <i>Statement of Non-Financial Information. Sustainability Report 2019</i> , which was approved on 24 February 2020 (following a report from the Sustainable Development Committee), the date of preparation of the company's annual accounts for financial year 2019. This report will be submitted to the shareholders for approval at the General Shareholders' Meeting to be held on 2 April 2020:	✓		
102-33	Communicating critical concerns	68	✓		
102-34	Nature and total number of critical concerns	339	✓		
102-35	Remuneration policies	343	✓		
102-36	Process for determining remuneration	343	✓		
102-37	Stakeholders' involvement in remuneration	344	✓	16	
102-38	Annual total compensation ratio	345	✓		
102-39	Percentage increase in annual total compensation ratio	345	✓		
5.-Stakeholder engagement					
102-40	Stakeholder groups engaged by the organisation	350	✓		
102-41	Collective bargaining agreements	129, 451 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	351	✓		
102-43	Approach to stakeholder engagement	351	✓		

GRI Standard	Description	SNFI page	External assurance	Relationship with SDGs	Relationship with SASB
102-44	Key topics and concerns raised	352	✓		
6.-Reporting practice					
102-45	Entities included in the consolidated financial statements and in the boundary of this report	392	✓		
102-46	Defining report content and scope and topic boundaries	398	✓		
102-47	List of material topics	401	✓		
102-48	Restatements of information provided in previous reports	It was not considered necessary to reformulate the information from prior reports during financial year 2019. If a specific indicator requires reformulation, it will be specifically explained in the indicator itself.	✓		
102-49	Significant changes in scope and topic boundaries	There were no changes deemed significant in the scope, coverage or methods of valuation used in the report in financial year 2019, keeping the ability to compare the group's key figures with those of prior years.	✓		
102-50	Reporting period	392	✓		
102-51	Date of most recent report	392	✓		
102-52	Reporting cycle	392	✓		
102-53	Contact point for questions regarding the report	502	✓		
102-54	Claims of reporting in accordance with the GRI Standards	406	✓		
102-55	GRI content index	406	✓		
102-56	External assurance	406	✓		
GRI 103 Management approach 2016					
	General management approach, applicable to all aspects of this report.	61, 62, 63, 64, 65, 66, 69, 70	✓	1.5, 8, 12, 13, 14, 15, 16	

Material topics	Reporting on management approach and corresponding disclosures	SNFI page	Omissions	External assurance	Relationship with SDGs	Related SASB indicator
GRI 200 ECONOMIC DIMENSION						
A. Topics of the GRI Standards						
- GRI 201 Economic performance 2016	Management approach (103-1, 103-2 and 103-3)	94		✓	2, 5, 7, 8, 9, 13	
	201-1	96, 428		✓		
	201-2	75, 79		✓		
	201-3	131		✓		
	201-4	96 The Iberdrola group is not aware of government participation in the shareholding structure.		✓		
- GRI 202 Market presence 2016	Management approach (103-1, 103-2 and 103-3)	116		✓	1, 5, 8	
	202-1	125		✓		
	202-2	124		✓		
- GRI 203 Indirect economic impacts 2016	Management approach (103-1, 103-2 and 103-3)	92		✓	1, 2, 3, 5, 7, 8, 9, 10, 11, 17	
	203-1	99		✓		
	203-2	97		✓		
- GRI 204 Procurement practices 2016	Management approach (103-1, 103-2 and 103-3)	319		✓	12	
	204-1	323		✓		
- GRI 205 Anti-corruption 2016	Management approach (103-1, 103-2 and 103-3)	357		✓	16	
	205-1	358		✓		
	205-2	363		✓		
	205-3	368		✓		
- GRI 206 Anti-competitive behavior 2016	Management approach (103-1, 103-2 and 103-3)	374		✓	16	
	206-1	375		✓		
B. Specific topics of the electric utilities sector supplement						
- Availability and reliability	Management approach (103-1, 103-2 and 103-3)	108		✓	7	
	EU10	108		✓		
- System efficiency	Management approach (103-1, 103-2 and 103-3)	196		✓	7, 8, 12, 13, 14	
	EU11	197, 434		✓		
	EU12	197		✓		
- Demand-side management	Management approach (103-1, 103-2 and 103-3)	105		✓		
- Research and development	Management approach (103-1, 103-2 and 103-3)	265		✓		

Material topics	Reporting on management approach and corresponding disclosures	SNFI page	Omissions	External assurance	Relationship with SDGs	Related SASB indicator
- Nuclear plant decommissioning	Management approach (103-1, 103-2 and 103-3)	117		✓		IF-EU-540a.1 IF-EU-540a.2
C. Specific topics of the Iberdrola group						
- Supply costs		113		✓		
- Green financing		100		✓		
- Fiscal responsibility		370		✓		
- Cybersecurity		384		✓		IF-EU-550a.1
- Privacy of the personal information of Stakeholders		384		✓		

GRI 300 ENVIRONMENTAL DIMENSION

A. Topics of the GRI Standards

- GRI 301 Materials * 2016	Management approach (103-1, 103-2 and 103-3)	190		✓	8, 12	
	301-1	190, 191		✓		
	301-2	190		✓		
	301-3	Iberdrola's main activity is the sale of electricity and gas, a product that cannot be reused and that does not generate packaging waste in the final use thereof.		✓		
- GRI 302 Energy 2016	Management approach (103-1, 103-2 and 103-3)	191		✓	7, 8, 12, 13	
	302-1	193, 194, 433		✓		
	302-2	199		✓		
	302-3	192		✓		
	302-4	195		✓		IF-EU-420a.3
- GRI 303 Water * 2018	Management approach (103-1, 103-2 and 103-3)	212		✓	6, 8, 12	
	303-1	212, 434		✓		IF-EU-140a.1
	303-2	212		✓		
	303-3	213		✓		
- GRI 304 Biodiversity * 2016	Management approach (103-1, 103-2 and 103-3)	222		✓	6, 14, 15	
	304-1	230		✓		
	304-2	225		✓		
	304-3	234		✓		
	304-4	233, 234, 435		✓		
	EU13	227		✓		

Material topics	Reporting on management approach and corresponding disclosures	SNFI page	Omissions	External assurance	Relationship with SDGs	Related SASB indicator
- GRI 305 Emissions * 2016	Management approach (103-1, 103-2 and 103-3)	199		✓	3, 12, 13, 14, 15	
	305-1	202, 436		✓		IF-EU-110a.1
	305-2	204, 437		✓		
	305-3	205		✓		
	305-4	200		✓		IF-EU-110a.3
	305-5	206		✓		
	305-6	211		✓		
	305-7	209, 437		✓		IF-EU-120a.1
- GRI 306 Effluents and waste * 2016	Management approach (103-1, 103-2 and 103-3)	212, 218		✓	3, 6, 12, 13, 14, 15	IF-EU-140a.3
	306-1	217		✓		IF-EU-140a.1
	306-2	219, 439		✓		IF-EU-150a.1
	306-3	242		✓		
	306-4	Iberdrola does not directly transport, import or export hazardous waste covered by the Basel Convention in any of the countries in which it engages in its activities.		✓		
	306-5	218		✓		
- GRI 307 Environmental compliance 2016	Management approach (103-1, 103-2 and 103-3)	243		✓	12, 13, 14, 15, 16	
	307-1	243, 244		✓		
- GRI 308 Supplier environmental assessment 2016	Management approach (103-1, 103-2 and 103-3)	328		✓		
	308-1	328		✓		
	308-2	328		✓		

Material topics	Reporting on management approach and corresponding disclosures	SNFI page	Omissions	External assurance	Relationship with SDGs	Related SASB indicator
GRI 400 SOCIAL DIMENSION						
A. Topics of the GRI Standards						
- GRI 401 Employment * 2016	Management approach (103-1, 103-2 and 103-3)	119		✓	5, 8	
	401-1	121, 452		✓		
	401-2	131, 460		✓		
	401-3	175, 461		✓		
- GRI 402 Labour/management relations* 2016	Management approach (103-1, 103-2 and 103-3)	119		✓	8	
	402-1	130		✓		
	EU15	132, 462		✓		
	EU17	121		✓		
	EU 18	The group's contracting conditions, available in the group's contracting bases section of the website , specify the requirements requested to firms that wish to participate in a tender process. In addition, the particular conditions regarding occupational risk prevention are included in documents of specific requirements in each country, which are also contractual documents. As a consequence, the company considers that 100% of the employees of subcontracted companies, whatever their category, have received adequate training in health and safety.		✓		
- GRI 403 Occupational health and safety * 2018	Management approach (103-1, 103-2 and 103-3)	135		✓	3, 8	
	403-1	135, 464		✓		IF-EU-320a.1
	403-2	138, 464		✓		
	403-3	143		✓		
	403-4	144		✓		
	403-5	146		✓		
	403-6	147		✓		
	403-7	149		✓		
	403-8	136		✓		
	403-9	151, 153		✓		
	403-10	154		✓		
- GRI 404 Training and education 2016	Management approach (103-1, 103-2 and 103-3)	155		✓	4, 5, 8	
	404-1	162, 471, 472		✓		
	404-2	159		✓		
	404-3	163, 473		✓		

Material topics	Reporting on management approach and corresponding disclosures	SNFI page	Omissions	External assurance	Relationship with SDGs	Related SASB indicator
- GRI 405 Diversity and equal opportunity 2016	Management approach (103-1, 103-2 and 103-3)	164		✓	5, 8, 10	
	405-1	38, 120, 474, 475, 476, 477, 478		✓		
	405-2	175		✓		
- GRI 406 Non-discrimination 2016	Management approach (103-1, 103-2 and 103-3)	284		✓	5, 8, 16	
	406-1	285		✓		
- GRI 407 Freedom of association and collective bargaining* 2016	Management approach (103-1, 103-2 and 103-3)	277		✓	8	
	407-1	279, 329		✓		
- GRI 408 Child labour 2016	Management approach (103-1, 103-2 and 103-3)	277		✓	8, 16	
	408-1	279, 329		✓		
- GRI 409 Forced or compulsory labour 2016	Management approach (103-1, 103-2 and 103-3)	277		✓	8	
	409-1	279, 329		✓		
- GRI 410 Security practices 2016	Management approach (103-1, 103-2 and 103-3)	289		✓	16	
	410-1	289		✓		
- GRI 411 Rights of indigenous peoples 2016	Management approach (103-1, 103-2 and 103-3)	285		✓	2	
	411-1	285		✓		
- GRI 412 Human rights assessment 2016	Management approach (103-1, 103-2 and 103-3)	277		✓		
	412-1	279		✓		
	412-2	290		✓		
	412-3	291		✓		
- GRI 413 Local communities * 2016	Management approach (103-1, 103-2 and 103-3)	292		✓	1, 2	
	413-1	293		✓		
	413-2	293		✓		
	EU22	297		✓		
- GRI 414 Supplier social assessment 2016	Management approach (103-1, 103-2 and 103-3)	329		✓	5, 8, 16	
	414-1	329, 479		✓		
	414-2	329, 479		✓		
- GRI 415 Public policy 2016	Management approach (103-1, 103-2 and 103-3)	377		✓	16	
	415-1	383		✓		
- GRI 416 Customer health and safety *2016	Management approach (103-1, 103-2 and 103-3)	255		✓	16	
	416-1	256		✓		
	416-2	257		✓		
- GRI 417 Marketing and labelling 2016	Management approach (103-1, 103-2 and 103-3)	252, 253		✓	12, 16	
	417-1	253		✓		
	417-2	255		✓		
	417-3	253		✓		

- GRI 418 Customer privacy 2016	Management approach (103-1, 103-2 and 103-3)	385		✓	16	
	418-1	386		✓		
- GRI 419 Socioeconomic compliance 2016	Management approach (103-1, 103-2 and 103-3)	387		✓	16	
	419-1	387		✓		

Material topics	Reporting on management approach and corresponding disclosures	SNFI page	Omissions	External assurance	Relationship with SDGs	Related SASB indicator
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B. Specific topics of the electric utilities sector supplement

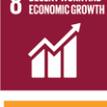
- Disaster/emergency planning and response	Management approach (103-1, 103-2 and 103-3)	240		✓		
	Management approach (103-1, 103-2 and 103-3)	273		✓	1, 7	
- Access to electricity	EU26	273		✓		
	EU27	276, 480		✓		IF-EU-240a.3
	EU28	250		✓		
	EU29	251		✓		
	EU30	113, 440		✓		
- Access to adequate information	Management approach (103-1, 103-2 and 103-3)	259		✓		

C. Specific topics of the Iberdrola group

- Iberdrola and the Global Compact		318		✓		
- Iberdrola's contribution to the community		482		✓		
- Iberdrola, promoting women's sport		173		✓		

III.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:

Content Index in Relation to the Principles of the Global Compact			
Issue	Global Compact Principles	Most relevant GRI Standards Indicators	Related SDGs
Human Rights	Principle 1. Businesses should support and respect the protection of internationally proclaimed human rights.	410-1 to 412-1, 412-2, 413-1, 413-2	 
	Principle 2. Businesses should make sure they are not complicit in human rights abuses.	412-3, 414-1, 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	

	<p>Principle 6. Businesses should uphold the elimination of discrimination in respect of employment and occupation.</p>	<p>102-8 202-1, 202-2 401-1, 401-3, 404-1, 404-3, 405-2, 406-1</p>	
<p>Environment</p>	<p>Principle 7. Businesses should support a precautionary approach to environmental challenges.</p>	<p>201-2, 301-1, 302-1, 303-1, 305-1 to 305-3, 305-6, 305-7</p>	
	<p>Principle 8. Businesses should undertake initiatives to promote greater environmental responsibility.</p>	<p>301-1 to 308-2</p>	
	<p>Principle 9. Businesses should encourage the development and diffusion of environmentally friendly technologies.</p>	<p>302-4, 302-5, 305-5</p>	
<p>Anti-corruption</p>	<p>Principle 10. Businesses should work against corruption in all its forms, including extortion and bribery.</p>	<p>102-16, 102-17, 205-1 to 205-3, 415-1</p>	

IV. Annexes

- Annex 1: Information Supplementary to the Sustainability Report
- Annex 2: Iberdrola's Contribution to the SDGs and targets of the 2030 Agenda
- Annex 3: External Independent Assurance Report on the Sustainability Report

IV.1. Annex 1: Information Supplementary to the Sustainability Report 2019

Key figures¹⁵⁰

EU1

Installed capacity by region and energy source (MW)

		2019	2018
Spain	Renewables	16,526	15,789
	<i>Onshore wind</i>	6,005	5,770
	<i>Offshore wind</i>	0	0
	<i>Hydroelectric</i>	9,715	9,715
	<i>Mini-hydro</i>	306	303
	<i>Solar and others</i>	500	0
	Nuclear	3,177	3,177
	Gas combined cycle	5,695	5,695
	Cogeneration	353	353
	Coal	874	874
	Total	26,624	25,887
United Kingdom	Renewables	2,520	2,100
	<i>Onshore wind</i>	1,906	1,906
	<i>Offshore wind</i>	614	194
	<i>Hydroelectric</i>	0	0
	<i>Mini-hydro</i>	0	0
	<i>Solar and others</i>	0	0
	Nuclear	0	0
	Gas combined cycle	0	0
	Cogeneration	0	0
	Coal	0	0
	Total	2,520	2,100
United States	Renewables	7,521	6,739
	<i>Onshore wind</i>	7,259	6,466
	<i>Offshore wind</i>	0	0
	<i>Hydroelectric</i>	118	118
	<i>Mini-hydro</i>	0	0
	<i>Solar and others</i>	143	155
	Nuclear	0	0
	Gas combined cycle	204	212
	Cogeneration	636	636
	Coal	0	0
	Total	8,361	7,586
Brazil	Renewables	3,546	2,935
	<i>Onshore wind</i>	516	516
	<i>Offshore wind</i>	0	0
	<i>Hydroelectric</i>	3,031	2,419
	<i>Mini-hydro</i>	0	0
	<i>Solar and others</i>	0	0
	Nuclear	0	0

¹⁵⁰ Operating figures include figures corresponding to partially owned and uncontrolled companies, applying the percentage interest.

Installed capacity by region and energy source (MW)

		2019	2018
	Gas combined cycle	533	533
	Cogeneration	0	0
	Coal	0	0
	Total	4,079	3,467
Mexico	Renewables	860	674
	<i>Onshore wind</i>	492	306
	<i>Offshore wind</i>	0	0
	<i>Hydroelectric</i>	0	0
	<i>Mini-hydro</i>	0	0
	<i>Solar and others</i>	368	368
	Nuclear	0	0
	Gas combined cycle	1,946	1,035
	Cogeneration	346	346
	Coal	0	0
	Total own installed capacity	3,152	2,055
	Renewables	103	103
	<i>Onshore wind</i>	103	103
	Gas combined cycle	6,277	4,533
Total installed capacity for third parties	6,380	4,636	
Total	9,532	6,691	
IEI	Renewables	965	961
	<i>Onshore wind</i>	609	605
	<i>Offshore wind</i>	350	350
	<i>Hydroelectric</i>	0	0
	<i>Mini-hydro</i>	0	0
	<i>Solar and others</i>	6	6
	Nuclear	0	0
	Gas combined cycle	0	0
	Cogeneration	0	0
	Coal	0	0
Total	965	961	
Iberdrola total	Renewables	31,939	29,198
	<i>Onshore wind</i>	16,787	15,569
	<i>Offshore wind</i>	964	544
	<i>Hydroelectric</i>	12,864	12,252
	<i>Mini-hydro</i>	306	303
	<i>Solar and others</i>	1,018	529
	Nuclear	3,177	3,177
	Gas combined cycle	8,377	7,474
	Cogeneration	1,335	1,335
	Coal	874	874
	Total own installed capacity	45,702	42,058
	Renewables	103	103
	<i>Onshore wind</i>	103	103
	Gas combined cycle	6,277	4,533
	Total installed capacity for third parties	6,380	4,636
	Total	52,082	46,694

EU2

Net energy production, by region and source of energy (GWh)

		2019	2018
Spain	Renewables	22,191	25,973
	<i>Onshore wind</i>	12,491	11,654
	<i>Offshore wind</i>	N/A	N/A
	<i>Hydroelectric</i>	9,082	13,590
	<i>Mini-hydro</i>	618	670
	<i>Solar and others</i>	0	58
	Nuclear	23,737	23,535
	Gas combined cycle	9,697	4,092
	Cogeneration	2,586	2,472
	Coal	349	1,637
	Total	58,560	57,709
United Kingdom	Renewables	4,640	5,145
	<i>Onshore wind</i>	3,706	3,812
	<i>Offshore wind</i>	934	755
	<i>Hydroelectric</i>	0	577
	<i>Mini-hydro</i>	N/A	N/A
	<i>Solar and others</i>	N/A	N/A
	Nuclear	N/A	N/A
	Gas combined cycle	0	5,585
	Cogeneration	N/A	N/A
	Coal	N/A	N/A
	Total	4,640	10,730
United States	Renewables	17,480	17,261
	<i>Onshore wind</i>	16,953	16,650
	<i>Offshore wind</i>	N/A	N/A
	<i>Hydroelectric</i>	179	269
	<i>Mini-hydro</i>	N/A	N/A
	<i>Solar and others</i>	348	342
	Nuclear	N/A	N/A
	Gas combined cycle	3	8
	Cogeneration	3,477	2,713
	Coal	N/A	N/A
	Total	20,960	19,983
Brazil	Renewables	10,674	10,099
	<i>Onshore wind</i>	1,993	2,120
	<i>Offshore wind</i>	N/A	N/A
	<i>Hydroelectric</i>	8,680	7,979
	<i>Mini-hydro</i>	N/A	N/A
	<i>Solar and others</i>	N/A	N/A
	Nuclear	N/A	N/A
	Gas combined cycle	3,334	3,553
	Cogeneration	N/A	N/A
	Coal	N/A	N/A
	Total	14,007	13,652

Mexico	Renewables	1,424	817
	<i>Onshore wind</i>	693	805
	<i>Offshore wind</i>	N/A	N/A
	<i>Hydroelectric</i>	N/A	N/A
	<i>Mini-hydro</i>	N/A	N/A
	<i>Solar and others</i>	731	12
	Nuclear	N/A	N/A
	Gas combined cycle	8,940	7,229
	Cogeneration	2,834	2,834
	Coal	N/A	N/A
	Total own production	13,198	10,880
	Renewables	227	279
	<i>Onshore wind</i>	227	279
	Gas combined cycle	37,457	30,192
Total third-party production	37,684	30,471	
Total	50,882	41,351	
IEI	Renewables	2,665	2,180
	<i>Onshore wind</i>	1,379	1,284
	<i>Offshore wind</i>	1,277	887
	<i>Hydroelectric</i>	N/A	N/A
	<i>Mini-hydro</i>	N/A	N/A
	<i>Solar and others</i>	9	9
	Nuclear	N/A	N/A
	Gas combined cycle	N/A	N/A
	Cogeneration	N/A	N/A
	Coal	N/A	N/A
Total	2,665	2,180	
Iberdrola total	Renewables	59,074	61,474
	<i>Onshore wind</i>	37,216	36,326
	<i>Offshore wind</i>	2,211	1,642
	<i>Hydroelectric</i>	17,941	22,415
	<i>Mini-hydro</i>	618	670
	<i>Solar and others</i>	1,088	421
	Nuclear	23,737	23,535
	Gas combined cycle	21,973	20,467
	Cogeneration	8,897	8,020
	Coal	349	1,637
	Total own production	114,030	115,134
	Renewables	227	279
	<i>Onshore wind</i>	227	279
	Gas combined cycle	37,457	30,192
	Total third-party production	37,684	30,471
	Total	151,714	145,605

EU3

Electricity users (%)

		2019	2018	2017
Spain ¹⁵¹	Residential	79.2	93.0	92.8
	Industrial	2.0	1.5	1.7
	Institutional	1.1	1.1	1.1
	Commercial	17.7	4.4	4.4
	Other	0.0	0.0	0.0
	Total users (millions)	10.1	10.1¹⁵²	10.1¹³⁹
	Users that are producers of electricity (No.)	0	0	0
United Kingdom	Residential	94.0	93.8	93.9
	Industrial	2.0	2.0	2.1
	Institutional	0.1	0.1	0.1
	Commercial	3.9	4.1	3.9
	Other	0.0	0.0	0.0
	Total users (millions)	2.8	3.0	3.1
	Users that are producers of electricity (No.)	66,847	67,913	66,264
United States	Residential	88.1	88.2	88.2
	Industrial	0.3	0.3	0.3
	Institutional	0.0	0.0	0.0
	Commercial	10.8	10.6	10.6
	Other	0.9	0.9	0.9
	Total users (millions)	2.3	2.3	2.2
	Users that are producers of electricity (No.)	12,268	12,268	3,776
Brazil	Residential	87.9	87.6	87.4
	Industrial	0.3	0.3	0.3
	Institutional	1.2	1.2	1.2
	Commercial	7.0	6.6	6.6
	Other	3.6	4.3	4.5
	Total users (millions)	14.1	13.8	13.6
	Users that are producers of electricity (No.)	16,841	3,403 ¹⁵³	2,033
IEI	Residential	86.1	N/Av.	N/Av.
	Industrial	0.5	N/Av.	N/Av.
	Institutional	2.1	N/Av.	N/Av.
	Commercial	11.3	N/Av.	N/Av.
	Other	0.0	N/Av.	N/Av.
	Total users (millions)	0.6	N/Av.	N/Av.
	Users that are producers of electricity (No.)	869	N/Av.	N/Av.
Iberdrola total	Residential	85.5	90.2	90.1
	Industrial	1.0	0.9	1.0
	Institutional	1.0	0.9	1.0
	Commercial	10.7	5.9	5.8
	Other	1.8	2.1	2.1
	Total users (millions)	29.8	29.2	29.2
	Users that are producers of electricity (No.)	96,465	83,584¹³⁷	72,073

¹⁵¹ In 2019 there was a change in Spain in the classification between residential, commercial and industrial.

¹⁵² Data recalculated with respect to the data published in 2018.

¹⁵³ Data recalculated with respect to the data published in 2018.

EU4

Power lines (Km)

		Transmission			Distribution		
		2019	2018	2017	2019	2018	2017
Spain	Areas	0	0	0	162,062	161,754	155,589
	Underground	0	0	0	108,196	107,885	112,981
	Total	0	0	0	270,258	269,639	268,570
United Kingdom	Areas	3,759	3,752	3,636	38,553	38,599	38,679
	Underground	690	642	404	67,081	66,964	66,541
	Total	4,449	4,394	4,040	105,634	105,563	105,220
United States	Areas	13,402	13,334	30,620	140,288	139,962	122,884
	Underground	605	602	1,557	16,460	16,185	14,899
	Total	14,007	13,936	32,177	156,748	156,147	137,783
Brazil	Areas	679	679	13,832	639,023	622,625	594,322
	Underground	0	0	38	715	689	629
	Total	679	679	13,870	639,738	623,314	594,951
IEI	Areas	0	0	0	0	0	0
	Underground	0	0	0	0	0	0
	Total	0	0	0	0	0	0
Iberdrola total	Areas	17,840	17,765	48,088	979,926	962,940	911,474
	Underground	1,295	1,244	1,999	192,452	191,723	195,050
	Total	19,135	19,009	50,087	1,172,378	1,154,663	1,106,524

Locations of operation of the Iberdrola group

102-7

The group of companies that belong to the Iberdrola group carry out various activities in a large number of countries, and more than 1,200 sites or facilities have been identified.

For purposes of reporting under the *GRI Sustainability Reporting Standards*, in order to deal with such a large number of facilities, only those considered to be principal locations of operation have been included, by business and by country, adopting as a basic standard the number of persons performing their activities at a facility, and based thereon:

- In the countries deemed to be at low risk for the violation of human rights, the most important facilities are identified as principal locations of operation, assuming that the personnel at the smaller facilities are part of a functional or hierarchical reporting structure that assures their rights through the tools and procedures established at the organisation.
- In countries with a higher risk the standard is more restrictive: if there are several facilities of different sizes dedicated to similar activities, the largest facilities are included as principal locations of operation, with the smaller ones deemed to be dependent centres with the same basic guarantees; if the number of facilities is low or it is deemed that the risk is higher, such facilities are included as principal locations of operation, regardless of the number of persons working therein.

According to these standards, the principal locations of operation identified in 2019, by business and by country, are reflected in the following tables:

Significant locations of operation 2019 by country	
Spain	33
United Kingdom	22
United States	22
Brazil	54
Mexico	19
Other countries	8
Iberdrola total	158

Significant locations of operation 2019 by business	
Corporate	17
Wholesale and Retail Business	33
Networks Business	67
Renewables Business	41
Iberdrola total	158

Based on this data, the company has performed a study to identify the significant locations of operation at which there might be some risk of violation of human rights, which is described in detail in the “Protection of human rights” section of chapter II.5 of this report.

Economic dimension

Sales ¹⁵⁴ (net amount in € millions)	2019	2018	2017
Spain	14,513	14,282	13,733
United Kingdom	5,808	6,176	5,908
United States	5,335	5,325	5,016
Brazil	2,443	2,346	2,407
Mexico	6,848	5,717	3,430
Other	1,490	1,229	768
Iberdrola consolidated total	36,437	35,075	31,262

Operating costs (€ millions)	2019	2018	2017
Spain	8,945	9,510	8,412
United Kingdom	3,695	4,022	4,080
United States	2,387	2,534	2,545
Brazil	5,257	4,371	2,682
Mexico	1,567	1,790	1,999
Other	1,176	206	728
Iberdrola consolidated total	23,027	22,433	20,446

¹⁵⁴ Sales in accordance with the grouping for the segmentation of management.

201-1

Economic value generated, distributed and retained¹⁵⁵ (€ millions)

		2019	2018	2017
Spain	Revenue (sales and other income)	15,080	15,310	13,564
	Operating costs	8,944	9,510	8,412
	Employee remuneration (excluding company social security costs)	858	806	912
	Payments to providers of capital	1,235	861	1,365
	Payments to government administrations	1,500	1,770	1,496
	Community investments (verified according to the LBG Model)	22	16	20
	Economic value retained	2,520	2,347	1,359
United Kingdom	Revenue (sales and other income)	5,881	6,351	6,077
	Operating costs	3,695	4,022	4,080
	Employee remuneration (excluding company social security costs)	398	427	468
	Payments to providers of capital	247	198	197
	Payments to government administrations	357	377	353
	Community investments (verified according to the LBG Model)	20	15	14
	Economic value retained	1,164	1,312	965
United States	Revenue (sales and other income)	5,538	5,381	5,337
	Operating costs	2,387	2,534	2,545
	Employee remuneration (excluding company social security costs)	873	812	879
	Payments to providers of capital	505	349	501
	Payments to government administrations	665	627	583
	Community investments (verified according to the LBG Model)	5	4	6
	Economic value retained	1,105	1,055	823
Brazil	Revenue (sales and other income)	7,099	6,003	3,628
	Operating costs	5,257	4,371	2,682
	Employee remuneration (excluding company social security costs)	326	291	201
	Payments to providers of capital	708	584	283
	Payments to government administrations	177	164	160
	Community investments (verified according to the LBG Model)	3	18	22
	Economic value retained	628	587	280

¹⁵⁵ 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 retained¹⁵⁶ (€ millions)

		2019	2018	2017
Mexico	Revenue (sales and other income)	2,564	2,709	2,770
	Operating costs	1,567	1,790	1,999
	Employee remuneration (excluding company social security costs)	52	36	39
	Payments to providers of capital	201	268	217
	Payments to government administrations	221	136	100
	Community investments (verified according to the LBG Model)	1	1	1
	Economic value retained	522	478	414
Other countries	Revenue (sales and other income)	1,510	519	1,338
	Operating costs	1,176	206	728
	Employee remuneration (excluding company social security costs)	26	15	18
	Payments to providers of capital	20	142	353
	Payments to government administrations	21	22	31
	Community investments (verified according to the LBG Model)	1	0	0
	Economic value retained	266	134	209
Iberdrola total	Revenue (sales and other income)	37,673	36,273	32,714 ¹⁵⁷
	Operating costs	(23,027)	22,433	20,446
	Employee remuneration (excluding company social security costs)	(2,532)	2,387	2,517
	Payments to providers of capital	(2,916)	2,402	2,916
	Payments to government administrations	(2,941)	3,096	2,723
	Community investments (verified according to the LBG Model)	(52)	54	63
	Economic value retained	6,205	5,901	4,049

¹⁵⁶ 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.

¹⁵⁷ Includes Sales in the amount of €31,263 million and Other revenue €1,451 million.

201-4

Financial assistance received (€ millions)

		2019	2018	2017
Spain	Capital subsidies	12	2	10
	Operating subsidies	3	3	6
	Investment tax credits ¹⁵⁸	0	0	0
	Production tax credits ¹⁵⁹	0	0	0
	Assistance for other items included in the GRI Protocol	0	0	0
	Total	15	5	16
United Kingdom	Capital subsidies	0	0	0
	Operating subsidies	0	0	0
	Investment tax credits ¹⁵⁸	0	0	0
	Production tax credits ¹⁵⁹	0	0	0
	Assistance for other items included in the GRI Protocol	0	0	0
	Total	0	0	0
United States	Capital subsidies	0	4	0
	Operating subsidies	0	0	0
	Investment tax credits ¹⁵⁸	0	8	30
	Production tax credits ¹⁵⁹	84	91	90
	Assistance for other items included in the GRI Protocol	0	0	0
	Total	84	103	120
Brazil	Capital subsidies	0	0	0
	Operating subsidies	0	0	0
	Investment tax credits ¹⁵⁶	0	0	0
	Production tax credits ¹⁵⁷	0	0	0
	Assistance for other items included in the GRI Protocol	0	0	0
	Total	0	0	0
Mexico	Capital subsidies	0	0	0
	Operating subsidies	0	0	0
	Investment tax credits ¹⁵⁸	0	0	0
	Production tax credits ¹⁵⁹	0	0	0
	Assistance for other items included in the GRI Protocol	0	0	0
	Total	0	0	0
Other countries	Capital subsidies	0	0	0
	Operating subsidies	0	0	0
	Investment tax credits ¹⁵⁸	0	0	0
	Production tax credits ¹⁵⁹	0	0	0
	Assistance for other items included in the GRI Protocol	0	0	0
	Total	0	0	0
Iberdrola total	Capital subsidies	12	6	10
	Operating subsidies	3	3	6
	Investment tax credits¹⁵⁸	0	8	30
	Production tax credits¹⁵⁹	0	91	90
	Assistance for other items included in the GRI Protocol	0	0	0
	Total	15	108	136

¹⁵⁸ Créditos fiscales a la inversión.

¹⁵⁹ Créditos fiscales a la producción.



Pre-tax profit ¹⁶⁰ (millions of euros)	2019	2018
Spain	2,128	1,716
United Kingdom	566	846
United States	667	717
Brazil	555	398
Mexico	647	550
Other countries	156	70
Iberdrola consolidated total	4,729	4,297

¹⁶⁰ Includes consolidated results from continuing and discontinued activities.

Tax contribution (€ millions)

Corporate income tax paid	2019	2018	2017
Spain	367	589 ¹⁶¹	311
United Kingdom	101	74	50
United States	2	-13	11
Brazil	102	93	86
Mexico	214	130	95
Canada	1	0	0
Costa Rica	0	0	1
Greece	10	7	7
Hungary	1	1	0
Italy	0	0	7
Netherlands	2	1	3
Portugal	-3	5	4
Total	797	887	575

Global tax contribution (€ millions)

	2019	2018	2017
Spain	3,529	3,642	3,257
<i>Company contributions</i>	1,500	1,770	1,496
<i>Contributions due to third-party payments</i>	2,029	1,872	1,761
United Kingdom	639	612	521
<i>Company contributions</i>	357	377	353
<i>Contributions due to third-party payments</i>	282	235	168
United States	963	904	875
<i>Company contributions</i>	665	627	583
<i>Contributions due to third-party payments</i>	298	277	292
Brazil	2,570	2,433	2,157
<i>Company contributions</i>	177	164	160
<i>Contributions due to third-party payments</i>	2,393	2,269	1,997
Mexico	258	159	186
<i>Company contributions</i>	221	136	100
<i>Contributions due to third-party payments</i>	37	23	86
Other	197	189	115
<i>Company contributions</i>	21	22	31
<i>Contributions due to third-party payments</i>	176	167	84
Iberdrola consolidated total	8,156	7,939	7,111
<i>Company contributions</i>	2,941	3,096	2,723
<i>Contributions due to third-party payments</i>	5,215	4,843	4,388

¹⁶¹ The amount of Corporate Income Tax paid in 2018 is significant, due to the extraordinary payment arising from the recovery of State aid corresponding to financial goodwill.

Environmental dimension

Energy

Energy consumption within the organization

302-1

Energy consumption within the organisation (GJ)	2019	2018	2017
Spain	232,905,175	230,023,199	236,355,590
United Kingdom	224,378	20,179,322	30,155,278
United States	14,200,580	10,799,405	10,547,765
Brazil	13,259,898	13,005,615	11,861,813
Mexico	166,425,015	126,533,470	159,609,431
IEI	5,527	17,545	17,587
Total	427,020,573	400,558,556	440,547,464

Energy consumption in buildings (GJ)	2019	2018	2017
Spain	177,009	193,679	157,422
United Kingdom	78,002	89,280	109,159
United States	383,982	416,507	346,431
Brazil	4,219	1,719	166,256
Mexico	N/Av.	8,606	554
IEI ¹⁶²	N/Av.	1,309	1,146
Total	643,212	711,101	780,969

¹⁶² Includes data from Greece, Romania and Hungary.

System efficiency

EU11

Average efficiency ¹⁶³ at thermal generating facilities (%)	Spain			United Kingdom			United States		
	2019	2018	2017	2019	2018	2017	2019	2018	2017
Combined cycle	52.07	49.67	49.55	N/A	52	51.10	N/A	N/A	N/A
Conventional thermal	34.34	34.28	34.38	N/A	N/A	0.00	N/A	N/A	N/A
Cogeneration	55.47	63.24	63.26	N/A	N/A	56.00	47.23	48.00	48.00

Average efficiency ¹⁶¹ at thermal generation facilities (%)	Brazil			Mexico			Total		
	2019	2018	2017	2019	2018	2017	2019	2018	2017
Combined cycle	55	55	49	56	55	54	55	54	54
Conventional thermal	N/A	N/A	N/A	N/A	N/A	N/A	34	34	34
Cogeneration	N/A	N/A	0.00	54	57	50	56	56	54

Water

Total water withdrawal by source

303-1

Water use in thermal generation ¹⁶⁴ 2019 (hm ³)	Withdrawal			Discharge	
	Total withdrawal	Withdrawal process and standby services	Withdrawal for cooling	Evaporation of water used for cooling	Discharge into receptor environment
Spain	1,478,431	199,688	1,278,680	55,500	1,424,216
United Kingdom ¹⁶⁵	0	0	0	0	0
United States	3,946	3,823	¹⁶⁶	2,276	1,497
Brazil	331,413	187	331,058	0	331,042
Mexico	202,244	4,406	197,838	24,762	170,956
Total	2,016,110	208,104	1,807,463	82,538	1,927,711

¹⁶³ Average of efficiencies weighted by the annual production of each thermal power plant.

¹⁶⁴ Withdrawal of water at the thermal generation facilities (coal, combined cycle, nuclear and cogeneration)

¹⁶⁵ United Kingdom does not have thermal generation

¹⁶⁶ Water for cooling is not broken down, included in water from services.

Water consumption at offices and control facilities ¹⁶⁷ (m ³)	2019	2018	2017
Spain	61,111	55,489	94,239
United Kingdom	68,017	4,496	63,242
United States	66,797	1,181,165	183,256
Brazil	8,656	9,369	1,975
Mexico	N/Av.	2,002	36,604
IEI	N/Av.	2,775	5,132
Total	204,581	1,255,296	384,448

Biodiversity

Threatened species included in the IUCN Red List and national and regional lists

304-4

IUCN Red List Classification

	Critically endangered (CR)	Endangered (EN)	Vulnerable (VU)	Near threatened (NT)	Least concern (LC)
Spain	4	45	100	35	575
United Kingdom	0	2	4	4	31
United States - Canada	1	8	9	9	26
Brazil	12	31	86	11	15
Mexico	0	0	0	1	4
IEI	0	1	4	2	58
Total	17	87	203	62	709

¹⁶⁷ Includes offices, substations and control buildings at wind farms.

Emissions

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

305-1

CO ₂ emissions (t)	2019	2018	2017
Spain	5,777,019	4,932,724	5,945,175
Generating plants	4,282,818	3,469,461	4,399,869
Cogeneration	1,494,201	1,463,263	1,545,306
United Kingdom	0	2,174,241	2,900,987
Generating plants	0	2,156,928	2,882,992
Cogeneration	0	17,313	17,995
United States	1,541,422	991,612	965,570
Generating plants	0	0	0
Cogeneration	1,541,422	991,612	965,570
Brazil	974,323	1,306,374	1,568,890
Generating plants	974,323	1,306,374	1,471,816
Cogeneration	0	0	97,074
Mexico	4,635,131	3,837,983	3,638,957
Generating plants	3,143,994	2,304,766	2,571,153
Cogeneration	1,491,137	1,533,217	1,067,804
Total	12,927,886	13,327,609	15,019,578
Generating plants	8,401,126	9,237,529	11,325,830
Cogeneration	4,526,760	4,090,080	3,693,748

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

305-2

Emissions associated with the consumption of energy at offices CO ₂ (t)	2019
Spain	2,446
United Kingdom	3,080
United States	29,984
Brazil	88
Mexico	N/Av.
Other countries ¹⁶⁸	N/Av.
Total	35,598

¹⁶⁸ Not taken into account to calculate the Carbon Footprint as it entails less than 0.1% of the internal energy consumption of the group.

NO_x, SO_x and other significant air emissions¹⁶⁹

305-7

NO _x emissions (t)	2019	2018	2017
Spain	6,131	7,149	12,490
Generating plants	2,136	2,623	4,394
Cogeneration	3,995	4,526	8,096
United Kingdom	0	1,141	989
Generating plants	0	1,141	989
Cogeneration	0	0	0
United States	183	629	18
Generating plants	0	0	0
Cogeneration	183	629	18
Brazil	205	221	233
Generating plants	205	221	233
Cogeneration	0	0	0
Mexico	44,247	3,612	2,422
Generating plants	40,128	2,565	1,997
Cogeneration	4,119	1,047	425
Total	50,767	12,751	16,152
Generating plants	42,469	6,549	7,613
Cogeneration	8,298	6,202	8,539

Sulphur dioxide (SO ₂) emissions (t)	2019	2018	2017
Spain	1,229	3,058	4,936
Generating plants	487	2,327	3,723
Cogeneration	742	731	1,213
United Kingdom	0	2	2
Generating plants	0	2	2
Cogeneration	0	0	0
United States	7	6	5
Generating plants	0	0	0
Cogeneration	7	6	5
Brazil	10	11	0
Generating plants	10	11	0
Cogeneration	0	0	0
Mexico	517	438	449
Generating plants	473	393	418
Cogeneration	44	45	31
Total	1,763	3,515	5,392
Generating plants	970	2,733	4,143
Cogeneration	793	782	1,249

¹⁶⁹ Own and third-party plants have been included in the calculation of emissions of NO_x, SO_x and particulates.

Particulate emissions (t)	2019	2018	2017
Spain	118	174	375
Generating plants	96	141	298
Cogeneration	22	33	77
United Kingdom	0	1	2
Generating plants	0	1	1
Cogeneration	0	0	1
United States	23	20	19
Generating plants	0	0	0
Cogeneration	23	20	19
Brazil	0	0	0
Generating plants	0	0	0
Cogeneration	0	0	0
Mexico	1,004	691	876
Generating plants	919	603	815
Cogeneration	85	88	61
Total	1,144	886	1,272
Generating plants	1,015	745	1,114
Cogeneration	129	141	158

Effluents and waste

Total weight of waste by type and disposal method

306-2 ^{170,171}

Hazardous waste generation (t)		Spain			United Kingdom			United States		
		2019	2018	2017	2019	2018	2017	2019	2018	2017
Managed	Recovered, recycled, reused	7,261	4,819	4,328	2,142	3,056	1,600	1,007	358	337
	Deposited and/or Incinerated	756	2,804	1,256	302	810	562	704	17	425
Produced		8,026	7,604	5,564	2,447	3,864	2,214	1,711	375	573

Hazardous waste generation (t)		Brazil			Mexico			IEI			Total		
		2019	2018	2017	2019	2018	2017	2019	2018	2017	2019	2018	2017
Managed	Recovered, recycled, reused	7,066	563	981	1	0	0	71	43	43	17,548	8,839	7,288
	Deposited and/or incinerated	106	316	593	143	186	171	8	27	15	2,020	4,161	3,023
Produced		7,174	1,069	614	144	186	171	58	70	58	19,560	13,169	9,193

Non-hazardous waste generation (t)		Spain			United Kingdom			United States		
		2019	2018	2017	2019	2018	2017	2019	2018	2017
Managed	Recovered, recycled, reused	44,556	74,618	109,727	170,812	70,265	304,434	414,694	16,817	34,097
	Deposited and/or incinerated	27,979	71,629	165,443	58,031	195,897	224,698	65,366	82,914	96,988
Produced		72,416	146,671	277,282	229,884	266,224	589,432	313,462	100,016	131,006

Non-hazardous waste generation (t)		Brazil			Mexico			IEI			Total		
		2019	2018	2017	2019	2018	2017	2019	2018	2017	2019	2018	2017
Managed	Recovered, recycled, reused	32,946	19,589	1,614	116	117	47	2	9	1	663,126	294,845	543,220
	Deposited and/or incinerated	1,044	23,630	38,516	5,030	17,660	17,573	14	18	2	158,034	247,256	449,920
Produced		34,758	49,525	38,370	5,158	17,661	17,578	17	18	3	655,695	549,146	1,053,671

¹⁷⁰ Liquid waste has been converted into kg using a density of 1.3 kg/m³.

¹⁷¹ The tables distinguish between waste sent to the waste manager and waste recorded as produced. The figures may not coincide as time passes between recording and completion of the management thereof.

Average plant availability

EU30

The availability of a plant (during a particular period) is the percentage of time within such period that the plant is able to produce energy. It is calculated using normalising indicators, for which reason, knowing the availability of each facility and the net installed capacity thereof yields the average availability factors of the group, as presented in the following table:

		Average availability factor (%)		
		2019	2018	2017
Spain	Combined cycle	87.47	91.94	91.87
	Conventional thermal	96.04	94.28	93.94
	Cogeneration	96.07	96.28	92.65
	Nuclear	90.12	89.31	89.29
	Hydroelectric	79.44	85.59	84.45
	Wind	97.3	97.30	91.87
United Kingdom	Combined cycle	N/A	89.67	88.30
	Conventional thermal	N/A	N/A	N/A
	Cogeneration	N/A	N/A	1.70
	Nuclear	N/A	N/A	N/A
	Hydroelectric	N/A	82.95	87.23
	Wind	79.98	95.80	95.21
United States	Combined cycle	N/A	N/A	N/A
	Conventional thermal	N/A	N/A	N/A
	Cogeneration	98.67	88.05	82.04
	Nuclear	N/A	N/A	N/A
	Hydroelectric	N/A	36.17	36.78
	Wind	96	95.40	95.58
Brazil	Combined cycle	91.76	90.95	85.41
	Conventional thermal	N/A	N/A	N/A
	Cogeneration	N/A	N/A	N/A
	Nuclear	N/A	N/A	N/A
	Hydroelectric	96.86	94.75	95.66
	Wind	97.75	97.60	97.34
Mexico	Combined cycle	94.52	91.94	94.95
	Conventional thermal	N/A	N/A	N/A
	Cogeneration	95.28	95.56	72.18
	Nuclear	N/A	N/A	N/A
	Hydroelectric	N/A	N/A	N/A
	Wind	97.01	97.10	96.22
IEI	Combined cycle	N/A	N/A	N/A
	Conventional thermal	N/A	N/A	N/A
	Cogeneration	N/A	N/A	N/A
	Nuclear	N/A	N/A	N/A
	Hydroelectric	N/A	N/A	N/A
	Wind	94.34	97.5	97.61
Iberdrola total	Combined cycle	91.64	90.39	90.94
	Conventional thermal	96.04	94.28	93.94
	Cogeneration	97.07	92.17	82.75
	Nuclear	90.12	89.31	89.29
	Hydroelectric	89.27	86.92	86.02
	Wind	94.01	96.36	94.36

Social dimension

Employment¹⁷²

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Total workforce by employment type, region and gender at year-end

		Full-time			Part-time		
		2019	2018	2017	2019	2018	2017
Spain	Men	7,633	7,852	8,309	0	0	4
	Women	1,954	1,970	1,981	0	0	2
	Total	9,587	9,822	10,290	0	0	6
United Kingdom	Men	3,692	3,670	4,032	53	51	62
	Women	1,325	1,306	1,329	567	584	644
	Total	5,017	4,976	5,361	620	635	706
United States	Men	4,723	4,601	4,664	1	1	1
	Women	1,862	1,838	1,886	11	9	10
	Total	6,585	6,439	6,550	12	10	11
Brazil	Men	9,615	7,746	8,048	0	1,050	112
	Women	2,131	1,924	1,749	0	29	187
	Total	11,746	9,670	9,797	0	1,079	299
Mexico	Men	1,043	909	779	0	0	0
	Women	248	203	164	0	0	1
	Total	1,291	1,112	943	0	0	1
IEI	Men	365	237	218	0	0	0
	Women	151	98	73	0	0	0
	Total	516	335	291	0	0	0
Iberdrola total	Men	27,071	25,015	26,050	54	1,102	179
	Women	7,671	7,339	7,182	578	622	844
	Total	34,742	32,354	33,232	632	1,724	1,023

¹⁷² 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 contract type, region and gender at year-end

		Permanent contract			Temporary contract		
		2019	2018	2017	2019	2018	2017
Spain	Men	7,614	7,830	8,287	19	22	26
	Women	1,950	1,964	1,975	4	6	8
	Total	9,564	9,794	10,262	23	28	34
United Kingdom	Men	3,730	3,704	4,069	15	17	25
	Women	1,877	1,874	1,958	15	16	15
	Total	5,607	5,578	6,027	30	33	40
United States	Men	4,714	4,594	4,661	10	8	4
	Women	1,871	1,845	1,889	2	2	7
	Total	6,585	6,439	6,550	12	10	11
Brazil	Men	9,609	8,790	8,134	6	6	26
	Women	2,128	1,951	1,929	3	2	7
	Total	11,737	10,741	10,063	9	8	33
Mexico	Men	880	690	708	163	219	71
	Women	211	158	141	37	45	24
	Total	1,091	848	849	200	264	95
IEI	Men	343	232	214	22	5	4
	Women	143	98	73	8	0	0
	Total	486	330	287	30	5	4
Iberdrola total	Men	26,890	25,840	26,073	235	277	156
	Women	8,180	7,890	7,965	69	71	61
	Total	35,070	33,730	34,038	304	348	217

Total workforce by employment type, gender, age and region at year-end

		Full-time		Part-time	
		2019	2018	2019	2018
Spain	Men	7,633	7,852	0	0
	Up to 30 years old	448	341	0	0
	Between 31 and 50 years old	4,343	4,298	0	0
	More than 51 years old	2,842	3,213	0	0
	Women	1,954	1,970	0	0
	Up to 30 years old	124	100	0	0
	Between 31 and 50 years old	1,341	1,332	0	0
	More than 51 years old	489	538	0	0
	Total	9,587	9,822	0	0
	Up to 30 years old	572	441	0	0
	Between 31 and 50 years old	5,684	5,630	0	0
	More than 51 years old	3,331	3,751	0	0
United Kingdom	Men	3,692	3,670	53	51
	Up to 30 years old	673	590	3	2
	Between 31 and 50 years old	1,950	1,942	22	23
	More than 51 years old	1,069	1,138	28	26
	Women	1,325	1,306	567	584
	Up to 30 years old	197	173	23	19
	Between 31 and 50 years old	804	800	456	472
	More than 51 years old	324	333	88	93
	Total	5,017	4,976	620	635
	Up to 30 years old	870	763	26	21
	Between 31 and 50 years old	2,754	2,742	478	495
	More than 51 years old	1,393	1,471	116	119
United States	Men	4,723	4,601	1	1
	Up to 30 years old	623	515	0	0
	Between 31 and 50 years old	2,192	2,136	0	0
	More than 51 years old	1,908	1,950	1	1
	Women	1,862	1,838	11	9
	Up to 30 years old	178	155	0	0
	Between 31 and 50 years old	857	875	7	6
	More than 51 years old	827	808	4	3
	Total	6,585	6,439	12	10
	Up to 30 years old	801	670	0	0
	Between 31 and 50 years old	3,049	3,011	7	6
	More than 51 years old	2,735	2,758	5	4

Brazil	Men	9,615	7,746	0	1,050
	Up to 30 years old	2,644	2,187	0	301
	Between 31 and 50 years old	6,147	4,782	0	676
	More than 51 years old	824	777	0	73
	Women	2,131	1,924	0	29
	Up to 30 years old	688	611	0	19
	Between 31 and 50 years old	1323	1,194	0	9
	More than 51 years old	120	119	0	1
	Total	11,746	9,670	0	1,079
	Up to 30 years old	3,332	2,798	0	320
Between 31 and 50 years old	7,470	5,976	0	685	
More than 51 years old	944	896	0	74	
Mexico	Men	1,043	909	0	0
	Up to 30 years old	292	247	0	0
	Between 31 and 50 years old	669	587	0	0
	More than 51 years old	82	75	0	0
	Women	248	203	0	0
	Up to 30 years old	108	82	0	0
	Between 31 and 50 years old	136	117	0	0
	More than 51 years old	4	4	0	0
	Total	1,291	1,112	0	0
	Up to 30 years old	400	329	0	0
Between 31 and 50 years old	805	704	0	0	
More than 51 years old	86	79	0	0	
IEI	Men	365	232	0	5
	Up to 30 years old	49	16	0	3
	Between 31 and 50 years old	283	190	0	1
	More than 51 years old	33	26	0	1
	Women	151	98	0	0
	Up to 30 years old	30	17	0	0
	Between 31 and 50 years old	108	73	0	0
	More than 51 years old	13	8	0	0
	Total	516	330	0	5
	Up to 30 years old	79	33	0	3
Between 31 and 50 years old	391	263	0	1	
More than 51 years old	46	34	0	1	
Iberdrola total	Men	27,071	25,010	54	1,107
	Up to 30 years old	4,729	3,896	3	306
	Between 31 and 50 years old	15,584	13,935	22	700
	More than 51 years old	6,758	7,179	29	101
	Women	7,671	7,339	578	622
	Up to 30 years old	1,325	1,138	23	38
	Between 31 and 50 years old	4,569	4,391	463	487
	More than 51 years old	1,777	1,810	92	97
	Total	34,742	32,349	632	1,729
	Up to 30 years old	6,054	5,034	26	344
Between 31 and 50 years old	20,153	18,326	485	1,187	
More than 51 years old	8,535	8,989	121	198	

Total workforce by employment type, gender, professional category and region at year-end

		Full-time		Part-time	
		2019	2018	2019	2018
Spain	Men	7,633	7,852	0	0
	Management team	389	405	0	0
	Middle managers and skilled technicians	3312	3,348	0	0
	Skilled workers and support personnel	3932	4,099	0	0
	Women	1,954	1,970	0	0
	Management team	96	94	0	0
	Middle managers and skilled technicians	1374	1,348	0	0
	Skilled workers and support personnel	484	528	0	0
	Total	9,587	9,822	0	0
	Management team	485	499	0	0
Middle managers and skilled technicians	4,686	4,696	0	0	
Skilled workers and support personnel	4,416	4,627	0	0	
United Kingdom	Men	3,692	3,670	53	51
	Management team	102	108	0	0
	Middle managers and skilled technicians	2426	2,361	34	27
	Skilled workers and support personnel	1164	1,201	19	24
	Women	1,325	1,306	567	584
	Management team	29	30	3	3
	Middle managers and skilled technicians	891	835	260	236
	Skilled workers and support personnel	405	441	304	345
	Total	5,017	4,976	620	635
	Management team	131	138	3	3
Middle managers and skilled technicians	3,317	3,196	294	263	
Skilled workers and support personnel	1,569	1,642	323	369	
United States	Men	4,723	4,601	1	1
	Management team	41	41	0	0
	Middle managers and skilled technicians	1718	1,660	1	1
	Skilled workers and support personnel	2964	2,900	0	0
	Women	1,862	1,838	11	9
	Management team	11	13	0	0
	Middle managers and skilled technicians	838	757	8	6
	Skilled workers and support personnel	1013	1,068	3	3
	Total	6,585	6,439	12	10
	Management team	52	54	0	0
Middle managers and skilled technicians	2,556	2,417	9	7	
Skilled workers and support personnel	3,977	3,968	3	3	
Brazil	Men	9,615	7,746	0	1,050
	Management team	79	75	0	0
	Middle managers and skilled technicians	1804	1,641	0	11
	Skilled workers and support personnel	7732	6,030	0	1,039
	Women	2,131	1,924	0	29
	Management team	19	21	0	0
	Middle managers and skilled technicians	1187	1,094	0	3
	Skilled workers and support personnel	925	809	0	26
	Total	11,746	9,670	0	1,079
	Management team	98	96	0	0
Middle managers and skilled technicians	2,991	2,735	0	14	

Total workforce by employment type, gender, professional category and region at year-end

	Full-time		Part-time	
	2019	2018	2019	2018
Skilled workers and support personnel	8,657	6,839	0	1,065
Men	1,043	909	0	0
Management team	25	21	0	0
Middle managers and skilled technicians	590	488	0	0
Skilled workers and support personnel	428	400	0	0
Women	248	203	0	0
Management team	5	6	0	0
Middle managers and skilled technicians	215	173	0	0
Skilled workers and support personnel	28	24	0	0
Total	1,291	1,112	0	0
Management team	30	27	0	0
Middle managers and skilled technicians	805	661	0	0
Skilled workers and support personnel	456	424	0	0
Men	365	237	0	0
Management team	21	10	0	0
Middle managers and skilled technicians	279	164	0	0
Skilled workers and support personnel	65	63	0	0
Women	151	98	0	0
Management team	5	3	0	0
Middle managers and skilled technicians	137	87	0	0
Skilled workers and support personnel	9	8	0	0
Total	516	335	0	0
Management team	26	13	0	0
Middle managers and skilled technicians	416	251	0	0
Skilled workers and support personnel	74	71	0	0
Men	27,071	25,015	54	1,102
Management team	657	660	0	0
Middle managers and skilled technicians	10,129	9,662	35	39
Skilled workers and support personnel	16,285	14,693	19	1,063
Women	7,671	7,339	578	622
Management team	164.6603	167	3	3
Middle managers and skilled technicians	4,642	4,294	268	245
Skilled workers and support personnel	2,864	2,878	307	374
Total	34,742	32,354	632	1,724
Management team	822	827	3	3
Middle managers and skilled technicians	14,771	13,956	303	284
Skilled workers and support personnel	19,149	17,571	326	1,437

Total workforce by contract type, gender, age and region at year-end

		Permanent contract		Temporary contract	
		2019	2018	2019	2018
Spain	Men	7,614	7,830	19	22
	Up to 30 years old	444	336	4	5
	Between 31 and 50 years old	4,328	4,281	15	17
	More than 51 years old	2,842	3,213	0	0
	Women	1,950	1,964	4	6
	Up to 30 years old	123	98	1	2
	Between 31 and 50 years old	1,338	1,328	3	4
	More than 51 years old	489	538	0	0
	Total	9,564	9,794	23	28
	Up to 30 years old	567	434	5	7
	Between 31 and 50 years old	5,666	5,609	18	21
More than 51 years old	3,331	3,751	0	0	
United Kingdom	Men	3,730	3,704	15	17
	Up to 30 years old	672	586	4	6
	Between 31 and 50 years old	1,963	1,955	9	10
	More than 51 years old	1,095	1,163	2	1
	Women	1,877	1,874	15	16
	Up to 30 years old	212	189	8	3
	Between 31 and 50 years old	1,255	1,261	5	11
	More than 51 years old	410	424	2	2
	Total	5,607	5,578	30	33
	Up to 30 years old	884	775	12	9
	Between 31 and 50 years old	3,218	3,216	14	21
More than 51 years old	1,505	1,587	4	3	
United States	Men	4,714	4,594	10	8
	Up to 30 years old	618	509	5	6
	Between 31 and 50 years old	2,188	2,134	4	2
	More than 51 years old	1,908	1,951	1	0
	Women	1,871	1,845	2	2
	Up to 30 years old	177	154	1	1
	Between 31 and 50 years old	863	880	1	1
	More than 51 years old	831	811	0	0
	Total	6,585	6,439	12	10
	Up to 30 years old	795	663	6	7
	Between 31 and 50 years old	3,051	3,014	5	3
More than 51 years old	2,739	2,762	1	0	

Total workforce by contract type, gender, age and region at year-end

		Permanent contract		Temporary contract	
		2019	2018	2019	2018
Brazil	Men	9,609	8,790	6	6
	Up to 30 years old	2,642	2,486	2	2
	Between 31 and 50 years old	6,144	5,455	3	3
	More than 51 years old	823	849	1	1
	Women	2,128	1,951	3	2
	Up to 30 years old	685	628	3	2
	Between 31 and 50 years old	1,323	1,203	0	0
	More than 51 years old	120	120	0	0
	Total	11,737	10,741	9	8
	Up to 30 years old	3,327	3,114	5	4
	Between 31 and 50 years old	7,467	6,658	3	3
	More than 51 years old	943	969	1	1
	Mexico	Men	880	690	163
Up to 30 years old		216	141	76	105
Between 31 and 50 years old		589	485	80	103
More than 51 years old		75	64	7	11
Women		211	158	37	45
Up to 30 years old		81	54	27	28
Between 31 and 50 years old		126	100	10	17
More than 51 years old		4	4	0	0
Total		1,091	848	200	264
Up to 30 years old		297	195	103	133
Between 31 and 50 years old		715	585	90	120
More than 51 years old		79	68	7	11
IEI		Men	343	232	22
	Up to 30 years old	41	16	8	3
	Between 31 and 50 years old	273	190	10	1
	More than 51 years old	29	26	4	1
	Women	143	98	8	0
	Up to 30 years old	27	17	3	0
	Between 31 and 50 years old	105	73	3	0
	More than 51 years old	11	8	2	0
	Total	486	330	30	5
	Up to 30 years old	68	33	11	3
	Between 31 and 50 years old	378	263	13	1
	More than 51 years old	40	34	6	1
	Iberdrola total	Men	26,890	25,840	235
Up to 30 years old		4,633	4,074	99	127
Between 31 and 50 years old		15,485	14,500	121	136
More than 51 years old		6,772	7,266	15	14
Women		8,180	7,890	69	71
Up to 30 years old		1,305	1,140	43	36
Between 31 and 50 years old		5,010	4,845	22	33
More than 51 years old		1,865	1,905	4	2
Total		35,070	33,730	304	348
Up to 30 years old		5,938	5,214	142	163
Between 31 and 50 years old		20,495	19,345	143	169
More than 51 years old		8,637	9,171	19	16

Total workforce by contract type, gender, professional category and region

		Permanent contract		Temporary contract	
		2019	2018	2019	2018
Spain	Men	7,614	7,830	19	22
	Management team	389	405	0	0
	Middle managers and skilled technicians	3,304	3,338	8	10
	Skilled workers and support personnel	3,921	4,087	11	12
	Women	1,950	1,964	4	16
	Management team	96	94	0	0
	Middle managers and skilled technicians	1,372	1,343	2	5
	Skilled workers and support personnel	482	527	2	1
	Total	9,564	9,794	23	28
	Management team	485	499	0	0
Middle managers and skilled technicians	4,676	4,681	10	15	
Skilled workers and support personnel	4,403	4,614	13	13	
United Kingdom	Men	3,730	3,704	15	17
	Management team	101	108	1	0
	Middle managers and skilled technicians	2,446	2,371	14	17
	Skilled workers and support personnel	1,183	1,225	0	0
	Women	1,877	1,874	15	16
	Management team	32	33	0	0
	Middle managers and skilled technicians	1,140	1,058	11	13
	Skilled workers and support personnel	705	783	4	3
	Total	5,607	5,578	30	33
	Management team	133	141	1	0
Middle managers and skilled technicians	3,586	3,429	25	30	
Skilled workers and support personnel	1,888	2,008	4	3	
United States	Men	4,714	4,594	10	8
	Management team	41	41	0	0
	Middle managers and skilled technicians	1,719	1,661	0	0
	Skilled workers and support personnel	2,954	2,892	10	8
	Women	1,871	1,845	2	2
	Management team	11	13	0	0
	Middle managers and skilled technicians	846	762	0	1
	Skilled workers and support personnel	1,014	1,070	2	1
	Total	6,585	6,439	12	10
	Management team	52	54	0	0
Middle managers and skilled technicians	2,565	2,423	0	1	
Skilled workers and support personnel	3,968	3,962	12	9	

Brazil	Men	9,609	8,790	6	6
	Management team	78	75	1	0
	Middle managers and skilled technicians	1,803	1,650	1	2
	Skilled workers and support personnel	7,728	7,065	4	4
	Women	2,128	1,951	3	2
	Management team	19	21	0	0
	Middle managers and skilled technicians	1,186	1,096	1	1
	Skilled workers and support personnel	923	834	2	1
	Total	11,737	10,741	9	8
	Management team	97	96	1	0
Middle managers and skilled technicians	2,989	2,746	2	3	
Skilled workers and support personnel	8,651	7,899	6	5	
Mexico	Men	880	690	163	219
	Management team	25	21	0	0
	Middle managers and skilled technicians	498	381	92	107
	Skilled workers and support personnel	357	288	71	112
	Women	211	158	37	45
	Management team	5	6	0	0
	Middle managers and skilled technicians	185	140	30	33
	Skilled workers and support personnel	21	12	7	12
	Total	1,091	848	200	264
	Management team	30	27	0	0
Middle managers and skilled technicians	683	521	122	140	
Skilled workers and support personnel	378	300	78	124	
IEI	Men	343	232	22	5
	Management team	21	10	0	0
	Middle managers and skilled technicians	257	159	22	5
	Skilled workers and support personnel	65	63	0	0
	Women	143	98	8	0
	Management team	5	3	0	0
	Middle managers and skilled technicians	131	87	6	0
	Skilled workers and support personnel	7	8	2	0
	Total	486	330	30	5
	Management team	26	13	0	0
Middle managers and skilled technicians	388	246	28	5	
Skilled workers and support personnel	72	71	2	0	
Iberdrola total	Men	26,890	25,840	235	277
	Management team	655	660	2	0
	Middle managers and skilled technicians	10,027	9,560	137	141
	Skilled workers and support personnel	16,208	15,620	96	136
	Women	8,180	7,890	69	71
	Management team	168	170	0	0
	Middle managers and skilled technicians	4,860	4,486	50	53
	Skilled workers and support personnel	3,152	3,234	19	18
	Total	35,070	33,730	304	348
	Management team	823	830	2	0
Middle managers and skilled technicians	14,887	14,046	187	194	
Skilled workers and support personnel	19,360	18,854	115	154	

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Personnel covered by a collective bargaining agreement, by region

	2019		2018		2017	
	No. of Employees	%	No. of Employees	%	No. of Employees	%
Spain	8,380	87.41	8,582	87.38	9,109	88.47
United Kingdom	3,934	69.79	4,149	73.94	4,219	69.54
United States	3,234	49.02	3,112	48.26	3,146	47.95
Brazil	11,730	99.86	10,735	99.87	9,805	97.12
Mexico	323	25.02	294	26.44	203	21.50
Other countries	228	44.19	28	8.36	161	55.53
Total	27,829	78.67	26,900	78.94	26,643	77.78

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New hires by region, gender and age group

		Men			Women		
		2019	2018	2017	2019	2018	2017
Spain	By age group	278	221	252	101	114	64
	Up to 30 years old	134	104	116	32	45	31
	Between 31 and 50 years old	130	106	125	66	68	31
	More than 51 years old	14	11	11	3	1	2
	By age group (%)	3.64	2.82	3.03	5.19	5.81	3.23
	Up to 30 years old	29.91	30.55	35.26	25.81	45.12	41.89
	Between 31 and 50 years old	3.00	2.47	2.92	4.94	5.14	2.34
	More than 51 years old	0.48	0.34	0.3	0.61	0.19	0.34
	Total workforce	7,633	7,852	8,313	1,954	1,970	1,983
United Kingdom	By age group	307	270	464	125	138	177
	Up to 30 years old	163	135	141	70	69	59
	Between 31 and 50 years old	126	120	245	46	56	104
	More than 51 years old	18	15	78	9	13	14
	By age group (%)	8.20	7.26	11.33	6.61	7.30	8.97
	Up to 30 years old	24.11	22.80	23.46	31.82	35.94	30.41
	Between 31 and 50 years old	6.39	6.11	11.84	3.65	4.40	7.76
	More than 51 years old	1.64	1.29	5.48	2.18	3.05	3.2
	Total workforce	3,745	3,721	4,094	1,892	1,890	1,973
United States	By age group	566	380	322	204	137	148
	Up to 30 years old	265	149	114	74	44	54
	Between 31 and 50 years old	254	187	171	96	74	70
	More than 51 years old	47	44	37	34	19	24
	By age group (%)	11.98	8.26	6.9	10.89	7.42	13.81
	Up to 30 years old	42.54	28.93	23.17	41.57	28.39	24.86
	Between 31 and 50 years old	11.59	8.75	8.07	11.11	8.40	11.55
	More than 51 years old	2.46	2.26	1.8	4.09	2.34	1.62
	Total workforce	4,724	4,602	4,665	1,873	1,847	1,896
Brazil	By age group	1,222	1,583	1,127	324	272	174
	Up to 30 years old	643	840	550	177	169	108
	Between 31 and 50 years old	563	731	559	132	101	64
	More than 51 years old	16	12	18	15	2	2
	By age group (%)	12.71	18.00	7.81	15.20	13.93	8.99
	Up to 30 years old	24.32	33.76	34.39	25.73	26.83	18.15
	Between 31 and 50 years old	9.16	13.39	7.76	9.98	8.40	5.47
	More than 51 years old	1.94	1.41	2.87	12.50	1.67	1.17
	Total workforce	9,615	8,796	8,160	2,131	1,953	1,936
Mexico	By age group	181	184	323	59	51	74
	Up to 30 years old	101	114	73	38	39	37
	Between 31 and 50 years old	79	68	210	21	12	36
	More than 51 years old	1	2	40	0	0	1
	By age group (%)	17.35	20.24	41.46	23.79	25.12	44.85
	Up to 30 years old	34.59	46.15	42.69	35.19	47.56	61.67
	Between 31 and 50 years old	11.81	11.58	38.82	15.44	10.26	36.00
	More than 51 years old	1.22	2.67	59.7	0.00	0.00	20.00
	Total workforce	1,043	909	779	248	203	165

New hires by region, gender and age group

		Men			Women		
		2019	2018	2017	2019	2018	2017
IEI	By age group	85	35	66	29	28	19
	Up to 30 years old	27	9	18	15	11	6
	Between 31 and 50 years old	55	23	43	14	17	13
	More than 51 years old	3	3	5	0	0	0
	By age group (%)	23.29	14.77	30.28	19.21	28.57	26.03
	Up to 30 years old	55.10	47.37	60	50.00	64.71	66.67
	Between 31 and 50 years old	19.43	12.04	25.75	12.96	23.29	22.41
	More than 51 years old	9.09	11.11	23.81	0.00	0.00	0
	Total workforce	365	237	218	151	98	73
	Iberdrola total	By age group	2,639	2,673	2,554	842	740
Up to 30 years old		1,333	1,351	1,012	406	377	295
Between 31 and 50 years old		1,207	1,235	1,353	375	328	318
More than 51 years old		99	87	189	61	35	43
By age group (%)		9.73	10.23	9.74	10.21	9.30	8.17
Up to 30 years old		28.17	32.15	26.39	30.14	32.06	27.09
Between 31 and 50 years old		7.74	8.44	9.65	7.46	6.72	6.5
More than 51 years old		1.45	1.19	2.26	3.26	1.84	2.1
Total workforce		27,125	26,117	26,229	8,249	7,961	8,026

Persons leaving the company by region, gender and age group

		Men			Women		
		2019	2018	2017	2019	2018	2017
Spain	By age group	441	682	461	89	130	76
	Up to 30 years old	10	11	4	2	5	2
	Between 31 and 50 years old	46	48	99	36	31	36
	More than 51 years old	385	623	358	51	94	38
	By age group (%)	5.78	8.69	5.55	4.52	6.58	3.83
	Up to 30 years old	2.24	3.23	1.22	1.61	5.01	2.7
	Between 31 and 50 years old	1.06	1.12	2.31	2.66	2.30	2.72
	More than 51 years old	13.55	19.38	9.68	10.43	17.46	6.48
	Total workforce	7,633	7,852	8,313	1,954	1,970	1,983
United Kingdom	By age group	281	643	346	122	220	214
	Up to 30 years old	38	61	26	15	24	18
	Between 31 and 50 years old	91	194	75	48	86	85
	More than 51 years old	152	388	245	59	110	111
	By age group (%)	7.50	17.28	8.45	6.45	11.64	10.85
	Up to 30 years old	5.62	10.30	4.33	6.82	12.50	9.28
	Between 31 and 50 years old	4.61	9.87	3.62	3.81	6.76	6.34
	More than 51 years old	13.86	33.33	17.21	14.32	25.82	25.34
	Total workforce	3,745	3,721	4,094	1,892	1,890	1,973
United States	By age group	442	453	471	176	186	252
	Up to 30 years old	62	38	53	26	20	34
	Between 31 and 50 years old	162	127	137	72	60	61
	More than 51 years old	218	288	281	78	106	157
	By age group (%)	9.36	9.84	10.10	9.40	10.07	13.29
	Up to 30 years old	9.95	7.38	10.77	14.61	12.90	21.66
	Between 31 and 50 years old	7.39	5.95	6.47	8.33	6.81	6.76
	More than 51 years old	11.42	14.76	13.68	9.39	13.07	18.76
	Total workforce	4,724	4,602	4,665	1,873	1,847	1,896
Brazil	By age group	526	941	580	157	247	165
	Up to 30 years old	127	165	137	55	59	51
	Between 31 and 50 years old	266	403	269	79	119	84
	More than 51 years old	133	373	174	23	69	30
	By age group (%)	5.47	10.70	7.11	7.37	12.65	8.52
	Up to 30 years old	4.80	6.63	6.19	7.99	9.37	8.57
	Between 31 and 50 years old	4.33	7.38	5.56	5.97	9.89	7.18
	More than 51 years old	16.14	43.88	15.68	19.17	57.50	17.54
	Total workforce	9,615	8,796	8,160	2,131	1,953	1,936
Mexico	By age group	59	62	80	16	13	23
	Up to 30 years old	15	14	20	7	6	7
	Between 31 and 50 years old	37	38	47	9	6	16
	More than 51 years old	7	10	13	0	1	0
	By age group (%)	5.66	6.82	10.27	6.45	6.40	13.94
	Up to 30 years old	5.14	5.67	11.7	6.48	7.32	11.67
	Between 31 and 50 years old	5.53	6.47	8.69	6.62	5.13	16
	More than 51 years old	8.54	13.33	19.4	0.00	25.00	0
	Total workforce	1,043	909	779	248	203	165

Persons leaving the company by region, gender and age group

		Men			Women		
		2019	2018	2017	2019	2018	2017
IEI	By age group	23	45	14	10	20	7
	Up to 30 years old	2	4	2	1	3	1
	Between 31 and 50 years old	15	29	11	8	15	6
	More than 51 years old	6	12	1	1	2	0
	By age group (%)	6.30	18.99	6.25	6.62	20.41	18.92
	Up to 30 years old	4.08	21.05	5.88	3.33	17.65	33.33
	Between 31 and 50 years old	5.30	15.18	6.56	7.41	20.55	19.35
	More than 51 years old	18.18	44.44	4.76	7.69	25.00	0
	Total workforce	365	237	218	151	98	73
	Iberdrola total	By age group	1,772	2,826	1,952	570	816
Up to 30 years old		254	293	242	106	117	113
Between 31 and 50 years old		617	839	638	252	317	288
More than 51 years old		901	1694	1,072	212	382	336
By age group (%)		6.53	10.82	7.44	6.90	10.25	9.18
Up to 30 years old		5.37	6.97	6.31	7.86	9.94	10.38
Between 31 and 50 years old		3.95	5.73	4.55	5.00	6.50	5.88
More than 51 years old		13.28	23.27	12.8	11.33	20.04	16.45
Total workforce		27,125	26,117	26,229	8,249	7,961	8,026

Redundancies by region, gender and age group

		Men		Women	
		2019	2018	2019	2018
Spain	By age group	17	13	3	2
	Up to 30 years old	2	0	0	1
	Between 31 and 50 years old	6	7	2	0
	More than 51 years old	9	6	1	1
	By age group (%)	0.22	0.16	0.15	0.10
	Up to 30 years old	0.45	0.00	0.00	1.00
	Between 31 and 50 years old	0.14	0.16	0.15	0.00
More than 51 years old	0.32	0.17	0.20	0.19	
United Kingdom	By age group	10	8	4	1
	Up to 30 years old	0	4	0	1
	Between 31 and 50 years old	8	2	3	0
	More than 51 years old	2	2	1	0
	By age group (%)	0.27	0.21	0.21	0.05
	Up to 30 years old	0.00	0.68	0.00	0.52
	Between 31 and 50 years old	0.41	0.10	0.24	0.00
More than 51 years old	0.17	0.17	0.22	0.00	
United States	By age group	79	23	33	22
	Up to 30 years old	19	5	9	2
	Between 31 and 50 years old	45	12	13	15
	More than 51 years old	15	6	11	5
	By age group (%)	1.67	0.50	1.76	1.19
	Up to 30 years old	3.05	0.97	5.06	1.29
	Between 31 and 50 years old	2.05	0.56	1.50	1.70
More than 51 years old	0.79	0.31	1.32	0.62	
Brazil	By age group	345	617	67	141
	Up to 30 years old	61	81	16	20
	Between 31 and 50 years old	182	241	36	57
	More than 51 years old	102	295	15	64
	By age group (%)	3.59	7.01	3.14	7.22
	Up to 30 years old	2.31	3.26	2.33	3.17
	Between 31 and 50 years old	2.96	4.42	2.72	4.74
More than 51 years old	12.38	34.71	12.50	53.33	
Mexico	By age group	10	11	2	2
	Up to 30 years old	2	3	0	0
	Between 31 and 50 years old	6	8	2	2
	More than 51 years old	2	0	0	0
	By age group (%)	0.96	1.21	0.81	0.99
	Up to 30 years old	0.68	1.21	0.00	0.00
	Between 31 and 50 years old	0.90	1.36	1.47	1.71
More than 51 years old	2.44	0.00	0.00	0.00	

Redundancies by region, gender and age group

		Men		Women	
		2019	2018	2019	2018
IEI	By age group	4	0	2	0
	Up to 30 years old	0	0	0	0
	Between 31 and 50 years old	3	0	2	0
	More than 51 years old	1	0	0	0
	By age group (%)	1.10	0.00	1.32	0.00
	Up to 30 years old	0.00	0.00	0.00	0.00
	Between 31 and 50 years old	1.06	0.00	1.85	0.00
	More than 51 years old	3.03	0.00	0.00	0.00
	Iberdrola total	465	672	111	168
Up to 30 years old	84	93	25	24	
Between 31 and 50 years old	250	270	58	74	
More than 51 years old	131	309	28	70	
By age group (%)	1.71	2.57	1.35	2.11	
Up to 30 years old	1.78	2.21	1.85	2.04	
Between 31 and 50 years old	1.60	1.84	1.15	1.52	
More than 51 years old	1.93	4.24	1.50	3.67	

Redundancies by region, gender and professional category

		Men		Women	
		2019	2018	2019	2018
Spain	By professional category	17	13	3	2
	Management team	4	3	1	1
	Middle managers and skilled technicians	8	8	1	1
	Skilled workers and support personnel	5	2	1	0
	By professional category (%)	0.22	0.16	0.15	0.10
	Management team	1.03	0.74	1.05	1.06
	Middle managers and skilled technicians	0.24	0.24	0.07	0.07
	Skilled workers and support personnel	0.13	0.05	0.21	0.00
United Kingdom	By professional category	10	8	4	1
	Management team	0	0	0	0
	Middle managers and skilled technicians	5	2	1	0
	Skilled workers and support personnel	5	6	3	1
	By professional category (%)	0.27	0.21	0.21	0.05
	Management team	0.00	0.00	0.00	0.00
	Middle managers and skilled technicians	0.20	0.08	0.09	0.00
	Skilled workers and support personnel	0.42	0.49	0.42	0.13
United States	By professional category	79	23	33	22
	Management team	1	1	0	0
	Middle managers and skilled technicians	17	9	8	14
	Skilled workers and support personnel	61	13	25	8
	By professional category (%)	1.67	0.50	1.76	1.19
	Management team	2.44	2.44	0.00	0.00
	Middle managers and skilled technicians	0.99	0.54	0.95	1.83
	Skilled workers and support personnel	2.06	0.45	2.46	0.75
Brazil	By professional category	345	617	67	141
	Management team	4	9	3	1
	Middle managers and skilled technicians	78	142	32	78
	Skilled workers and support personnel	263	466	32	62
	By professional category (%)	3.59	7.01	3.14	7.22
	Management team	5.06	12.00	15.79	4.76
	Middle managers and skilled technicians	4.32	8.60	2.70	7.11
	Skilled workers and support personnel	3.40	6.59	3.46	7.43
Mexico	By professional category	10	11	2	2
	Management team	0	0	0	0
	Middle managers and skilled technicians	8	10	2	2
	Skilled workers and support personnel	2	1	0	0
	By professional category (%)	0.96	1.21	0.81	0.99
	Management team	0.00	0.00	0.00	0.00
	Middle managers and skilled technicians	1.36	2.05	0.93	1.16
	Skilled workers and support personnel	0.47	0.25	0.00	0.00

Redundancies by region, gender and professional category

		Men		Women	
		2019	2018	2019	2018
IEI	By professional category	4	0	2	0
	Management team	0	0	0	0
	Middle managers and skilled technicians	4	0	2	0
	Skilled workers and support personnel	0	0	0	0
	By professional category (%)	1.10	0.00	1.32	0.00
	Management team	0.00	0.00	0.00	0.00
	Middle managers and skilled technicians	1.43	0.00	1.46	0.00
	Skilled workers and support personnel	0.00	0.00	0.00	0.00
Iberdrola total	By professional category	465	672	111	168
	Management team	9	13	4	2
	Middle managers and skilled technicians	120	171	46	95
	Skilled workers and support personnel	336	488	61	71
	By professional category (%)	1.71	2.57	1.35	2.11
	Management team	1.37	1.97	2.39	1.18
	Middle managers and skilled technicians	1.18	1.76	0.94	2.09
	Skilled workers and support personnel	2.06	3.09	1.92	2.18

Average seniority of workforce by region (years)	2019	2018
Spain	17.44	19.64
United Kingdom	15.49	15.90
United States	13.40	14.07
Brazil	7.59	7.78
Mexico	5.34	6.05
Other countries	5.96	6.32
Iberdrola total	12.67	13.66

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Benefits offered ¹⁷³	2019					
	Life insurance	Medical insurance	Disability insurance	Maternity/paternity leave	Pension fund	Shares
Spain	All	All	All	All	All	N/A
United Kingdom	All	All	N/A	All	All	All
United States	All	All	Full-time	All	All	N/A
Brazil	All ¹⁷⁴	All	All	All	All	N/A
Mexico	Full-time	Full-time	All	All	Full-time	N/A

¹⁷³ All: Applies to both full-time and part-time employees.

¹⁷⁴ Valid for all employees (excluding non-executive employees of Elektro), including officers

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Leaves from and returns to work due to maternity/paternity, by region and gender

	Men			Women			Total		
	2019	2018	2017	2019	2018	2017	2019	2018	2017
Employees entitled to parental leave									
Spain	7,633	7,852	8,313	1,954	1,970	1,983	9,587	9,822	10,296
United Kingdom	3,745	3,721	4,094	1,892	1,890	1,973	5,637	5,611	6,067
United States	4,724	4,602	4,665	1,873	1,847	1,896	6,597	6,449	6,561
Brazil	9,615	8,796	8,160	2,131	1,953	1,936	11,746	10,749	10,096
Mexico	1,043	909	779	248	203	165	1,291	1,112	944
Other countries	365	237	218	151	98	73	516	335	291
Total	27,125	26,117	26,299	8,249	7,961	8,026	35,374	34,078	34,255
Employees taking parental leave									
Spain	301	21	31	115	130	145	416	151	176
United Kingdom	46	36	39	125	147	130	171	183	169
United States	0	0	0	68	53	48	68	53	48
Brazil	426	370	274	100	98	105	526	468	379
Mexico	15	10	0	10	12	9	25	22	9
Other countries	1	4	1	6	4	3	7	8	4
Total	789	441	345	424	444	440	1,213	885	785
Employees that returned to work after parental leave ended									
Spain	297	21	29	116	126	114	413	147	143
United Kingdom	46	36	39	72	73	73	118	109	112
United States	93	76	0	63	53	48	156	129	48
Brazil	426	369	290	100	98	103	526	467	393
Mexico	15	10	4	9	12	10	24	22	14
Other countries	1	4	1	5	4	1	6	8	2
Total	878	516	363	365	366	349	1,243	871	712
Employees that returned to work after parental leave ended that were still employed 12 months after their return to work.									
Spain	296	20	28	110	132	114	406	152	142
United Kingdom	33	40	28	73	68	80	106	108	108
United States	91	73	41	63	49	137	154	122	178
Brazil	421	230	226	94	76	74	515	306	300
Mexico	15	10	4	9	12	6	24	22	10
Other countries	0	0	1	1	0	0	1	0	1
Total	856	373	328	350	337	411	1,206	710	739
Return to work rate									
Spain	98.61	100	93.55	100.51	97.41	78.62	99.14	97.76	86.08
United Kingdom	100.00	100	100.00	57.60	49.66	56.15	69.01	59.56	78.08
United States	N/A	N/A	N/A	92.65	100.00	100.00	229.41	100.00	100.00
Brazil	100.00	99.73	105.84	100.00	100.00	98.10	100.00	99.57	101.97
Mexico	100.00	100.00	100.00	90.00	100.00	111.11	96.00	100.00	55.56
Other countries	100.00	100.00	100.00	83.33	100.00	33.33	85.71	100.00	66.67
Total¹⁷⁵	111.26	117.01	105.22	86.00	82.34	79.32	102.42	99.61	92.27

¹⁷⁵ In some cases may be greater than 100% because employees who were entitled to leave the prior year returned to work.

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Employees eligible to retire in the next 5 years

		By professional category			By professional category		
		(No.)			(%)		
		2019	2018	2017	2019	2018	2017
Spain	Management team	50	55	55	10.29	11.06	11.11
	Middle managers and skilled technicians	314	344	396	6.69	7.33	8.38
	Skilled workers and support personnel	599	658	850	13.56	14.22	16.74
	Total	963	1,057	1,301	10.05	10.76	12.64
United Kingdom	Management team	6	2	5	4.48	1.42	3.6
	Middle managers and skilled technicians	181	173	222	5.01	5.00	11.84
	Skilled workers and support personnel	220	224	286	11.63	11.14	13.83
	Total	407	399	513	7.22	7.11	10.32
United States	Management team	15	14	80	28.85	25.93	49.08
	Middle managers and skilled technicians	958	834	1,109	37.35	34.41	40.56
	Skilled workers and support personnel	1,580	1,573	1,553	39.70	39.61	42.39
	Total	2,553	2,421	2,742	38.70	37.54	41.79
Brazil	Management team	9	7	13	9.18	7.29	14.13
	Middle managers and skilled technicians	269	153	379	8.99	5.57	13.51
	Skilled workers and support personnel	377	222	571	4.35	2.81	7.93
	Total	655	382	963	5.58	3.55	9.54
Mexico	Management team	2	1	2	6.67	3.7	7.14
	Middle managers and skilled technicians	25	21	25	3.11	3.18	4.27
	Skilled workers and support personnel	5	5	4	1.10	1.18	1.21
	Total	32	27	31	2.48	2.43	3.28
IEI	Management team	2	2	2	7.69	15.38	18.18
	Middle managers and skilled technicians	5	2	2	1.20	0.8	0.95
	Skilled workers and support personnel	0	0	0	0.00	0	0
	Total	7	4	4	1.36	1.19	1.37
Iberdrola total	Management team	84	81	157	10.17	9.78	16.92
	Middle managers and skilled technicians	1,752	1,527	2,133	11.62	10.72	16.89
	Skilled workers and support personnel	2,781	2,682	3,264	14.28	14.11	17.50
	Total	4,617	4,290	5,554	13.05	12.59	16.22

Employees eligible to retire in the next 10 years

		By professional category (No.)			By professional category (%)		
		2019	2018	2017	2019	2018	2017
Spain	Management team	139	135	149	28.65	27.11	30.10
	Middle managers and skilled technicians	824	824	931	17.58	17.54	19.70
	Skilled workers and support personnel	1,481	1,607	1,845	33.53	34.73	36.34
	Total	2,444	2,566	2,925	25.50	26.12	28.41
United Kingdom	Management team	28	29	28	20.90	20.57	20.14
	Middle managers and skilled technicians	608	611	713	16.84	17.66	32.49
	Skilled workers and support personnel	498	518	646	26.32	25.76	31.95
	Total	1,134	1,158	1,387	20.12	20.64	26.22
United States	Management team	21	15	94	40.38	27.78	57.67
	Middle managers and skilled technicians	1,264	1,027	1,488	49.28	42.37	54.43
	Skilled workers and support personnel	2,008	1,984	2,032	50.45	49.96	55.46
	Total	3,293	3,026	3,614	49.92	46.92	55.08
Brazil	Management team	10	8	24	10.20	8.33	17.86
	Middle managers and skilled technicians	370	212	484	12.37	7.71	5.46
	Skilled workers and support personnel	444	318	959	5.13	4.02	6.06
	Total	824	538	1,467	7.02	5.01	6.04
Mexico	Management team	9	6	5	30.00	22.22	26.09
	Middle managers and skilled technicians	55	61	32	6.83	9.23	17.25
	Skilled workers and support personnel	25	22	20	5.48	5.19	13.32
	Total	89	89	57	6.89	8	14.53
IEI	Management team	5	4	1	19.23	30.77	9.09
	Middle managers and skilled technicians	12	10	4	2.88	3.98	1.90
	Skilled workers and support personnel	3	3	0	4.05	4.23	0.00
	Total	20	17	5	3.88	5.07	7.25
Iberdrola total	Management team	212	197	301	25.69	23.77	32.44
	Middle managers and skilled technicians	3,133	2,745	3,652	20.78	19.27	24.88
	Skilled workers and support personnel	4,459	4,452	5,502	22.89	23.42	29.50
	Total	7,804	7,394	9,455	22.06	21.70	27.60

Occupational Health and Safety

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Employees represented on health and safety committees, by region (%)	2019	2018	2017
Spain	98.52	97.50	96.88
United Kingdom	100.00	100.00	100.00
United States	99.86	100.00	100.00
Brazil	100.00	100.00	100.00
Mexico	99.77	100.00	100.00
IEI	43.22	31.94	37.46
Iberdrola total	98.80	98.61	98.53

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Number of accidents by region and gender

		2019	2018	2017
Spain	Men	89	88	69
	Women	10	5	13
	Total	99	93	82
United Kingdom	Men	41	47	61
	Women	5	11	31
	Total	46	58	92
United States	Men	188	161	176
	Women	20	13	33
	Total	208	174	209
Brazil	Men	54	66	69
	Women	3	7	0
	Total	57	73	69
Mexico	Men	3	1	1
	Women	0	0	2
	Total	3	1	3
IEI	Men	3	0	0
	Women	0	0	0
	Total	3	0	0
Iberdrola total	Men	378	363	376
	Women	38	36	79
	Total	416	399	455

Number of accidents by type, region and gender (own personnel)

Accident types	Men			Women			Total		
	2019	2018	2017	2019	2018	2017	2019	2018	2017
Spain	Fatal	0	0	0	0	0	0	0	0
	With leave	28	23	24	3	1	0	31	24
	With high consequences	0	1	1	0	0	0	0	1
	Without leave	61	65	58	7	4	0	68	69
United Kingdom	Fatal	0	0	0	0	0	0	0	0
	With leave	9	6	3	0	0	0	9	6
	With high consequences	1	0	1	0	0	0	1	1
	Without leave	32	41	58	5	11	31	37	89
United States	Fatal	0	0	0	1	0	0	1	0
	With leave	30	35	40	3	3	3	33	38
	With high consequences	0	0	0	0	0	0	0	0
	Without leave	158	126	136	16	10	30	174	136
Brazil	Fatal	0	0	0	0	0	0	0	0
	With leave	8	11	34	0	1	0	8	12
	With high consequences	0	0	0	0	0	0	0	0
	Without leave	46	55	35	3	6	0	49	61
Mexico	Fatal	0	0	0	0	0	0	0	0
	With leave	0	0	0	0	0	0	0	0
	With high consequences	0	0	0	0	0	0	0	0
	Without leave	3	1	1	0	0	2	3	3
Other countries	Fatal	0	0	0	0	0	0	0	0
	With leave	2	0	0	0	0	0	2	0
	With high consequences	0	0	0	0	0	0	0	0
	Without leave	1	0	0	0	0	0	1	0
Iberdrola total	Fatal	0	0	0	1	0	0	1	0
	With leave	77	75	101	6	5	3	83	104
	With high consequences	1	1	2	0	0	0	0	0
	Without leave	301	288	265	31	31	76	332	341

Accident rate by region¹⁷⁶

		2019	2018	2017
Spain	Number of fatalities - company	0	0	0
	Number of fatalities - subcontractor	0	0	1
	Number of lost days	1,963	1,788	1,558
	Injury rate	2.11	1.65	1.77
	Severity index	0.13	0.12	0.11
United Kingdom	Number of fatalities - company	0	0	0
	Number of fatalities - subcontractor	1	0	1
	Number of lost days	560	154	214
	Injury rate	0.94	0.64	0.28
	Severity index	0.06	0.02	0.02
United States	Number of fatalities - company	1	0	0
	Number of fatalities - subcontractor	0	0	1
	Number of lost days	1,213	1,518	2,141
	Injury rate	2.57	2.97	3.27
	Severity index	0.09	0.12	0.16
Brazil	Number of fatalities - company	0	0	0
	Number of fatalities - subcontractor	3	3	10
	Number of lost days	85	469	461
	Injury rate	0.37	0.58	1.99
	Severity index	0.00	0.02	0.03
Mexico	Number of fatalities - company	0	0	0
	Number of fatalities - subcontractor	0	0	0
	Number of lost days	0	0	0
	Injury rate	0.00	0.00	0.00
	Severity index	0.00	0.00	0.08
Other countries	Number of fatalities - company	0	0	0
	Number of fatalities - subcontractor	0	0	0
	Number of lost days	58	0	0
	Injury rate	2.03	0.00	0.00
	Severity index	0.06	0.00	0.00
Iberdrola total	Number of fatalities - company	1	0	0
	Number of fatalities - subcontractor	4	3	13
	Number of lost days	3,879	3,929	4,374¹⁷⁷
	Frequency ratio	1.33	1.37	1.75
	Severity index	0.06	0.07	0.07

¹⁷⁶ Methodology 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

¹⁷⁷ In 2017 there was a lower number of accidents with leave but a higher number of lost days.

Occupational diseases¹⁷⁸ 2019

		Own personnel	Subcontracted personnel
Spain	Number occupational diseases	1	0
	Occupational disease rate (ODR)	0.01	0.00
United Kingdom	Number occupational diseases	0	0
	Occupational disease rate (ODR)	0.00	0.00
United States	Number occupational diseases	0	0
	Occupational disease rate (ODR)	0.00	0.00
Brazil	Number occupational diseases	0	0
	Occupational disease rate (ODR)	0.00	0.00
Mexico	Number occupational diseases	0	0
	Occupational disease rate (ODR)	0.00	0.00
Other countries	Number occupational diseases	0	0
	Occupational disease rate (ODR)	0.00	0.00
Iberdrola total	Number occupational diseases	1	0
	Occupational disease rate (ODR)	0.00	0.00

There were no deaths from occupational diseases in 2019.

- ¹⁷⁸ Occupational disease rate (ODR) = (number of occupational disease cases/hours worked)*200,000

Work-related injuries (own employees)¹⁷⁹ 2019

		Men	Women	Total
Spain	Rate of fatalities	0.00	0.00	0.00
	Rate of high-consequence work-related injuries	0.00	0.00	0.00
	Rate of work-related injuries	1.49	0.70	1.33
United Kingdom	Rate of fatalities	0.00	0.00	0.00
	Rate of high-consequence work-related injuries	0.03	0.00	0.02
	Rate of work-related injuries	1.24	0.34	0.96
United States	Rate of fatalities	0.00	0.05	0.02
	Rate of high-consequence work-related injuries	0.00	0.00	0.00
	Rate of work-related injuries	4.18	1.04	3.24
Brazil	Rate of fatalities	0.00	0.00	0.00
	Rate of high-consequence work-related injuries	0.00	0.00	0.00
	Rate of work-related injuries	0.62	0.14	0.52
Mexico	Rate of fatalities	0.00	0.00	0.00
	Rate of high-consequence work-related injuries	0.00	0.00	0.00
	Rate of work-related injuries	0.28	0.00	0.23
Other countries	Rate of fatalities	0.00	0.00	0.00
	Rate of high-consequence work-related injuries	0.00	0.00	0.00
	Rate of work-related injuries	0.86	0.00	0.61
Iberdrola total	Rate of fatalities	0.00	0.01	0.00
	Rate of high-consequence work-related injuries	0.00	0.00	0.00
	Rate of work-related injuries	1.58	0.51	1.33

¹⁷⁹ Rate of fatalities = Number of fatalities as a result of a work-related injury / number of hours worked x [200,000] 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] Rate of recordable work-related injuries = Number of recordable work-related injuries x [200,000]

Work-related injuries (subcontracted personnel)¹⁸⁰ 2019

Spain	Rate of fatalities	0.00
	Rate of high-consequence work-related injuries	0.03
	Rate of work-related injuries	2.18
United Kingdom	Rate of fatalities	0.01
	Rate of high-consequence work-related injuries	0.00
	Rate of work-related injuries	1.75
United States	Rate of fatalities	0.00
	Rate of high-consequence work-related injuries	0.06
	Rate of work-related injuries	1.45
Brazil	Rate of fatalities	0.01
	Rate of high-consequence work-related injuries	0.01
	Rate of work-related injuries	0.70
Mexico	Rate of fatalities	0.00
	Rate of high-consequence work-related injuries	0.02
	Rate of work-related injuries	0.19
Other countries	Rate of fatalities	0.00
	Rate of high-consequence work-related injuries	0.95
	Rate of work-related injuries	7.09
Iberdrola total	Rate of fatalities	0.01
	Rate of high-consequence work-related injuries	0.02
	Rate of work-related injuries	1.12

¹⁸⁰ Rate of fatalities = Number of fatalities as a result of a work-related injury / number of hours worked x [200,000]

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]

Rate of recordable work-related injuries = Number of recordable work-related injuries/ number of hours worked x [200,000]

Absenteeism¹⁸¹ by region and gender (hours lost)

	Men			Women			Total		
	2019	2018	2017	2019	2018	2017	2019	2018	2017
Spain	346,543	426,189	N/Av.	120,847	128,185	N/Av.	467,390	554,995	N/Av.
United Kingdom	177,845	193,746	N/Av.	113,372	126,185	N/Av.	291,217	319,931	N/Av.
United States	167,486	187,661	N/Av.	84,879	94,199	N/Av.	252,365	281,860	N/Av.
Brazil	109,702	293,472	N/Av.	50,766	202,656	N/Av.	160,468	496,128	N/Av.
Mexico	12,666	8,596	N/Av.	1,866	1,914	N/Av.	14,532	10,510	N/Av.
Other countries	577	0	N/Av.	982	0	N/Av.	1,559	0	N/Av.
Iberdrola total	814,819	1,109,664	N/Av.	372,712	553,760	553,800	1,187,531	1,663,424	N/Av.

¹⁸¹ The calculation of hours lost due to absenteeism includes leave arising from common illnesses and maternity in the United States (the hours lost due to occupational disease are calculated within the injury rates)

Training and education

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Total number of training hours by professional category, region and gender

	Professional category	Men			Women			Total		
		2019	2018	2017	2019	2018	2017	2019	2018	2017
Spain	Management team	11,805	11,875	12,752	4,776	3,165	2,952	16,581	15,040	15,704
	Middle managers and skilled technicians	192,021	171,725	150,887	84,556	69,776	52,992	276,577	241,501	203,879
	Skilled workers and support personnel	204,805	190,787	197,645	11,081	10,065	11,593	215,886	200,852	209,238
	Total workforce	408,631	374,387	361,284	100,413	83,006	67,537	509,044	457,393	428,821
United Kingdom	Management team	1,944	1,981	3,061	916	786	1,200	2,860	2,767	4,261
	Middle managers and skilled technicians	47,021	49,282	64,319	11,176	12,702	15,282	58,197	61,984	79,601
	Skilled workers and support personnel	101,012	93,238	88,230	7,801	2,683	6,141	108,813	95,921	94,371
	Total workforce	149,977	144,501	155,610	19,893	16,171	22,623	169,870	160,672	178,233
United States	Management team	582	574	1,036	153	269	540	735	843	1,576
	Middle managers and skilled technicians	41,090	31,256	42,425	16,716	14,168	13,524	57,806	45,424	55,949
	Skilled workers and support personnel	127,352	107,581	154,129	41,584	35,164	27,443	168,936	142,745	181,572
	Total workforce	169,024	139,411	197,590	58,453	49,601	41,507	227,477	189,012	239,097
Brazil	Management team	148	2,534	2,354	29	766	400	178	3,300	2,754
	Middle managers and skilled technicians	13,705	75,946	64,789	19,829	51,748	40,535	33,534	127,694	105,324
	Skilled workers and support personnel	613,016	481,863	412,476	92,797	63,551	50,193	705,812	545,414	462,669
	Total workforce	626,869	560,343	479,619	112,655	116,065	91,128	739,524	676,408	570,747
Mexico	Management team	1,113	2,433	1,968	132	883	117	1,245	3,316	2,085
	Middle managers and skilled technicians	50,321	42,641	28,982	17,672	15,620	8,542	67,993	58,261	37,524
	Skilled workers and support personnel	43,758	40,204	40,328	1,362	552	1,122	45,120	40,756	41,450
	Total workforce	95,192	85,278	71,278	19,166	17,055	9,781	114,358	102,333	81,059
IEI	Management team	664	107	306	20	2	16	684	109	322
	Middle managers and skilled technicians	8,465	1,077	4,436	5,281	237	1,198	13,746	1,314	5,634
	Skilled workers and support personnel	1,180	363	3,000	197	62	198	1,377	425	3,198
	Total workforce	10,309	1,547	7,742	5,498	301	1,412	15,807	1,848	9,154
Iberdrola total	Management team	16,256	19,504	21,477	6,026	5,871	5,225	22,283	25,375	26,702
	Middle managers and skilled technicians	352,623	371,927	355,838	155,230	164,251	132,073	507,853	536,178	487,911
	Skilled workers and support personnel	1,091,123	914,036	895,808	154,822	112,077	96,690	1,245,944	1,026,113	992,498
	Total workforce	1,460,002	1,305,467	1,273,123	316,078	282,199	233,988	1,776,080	1,587,666	1,507,111

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Average hours of training per employee trained, broken down by professional category, region and gender

	Professional category	Men			Women			Total		
		2019	2018	2017	2019	2018	2017	2019	2018	2017
Spain	Management team	33.09	29.98	14.83	52.68	34.77	36.44	37.06	30.88	16.69
	Middle managers and skilled technicians	57.55	51.80	42.96	62.72	52.26	40.42	59.04	51.93	42.27
	Skilled workers and support personnel	50.80	45.87	44.52	21.93	19.31	20.23	47.58	42.91	41.75
	Total workforce	52.90	47.57	41.00	51.65	42.62	34.37	52.65	46.59	39.79
United Kingdom	Management team	25.92	17.38	28.34	39.83	24.56	41.38	29.18	18.95	31.10
	Middle managers and skilled technicians	46.05	18.74	25.04	30.96	11.68	14.50	42.11	16.68	21.97
	Skilled workers and support personnel	54.25	69.89	60.39	14.80	3.41	6.82	45.55	45.18	39.95
	Total workforce	50.70	35.43	37.61	21.84	8.48	11.40	43.91	26.84	29.11
United States	Management team	13.54	12.75	9.17	12.76	14.95	10.19	13.37	13.38	9.49
	Middle managers and skilled technicians	22.42	17.60	20.30	18.29	17.51	11.65	21.04	17.57	17.21
	Skilled workers and support personnel	40.79	35.93	48.05	38.54	31.51	30.73	40.21	34.73	44.28
	Total workforce	33.82	28.95	36.52	29.15	25.53	19.70	32.48	27.97	31.80
Brazil	Management team	2.43	35.69	34.62	1.95	42.56	25.00	2.34	37.08	32.79
	Middle managers and skilled technicians	9.54	44.03	36.28	20.98	45.51	35.40	14.08	44.62	35.93
	Skilled workers and support personnel	87.45	66.17	65.37	125.40	73.38	62.43	91.07	66.94	65.04
	Total workforce	73.68	61.73	58.75	66.27	57.43	46.38	72.45	60.94	56.35
Mexico	Management team	44.52	90.11	70.29	26.40	126.11	29.25	41.50	97.54	65.16
	Middle managers and skilled technicians	91.33	93.72	69.17	84.56	94.66	64.71	89.46	93.97	68.10
	Skilled workers and support personnel	117.00	126.43	139.06	68.10	32.45	43.15	114.52	121.66	131.17
	Total workforce	100.20	106.60	96.71	81.91	90.24	60.38	96.59	103.47	90.17
IEI	Management team	41.50	6.66	25.50	10.00	0.51	5.33	38.00	5.69	21.47
	Middle managers and skilled technicians	34.69	4.66	19.20	44.01	2.67	12.61	37.76	4.11	17.28
	Skilled workers and support personnel	21.07	3.91	12.35	39.40	4.80	22.00	22.57	4.02	12.69
	Total workforce	32.62	4.55	15.93	43.29	2.87	13.20	35.68	4.15	15.44
Iberdrola total	Management team	28.19	29.15	18.06	40.81	34.73	28.09	30.76	30.28	19.42
	Middle managers and skilled technicians	38.07	36.71	33.55	37.51	35.54	26.96	37.90	36.34	31.47
	Skilled workers and support personnel	69.88	56.49	56.16	58.75	33.74	30.16	68.27	52.62	51.81
	Total workforce	57.36	48.38	45.88	45.67	34.78	28.23	54.86	45.24	41.82

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Employees receiving performance reviews by region, professional category and gender (%)

Professional category	Men			Women			Total			
	2019	2018	2017	2019	2018	2017	2019	2018	2017	
Spain	Management team	96.9	87.7	97.6	96.8	85.0	90.8	96.9	87.2	96.4
	Middle managers and skilled technicians	94.7	87.6	94.6	91.2	84.6	93.7	93.6	86.7	94.3
	Skilled workers and support personnel	95.3	96.1	95.4	96.2	96.4	92.9	95.4	96.2	95.1
	Total	95.1	92.1	95.2	92.7	87.8	93.3	94.6	91.2	94.8
United Kingdom	Management team	98.0	100.0	100	93.8	97.0	100	97.0	99.3	100
	Middle managers and skilled technicians	91.7	99.8	100	93.0	100	100	92.1	99.9	100
	Skilled workers and support personnel	83.8	99.8	100	93.8	99.6	100	87.5	99.7	100
	Total	89.4	99.8	100	93.3	99.9	100	90.7	99.8	100
United States	Management team	87.8	97.6	99.1	81.8	100.0	98.0	86.5	98.2	98.8
	Middle managers and skilled technicians	87.4	97.1	98.9	84.9	97.1	98.7	86.6	97.1	98.8
	Skilled workers and support personnel	12.3	16.1	13.4	28.2	34.1	13.7	16.4	21.0	13.5
	Total	40.3	46.1	47.0	54.1	60.6	61.3	44.2	50.2	51.2
Brazil	Management team	88.4	77.3	61.6	80.0	52.4	47.4	86.9	71.9	58.7
	Middle managers and skilled technicians	86.2	89.4	92.8	87.1	88.3	90.6	86.6	88.9	91.9
	Skilled workers and support personnel	80.3	75.7	81.5	74.9	75.2	86.0	79.7	75.7	82.0
	Total	81.4	78.3	83.7	81.8	82.3	88.2	81.5	79.0	84.5
Mexico	Management team	95.8	100	100	100	100	100	96.6	100	100
	Middle managers and skilled technicians	67.1	100	100	68.0	100	100	67.3	100	100
	Skilled workers and support personnel	19.2	100	100	29.2	100	100	19.8	100	100
	Total	49.3	100	100	64.9	100	100	52.3	100	100
IEI	Management team	70.0	80.0	75.0	100.0	100	100	78.6	84.6	81.8
	Middle managers and skilled technicians	59.6	90.9	62.2	57.1	82.8	61.9	58.8	88.1	62.1
	Skilled workers and support personnel	90.8	98.4	22.6	100.0	100.0	28.6	91.7	98.6	23.2
	Total	66.6	92.4	51.4	61.0	84.7	60.3	65.0	90.2	53.6
Iberdrola total	Management team	95.0	89.4	94.6	93.8	85.2	90.1	94.7	88.6	95.9
	Middle managers and skilled technicians	88.6	93.2	96.2	87.7	91.8	95.2	88.3	92.8	96.8
	Skilled workers and support personnel	69.8	72.6	74.9	66.8	71.3	72.2	69.3	72.4	74.1
	Total	77.4	80.7	83.6	79.8	83.3	86.0	77.9	81.3	84.2

Diversity and equal opportunity

Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership and other indicators of diversity.

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		Total workforce by region, gender and professional category								
		Men			Women			Total		
	Professional category	2019	2018	2017	2019	2018	2017	2019	2018	2017
Spain	Management team	389	405	408	96	94	87	485	499	495
	Middle managers and skilled technicians	3,312	3,348	3,430	1,374	1,348	1,294	4,686	4,696	4,724
	Skilled workers and support personnel	3,932	4,099	4,475	484	528	602	4,416	4,627	5077
	Total	7,633	7,852	8,313	1,954	1,970	1,983	9,587	9,822	10,296
United Kingdom	Management team	102	108	111	32	33	28	134	141	139
	Middle managers and skilled technicians	2,460	2,388	2,547	1,151	1,071	1,068	3,611	3,459	3,615
	Skilled workers and support personnel	1,183	1,225	1,436	709	786	877	1,892	2,011	2,313
	Total	3,745	3,721	4,094	1,892	1,890	1,973	5,637	5,611	6,067
United States	Management team	41	41	112	11	13	51	52	54	163
	Middle managers and skilled technicians	1,719	1,661	1,722	846	763	1,012	2,565	2,424	2,734
	Skilled workers and support personnel	2,964	2,900	2,831	1,016	1,071	833	3,980	3,971	3,664
	Total	4,724	4,602	4,665	1,873	1,847	1,896	6,597	6,449	6,561
Brazil	Management team	79	75	73	19	21	19	98	96	92
	Middle managers and skilled technicians	1,804	1,652	1,704	1,187	1,097	1,102	2,991	2,749	2,806
	Skilled workers and support personnel	7,732	7,069	6,383	925	835	815	8,657	7,904	7,198
	Total	9,615	8,796	8,160	2,131	1,953	1,936	11,746	10,749	10,096
Mexico	Management team	25	21	24	5	6	4	30	27	28
	Middle managers and skilled technicians	590	488	454	215	173	132	805	661	586
	Skilled workers and support personnel	428	400	301	28	24	29	456	424	330
	Total	1,043	909	779	248	203	165	1,291	1,112	944
Other countries	Management team	21	10	8	5	3	3	26	13	11
	Middle managers and skilled technicians	279	164	148	137	87	63	416	251	211
	Skilled workers and support personnel	65	63	62	9	8	7	74	71	69
	Total	365	237	218	151	98	73	516	335	291
Iberdrola total	Management team	657	660	736	168	170	192	825	830	928
	Middle managers and skilled technicians	10,164	9,701	10,005	4,910	4,539	4,671	15,074	14,240	14,676
	Skilled workers and support personnel	16,304	15,756	15,488	3,171	3,252	3,163	19,475	19,008	18,651
	Total	27,125	26,117	26,229	8,249	7,961	8,026	35,374	34,078	34,255

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Total workforce by region, gender and professional category (%)

	Professional category	Men			Women			Total		
		2019	2018	2017	2019	2018	2017	2019	2018	2017
Spain	Management team	4%	4%	4%	1%	1%	1%	5%	5%	5%
	Middle managers and skilled technicians	35%	34%	33%	14%	14%	13%	49%	48%	46%
	Skilled workers and support personnel	41%	42%	43%	5%	5%	6%	46%	47%	49%
	Total	80%	80%	81%	20%	20%	19%	100%	100%	100%
United Kingdom	Management team	2%	2%	2%	1%	1%	0%	3%	3%	2%
	Middle managers and skilled technicians	43%	42%	42%	20%	19%	18%	63%	61%	60%
	Skilled workers and support personnel	21%	22%	24%	13%	14%	14%	34%	36%	38%
	Total	66%	66%	67%	34%	34%	33%	100%	100%	100%
United States	Management team	1%	1%	2%	0%	0%	1%	1%	1%	2%
	Middle managers and skilled technicians	26%	25%	26%	13%	12%	15%	39%	37%	42%
	Skilled workers and support personnel	45%	45%	43%	15%	17%	13%	60%	62%	56%
	Total	72%	71%	71%	28%	29%	29%	100%	100%	100%
Brazil	Management team	1%	1%	1%	0%	0%	0%	1%	1%	1%
	Middle managers and skilled technicians	15%	15%	17%	10%	10%	11%	25%	25%	28%
	Skilled workers and support personnel	66%	66%	63%	8%	8%	8%	74%	74%	71%
	Total	82%	82%	81%	18%	18%	19%	100%	100%	100%
Mexico	Management team	2%	2%	3%	0%	0%	0%	2%	2%	3%
	Middle managers and skilled technicians	46%	44%	48%	17%	16%	14%	63%	60%	62%
	Skilled workers and support personnel	33%	36%	32%	2%	2%	3%	35%	38%	35%
	Total	81%	82%	83%	19%	18%	17%	100%	100%	100%
Other countries	Management team	4%	3%	3%	1%	1%	1%	5%	4%	4%
	Middle managers and skilled technicians	54%	49%	51%	26%	26%	22%	80%	75%	73%
	Skilled workers and support personnel	13%	19%	21%	2%	2%	2%	15%	21%	24%
	Total	71%	71%	75%	29%	29%	25%	100%	100%	100%
Iberdrola total	Management team	2%	2%	2%	0%	0%	1%	2%	2%	3%
	Middle managers and skilled technicians	29%	29%	29%	14%	13%	14%	43%	42%	43%
	Skilled workers and support personnel	46%	46%	45%	9%	10%	9%	55%	56%	54%
	Total	77%	77%	77%	23%	23%	23%	100%	100%	100%

405-1

Total workforce by region, gender and age

	Age groups	Men			Women			Total		
		2019	2018	2017	2019	2018	2017	2019	2018	2017
Spain	Up to 30 years old	448	341	329	124	100	74	572	441	403
	Between 31 and 50 years old	4,343	4,298	4,284	1,341	1,332	1,323	5,684	5,630	5,607
	More than 51 years old	2,842	3,213	3,700	489	538	586	3,331	3,751	4286
	Total	7,633	7,852	8,313	1,954	1,970	1,983	9,587	9,822	10,296
United Kingdom	Up to 30 years old	676	592	601	220	192	194	896	784	795
	Between 31 and 50 years old	1,972	1,965	2,069	1,260	1,272	1,341	3,232	3,237	3,410
	More than 51 years old	1,097	1,164	1,424	412	426	438	1,509	1,590	1,862
	Total	3,745	3,721	4,094	1,892	1,890	1,973	5,637	5,611	6,067
United States	Up to 30 years old	623	515	492	178	155	157	801	670	649
	Between 31 and 50 years old	2,192	2,136	2,119	864	881	902	3,056	3,017	3,021
	More than 51 years old	1,909	1,951	2,054	831	811	837	2,740	2,762	2,891
	Total	4,724	4,602	4,665	1,873	1,847	1,896	6,597	6,449	6,561
Brazil	Up to 30 years old	2,644	2,488	2,212	688	630	595	3,332	3,118	2,807
	Between 31 and 50 years old	6,147	5,458	4,838	1,323	1,203	1,170	7,470	6,661	6,008
	More than 51 years old	824	850	1,110	120	120	171	944	970	1,281
	Total	9,615	8,796	8,160	2,131	1,953	1,936	11,746	10,749	10,096
Mexico	Up to 30 years old	292	247	171	108	82	60	400	329	231
	Between 31 and 50 years old	669	587	541	136	117	100	805	704	641
	More than 51 years old	82	75	67	4	4	5	86	79	72
	Total	1,043	909	779	248	203	165	1,291	1,112	944
Other countries	Up to 30 years old	49	19	30	30	17	9	79	36	39
	Between 31 and 50 years old	283	191	167	108	73	58	391	264	225
	More than 51 years old	33	27	21	13	8	6	46	35	27
	Total	365	237	218	151	98	73	516	335	291
Iberdrola total	Up to 30 years old	4,732	4,202	3,835	1,348	1,176	1,089	6,080	5,378	4,924
	Between 31 and 50 years old	15,606	14,635	14,018	5,032	4,878	4,894	20,638	19,513	18,912
	More than 51 years old	6,787	7,280	8,376	1,869	1,907	2,043	8,656	9,187	10,419
	Total	27,125	26,117	26,229	8,249	7,961	8,026	35,374	34,078	34,255

405-1

Total workforce by region, gender and age (%)

Age groups	Men			Women			Total			
	2019	2018	2017	2019	2018	2017	2019	2018	2017	
Spain	Up to 30 years old	5%	3%	3%	1%	1%	1%	6%	4%	4%
	Between 31 and 50 years old	45%	44%	42%	14%	14%	13%	59%	58%	54%
	More than 51 years old	30%	33%	36%	5%	5%	5%	35%	38%	42%
	Total	80%	80%	81%	20%	20%	19%	100%	100%	100%
United Kingdom	Up to 30 years old	12%	11%	10%	4%	3%	3%	16%	14%	13%
	Between 31 and 50 years old	35%	35%	34%	22%	23%	22%	57%	58%	56%
	More than 51 years old	19%	21%	24%	7%	8%	7%	27%	28%	31%
	Total	66%	66%	67%	34%	34%	33%	100%	100%	100%
United States	Up to 30 years old	9%	8%	8%	3%	2%	2%	12%	10%	10%
	Between 31 and 50 years old	33%	33%	32%	13%	14%	14%	46%	47%	46%
	More than 51 years old	29%	30%	31%	13%	13%	13%	42%	43%	44%
	Total	72%	71%	71%	28%	29%	29%	100%	100%	100%
Brazil	Up to 30 years old	23%	23%	22%	6%	6%	6%	28%	29%	28%
	Between 31 and 50 years old	52%	51%	48%	11%	11%	11%	64%	62%	60%
	More than 51 years old	7%	8%	11%	1%	1%	2%	8%	9%	13%
	Total	82%	82%	81%	18%	18%	19%	100%	100%	100%
Mexico	Up to 30 years old	23%	22%	18%	8%	7%	6%	31%	29%	24%
	Between 31 and 50 years old	52%	53%	57%	11%	11%	11%	62%	64%	68%
	More than 51 years old	6%	7%	7%	0%	0%	1%	7%	7%	8%
	Total	81%	82%	83%	19%	18%	17%	100%	100%	100%
Other countries	Up to 30 years old	9%	6%	10%	6%	5%	3%	15%	11%	13%
	Between 31 and 50 years old	55%	57%	58%	21%	22%	20%	76%	79%	77%
	More than 51 years old	6%	8%	7%	3%	2%	2%	9%	10%	9%
	Total	71%	71%	75%	29%	29%	25%	100%	100%	100%
Iberdrola total	Up to 30 years old	13%	12%	11%	4%	3%	3%	17%	15%	14%
	Between 31 and 50 years old	44%	43%	41%	14%	14%	14%	58%	57%	55%
	More than 51 years old	19%	22%	25%	5%	6%	6%	24%	28%	30%
	Total	77%	77%	77%	23%	23%	23%	100%	100%	100%

405-1

Breakdown of Board of Directors by gender and age group

Number of members of the Board	2019		2018		2017	
	no.	%	no.	%	no.	%
Men						
Up to 30 years old	0	0%	0	0%	0	0%
Between 31 and 50 years old	1	7%	1	7%	1	7%
More than 51 years old	7	50%	8	57%	8	57%
Women						
Up to 30 years old	0	0%	0	0%	0	0%
Between 31 and 50 years old	1	7%	1	7%	1	7%
More than 51 years old	5	36%	4	29%	4	29%

Supplier social assessment

414-1 414-2

Volume of purchases of general supplies in countries considered to be at risk (%)		2019
Brazil		18.5
Mexico		4.5

Volume of fuel purchases in countries considered to be at risk (%)		2019
Brazil		4
Mexico		36
Others (Colombia + Algeria + Nigeria + Peru + Dominican Republic + Trinidad and Tobago)		13

The standards used to identify countries at risk are the same as those described in the “Protection of human rights” section of chapter II. 5.

Access to electricity EU27

Residential disconnections of electricity for non-payment by region (No.)

		2019	2018	2017
Spain	Paid up to 48 h after disconnection	40,597	37,428	24,811
	Paid between 48 h and one week after disconnection	3,200	3,166	1,942
	Paid between one week and one month after disconnection	4,151	4,146	2,212
	Paid between one month and one year	2,184	2,131	1,095
	Paid after more than one year	0	0	0
	Outstanding and unclassified	0	0	0
	Total		50,132	46,871
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
United States ¹⁸²	Paid up to 48 h after disconnection	35,285	62,878	40,229
	Paid between 48 h and one week after disconnection	3,528	35,675	7,487
	Paid between one week and one month after disconnection	1,531	3,181	3,441
	Paid between one month and one year	784	1,805	1,723
	Paid after more than one year	0	0	0
	Outstanding and unclassified	107,337	0	0
	Total		148,465	103,539
Brazil	Paid up to 48 h after disconnection	1,099,444	1,170,543	1,239,946
	Paid between 48 h and one week after disconnection	204,030	214,718	227,007
	Paid between one week and one month after disconnection	222,138	231,919	221,001
	Paid between one month and one year	191,153	193,486	178,323
	Paid after more than one year	26	8	7
	Outstanding and unclassified	0	0	0
	Total		1,716,791	1,810,674
IEI	Paid up to 48 h after disconnection	10,030	N/A	N/A
	Paid between 48 h and one week after disconnection	1,101	N/A	N/A
	Paid between one week and one month after disconnection	1,353	N/A	N/A
	Paid between one month and one year	950		
	Paid after more than one year	0	N/A	N/A
	Outstanding and unclassified	0	N/A	N/A
	Total		13,434	N/A
Iberdrola total	Paid up to 48 h after disconnection	1,185,356	1,270,849	1,304,986
	Paid between 48 h and one week after disconnection	211,859	253,559	236,436
	Paid between one week and one month after disconnection	229,173	239,246	226,654
	Paid between one month and one year	195,071	197,422	181,141
	Paid after more than one year	26	8	7
	Outstanding and unclassified	107,337	0	0
	Total		1,928,822	1,961,084

¹⁸² The 2016 and 2017 data do not include the U.S. subsidiary UI.

Residential reconnections of electricity following payment of pending bills, by region (No.)

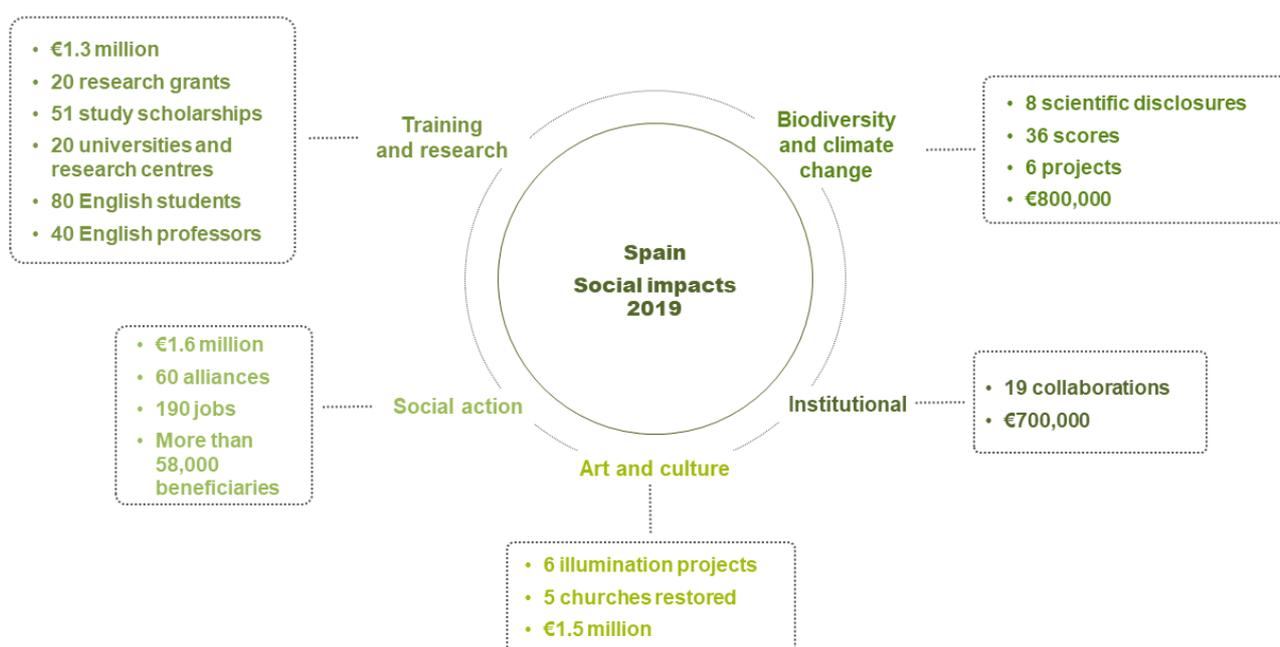
		2019	2018	2017
Spain	Less than 24 h after payment	49,585	46,234	28,784
	Between 24 h and one week after payment	514	760	803
	More than one week after payment	89	141	141
	Unclassified	0	0	0
	Total	50,188	47,135	29,728
United Kingdom	Less than 24 h after payment	0	0	0
	Between 24 h and one week after payment	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	30,969	38,322	42,560
	Between 24 h and one week after payment	7,844	3,324	4,180
	More than one week after payment	2,315	0	7,082
	Unclassified	84,719	0	0
	Total	125,847	48,440	53,822
Brazil	Less than 24 h after payment	1,481,957	1,555,944	1,541,234
	Between 24 h and one week after payment	137,434	158,660	179,797
	More than one week after payment	123,478	117,787	109,172
	Unclassified	0	0	0
	Total	1,742,869	1,832,391	1,830,203
IEI	Less than 24 h after payment	12,528	N/A	N/A
	Between 24 h and one week after payment	838	N/A	N/A
	More than one week after payment	43	N/A	N/A
	Unclassified	0	N/A	N/A
	Total	13,409	N/A	N/A
Iberdrola total	Less than 24 h after payment	1,575,039	1,640,500	1,612,578
	Between 24 h and one week after payment	146,630	162,744	184,780
	More than one week after payment	125,925	124,722	116,395
	Unclassified	84,719	0	0
	Total	1,932,313	1,927,966	1,913,753

Iberdrola's contribution to the community. Outputs and impacts

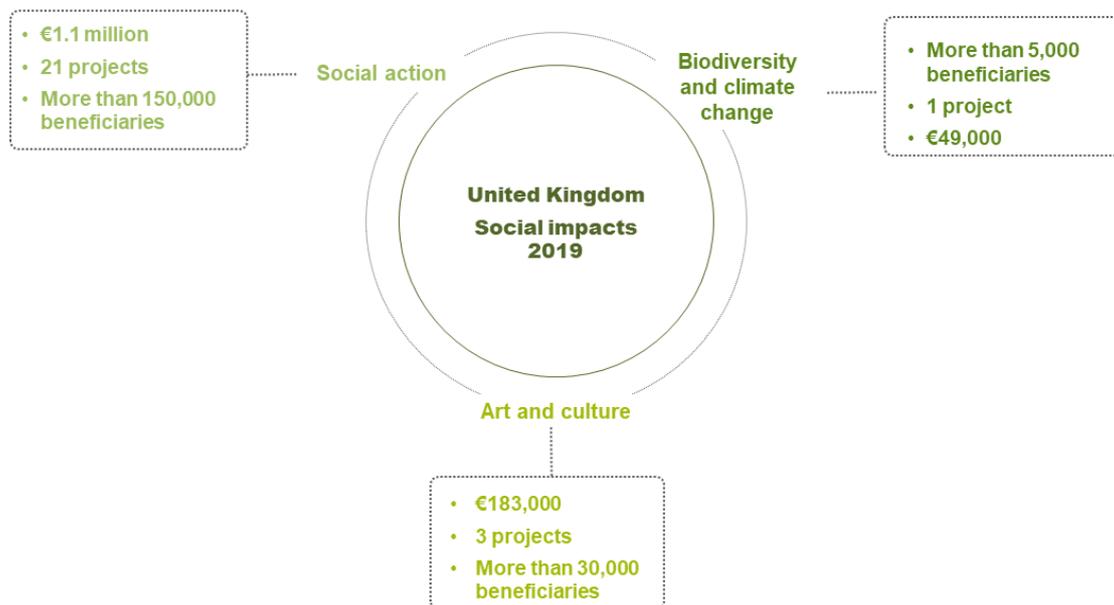
Iberdrola uses various parameters to measure the results achieved by its community support programmes. Iberdrola's foundations are applying a methodology adapted from LBG to measure outputs and impacts for its most important programmes and projects.

The charts below show the results and achievements by country during 2019:

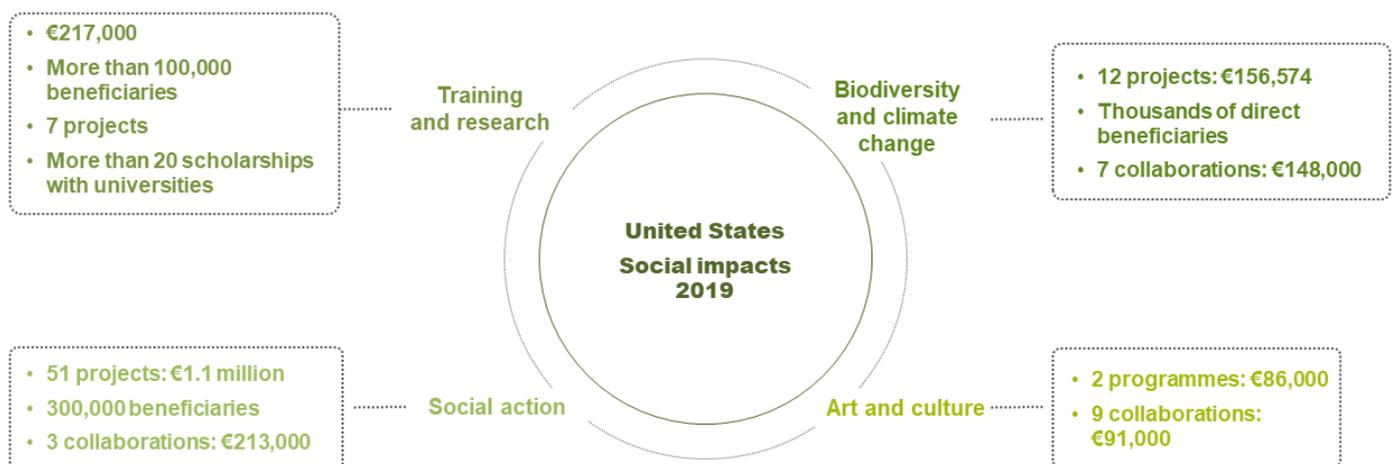
FUNDACION IBERDROLA ESPAÑA - Results in areas of activity in 2019 (€)



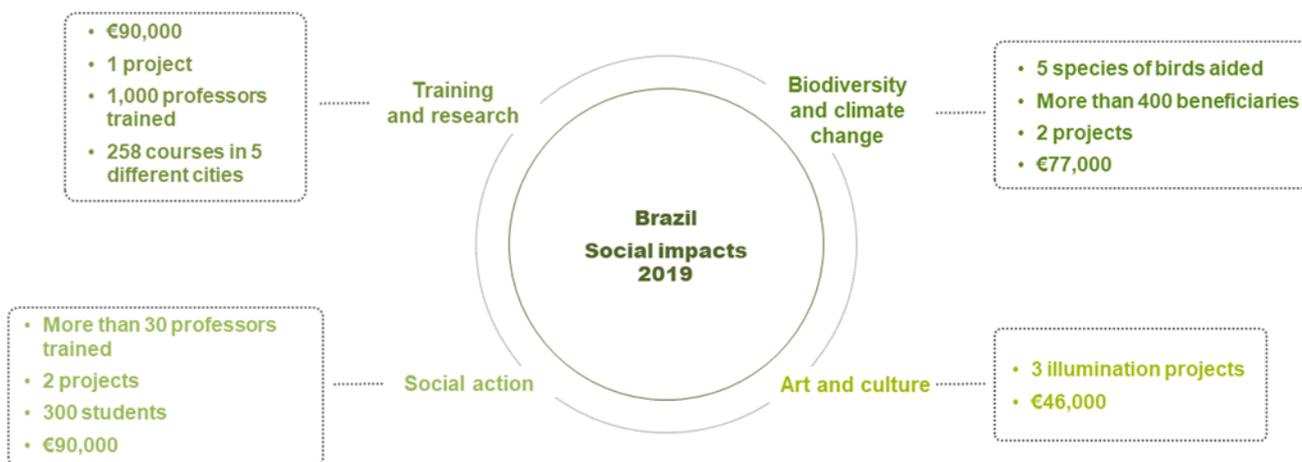
SCOTTISHPOWER FOUNDATION: Results in areas of activity in 2019 (€)



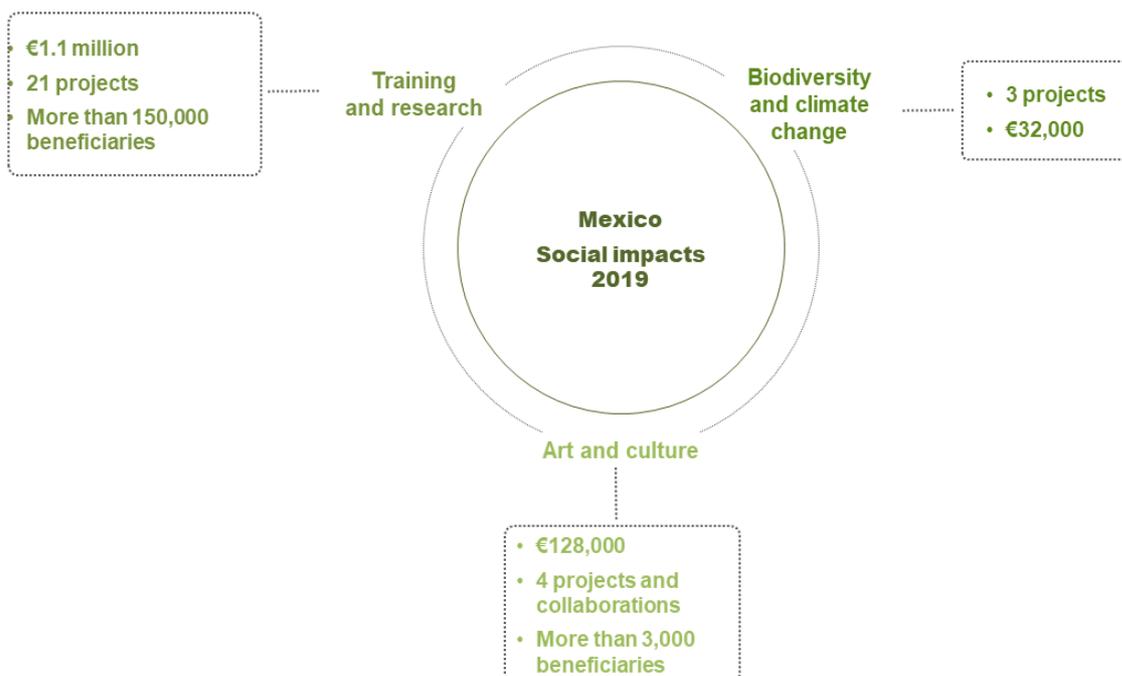
AVANDGRID FOUNDATION - Results in areas of activity in 2019 (€)



INSTITUTO NEOENERGIA BRASIL - Results in areas of activity in 2019 (€)



FUNDACION IBERDROLA MEXICO - Results in areas of activity in 2019 (€)



IV.2. Annex 2: Iberdrola's Contribution to the SDGs and targets of the 2030 Agenda

The information regarding the company's contribution to SDGs 7 and 13 is contained in the "Our main focus" section of chapter I.2.



Goal 1: End poverty

End poverty in all its forms everywhere

	<i>UN Goal</i>	<i>GRI Indicator</i>	<i>Description</i>	<i>Page</i>
<p>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. Positive effects include:</p> <ul style="list-style-type: none"> – Facilities for the production, transmission and distribution of electrical energy are built in dispersed geographic locations. This contributes to the generation of economic activity and jobs in urban and rural environments. This can also support the revitalisation and repopulation of underpopulated rural areas. – These same facilities create significant indirect employment in the region in the form of local contracting companies, creating demand for various lodging, security, health, mechanical, supplier services, etc. – In local communities, professional training is promoted and skilled labour, such as services for building and maintaining wind farms, is boosted. – Local communities are supported through sponsorship of the initiatives of social and environmental institutions and organisations. – Due to their geographic reach, electricity activities generate fees, taxes and duties at the local, regional and national levels. <p>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.</p>	1.2.- By 2030, reduce at least by half the proportion of men, women and children of all ages living in poverty in all its dimensions according to national definitions.	202-1	Ratios of entry level wage to local minimum wage	120
			203-2	Significant indirect economic impacts
	1.4.- By 2030, ensure that all men and women, in particular the poor and the vulnerable, have equal rights to economic resources , as well as access to basic services, ownership and control over land and other forms of property, inheritance, natural resources, appropriate new technology and financial services, including microfinance.	413-1	Local community engagement, impact assessments and development programmes.	293

2

ZERO
HUNGER

Goal 2: Zero hunger

End hunger, achieve food security and improved nutrition and promote sustainable agriculture

	<i>UN Goal</i>	<i>GRI Indicator</i>	<i>Description</i>	<i>Page</i>
<p>One third of the food we produce is wasted on the world scale. Approximately 1,300 million tons of food are thrown into the trash each year. While food is thrown away in some countries, the reality is different in others: 815 million people (11% of the world population) suffers from malnutrition. 155 million of them are children less than 5 years old, who suffer delayed growth as a result of chronic malnutrition.</p> <p>Changes in the system for cultivation and for sustainably feeding the population, ending malnutrition, ensuring sustainability in the production systems and doubling small-scale productivity and income are some of the targets proposed by the United Nations to end hunger.</p> <p>At Iberdrola, our donations of primary products needed by groups at risk of exclusion are collected from various points at the work centres. Everything collected is distributed to needy families and people with limited resources by various local associations like Cáritas, Banco de Alimentos, Red Acoge and Casa de la Caridad, as well as directly by our volunteers.</p> <p>These international food collection campaigns have allowed for the collection of more than 20 tons of basic foodstuffs and children's products overall in 2019.</p>	<p>2.3.- By 2030, double the agricultural productivity and incomes of small-scale food producers, in particular women, indigenous peoples, family farmers, pastoralists and fishers, including through secure and equal access to land, other productive resources and inputs, knowledge, financial services, markets and opportunities for value addition and non-farm employment.</p>	411-1	Total number of incidents of violations involving rights of indigenous people.	285
	<p>2.a.- Increase investment, including through enhanced international cooperation, in rural infrastructure, agricultural research and extension services, technology development and plant and livestock gene banks in order to enhance agricultural productive capacity in developing countries, in particular least developed countries.</p>	LBG	LBG contribution	298
		203-1	Development and impact of infrastructure investments and services supported	94
		203-2	Significant indirect economic impacts	92

3 GOOD HEALTH AND WELL-BEING



Goal 3: Good health and well-being

Ensure healthy lives and promote well-being for all at all ages

	UN Goal	GRI Indicator	Description	Page
<p>Iberdrola has an <i>Occupational Safety and Health Policy</i> approved by the Board of Directors, which describes the principles that should guide the behaviour of the group's companies in this area. It also has a Global Occupational Safety and Health System, which is aligned with said policy and with the strictest of international standards, and incorporates the group's best practices from all of the countries where it has a presence.</p> <p>Furthermore, the System is based on the principle that the group's contractors are its collaborators, and Iberdrola involves them in its occupational safety culture.</p> <p>The company has a health and safety organisational structure created within a Prevention Area, within the Human Resources Division, in most countries. The companies of the group also have occupational safety and health committees, under different names, to establish channels for consultation and participation with the employee representatives in this area, to monitor indicators, and to plan and take measures to correct deficiencies and to improve the Safety and Health System.</p> <p>As regards protection of the environment, leadership in the development of clean energy and respect for the environment being significant aspects of our business model, a competitive element that distinguishes us in the industry as one of the leading companies worldwide.</p> <p>Iberdrola supports this vision in a benchmark Environmental Management System for all organisations of the group. This system allows for alignment of the environmental dimension within the group's sustainability model, articulating the mechanisms to measure and evaluate the group's environmental performance from the Life Cycle perspective, including in the management thereof the concept of circular economy and return on natural capital.</p>	<p>3.4.- By 2030, reduce by one third premature mortality from non-communicable diseases through prevention and treatment and promote mental health and well-being.</p>	403-1	Employees represented on health and safety committees, by region (%)	135
		Own indicator	Programmes and projects relating to healthy living habits, balanced meals	148
	<p>3.9.- By 2030, substantially reduce the number of deaths and illnesses from hazardous chemicals and air, water and soil pollution and contamination.</p>	305-1	Direct greenhouse gas emissions. Scope 1 (per GHG Protocol)	202
		305-2	Indirect greenhouse gas emissions. Scope 2 (per GHG Protocol)	202
		305-6	Emissions of ozone-depleting substances	211
		305-7	NOx, SOx and other significant air emissions	209
		306-2	Total weight of waste by type and disposal method	219

4 QUALITY EDUCATION



Goal 4: Quality education

Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all

	UN Goal	GRI Indicator	Description	Page
<p>Iberdrola has a <i>Knowledge Management Policy</i>, approved by the Board of Directors, the objective of which is to disseminate and share knowledge within the company, encouraging continuous learning and cultural exchange. Iberdrola reaffirms that the company's intellectual capital depends on its people, its operational and organisational structures, and its internal and external relationships with all Stakeholders. At Iberdrola, learning is thus permanent, ongoing and aligned with the strategy of the group.</p> <p>At Iberdrola, specific programmes are designed to equip its professionals with the qualifications needed to perform their roles, and to foster a culture of development, value creation and ongoing improvement that allows them to assume new responsibilities in the future.</p>	4.3. - By 2030, ensure equal access for all women and men to affordable and quality technical, vocational and tertiary education, including university.	404-1	Average hours of training per employee trained by gender.	162
		Own indicator	Iberdrola U programme	52
	4.4. - By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship.	404-1 Shift of SDG indicator C040501	Average hours of training per employee trained	162
		404-2	Programmes for skills management and lifelong learning	159

5 GENDER EQUALITY



Goal 5: Gender equality

Achieve gender equality and empower all women and girls

	UN Goal	GRI Indicator	Description	Page
<p>The development of labour relations based on equal opportunity, non-discrimination and respect for diversity are key goals in Iberdrola's <i>Human Resources Framework Policy</i>. The company also has an <i>Equal Opportunity and Reconciliation Policy</i>, which strengthens the commitments to equal treatment between men and women.</p> <p>The group's companies, in the various countries in which they operate, promote equal opportunity and respect diversity, effective equality between men and women in access to employment, training, promotion and working conditions.</p> <p>Iberdrola has appropriate procedures in place to prevent any discrimination for reasons of gender, marital status, pregnancy, sexual orientation or other any personal condition that is unrelated to job-performance requirements.</p> <p>The principles of non-discrimination and equal opportunity applied at the Iberdrola group are contained in both the <i>Code of Ethics</i> and in the global policies and procedures that have been approved and implemented (<i>Recruitment and Selection Policy, Equal Opportunity and Reconciliation Policy</i>, etc.) and in local collective bargaining agreements and policies.</p> <p>Iberdrola has been included in Bloomberg's 2020 GEI (Gender Equality Index) as one of the best companies recognised for its policies in favour of gender equality and its best practices in the area of work/life balance.</p> <p>The company continues to promote equality through female sports within the framework of the Women's Universe Programme, working with different national federations.</p>	5.1.- End all forms of discrimination against all women and girls everywhere	401-3	Return to work and retention rates after parental leave, by gender	175
		404-1	Average hours of training per employee trained by gender.	162
		405-1	Composition of governance bodies and employees	38, 120, 474
		405-2	Ratio of basic salary and remuneration of women to men	175
		406-1	Incidents of (gender) discrimination	285
	5.4.- Recognize and value unpaid care and domestic work through the provision of public services, infrastructure and social protection policies and the promotion of shared responsibility within the household and the family as nationally appropriate.	401-3	Return to work and retention rates after parental leave, by gender	175
	5.5.- Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life.	102-22 Shift of indicators C050501 and C050502 from SDGs	Composition of the highest governance body and its committees	38, 40
		102-24	Selection and nomination of the members of the highest governance body	341

6 CLEAN WATER AND SANITATION



Goal 6: Clean water and sanitation

Ensure availability and sustainable management of water and sanitation for all.

	UN Goal	GRI Indicator	Description	Page
<p>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 itself the objective of ensuring an increasingly rational and sustainable use of this resource.</p> <p>The main actions taken by the group for a more sustainable use of water are:</p> <ul style="list-style-type: none"> – Limiting the volume of withdrawal and consumption of inland water in all technologies. – Establishing and controlling limits on ecological flows at the hydroelectric generation reservoirs. – Continually improving processes at facilities to reduce consumption and impact. – Avoiding withdrawal of water in water-stressed areas. – Reusing and recycling water at facilities. – Conducting awareness-raising campaigns to achieve a more efficient and responsible use of sanitary water by employees at offices. <p>During their respective life cycles, generation, transmission, distribution and sales activities cause interactions with various ecosystems, landscapes and species. For this reason, Iberdrola has a Biodiversity Policy establishing a commitment to progress in developing methods of analysis of effects and actions for the preservation of biodiversity into the planning and subsequent implementation of their activities.</p>	<p>6.3.- By 2030, improve water quality by reducing pollution, eliminating dumping and minimizing release of hazardous chemicals and materials, halving the proportion of untreated wastewater and substantially increasing recycling and safe reuse globally.</p>	303-3	Water recycled and reused (% of water used that is returned to the ecosystem in optimum conditions)	213
		303-3	Water recycled and reused (% of water used that comes from waste water)	213
		306-1	Total water discharge by quality and destination	217
		306-2	Total weight of waste by type and disposal method (hazardous and non-hazardous)	219
		306-3	Significant spills	242
	<p>6.4.- By 2030, substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity.</p>	303-1 Shift of indicator C060402 (hydraulic stress level)	Total water withdrawal by source (use and source of water)	212
		303-3	Water recycled and reused	213
		306-1	Total water discharge by quality and destination	217
	<p>6.6 By 2020, protect and restore water-related ecosystems, including mountains, forests, wetlands, rivers, aquifers and lakes</p>	306-5	Identity, size, protected status and biodiversity value of water bodies and related habitats significantly affected by the organisation's discharges of water and runoff.	218

8 DECENT WORK AND ECONOMIC GROWTH


Goal 8: Decent work and economic growth

Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

	<i>UN Goal</i>	<i>GRI Indicator</i>	<i>Description</i>	<i>Page</i>
<p>The policies defined for the management of human resources (<i>Human Resources Framework Policy, Recruitment and Selection Policy, Knowledge Management Policy, Equal Opportunity and Reconciliation Policy, Occupational Safety and Health Policy</i>) contain guidelines governing labour relations among the various companies of the group and serve as a reference to define the company's employment-related goals: maintaining employment guarantees and a stable relationship with workers; strengthening of occupational health and safety and training aspects; protection of diversity and equal opportunity in access to employment; promotion of professional development; and promotion of behaviour and attitudes among its entire workforce in line with principles of ethics and integrity.</p> <p>In relation to Iberdrola's commitment to defend human rights, the main goal is to incorporate the management thereof into the group's operations, thus forming an integral part of operating procedures. This focus is included in the <i>Policy on Respect for Human Rights</i> approved by the Board of Directors. The company's practices are in line with the Guiding Principles on Business and Human Rights: Implementing the United Nations 'Protect, Respect and Remedy' Framework, the principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, the International Labour Organization's Social Policy and the Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy.</p> <p>Iberdrola has designed a Human Rights Management Model in order to promote a culture of respect for human rights and to raise awareness</p>	8.1.- Sustain per capita economic growth in accordance with national circumstances and, in particular, at least 7 per cent gross domestic product growth per annum in the least developed countries.	201-1	Direct economic value generated and distributed	96
	8.2 Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high-value added and labour-intensive sectors.	Own indicator	Investments in Innovation	265
		Own indicator	Research agreements with universities, technology centres, etc.	123
	8.3 Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services.	204-1	Spending on local suppliers	318
	<p>8.4.- Improve progressively, through 2030, global resource efficiency in consumption and production and endeavour to decouple economic growth from environmental degradation, in accordance with the 10-Year Framework of Programmes on Sustainable Consumption and Production, with developed countries taking the lead.</p>	301-1	Materials used for power generation	190
		301-2	Percentage of materials used that are recycled	190
		302-4	Reduction of energy consumption (efficiency).	195
		302-5	Energy savings of green products and services	198
		303-3	Water recycled and reused	213
		Own indicator	Corporate Environmental Footprint	187
8.5.- By 2030, achieve full and productive employment and decent work for all women and men , including for young people and persons with disabilities, and equal pay for work of equal value	102-8	Information on employees by gender, employment type and contract type	441	
	202-1 Shift of indicator C080501 from SDG	Ratios of entry level wage to local minimum wage	120	
8.6.- By 2020, substantially reduce the proportion of youth not in employment, education or training.	401-1	New employee hires and employee turnover (by age and region)	121	

<p>in this area for all professionals, especially those who perform their activities in countries with a potentially higher risk of violation of these rights due to lax laws.</p> <p>The company also has other tools approved by the Board, such as the <i>Code of Ethics</i>, which governs the behaviour of all directors, including individuals appointed by corporate directors to represent them in the position, professionals and suppliers of the companies of the group, establishing control measures as well as disciplinary measures in the event of noncompliance, which must be expressly accepted to by all suppliers and is included as an annex to the respective contracts.</p> <p>The group's high purchase 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 service providers and their auxiliary industries.</p> <p>Finally, the group made tax contributions of almost €8,000 million in 2019.</p>	8.7.- Take immediate and effective measures to eradicate forced labour, end modern slavery and human trafficking and secure the prohibition and elimination of the worst forms of child labour, including recruitment and use of child soldiers, and by 2025 end child labour in all its forms.	408-1	Operations and suppliers identified as having significant risk for incidents of child labour	279
	409-1	Operations and suppliers identified as having significant risk for incidents of forced or compulsory labour	279	
	<p>8.8.- Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment.</p>	102-41 Shift of indicator C080802 from SDG.	Employees covered by collective bargaining agreements	129
		407-1	Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk	279
		403-1	Employees represented on formal health and safety committees (management/employees).	135
		403-2	Type of injury and rates of injury, occupational diseases, lost days, absenteeism and total number of work-related fatalities, by region and by gender.	138

9 INDUSTRY, INNOVATION
AND INFRASTRUCTURE


Goal 9: Industry, innovation and infrastructure

Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation

	<i>UN Goal</i>	<i>GRI Indicator</i>	<i>Description</i>	<i>Page</i>
<p>The electricity sector is a significant driver of the economy, to which it continuously contributes through significant investments and the creation of high-quality jobs, both direct and indirect. Its function is to provide safe, competitive and sustainable supply. Generation technologies using renewable sources are decisive in the fight against climate change, as they allow for increased electrification of the economy, thus reducing dependency on fossil fuels.</p> <p>Analysts describe a global scenario characterised by an increase in energy demand, tied to a need to reduce CO₂ emissions. Estimates call for high growth in demand in the medium and long term in emerging countries and moderate growth in the developed world. In any event, this energy transition will require extremely large investments in renewable generation facilities, in smart grids and in efficient storage; all accompanied by greater digitisation to support efficiency and the development of new products.</p> <p>Iberdrola continues to engage in a process of growth and internationalisation that has made it one of the leading electric companies in the world, investing more than 100,000 million euros over the last two decades in order to achieve a decarbonised energy model. This current scenario, attained through a sound, long-term industrial plan that is both profitable and creates value, provides it with an optimal position to continue anticipating and managing risks and to capitalise on the opportunities offered by this energy transition based on its leadership in renewable energy, smart grids and storage, as well as its firm commitment to digitisation.</p> <p>Specifically, innovation is Iberdrola's primary tool for ensuring the company's sustainability, efficiency and competitiveness, based on:</p> <ul style="list-style-type: none"> - Disruptive technologies. - New products and competitive services. - Digitisation and automation in all businesses and processes. - Innovation with start-ups, entrepreneurs and suppliers. - Culture of innovation and talent. 	<p>9.1.- Develop quality, reliable, sustainable and resilient infrastructure, including regional and trans-border infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all.</p>	<p>203-1</p>	<p>Development and impact of infrastructure investments and services supported</p>	<p>94</p>
	<p>EU4</p>	<p>Transmission and distribution lines Annual evolution.</p>	<p>30</p>	
	<p>9.4.- By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities.</p>	<p>Own indicator</p>	<p>Installed capacity from renewable sources (MW)</p>	<p>30</p>
	<p>Shift indicator C090401 from SDG 305-4</p>	<p>CO₂ emissions by MWh</p>	<p>200</p>	
	<p>9.5.- Enhance scientific research, upgrade the technological capabilities of industrial sectors in all countries, in particular developing countries, including, by 2030, encouraging innovation and substantially increasing the number of research and development workers per 1 million people and public and private research and development spending.</p>	<p>Own indicator</p>	<p>Amount dedicated to R&D activities</p>	<p>265</p>
	<p>Own indicator</p>	<p>Agreements with universities and with scientific and technical organisations to improve facilities.</p>	<p>123</p>	
	<p>9.a.- Facilitate sustainable and resilient infrastructure development in developing countries through enhanced financial, technological and technical support to African countries, least developed countries, landlocked developing countries and small island developing States.</p>	<p>Own indicator</p>	<p>Subsidies for the electrification of underdeveloped or developing countries ("Electricity for All" programme).</p>	<p>274</p>

10 REDUCED INEQUALITIES



Goal 10: Reduced inequalities

Reduce inequality within and among countries

	<i>UN Goal</i>	<i>GRI Indicator</i>	<i>Description</i>	<i>Page</i>
<p>The group's companies, in the various countries in which they operate, promote equal opportunity and respect diversity, effective equality between men and women in access to employment, training, promotion and working conditions, and provide support to workers with diverse abilities, facilitating their integration into the workplace.</p> <p>The main goals in this area currently focus on:</p> <ul style="list-style-type: none"> – The encouragement of reconciliation between employees' work and family life, which includes measures to ensure compatibility between a positive experience of parenthood and a successful professional career. – The development of labour relations based on equal opportunity, non-discrimination and respect for diversity. – The fostering of diversity and the social inclusion of vulnerable groups through the corporate volunteer programme, which affords our employees an opportunity to participate in various community support initiatives to raise awareness of this group and to improve the quality of their life. 	Target 10.2. By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status.	Own indicator	Inclusion of people with disabilities in the workforce (No.)	176
	Own indicator	Volunteer activities to reduce inequality	302	
	10.3.- Ensure equal opportunity and reduce inequalities of outcome , including by eliminating discriminatory laws, policies and practices and promoting appropriate legislation, policies and action in this regard.	102-8	Information on employees and other workers (changes in workforce by gender, and type of employment and contract).	441
		401-1	New employee hires and employee turnover (by age and region) Evolution of the workforce.	121
		404-3	Employees receiving regular performance and career development reviews	163
		405-2	Ratio of basic salary and remuneration of women to men	175
		406-1	Incidents of discrimination	285
	10.b.- Encourage official development assistance and financial flows , including foreign direct investment, to States where the need is greatest, in particular least developed countries, African countries, small island developing States and landlocked developing countries, in accordance with their national plans and programmes.	203-2	Significant indirect economic impacts (Investments in developing countries)	92
		204-1	Spending on local suppliers	318

11 SUSTAINABLE CITIES AND COMMUNITIES


Goal 11: Sustainable cities and communities

Make cities and human settlements inclusive, safe, resilient and sustainable.

	<i>UN Goal</i>	<i>GRI Indicator</i>	<i>Description</i>	<i>Page</i>
<p>In order to reduce emissions relating to employee travel and commuting to/from their home and workplace, Iberdrola is developing a Sustainable Mobility Plan that contributes to a rational use of the means of transport. This plan is included in the commitment made by the company in its <i>Sustainable Management Policy</i> approved by the Board of Directors.</p> <p>The inclusive nature of the programme involves employees, the business activity, customers and suppliers, covering approximately 20 specific actions in which the company seeks to strengthen its support of sustainability. These initiatives include Iberdrola's launch of a new edition of the <i>Electric Vehicle for Employees</i> programme in Spain and the United Kingdom, which consists of special advances and financial assistance for the purchase of electric vehicles. Thanks to this initiative, the local emission of 531 t CO_{2e} in employee travel to the workplace in Spain and the United Kingdom was avoided in 2019.</p> <p><i>Smart Mobility</i> includes the deployment of a network of recharging stations, integrated with third-party equipment (interoperability among recharging stations of different companies), with access through the Iberdrola Public Recharge app. Users can already manage their home recharging station using the Iberdrola Customers app. In Brazil and the United Kingdom they are also taking various initiatives to strengthen the deployment of electric vehicles.</p> <p>Iberdrola also participates in R&D projects in the area of electric mobility, including the REMOURBAN project, developing a public recharging station network in the city of Valladolid (Spain), and the CIRVE project where it has participated in the development of rapid recharge corridors that allow for electric mobility, Spain's connection with France and Portugal, and participation in a working group for the creation of a state interoperability platform of public recharging stations.</p> <p>Iberdrola's efforts to protect cultural heritage focus on the areas of preservation and restoration thereof, including specific activities in order for these projects to drive local development and sustainable tourism.</p>	<p>11.2.- By 2030, provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons</p>	Own indicator	Promotion of the electric vehicle	106
	<p>11.4.- Strengthen efforts to protect and safeguard the world's cultural and natural heritage.</p>	Shift indicator C110401 from SDG	LBG contribution to SDG 11	298
	<p>11.6 By 2030, reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management.</p>	305-1	Direct greenhouse gas emissions. Scope 1 (per GHG Protocol)	202
		305-2	Indirect greenhouse gas emissions. Scope 2 (per GHG Protocol)	202
		305-6	Emissions of ozone-depleting substances	211
		305-7	NOx, SOx and other significant air emissions	209



Goal 12: Responsible consumption and production

Ensure sustainable consumption and production patterns

	UN Goal	GRI Indicator	Description	Page
<p>The Iberdrola group ensures optimisation in the use of energy throughout its entire energy chain (production, transmission, distribution, supply and end use), contemplating energy efficiency from a three-fold perspective:</p> <ul style="list-style-type: none"> – As an electricity generator and distributor, it seeks to improve efficiency by introducing the most advanced technologies and equipment in the generation, transportation and distribution of energy. – As an energy consumer, Iberdrola promotes the ongoing improvement of energy efficiency across all its activities (offices and building, vehicles, water, mobility, employee awareness, etc.). – As an electricity supplier, it wishes to contribute to a more efficient use of energy by consumers, through information, promotion and supply of solutions and technologies that help them improve their energy efficiency and reduce the environmental impact of their energy habits and consumption. <p>As to information and labelling of electricity sold, Iberdrola is governed by the regulatory requirements established in each of the countries in which it does business. In Spain, the company informs its customers about the source of the energy sold by the retail supplier and the associated environmental impact thereof by means of a label included in the electricity bills and in advertising to customers. In the United Kingdom, ScottishPower also reports the origin of its energy and the environmental impact thereof. New customers receive this information as part of their <i>Welcome Cycle</i> communications, and existing customers receive this information in the “Important Information” section of each invoice. In the United States, Avangrid also reports consumption to customers through the electricity bill. It also provides customers with informational pages regarding their electricity service, its environmental impact and related emissions. In Brazil, the distributors of Neoenergia provide communications to their consumers in printed bills or notices, including with respect to changes in legal provisions.</p> <p>Iberdrola provides additional information as may be of help for consumers to make a more rational, efficient and safe use of these products.</p>	12.2.- By 2030, achieve the sustainable management and efficient use of natural resources.	302-3	Energy intensity	192
		302-4	Reduction of energy consumption	195
		302-5	Reductions in energy requirements of products and services	198
		303-3	Water recycled and reused	213
		Shift indicator C120201 from SDG	Corporate environmental footprint	187
	12.4.- By 2020, achieve the environmentally sound management of chemicals and all wastes throughout their life cycle, in accordance with agreed international frameworks, and significantly reduce their release to air, water and soil in order to minimize their adverse impacts on human health and the environment.	306-1	Total water discharge by quality and destination	217
		306-3	Significant spills	242
	12.5.- By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse.	301-2	Level of reuse and recycling of materials	190
		306-2	Total weight of waste by type and disposal method	217
	12.6.- Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle.	Own indicator	Publication of Statement of Non-Financial Information. Sustainability Report	6
	12.8.- By 2030, ensure that people everywhere have the relevant information and awareness for sustainable development and lifestyles in harmony with nature.	Own indicator	Awareness-raising activities regarding climate change and renewable energy.	71



Goal 14: Life below water

Conserve and sustainably use the oceans, seas and marine resources for sustainable development

	Target	GRI Indicator	Description	Page
<p>The oceans cover three quarters of the surface area of the Earth and 40% of this large mass of salt water is seriously affected as a result of human activity. According to the UN, water is deteriorating due to pollution and the accumulation of organic waste: each year close to 8 million tons of plastic end up in the sea.</p> <p>Beyond the serious environmental consequences of these practices, the economic and social development of our planet is also being seriously affected: more than 3,000 million people depend directly on marine and coastal biodiversity to survive (UN).</p> <p>Given this situation, Iberdrola adopts the newest technologies in order to protect undersea life in the areas around its facilities. It has engaged in various initiatives to preserve marine life around the offshore wind farms, as well as the insulation of undersea cables and noise mitigation for mammals.</p> <p>Among the more noteworthy activities, between 2018 and 2019 ScottishPower developed the <i>Dolphin Watch</i> project, with disclosure and awareness-raising activities for the population. More than 175 children enjoyed the sea watching bottlenose dolphins in their natural habitat, with educational activities regarding the marine world, establishing a long-lasting connection with marine fauna, and approximately 300 volunteers worked to improve the beaches in the areas around Aberdeen.</p>	14.1.- By 2025, prevent and significantly reduce marine pollution of all kinds, in particular from land-based activities, including marine debris and nutrient pollution.	306-1	Total water discharge by quality and destination	217
	306-3	Significant spills	242	
	14.2.- By 2020, sustainably manage and protect marine and coastal ecosystems to avoid significant adverse impacts, including by strengthening their resilience, and take action for their restoration in order to achieve healthy and productive oceans.	304-1	Operational sites owned, leased, managed in or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	230
	304-2	Significant impacts of activities, products and services on biodiversity.	225	
	304-3	Habitats protected or restored	234	
	305-1	Direct greenhouse gas emissions. Scope 1 (per GHG Protocol)	202	
	305-2	Indirect greenhouse gas emissions. Scope 2 (per GHG Protocol)	202	
	305-4	Intensity of GHG emissions.	200	
	305-5	Reduction of GHG emissions.	206	
	14.3.- Minimize and address the impacts of ocean acidification, including through enhanced scientific cooperation at all levels.	305-7	NOx, SOx and other significant air emissions	209

15 LIFE ON LAND



Goal 15: Life on land

Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss

	UN Goal	GRI Indicator	Description	Page
<p>Natural capital, understood as natural resources affected in the performance of the company's activities, is one of the fundamental assets in the Iberdrola group's creation of value and a fundamental asset for all of its Stakeholders. During their respective life cycles, generation, transmission, distribution and sales activities cause interactions with various ecosystems, landscapes and species.</p> <p>Therefore, these ecosystems occupy a leading role in the business strategy through four priority lines of action:</p> <ul style="list-style-type: none"> – Mediation for the protection, preservation and sustainable use of natural capital. – Information through impact assessment and the development and application of guidelines on biodiversity for new projects. – Relations with Stakeholders, which seeks to consider the legitimate aspirations of the Stakeholders and develop action plans in accordance therewith. – Commitment to internal and external training, awareness-raising and communication. <p>Various instruments are used to carry out these lines of action, including:</p> <ul style="list-style-type: none"> – <i>Biodiversity Policy</i>: applicable in all of the geographic areas in which the Iberdrola group does business, the basic principles of which are reflected in the lines of action. – Biodiversity plans based on avoiding and/or mitigating impact, restoring natural capital, assessing impact, Stakeholder relations and awareness-raising. – Environmental management systems certified in accordance with ISO 14001 or EMAS standards, in order to prevent and control environmental risks. – Corporate environmental footprint. 	15.1.- By 2020, ensure the conservation, restoration and sustainable use of terrestrial and inland freshwater ecosystems and their services, in particular forests, wetlands, mountains and drylands, in line with obligations under international agreements.	304-1	Operational sites owned, leased, managed in or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	230
	15.5.- Take urgent and significant action to reduce the degradation of natural habitats , halt the loss of biodiversity and, by 2020, protect and prevent the extinction of threatened species.	304-2	Significant impacts of activities, products and services on biodiversity.	225
		304-3	Habitats protected or restored	234
		304-4	Number of species broken down, based on danger of extinction, included in IUCN Red List species and national conservation list species with habitats in areas affected by operations.	234
		306-5	Identity, size, protected status and biodiversity value of water bodies and related habitats significantly affected by the organisation's discharges of water and runoff.	218
		15.a.- Mobilize and significantly increase financial resources from all sources to conserve and sustainably use biodiversity and ecosystems.	Own indicator	LBG contribution to SDG 15



Goal 16: Peace, justice and strong institutions

Promote peaceful and inclusive societies

	<i>UN Goal</i>	<i>GRI Indicator</i>	<i>Description</i>	<i>Page</i>
<p>The group's firm commitment to fight corruption and to establish mechanisms to ensure the existence of a culture for preventing irregularities is reflected in such documents as the group's <i>Code of Ethics</i>, the <i>Crime Prevention Policy</i> and the <i>Anti-Corruption and Anti-Fraud Policy</i>, all of which have been approved by the Board of Directors.</p> <p>Within the framework of the Compliance System, various activities are carried out to encourage the organisation to act in accordance with the most stringent ethical standards and in accordance with applicable legal provisions. In order to develop the <i>Crime Prevention Policy</i>, the company has implemented a specific and effective programme (the <i>Crime Prevention Programme</i>) as a set of measures focused on the prevention and detection of and reaction to possible crimes, which also extends to the prevention and control of other frauds, administrative infractions and serious irregularities.</p> <p>The company also has a <i>Protocol for Conduct in Professional Relations with Governments, Political Parties, Authorities and Public Officials</i> in order to strengthen the specific mechanisms already existing at the companies of the group to prevent any acts that might be considered corrupt or bribery in relations with said third parties.</p> <p>In addition, as part of the Compliance System, the Compliance Unit promotes the development and maintenance of other initiatives for compliance with the <i>Code of Ethics</i> and legal provisions on fraud and corruption, the main goal of which is to foster a culture of corporate ethics and transparency, disseminating the principle of "zero tolerance" with respect to fraud and promoting mechanisms and actions to prevent corruption and fraud.</p>	16.5 Substantially reduce corruption and bribery in all their forms	205-1	Business units assessed for risks related to corruption	363
		205-2	Training and communication on anti-corruption policies and procedures	363
		205-3	Incidents of corruption	368
		415-1	Contributions to political parties or to related institutions	383
	16.6.- Develop effective, accountable and transparent institutions at all levels	102-23	State whether the chair of the highest governance body is also an executive officer and the reasons for this arrangement.	38
		102-25	Processes for the highest governance body to avoid conflicts of interest	408
	16.7.- Ensure responsive, inclusive, participatory and representative decision-making at all levels.	102-21	Consulting stakeholders on economic, environmental and social topics	340
		102-24	Selection and nomination of the members of the highest governance body	341
		102-29	Identifying and managing economic, environmental and social impacts	342
		102-37	Stakeholders' involvement in remuneration	344
	16.b.- Promote and enforce non-discriminatory laws and policies for sustainable development.	406-1 Shift indicator C200204 from SDG	Incidents of discrimination	220

17 PARTNERSHIPS
FOR THE GOALS

Goal 17: Partnerships for the goals

Revitalise the Global Alliance for Sustainable Development

	UN Goal	GRI Indicator	Description	Page
<p>Iberdrola has participated with the Global Compact in numerous initiatives to promote and develop the Sustainable Development Goals (SDGs), including the promotion of all activities regarding climate change at the Climate Change Conference (COP25) held in Madrid and other related events.</p> <p>Especially noteworthy is the Chair for the Sustainable Development Goals: since its creation in 2014, the Iberdrola/UPM Chair has engaged in numerous activities to strengthen the university/company relationship model that can face the challenges of the international sustainability agenda. After the approval of the SDGs in 2015, the Technical University of Madrid and Iberdrola have focused their activity on contributing to meeting these Goals. This department is configured as a space for shared learning and support for the implementation of the SDGs.</p> <p>Also noteworthy is Iberdrola's promotion of the "<i>ODS al cole</i>" (<i>SDGs to school</i>) initiative, a multicompany volunteer project to share the SDGs and the 2030 Agenda with schools in order to promote social commitment and the participation and active citizenship of the students. Some 3,500 children have already received training at various educational centres in Spain through the volunteers who participate in this initiative.</p> <p>Iberdrola has joined a number of initiatives, including: 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, The Prince of Wales's Corporate Leaders Group, Green Growth Platform, Carbon Pricing Leadership Coalition, REDS, Red Española de Desarrollo Sostenible, SE4ALL, European Climate Foundation, Bruegel, the Spanish Climate Change Office and the Spanish Green Growth Group.</p> <p>Iberdrola also organised the Moving for Climate Now awareness-raising cycling route for the fifth consecutive year.</p> <p>Iberdrola has joined the Partnering Against Corruption Initiative (PACI), a platform through which leaders belonging to the World Economic Forum undertake to promote business conduct and practices designed to fight corruption within their organisations and to make such commitments binding on the third parties with whom they engage.</p>	17.1.- Strengthen domestic resource mobilization, including through international support to developing countries, to improve domestic capacity for tax and other revenue collection.	Own indicator	Tax contribution	373
	17.3.- Mobilize additional financial resources for developing countries from multiple sources.	203-2	Significant indirect economic impacts	92
		204-1	Spending on local suppliers	318
	17.16.- Enhance the Global Partnership for Sustainable Development, complemented by multi-stakeholder partnerships that mobilize and share knowledge, expertise, technology and financial resources, to support the achievement of the Sustainable Development Goals in all countries, in particular developing countries.	Own indicator	Participation in seminars, events and workshops to share best practices on SDGs	123
		Own indicator	Performance of international cooperation projects together with other players	317
		Own indicator	SDG training and awareness-raising activities for employees, suppliers and other Stakeholders	48
	17.17.- Encourage and promote effective public, public-private and civil society partnerships, building on the experience and resourcing strategies of partnerships.	Own indicator	Number of volunteer activities performed	302
	17.19.- Build on existing initiatives to develop measurements of progress on sustainable development.	Own indicator	Annual publication of Statement of Non-Financial Information. Sustainability Report	6

Contact point for questions regarding the report

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General questions regarding this report may be addressed to Iberdrola's Social Responsibility Division at C/ Tomás Redondo, 1 - 28033 Madrid – 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 the various Iberdrola centres worldwide, available channels of contact, customer service and the query mailboxes can be found in the [Contact](#) section of the website.

I.1. Annex 3: External Independent Assurance Report on the *Statement of Non-Financial Information. Sustainability Report*



This version of our report is a free translation of the original, which was prepared in Spanish. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation.

Independent verification report

To the shareholders of Iberdrola, S.A.

Pursuant to Article 49 of the Code of Commerce, we have verified, under a limited assurance scope, the accompanying State of non-financial information – Sustainability Report attached (“SNFI”) for the year ended 31 December 2019 of Iberdrola, S.A. (the Parent company) and subsidiaries (Iberdrola or the Group) which forms part of Iberdrola’s 2019 Consolidated Director’s report.

The content of the SNFI includes additional information to that required by the current commercial legislation on non-financial information reporting which has not been covered by our verification work. In this respect, our work has been restricted solely to verifying the information identified in the tables included in the section “III About this report – Disclosures from the Statement of Non-Financial Information and GRI content index” in the accompanying SNFI.

Likewise, we have carried out a moderate assurance engagement of the application of the principles of inclusivity, materiality and responsiveness, related to the information included in the section “Stakeholder engagement” of the SNFI in accordance with the provisions of the 2018 AccountAbility Principles Standard AA1000 (AA1000AP) issued by AccountAbility.

Responsibility of the Board of Directors

The preparation of the SNFI included in Iberdrola's Consolidated Director's Report and the content thereof are the responsibility of the Board of Directors of Iberdrola, S.A. The SNFI has been drawn up in accordance with the provisions of current commercial legislation and with the Sustainability Reporting Standards of the Global Reporting Initiative (“GRI Standards”) in accordance with the Comprehensive Option, and Electric Utilities Sector Disclosures of the GRI G4 Guidelines (hereinafter, Electric Utilities Sector Disclosures), in line with the details provided for each matter in the tables included in the section “III About this report – Disclosures from the Statement of Non-Financial Information and GRI content index” included in SNFI’s Annex.

This responsibility also includes the design, implementation and maintenance of the internal control that is considered necessary to ensure that the SNFI is free of any immaterial misstatement due to fraud or error.

The directors of Iberdrola, S.A. are also responsible for defining, implementing, adapting and maintaining the management systems from which the information required to prepare the SNFI is obtained, and for the application of AA1000AP (2018) principles.



Our independence and quality control

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

Our firm applies the International Standard on Quality Control 1 (ISQC 1) and therefore has in place a global quality control system, which includes documented policies and procedures related to compliance with ethical requirements, professional standards and applicable legal and regulatory provisions.

The engagement team has been formed by professionals specialising in non-financial information reviews and specifically in information on economic, social and environmental performance.

Our responsibility

Our responsibility is to express our conclusions in an independent limited assurance verification report based on the work carried out. Our work has been aligned with the requirements set by the current International Standard on Assurance Engagements (ISAE) 3000 Revised, 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 verification engagements on non-financial statements issued by the Spanish Institute of Auditors (“Instituto de Censores Jurados de Cuentas de España”). We have also carried out our moderate assurance engagement (type 2) in accordance with AA1000 Assurance Standard (AA1000AS, 2008) with 2018 Addendum issued by AccountAbility.

In a limited assurance engagement, the procedures performed vary in terms of their nature and timing of execution, and are less extensive than those carried out in a reasonable assurance engagement. Accordingly, the assurance obtained is substantially lower.

Our work has consisted of posing questions to Management and several Iberdrola’s units that were involved in the preparation of the SNFI, in the review of the processes for compiling and validating the information presented in the SNFI, and in the application of certain analytical procedures and review sampling tests, as described below:

- Meetings with Iberdrola personnel to ascertain the business model, policies and management approaches applied, the main risks related to these matters and to obtain the information required for the external review.
- Analysis of the scope, relevance and integrity of the contents included in the SNFI based on the materiality analysis carried out by Iberdrola and described in section “III About this report – Disclosures from the Statement of Non-Financial Information and GRI content index ” and considering the content required under current commercial legislation.
- Analysis of the procedures used to compile and validate the information presented in SNFI for 2019.
- Review of information concerning risks, policies and management approaches applied in relation to material issues presented in the SNFI for 2019.
- Verification, through sample testing, of the information relating to the content of the SNFI for 2019 and its adequate compilation using data supplied by the Iberdrola’s information sources.



- Obtainment of a management representation letter from the directors and the Parent company's management.

Conclusions

Based on the procedures performed and the evidence we have obtained, no matters have come to our attention which may lead us to believe that:

- Iberdrola's SNFI for the year ended 31 December 2019 has not been prepared, in all of their significant matters, in accordance with the provisions of current commercial legislation and with the GRI Standards in accordance with the Comprehensive Option, and Electric Utilities Sector Disclosures, in line with the details provided for each matter in the table included in the section "III About this report – Disclosures from the Statement of Non-Financial Information and GRI content index" in the accompanying SNFI.
- The information included in the section "Stakeholder engagement" of the Iberdrola's SNFI, regarding the application of the principles of inclusivity, materiality and responsiveness, has not been prepared, in all of their significant matters, in accordance with the provisions of the AA1000AP (2018).

Recommendations

Regarding the observations and recommendations for improvement which have arisen from the implementation of our assurance engagement, we proceed to suggest some recommendations which seek to empower the application of the principles of inclusivity, materiality, responsiveness and the impact of the AA1000AP Standard (2018). Nevertheless, these improvements do not modify the limited or moderate nature of this assurance engagement report:

Inclusivity

Iberdrola, as a company committed with the impulse and improvement of its relation with its stakeholders, approved in 2016 its Stakeholder Engagement Model as a procedure for Iberdrola Group to establish relations with the stakeholders in the same way, understanding the particularities and singularities of each country and business.

In 2019, after the implementation of the Stakeholder Engagement Model in its entirety and in a global manner across the eight stakeholders and three businesses of the five countries of reference, progress has been made in promoting engagement with stakeholders at the local level, continuing with the decentralization of the Model, appointing local managers of each stakeholder group and involving a greater number of employees and facilities in its implementation.

In line with this progress, it is recommended to continue with this decentralization effort, which will imply an adaptation of the employees' channels, as well as adjusting the issues, risks and opportunities to the reality and demands of local stakeholders.

Materiality

In 2019 work has been done to reinforce the concept of materiality thanks to the existence of greater traceability between priority issues and the most significant risks and opportunities associated with them, ensuring the response to the most relevant issues and focusing efforts on developing actions on them.



This process of identifying relevant issues must become part of and be increasingly aligned with Iberdrola's decision-making processes, allowing the Model to nurture other corporate tools, integrating the most relevant issues derived from the demands and needs of stakeholders in Iberdrola's internal processes and management, thus giving rise to more informed and global decision-making.

Responsiveness

Iberdrola, in its SNFI, collects the way in which the Model is able, through its ten phases, to respond in a systematic and unified way for the entire organization to the expectations of its stakeholders in time and according to their priority, through determining the relevance of the issues, the criticality of the risks and the interest of the opportunities.

The company must continue working to strengthen the link between the response to the expectations of the stakeholders and their perception of Iberdrola, through internal tools that allow evaluating the adequacy of responses to their needs, which in turn allows more and more to integrate these in the definition of these responses.

Use and distribution

This report has been drawn up in response to the requirement laid down in current Spanish commercial legislation and therefore might not be suitable for other purposes or jurisdictions.

PricewaterhouseCoopers Auditores, S.L.

Original in Spanish signed by
Pablo Bascones

28 February 2020



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Statement of Non-Financial Information.

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