Statement of Non-Financial Information. Sustainability Report

Financial Year 2020

IBERDROLA

NOTICE. This document is a translation of a duly approved Spanish-language document, and is provided for informational purposes only. In the event of any discrepancy between the text of this translation and the text of the original Spanish-language document that this translation is intended to

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

IBERDROLA

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

Independent Assurance Report on the Statement of Non-Financial Information. Sustainability Report, of Iberdrola, S.A. and subsidiaries for 2020

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

To the Shareholders of Iberdrola, S.A.:

Pursuant to article 49 of the Spanish Code of Commerce, we have performed a limited assurance review of the accompanying Statement of Non-Financial Information. Sustainability Report 2020, (hereinafter SNFI.SR) for the year ended 31 December 2020 of Iberdrola, S.A. (hereinafter the Parent or Iberdrola) and subsidiaries (hereinafter the Group), which forms part of the Group's consolidated directors' report.

The SNFI.SR includes additional information beyond that required under the Sustainability Reporting Standards (GRI Standards): comprehensive option, the Electric Utilities Sector Supplement and prevailing mercantile legislation concerning non-financial information, which has not been subject to our assurance work. Our work was limited exclusively to providing assurance on the information identified in the "GRI Content Index" and "Disclosures from the Statement of Non-Financial Information" tables of the accompanying SNFI.SR.

We also verified, with a "Moderate" level of assurance, the adherence to the principles of inclusivity, materiality, responsiveness and impact of the information included in the "Stakeholder Engagement" section of the accompanying SNFI.SR, prepared in accordance with the principles established in the AA1000AP (2018) AccountAbility Principles Standard.

Responsibility of the Parent's Directors and Management

The Directors of the Parent are responsible for the preparation of the SNFI.SR included in the Group's consolidated directors' report. The SNFI.SR has been prepared in accordance with prevailing mercantile legislation, the GRI Standards: comprehensive option, and the GRI Electric Utilities Sector Supplement, based on the content indicated for each topic in the "SNFI.SR content index" and "GRI content index" of the aforementioned Report.

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

The Parent's Directors are also responsible for defining, implementing, adapting and maintaining the management systems used to obtain the information required to prepare the SNFI.SR.

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Furthermore, the Parent's Directors are also responsible for the implementation of the processes and procedures required for compliance with the principles established in the AA1000AP AccountAbility Principles Standard (2018).

Our Independence and Quality Control

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

Our firm applies International Standard on Quality Control 1 (ISQC1) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

The engagement team comprised professionals specialised in reviews of non-financial information and, specifically, of information on economic, social and environmental performance, as well as specialists in AA1000AP (2018) on stakeholder engagement and social, environmental and economic business performance.

Our Responsibility

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

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

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

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

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- Analysis of the scope, relevance and completeness of the content of the Report based on the materiality analysis performed by the Group and described in the section "Definition of Report Content. Materiality Analysis", considering the content required by prevailing mercantile legislation.
- Analysis of the processes for compiling and validating the data presented in the SNFI.SR for 2020.
- Review of the information related to the risks, policies and management approaches applied in relation to the material aspects presented in the SNFI.SR for 2020.
- Review, through meetings with the Group personnel responsible, of stakeholder engagement model implementation, review of internal documentation on the deployment of the model, and the nature and scope of the processes defined to comply with Standard AA1000AP (2018), and evaluation of the reliability of performance information indicated in the aforementioned scope.
- Corroboration, through sample testing, of the information relative to the content of the Report for 2020 and whether it has been adequately compiled based on data provided by the information sources.
- Procurement of a representation letter from the Directors and management.

Conclusion

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

a) The SNFI.SR of Iberdrola, S.A. and its subsidiaries for the year ended 31 December 2020 has not been prepared, in all material respects, in accordance with prevailing mercantile legislation, the GRI Standards: comprehensive option, and the Electric Utilities Sector Supplement, based on the content indicated for each topic in the "Disclosures from the Statement of Non-Financial Information" and in point 102-54 of the "GRI content index", respectively, of the aforementioned SNFI.SR.

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

Recommendations

Without prejudice to the conclusions presented above, our key observations on the application of the principles of inclusivity, materiality, responsiveness and impact defined in the AA1000AP (2018) AccountAbility Principles Standard are as follows:

In relation to the principle of INCLUSIVITY

In 2016, Iberdrola approved a stakeholder engagement model based on Standard AA1000 which was aimed at developing its policy on stakeholder relations (updated in 2020), providing a systematic framework for engagement with Group stakeholders and creating a corporate culture. In 2020, progress continued to be made in fostering greater engagement with local stakeholders, drawing up catalogues for the engagement channels, the matters identified and the associated risks and opportunities, among other things.

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In keeping with these advances, it is recommended that Iberdrola maintain its decentralisation drive so as to address shareholder expectations at all levels and in all geographical regions, and continue to review and update its stakeholder engagement model in accordance with the improvements that have been made and the respective benchmarks.

In relation to the principle of MATERIALITY

The stakeholder engagement model enables Iberdrola to identify material topics, risks and opportunities of its eight stakeholder groups and three lines of business in its five key countries. In 2020 the reputational perspective was incorporated into the analysis of material topics by stakeholder group.

In relation to this principle, Iberdrola is advised to continue to evaluate the results obtained locally and globally, allowing the model to provide inputs for other corporate tools, thereby integrating the key material topics identified in the course of the company's internal management and decision-making processes.

In relation to the principle of RESPONSIVENESS

Once all material topics have been identified, the stakeholder engagement model and policies enable Iberdrola to design and monitor responses that address stakeholder expectations.

In relation to this principle, Iberdrola is recommended to continue to ensure that plans and actions undertaken at every level are communicated to the different types of stakeholders and to evaluate whether the response has been effective.

In relation to the principle of IMPACT

The 2018 update of the AA1000AP introduced this new principle, which states that organisations should monitor, measure and be accountable for the impacts of all their actions at all levels.

Iberdrola has tools in place to monitor its impacts which enable it to measure its contribution to sustainable development through indicators included in the Report. It is recommended that Iberdrola continue to improve the methodologies for estimating the impact of its entire value chain. It is also recommended to continue working on monetising the negative and positive impacts of each aspect, as well as on the analysis of risks and impacts relating to climate change.

Other Matters

On 28 February 2020 a different assurance provider issued a favourable independent assurance report on the Statement of Non-Financial Information and Sustainability Report of Iberdrola, S.A. and its subsidiaries for 2019.

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

Use and Distribution

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

KPMG Asesores, S.L.

(Signed on original in Spanish)

Patricia Reverter Guillot

25 February 2021

AA1000
Licensed Report
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Statement of Non-Financial Information. Sustainability Report

Financial Year 2020

IBERDROLA

Introduction

Iberdrola has been a world leader in transparency and in its commitment to a sustainable and environmentally-friendly growth model since 2004, the year in which the company prepared its first Sustainability Report. Continuing with this commitment, Iberdrola once again submits its *Statement of Non-Financial Information. Sustainability Report 2020*, approved by its Board of Directors on 23 February 2021.

Iberdrola publishes this report in order to allow its Stakeholders to see the company's performance in the area of sustainability during financial year 2020, 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 made in the Company's By-Laws and in its *General Sustainable Development Policy*.

Iberdrola thus satisfies the growing demand by society in general, and shareholders and investors in particular, for companies to provide a detailed report of their non-financial performance in the environmental, social and corporate governance (ESG) fields, with the understanding that good performance in these areas is an essential factor for the long-term success of the companies.

This document forms part of the *Management Report of Iberdrola, S.A.* and of the *Management Report of Iberdrola, S.A.* consolidated with its subsidiaries for financial year 2020, 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 *(Código de Comercio)* as amended by Law 11/2018, of 28 December, on non-financial and diversity information, which transposes into the Spanish legal system Directive 2014/95/EU, reporting with the detail required by these laws on environmental and social aspects, the management of people, diversity, respect for human rights and the fight against corruption and bribery, particularly describing the risks, policies and results connected to all of these issues.

This report has been prepared in accordance with the reporting requirements and recommendations of the *Consolidated Set of Global Reporting Initiative*[1] *(GRI) Sustainability Reporting Standards* (Comprehensive option). 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 2020* may also access the *Annual Financial Report 2020* and the *Annual Corporate Governance Report 2020*, as well as the *Integrated Report, February 2021*, all of which are accessible in the Annual Reports section of the website, which contains additional useful information for better understanding Iberdrola's performance during the year and its future outlook, based on the principles of transparency and communication set out in the *Stakeholder Engagement Policy.*

[1] All in the latest version available.

Finally, to facilitate maximum access to other available information, direct links are included throughout this report to both the corporate website (www.iberdrola.com) and to other pages of the group, as well as to official documents published thereon in PDF format. To open these links, click with the left button of your mouse directly on texts identified with the following format: link example.

Notes:

- The report boundary is described in chapter VI.1. About the Report in this document.
- The figures included in this translation follow the customary English convention, with figures in thousands separated by a comma (,) and decimals indicated by a full stop (.).
- Slight variations may appear in the 2018 and 2019 data with regard to those published in last year's report due to rounding of figures. Those cases in which recalculations have been performed are indicated with a footnote. In those cases where recalculations have been made, it is indicated with a footnote. Because the participation percentages in some companies differ from 100%, the rounding made may cause the summations to the total submitted.

Letter from the Chairman & CEO

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Ignacio Galán
Chairman of the Board of Directors
& chief executive officer of Iberdrola, S.A.

Financial year 2020 has seen a strengthening of Iberdrola's sustainable enterprise, an endorsement of the strategy pursued over the last two decades with a view to achieving a more competitive, efficient and environmentally-friendly energy system.

In a context plagued with uncertainty, the group has given clearer signs than ever of its responsible business commitment to serve the triangle formed by shareholders, employees and society. The plan, consisting of more than 300 measures implemented by the company since the onset of the pandemic, has enabled it to continue with its activities, preserving the safety and health of the workforce and its partners.

The work performed by all of them has been vital to guarantee the supply of electricity to the population as a whole and to engage in the largest investment programme in the group's history in a single year, exceeding 9,200 million euros, together with purchases totalling 14,000 million euros. Thanks to all this, Iberdrola has acted as a strong driving force for the industrial fabric, speeding up the process of economic recovery and preserving employment.

The drive towards the energy transition has continued to be the mainstay of the company's strategy. Thus, in 2020 we reached 35,000 MW in renewable capacity, solidifying our leadership in offshore wind technology with the start-up of the East Anglia One complex in the United Kingdom and the progress made in the construction of other wind farms in the United States, France and Germany. We also completed the construction of photovoltaic plants like Núñez de Balboa and Andévalo, in Spain, and onshore wind farms like Otter Creek, in the United States.

We have also continued to expand, strengthen and increase the smart content of our transmission and distribution grids, undeniably constituting the cornerstone of an electric system based on clean energy. The investments made have been essential to continue improving service quality for our customers and to solve in record time the problems caused by the severe storms that battered the United States, Spain and the United Kingdom during the year.

The group's decisive focus on the satisfaction of its customers' needs has led to the launch of new digital products and services aiming at an increased use of electricity, like the electrical vehicle and home heating and air-conditioning.

And we have once again demonstrated our capacity for foresight with the boost of an additional engine for growth, green hydrogen, which will play a critical role in the decarbonisation of those industries that are more difficult to electrify. The first milestone in this line of business has been the commencement of what will be the largest green hydrogen complex for industrial use in Europe, located in Puertollano (Spain), as part of an ambitious plan to decarbonise the production of ammonia for fertilisers for the leading Spanish company Fertiberia. In 2020, together with Spanish partners, we also set up Iberlyzer, a manufacturer of electrolysers, which will allow for the weaving of a strong industrial fabric in Spain around the renewable hydrogen value chain.

The group's international presence has also been boosted by the performance of various corporate transactions in the United States, where the integration of the electric company PNM Resources has reached the closing stage; in Brazil, where Neoenergia has acquired the Brasilia distribution company CEB-D; in Australia, with the integration of Infigen, the leading renewable energy company; and in France, with the acquisition of the wind and photovoltaic power developer Aalto Power. We have also opened up new platforms for growth in offshore wind technology in countries like Sweden, Japan and Poland.

The results at year-end 2020 are a faithful reflection of the company's intense activities despite the restrictions imposed due to the pandemic. In response to solid operating performance and the containment of operating and financial costs, the group's Net Profit increased by 4.2% to reach 3,611 million euros. This allows us to propose to the

shareholders at the General Meeting a 5% increase in shareholder remuneration to 0.42 euro per share payable in 2021.

The markets have quite positively responded to our sustainable growth and internationalisation. The share price rose 27.5% last year, compared to a drop of 15.5% in the Ibex-35 index and of 5.1% in the Eurostoxx 50. As a result, and after factoring in the dividends paid, we have been able to post total shareholder return of 32.7% during the financial year, reaching 124.4% over the last five years.

The company's market capitalisation at year-end 2020, standing at more than 74,000 million euros, cements our position as the leading company on the Spanish stock exchange (with an approximately 20% share), the third largest electric utility worldwide by market capitalisation and the top-ranked European company without a state-owned interest.

Taking stock of Iberdrola's contribution to society

We have remained true to our firm commitment to create sustainable value for society as a whole, and the good performance of the group in financial year 2020 has gone hand in hand with a strengthening of all the initiatives that comprise our Social Dividend.

Since the start of the health crisis, Iberdrola has been present where help was most needed, reinforcing service at critical facilities like hospitals and healthcare centres and donating medical supplies and protective equipment that we made available to the authorities in each country.

And we have continued to act as an engine for economic growth in order to promote an early, sustained and inclusive recovery. The 14,000 million euros awarded to our 22,000 suppliers during the past financial year gave them a view that business and employment would be maintained even in times of extreme uncertainty. With these purchases of goods and services we continue to foster the development of the industrial fabric in the countries where we are present, helping to preserve more than 400,000 jobs throughout the world.

We have also continued to promote quality jobs at the internal level, with the hiring of more than 3,700 new professionals and the provision of more than 53 hours of training per person during the year. The group thus enhances the abilities of its workforce to face the new challenges posed by the energy transition.

With this philosophy in mind, we promote the talent of those who are to be the key drivers of progress at the company and in society in the future: in 2020 we had more than 900 youths join the company through internships and we further developed our Scholarship Programme, by means of which we have already provided almost 1,000 grants, allowing the recipients to receive top-level training at institutions all over the world.

The ongoing improvement of working conditions for Iberdrola professionals also includes fostering the creation of a favourable, egalitarian, diverse and inclusive work environment. The new Diversity and Inclusion Policy approved by the Board of Directors this year strengthens this commitment through the incorporation into our internal rules of the latest trends in this field.

This will enable us to continue making progress in areas like effective equality between men and women. Our continuous improvement efforts in this regard were once again recognised in 2020 with the group's inclusion in the prestigious *Bloomberg Gender Equality* index, Iberdrola being the only Spanish utility that has had a place in all editions of the report.

Iberdrola's decade-long leadership in the fields of sustainability and environment was further boosted in 2020, a year in which the company's greenhouse gas emissions dropped to 98 g CO_2/kWh, one third of the European average and lower than the target set by some of our main competitors for the year 2030.

This position gives us an incentive to continue improving in the coming years. This is why in 2020 we allocated approximately 300 million euros to innovation in environmentally-friendly technologies, and we have set a goal of achieving climate neutrality in Europe by 2030, twenty years before the European target. This investment has been mainly dedicated to initiatives focusing on renewable energy, smart grids, green hydrogen, energy storage and digitalisation.

We have been included in the most prestigious world indices, including the *Global 100 Most Sustainable Corporations in the World, CDP 2020 Climate Change and Dow Jones Sustainability Index 2020* in recognition of our continued improvement of sustainability in all areas of our activity.

Iberdrola has also reaffirmed its commitment to tax responsibility, contributing almost 7,500 million euros to public coffers in the last twelve months and increasing the transparency of its tax compliance management system, an area in which the company was a pioneering recipient of certification by AENOR.

This full-range commitment to the contribution of value to our environment positions us as an outstanding player on the path towards the achievement of the United Nations Sustainable Development Goals (SDGs). This report provides a detailed description of Iberdrola's direct and indirect contribution to each and every one of the 17 goals established in the 2030 Agenda.

A future filled with opportunities

The situation experienced in 2020 must lead us, along with all global institutions and forums, to accelerate the transformation of the economic and social model in order to increase its sustainability.

Against this background, the plan to 2025 we presented last November confirms Iberdrola's pioneering leadership in the energy transition and will act as to spur on the economic recovery. In a year in which governments all over the world have clearly asserted that the best recipe to pull out of the crisis is the promotion of a low-carbon economy, Iberdrola unveiled the largest investment programme in its history, involving the dedication of 75,000 million euros to the development of renewable energy, smart grids, energy storage and smart solutions for its customers.

The plan will allow us to double our renewable capacity by 2025 and increase our network assets by 50%. And all of this with the aim of further contributing to respect for the environment and generating progress, employment and well-being for society as a whole.

Ignacio S. Galán
Chairman of Iberdrola

Corporate reputation: recognitions/awards, presence on indexes and external ratings

	Indexes or organisations	Rating or status[2]
	Dow Jones Sustainability World Index 2020	Only European utility included for the past 21 years
	Global 100	Iberdrola selected in 2020
	FTSE4Good	Selected for the index for the last 11 years
	CDP Climate Change Index 2020	A-
	CDP Supply Chain Index 2020	Iberdrola chosen as CDP Supplier Engagement Leader
	MSCI Global Sustainability Index Series	Iberdrola selected AAA
	V.E - Euronext Vigeo Eiris index: World 120, Eurozone 120 y Europe 120	Iberdrola selected
	Sustainability Yearbook 2020	Classified as “Silver Class” in the electricity sector
	MERCO 2020	mercoEMPRESAS 2020 and mercoRESPONSABILIDAD Y GOBIERNO CORPORATIVO 2020: Iberdrola among the 10 best-ranked companies
	Ranking 2020 World's Most Ethical Companies, elaborado por el Instituto Ethisphere	Only Spanish company included. Selected for the seventh consecutive year as one of the most ethical companies in the world
	Fortune Global 500	Iberdrola selected

[2]As at the date of approval of this report by the Board of Directors.

	Indexes or organisations	Rating or status[2]
	Stoxx	Iberdrola included in the STOXX Global ESG Leaders index and in the most important indexes
	InfluenceMap	Iberdrola among top 10 scoring companies
	Bloomberg Gender-Equality Index 2020	Only Spanish electric 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 World top 10 in the 2020 Sustainability Reporting Performance report
Forbes 2020 GLOBAL WORLD'S LARGEST PUBLIC COMPANIES 2000	Forbes	Iberdrola selected for Forbes 2020 Global World's Largest Public Companies 2000
	ECPI Sense in sustainability	Iberdrola included in the leading indices
	Energy Intelligence	Iberdrola second-place utility worldwide in the EI Green Utilities Report 2020
	Ecovadis	Gold EcoVadis Medal, Iberdrola as one of the companies with the best performance
	Brand Finance	Among the 500 most valuable brands at globally
	Sustainalytics	Iberdrola among the highest rated utilities
WBA Electric Utilities Benchmark	World Benchmarking Alliance	Iberdrola among the top 5 of the world's 50 most influential electric utilities
	SE European Utilities Index	Iberdrola included in the index
	WDi (Workforce Disclosure Initiative)	Iberdrola 2020 disclosure score above the average
	OpenODS Index	Iberdrola selected as the leading Spanish company in the first edition of the OpenODS Index, with the highest score among Ibex-35 companies.

I. Iberdrola, the utility of the future

I.1. About Iberdrola

- 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

102-16 **102-26**

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 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 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 to promote this new model in partnership with all players involved and with society as a whole (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.

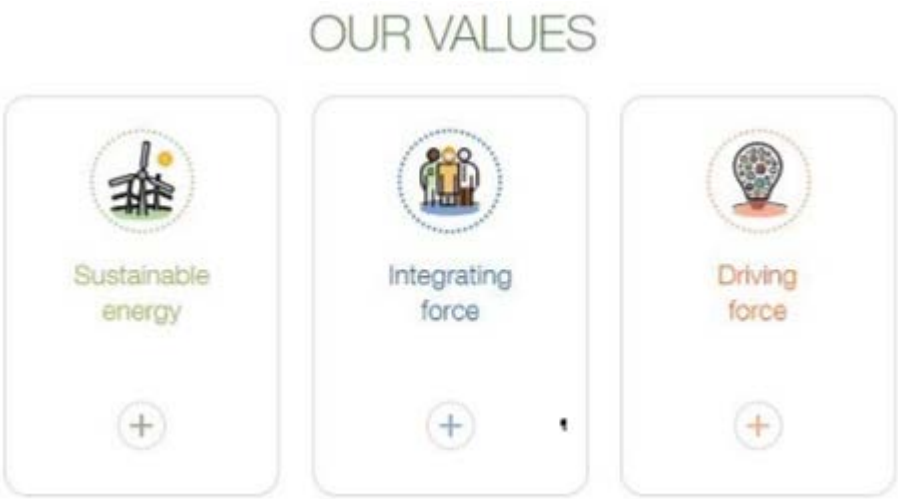
  This value expresses the commitment to:

  - Diversity
  - Dialogue
  - Empathy
  - Solidarity

- **Driving force:** the Iberdrola group makes small and large changes into 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

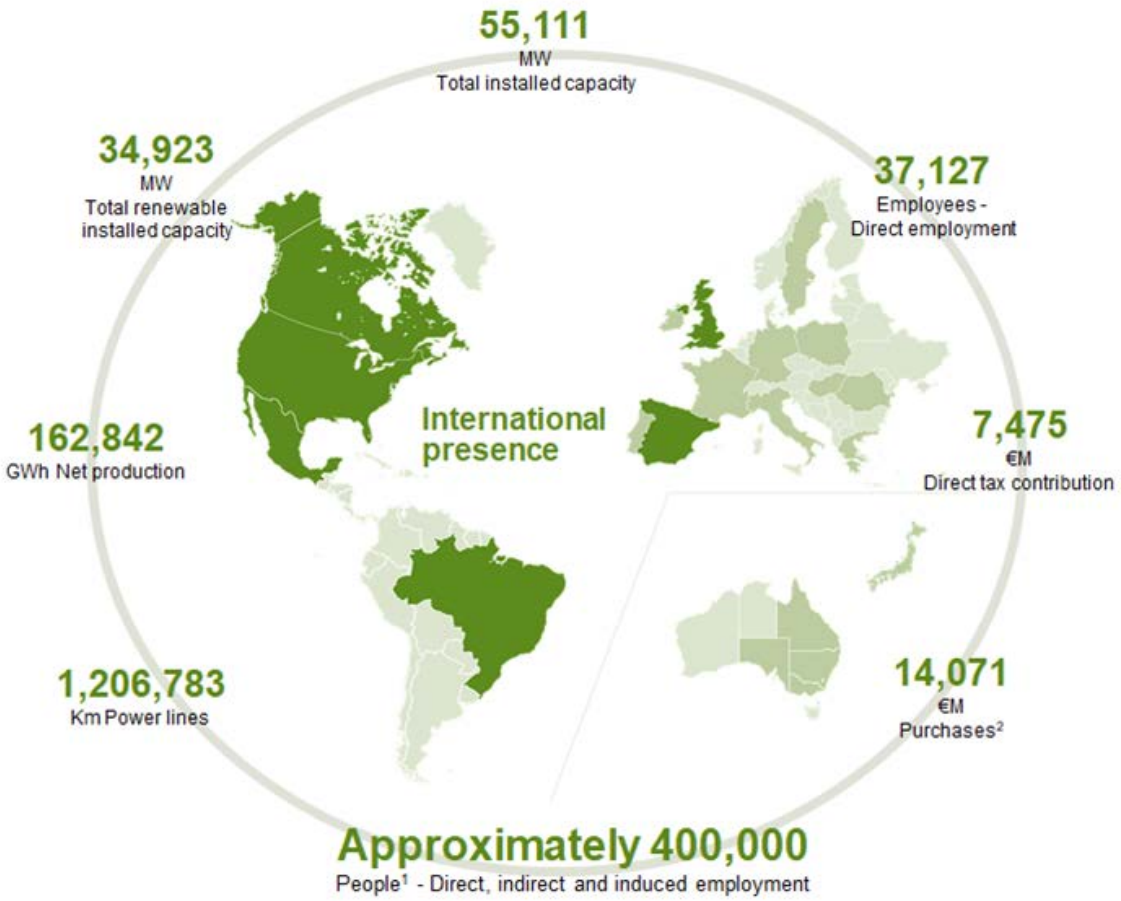


Presence and areas of activity

102-4

Iberdrola and its subsidiaries and affiliates carry out their activities in almost thirty countries. The group concentrates a major portion of its activities in Spain, the United Kingdom, the United States, Brazil and Mexico; and also in Germany, Portugal, Italy, France, Ireland and Australia.

The following infographic shows the group's principal areas of activity. Section "VI.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.



(1) Data from a Study of Iberdrola's Impact, prepared by PwC, for financial year 2019.
(2) Figure associated with the awarded volume of purchases made during financial year 2020.

Main products and services

102-2 102-6

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

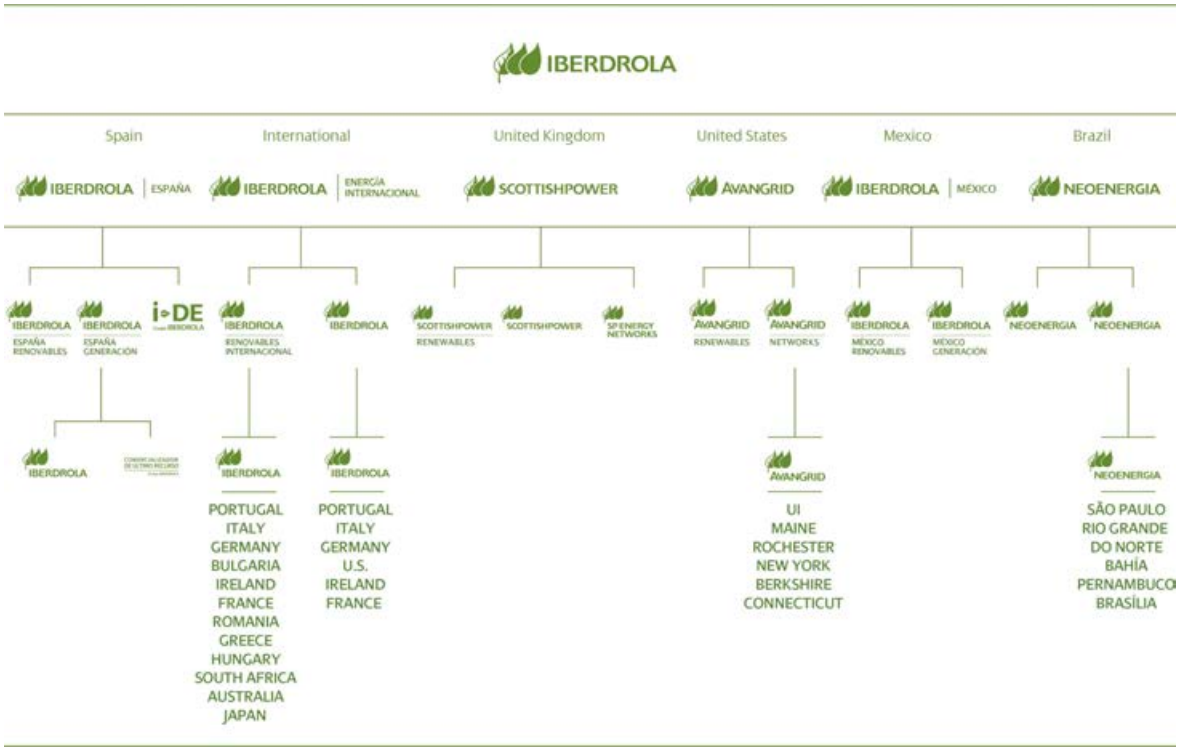
- Environmental friendliness, by investing in renewable energy, storage and new technologies like green hydrogen.
- Digitalisation: implemented within its assets to improve the quality, efficiency and safety of electricity supply.
- Energy services for our customers: with intelligent and innovative solutions in the following areas:
  - residential, with services like energy storage, heat pumps, self-consumption and electric mobility.
  - industrial: offering comprehensive management of energy facilities and supplies.
- Distribution and sale of gas.

The “Iberdrola” brand

The “Iberdrola” brand is a reflection of its *Corporate Purpose and Values* (see the "Purpose and values” 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 2020:



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 figures[3]

Installed capacity, output, networks and users

At year-end 2020, the Iberdrola group had 55,111 MW of total installed capacity of which 34.820 MW are renewable.

EU1

Installed capacity by energy source (MW)

	2020	2019
Renewables	34,820	31,939
Onshore wind	*18,471*	*16,787*
Offshore wind	*1,258*	*964*
Hydroelectric	*12,864*	*12,864*
Mini-hydro	*303*	*306*
Solar and others	*1,923*	*1,018*
Nuclear	3,177	3,177
Gas combined cycle	8,777	8,377
Cogeneration	1,191	1,335
Coal	0	874
Total own installed capacity	**47,965**	**45,702**
Renewables	103	103
Onshore wind	*103*	*103*
Gas combined cycle	7,043	6,277
Total installed capacity for third parties	**7,146**	**6,380**
Total	**55,111**	**52,082**

For its part, 79,2% of total own installed capacity is associated with emission-free technologies.

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

EU2

Net electricity output by energy source (GWh)

	2020	2019
Renewables	67,846	59,072
Onshore wind	*39,183*	*37,216*
Offshore wind	*4,380*	*2,211*
Hydroelectric	*22,034*	*17,941*
Mini-hydro	*682*	*618*
Solar and others	*1,568*	*1,086*
Nuclear	24,316	23,738
Gas combined cycle	24,513	22,266
Cogeneration	6,550	8,825
Coal	237	349
Total own production	**123,463**	**114,250**
Renewables	218	227
Onshore wind	*218*	*227*
Gas combined cycle	39,160	37,281
Total third-party production	**39,378**	**37,508**
Total	**162,842**	**151,758**

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

The following table shows the net output for 2020 broken down by country and technology type.

2020 net electricity output by technology and country (GWh)

	Spain	United Kingdom	United States	Brazil	México		IEI
					Own	Third-party	
Renewables	25,919	6,677	19,371	10,681	1,658	218	3,540
Nuclear	24,316	0	0	0	0	0	0
Gas combined cycle	7,216	0	6	2,440	14,841	39,160	10
Cogeneration	2,166	0	2,745	0	1,640	0	0
Coal	237	0	0	0	0	0	0
Total	**59,854**	**6,677**	**22,122**	**13,122**	**18,138**	**39,378**	**3,550**

Revenues from the nuclear generation and coal businesses were 2.6% and 0%, respectively, of the total revenues of the group in 2020.

In 2020, 97.2% of production was achieved using local sources of energy[4], as shown in the following table:

2020 production with local sources of energy (%)

Spain	83.3%
United Kingdom	100.0%
United States	100.0%
Brazil	100.0%
Mexico	100.0%
IEI	100.0%
Iberdrola group average	**97.2%**

At year-end 2020 the companies of the group, as a whole, handled a total of 34.4 million users (33.9 million in 2019). Of this total, 30.1 million users are of electricity, and the rest of the users are of gas. It should be noted that more than 86% are residential.

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Electricity users (%)

	2020	2019[5]	2018
Residential	85.8	85.5	90.2
Industrial	1.0	1.0	0.9
Institutional	1.0	0.9	0.9
Commercial	10.3	10.7	5.9
Other	1.9	1.8	2.1
Total	**100.0**	**100.0**	**100.0**

Users who are producers (No.)

	2020	2019	2018
Users that are also producers of electricity	141,483	96,465	87,081 [6]

In Brazil the number of self-consumption customers is increasing considerably, driven by existing generous regulations that incentivise these practices. 25,714 Neoenergia's customers were also producers of electricity in 2020.

[4] 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.
[5] In 2019 there was a change in Spain in the classification between residential, commercial and industrial users.
[6] Data recalculated with respect to the data published in 2019.

This number reached 38,328 users who were producers in the United States.

The group operates more than 1.2 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.

EU4

Power lines (Km)[7]

	2020	2019[8]	2018
Transmission			
Overhead	17,871	17,841	17,765
Underground	1,234	1,292	1,244
Total	**19,105**	**19,133**	**19,009**
Distribution			
Overhead	994,971	979,703	962,940
Underground	192,707	192,452	191,723
Total	**1,187,678**	**1,172,155**	**1,154,663**
Total	**1,206,783**	**1,191,288**	**1,173,672**

During financial year 2020 the companies of the group produced electricity with a volume of 162,842 GWh, distributed 224,988 GWh of electricity, and supplied 114,758 GWh of gas.

Products or services provided

	2020	2019	2018
Net electricity production (GWh)	162,842	151,758	145,605
Electric power distributed (GWh)	224,988	233,541	233,435
Gas supplies to users (GWh)	114,758	127,948	126,341

Operations (locations)

The Iberdrola group has identified more than 1,500 sites at which the company operates. In order to properly report on such a large number from the viewpoint of the disclosures required by the GRI Standards, rationalisation criteria have been used; accordingly, the number of Iberdrola's locations of operation at year-end 2020 is deemed to be 183 for the purposes of this report.

[7] 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.
[8] The 2019 figures for the United States in this report were recalculated with respect to those published in the 2019 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 37,127 employees at year-end 2020, with the following breakdown by country.

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Employees[9]

	2020	2019	2018
Spain	9,594	9,587	9,822
United Kingdom	5,563	5,637	5,611
United States	7,031	6,597	6,449
Brazil	12,814	11,746	10,749
Mexico	1,307	1,291	1,112
IEI	818	516	335
Total	**37,127**	**35,374**	**34,078**

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

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Employees at year-end

		2020			2019			2018		
		Men	Women	Total	Men	Women	Total	Men	Women	Total
By employment type	Full-time	27,298	7,944	35,242	27,071	7,670	34,741	25,016	7,338	32,354
	Part-time	1,189	696	1,885	54	578	632	1,102	622	1,724
By type of contract	Permanent	28,365	8,599	36,964	26,890	8,179	35,069	25,841	7,890	33,731
	Temporary	122	41	163	236	69	305	277	70	347
Total [10]		**28,487**	**8,640**	**37,127**	**27,125**	**8,248**	**35,374**	**26,118**	**7,960**	**34,078**

Policies regarding subcontracted personnel are set out in the "Creation of employment and salaries" section of chapter V.1.

[9] The figures in the table reflect the number of employees at year-end 2020, 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): 33,747 in financial year 2018, 35,120 in financial year 2019 y 36,915 in financial year 2020.

[10] 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 can be seen in the *2020 Annual Financial Report*.

Corporate and governance structure, ownership and legal form

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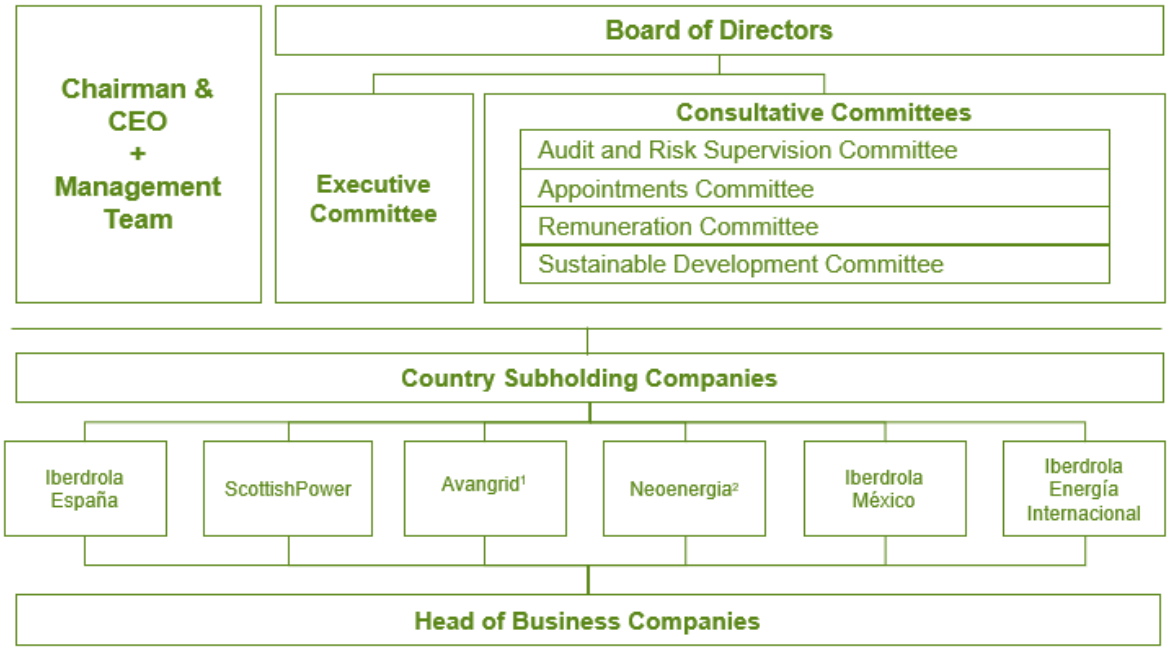
Iberdrola is a *sociedad anónima* (public limited company) organised under Spanish law.

The corporate and governance of the Iberdrola group 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 articulated on the grounds described below, which differentiate between the duties of supervision and control, on the one hand, and those of day-to-day administration and effective management, on the other:

a. Board of Directors of the Company: 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.
b. Chairman & CEO, with the technical support of the Operating Committee, the Business CEO *(consejero-director general de los Negocios)* and the rest of the management team: duty of organisation and strategic coordination of the group.
c. Country subholding companies: strengthening of the duty of organisation and strategic coordination through the dissemination, implementation and supervision of general strategy and basic management guidelines at the country level. These entities group together equity stakes in the energy head of business companies carrying out their activities within the various countries in which the group does business.

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

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

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

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.

Governance structure

Board of Directors

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As at 31 December 2020, Iberdrola's Board of Directors is made up of 14 members:

Board of Directors

Position	Director	Status	Nationality	Date of last appointment	Date of last appointment
Chairman & CEO	José Ignacio Sánchez Galán	Executive	Spain	21-05-2001	29-03-2019
Vice-Chair and Lead Independent Director	Juan Manuel González Serna	Independent	Spain	31-03-2017	31-03-2017
Director	Íñigo Víctor de Oriol Ibarra	Other external	Spain	26-04-2006	02-04-2020
Director	Samantha Barber	Other external	United Kingdom	31-07-2008	02-04-2020
Director	María Helena Antolín Raybaud	Independent	Spain - France	26-03-2010	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 Ormaza	Independent	Spain	08-04-2016	29-03-2019
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
Director	Nicola Mary Brewer	Independent	United Kingdom	02-04-2020	02-04-2020
Director	Regina Helena Jorge Nunes	Independent	Brazil	02-04-2020	02-04-2020
Director	Ángel Jesús Acebes Paniagua	Independent	Spain	20-10-2020	20-10-2020

Secretary (non-member): Julián Martínez-Simancas Sánchez.
First Deputy Secretary (non-member): Santiago Martínez Garrido.
Second Deputy Secretary (non-member): Ainara de Elejoste Echebarría.

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

The composition of the Board of Directors is shown below:

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Composition of the Board of Directors

		2020		2019		2018	
		Nº	%	Nº	%	Nº	%
By gender	Men	9	64	8	57	9	64
	Women	5	36	6	43	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 in 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	Manuel Moreu Munaiz	Independent
Member	Samantha Barber	Other external
Member	Juan Manuel González Serna	Independent
Member	Ángel Jesús Acebes Paniagua	Independent

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

Chairman & CEO

The chairman of the Board of Directors is also the chief executive of Iberdrola. His re-election was proposed and approved by the shareholders at the General Shareholders' Meeting held on 29 March 2019. 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 and implementation of the Strategic Plan.
- 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 Governance and Sustainability System. In particular:
    - A high level of independence of the Board of Directors and its committees.
    - 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 its shareholders and 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 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 (C*onsejero director-general de los Negocios*), 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.

Consultative Committees

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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/financial and non-financial information, the auditing of accounts and compliance, all upon the terms established in its Regulations.

Audit and Risk Supervision Committee

Position	Director	Status
Chairman	Xabier Sagredo Ormaza	Independent
Member	José W. Fernández	Independent
Member	Regina Helena Jorge Nunes	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 Regulations.

Appointments Committee

Position	Director	Status
Chair	María Helena Antolín Raybaud	Independent
Member	Anthony L. Gardner	Independent
Member	Ángel Jesús Acebes Paniagua	Independent

Secretary (non-member): Íñigo 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	Íñigo Víctor de Oriol Ibarra	Other external
Member	Manuel Moreu Munaiz	Independent

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

- **Sustainable Development Committee.** Performs duties relating to the review and update of the Governance and Sustainability System, determines the standards for preparing the Statement of Non-Financial Information, and supervises the sustainable development, human resources, equal opportunities, occupational health and safety, stakeholder relations, respect for human rights, sustainability, and other policies, upon the terms established in its Regulations.

Sustainable Development Committee

Position	Director	Status
Chair	Sara de la Rica Goiricelaya	Independent
Member	Samantha Barber	Other external
Member	Nicola Mary Brewer	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.

Beneficial ownership

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At 31 December 2020, the company's share capital totalled 4,762,545,750 euros, represented by 6,350,061,000 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 69.79%
- Domestic institutional investors 8.17%
- Retail shareholders 22.04%

No shareholder holds or has held a controlling interest in the equity structure of the company. Below is a table showing those shareholders who hold a significant interest[11] in the equity of Iberdrola or in the voting rights during the last three financial years.

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

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

	31/12/2020	31/12/2019	31/12/2018
Qatar Investment Authority	8.71	8.69	8.65
BlackRock, Inc.	5.16	5.16	5.13
Norges Bank	3.60	3.43	3.33

As at the date of preparation of this report, the share capital of Iberdrola, S.A. totals 4,813,617,000 euros and is made up of 6,418,156,000 shares, each having a nominal value of 0.75 euro, which are fully subscribed and paid up.

Iberdrola COVID-19 social responsibility model

Given that electrical infrastructure is a critical and strategic asset in all the countries in which Iberdrola operates, and in view of the global health crisis, the company has continued to offer an essential service with the maximum assurances of quality and continuity since the early months of 2020, thanks to the dedication, reaction capacity, commitment and availability of its workforce. In addition to ensuring supply in all territories and to all its customers, the group established priority service channels for hospitals, healthcare centres and other essential community services during the COVID-19 crisis, activating a special plan for hospital centres, and immediately implementing measures aiming to protect the health and safety of the workforce, employees, customers and society in general to alleviate the crisis caused by the pandemic.

The acquisition of healthcare and prevention equipment, in coordination with government authorities, has formed part of the group's global response to the coronavirus health crisis, which has taken into account the impact on employees, suppliers and the most vulnerable groups in society. Since the onset of the pandemic, Iberdrola has acquired 400 respirators, over 4 million masks, 242,000 pairs of overalls and 30,000 safety goggles, valued at 30 million euros.

Iberdrola activated its action plan from the earliest point of the pandemic, implementing over 150 measures to ensure supply in the countries where it operates and meet the needs of the most vulnerable groups and customers.

The actions were focused on strengthening energy service to 350 hospitals and medical facilities during the state of emergency. Moreover, coinciding with the coronavirus outbreak and to contribute to the recovery of the economy and employment, it decided to bring forward orders to suppliers valued at 11,000 million euros[12] in the first quarter and to increase its investments this year to 10,000 million euros.

[12] At the date of publication of the report

Among other measures, Iberdrola has approved plans to make it easier for customers to pay their bills and to maintain supply to vulnerable users, particularly the elderly and with disabilities people, and has promoted digital customer services channels in all countries.

Furthermore, the expenses for holding Shareholder Day on the date of the General Shareholders' Meeting, which was held 100% virtually on 2 April, were instead allocated to acquiring healthcare equipment.

Iberdrola's employees also participated in immediate assistance, creating a network of volunteers who manufactured protective shields using 3D printers, masks and safety goggles, among other equipment. These actions have been carried out in Mexico, Brazil, the United States, Spain and the United Kingdom, with a very positive response that has also yielded assistance in distributing food, care for the elderly and disabled, food vouchers, donations and support for the most vulnerable communities through the commitment of almost 9,600 volunteers in the fight against COVID-19.

Iberdrola has become the first corporate group to certify its COVID-19 action protocol with Aenor globally and at all its subsidiaries. This certificate endorses its actions to tackle the coronavirus pandemic, guaranteeing the health and safety of individuals as well as the maintenance and quality of the energy supply.

According to Merco, Iberdrola is the electric utility with the greatest commitment and social responsibility in view of the COVID-19 pandemic. Values such as job maintenance and employee care, support to the healthcare system through donations of equipment, advance purchases from suppliers, executives leading by example, putting logistical and industrial capacity into service for society, support to the those who need it most, and volunteer activities, have been recognised by Merco, which highlights the social responsibility model of the companies selected in view of the health emergency.

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 2020 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 laid out in *"SDG Compass – A Guide for Business Action to Advance the Sustainable Development Goals"*, 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

As a result of the continuing dialogue with its Stakeholders, and aware of the unquestionable economic, social and environmental impact of all its activities, Iberdrola has a sustainable development strategy aligned with the group's implementation of a business enterprise focused on the sustainable creation of value, primarily based on its Purpose and Values, and respect for Human Rights. Thus, it promotes initiatives that contribute to bringing about a more just, equal and healthy society, and, in particular, to achieving the SGDs, notably those relating to Affordable and clean energy (SDG 7) and Climate action (SDG 13), through specific lines of action focused on universal access (SDG 7.1), increasing renewable energy (SDG 7.2) and developing measures to improve energy efficiency (SDG 7.3) using tools such as fostering innovation (SDG 9), education (SDG 4), protection of biodiversity (SDG 15), gender equality (ODS 5) in particular, and reduced inequalities (SDG 10) in general, which essentially entails protecting disadvantaged groups. All of this has a direct impact on reducing emissions and decarbonising the economy.

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

This reform, which was accompanied by a corresponding reform of the various governance policies and standards (which are regularly updated), has shown that businesses that have dealt best with the social, economic and, above all, health crisis, caused by COVID-19, have been those with the most robust and stable corporate governance system.

In December 2020 Iberdrola reformulated its governance and sustainability system, structuring it around environmental, social and corporate governance (ESG) standards aligned with its sustainable development strategy and its social dividend, which cemented the company's position at the forefront of best international corporate governance practices, while the impact of COVID-19 has underlined the need to base the recovery from the crisis on social and sustainability parameters.

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.

The *General Sustainable Development Policy* introduces the principles governing the various corporate policies on sustainable development and give structure to the foundations governing the group's sustainable development strategy. All of them are intended to guarantee the alignment of all the group's actions with the Company's bylaw-mandated commitment to the social dividend and the SDGs. Section I.3 "Policies and Commitments" describes the content and focus of these policies.

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 IV.1) 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 a global SDG Advisory Committee, a multidisciplinary team that meets every three or four months in order to review the actions taken by Iberdrola and analyse the alignment thereof with the SDGs, in addition to proposing new challenges and encouraging actions that help to achieve the goals that have been set. The SDG Advisory Committee held three meetings during 2020.

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:

- 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 sustainable management of the company, and is formalised in objectives that are tied to the remuneration of the management team: the shareholders at the 2017 General Shareholders' Meeting approved a long-term incentive plan linked to their contribution to the achievement of these two Goals. For its part, at the 2020 General Shareholders' Meeting, the Board of Directors approved a new long-term remuneration plan (Strategic Bonus 2020-2022) linked to both economic/financial performance (changes in Net Profit, Financial Strength and Total Shareholder Return) and 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 commitment to equal pay for men and women, which contribute 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.

Goal 7: Affordable and sustainable energy

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

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. For more information, see the "Electricity for All Programme" section.

Goal for the "Electricity for All" programme: bring electricity to 16,000,000 million people by 2030 who today lack access to this energy source in emerging or developing countries.

Commitment to renewables. Iberdrola, a global leader in renewable energy, focuses on decarbonising the economy through green electrification that is possible thanks to the stimulus of and investment in renewable technologies. At year-end 2020 Iberdrola had 35 GW of renewable capacity installed, after adding more than 5.7 GW during the 2019 -2020 period.

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. It is thus committed to assuming a leading role in the fight against climate change through its *Climate Change Policy*, in which it undertakes to lead the fight against climate change and to encourage a corporate culture focused on 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 mitigation and adaptation.

"Iberdrola has set a goal of reaching global carbon neutrality by 2050 and reducing its emissions intensity to 50 gCO_2/kWh globally by 2030.

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

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.

Alliances, awareness-raising and reporting

Iberdrola supports ambitious approaches to 2030 and 2050 within the framework of the climate policies and has made commitments to the main international organisations and business coalitions, playing a leadership role in the fight against climate change at the international institutional level. An example of this leadership is Iberdrola, along with 11 other European companies, joining the European CEO Alliance, an initiative that supports the objectives of the Paris Agreement for 2050, the EU's Green Deal and even greater ambitions in terms of the EU's climate goals.

Moreover, as a sign of the Group's commitment to transparency in managing the risks and opportunities of climate change, Iberdrola was one of the first companies to publicly commitment to implementing the recommendations issued by the Financial Stability Board's (FSB) Task Force on Climate-related Financial Disclosure (TCFD) working group in its 2020 public reports. In 2016 Iberdrola included a Plan for Raising Social Awareness on Climate Change, with initiatives aimed at different audiences, as an additional focal point for its climate change activities. To show the actions performed in this area.

Iberdrola's contribution to SDGs 7 and 13

	GRI Indicator	Description	Pag.
Goal of the 2030 Agenda (SDGs)			
7.1.- By 2030, **ensure universal access to affordable, reliable and modern energy services**.	Own indicator	Number of beneficiaries of the *Electricity for All* programme	256
	EU26 Shift indicator C070101 from SDG	Proportion of population of distribution zones with access to electricity	256
	EU28	Power outage frequency	230
	EU29	Average power outage duration	231
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 %)	23, 462
	Own indicator	Power produced from renewable sources (MWh or %)	24, 464
	302-1	Energy consumption within the organization	122
7.3.- By 2030, double the global rate of improvement in energy efficiency.	302-4	Reduction of energy consumption	124
	302-5	Reductions in energy requirements of products and services	127
	EU30	Average plant availability	409
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. **7b.-** 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.		Amount allocated to R&D+i (€M)	247
Goal of the 2030 Agenda (SDG 13)			
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.	121
	302-4	Reduction of energy consumption (efficiency).	123
	302-5	Energy savings of green products and services.	126
	305-1	Direct GHG emissions. Scope 1 (per GHG Protocol)	129
	305-2	Indirect GHG emissions. Scope 2 (per GHG Protocol)	131
	305-3	Other indirect GHG emissions. Scope 3 (per GHG Protocol)	132
	EU30	Average plant availability	409
	Own indicator	Installed capacity from renewable sources (MW or %)	23, 462
	Own indicator	Power produced from renewable sources (MWh or %)	24, 464
	201-2	Financial implications and other risks and opportunities for the organisation's activities due to climate change	75, 81
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	75

Main objectives and actions in 2020 that contribute to the SDGs

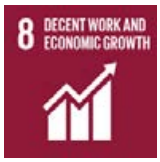
The following table lists some of the more significant goals relating to the SDGs as well as Iberdrola's main activities during 2020 and indicators measuring the Iberdrola group's contribution:

SDGs and related targets	Iberdrola's main actions and achievements in 2020
 **1.3.** Implement appropriate social protection systems and measures for all on a national level, including minimum levels, and from here to full coverage of poor and vulnerable populations. **1.4** Ensure that all men and women, particularly 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. **1.5** Reduce exposure and vulnerability to climate-related extreme events and other economic, social and environmental shocks and disasters.	**Goal:** In its commitment to the most vulnerable individuals, it has strengthened its alliances with the most underprivileged groups. **Actions and achievements:** • Contribution of 5.8 million euros at the group level by Iberdrola's foundations to initiatives intended to improve the quality of life of vulnerable groups in the countries in which it does business. • Launch of the Iberdrola Social Programme 2021 by ***Fundación Iberdrola España*** **aiming to mitigate the consequences of the pandemic**: in partnership with 36 institutions in the 2020 call, benefiting 39,857 people. 43% of the aid is focused on the fight against child poverty and promoting inclusive education. • At **ScottishPower Foundation**, in 2020 a total of 9 charities in the United Kingdom accessed aid in the total amount of €580,000, which has benefited over 50,000 users. For example, the Spina Bifida Hydrocephalus Scotland "Moving on up" project aims to provide support, advice and advocacy services to children from 0 to 18 years old with spina bifida and/or hydrocephalus and to their families. • During 2020 the **Avangrid Foundation** partnered on 68 projects to improve the resilience of communities, respond to disasters and help vulnerable groups affected by COVID-19, to which €2.3 million has been allocated, reaching over 300,000 beneficiaries. • Iberdrola launched an assistance plan to facilitate the payment of electricity, gas and other energy services bills, aiming to mitigate the impact of coronavirus among its vulnerable customers.

SDGs and related targets	Iberdrola's main actions and achievements in 2020
 **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. **2.c.** Adopt measures to ensure the proper functioning of food commodity markets and their derivatives and derivatives, and facilitate timely access to market information, including on food reserves, in order to help limit extreme food price volatility.	**Goal:** Contribute to alleviating the situation of social exclusion and poverty of many persons **Actions and achievements:** The foundations have engaged in noteworthy activities meeting the urgent needs of vulnerable families during 2020: • Donation of 90,000 free meals to poor people, prepared in the company's cafeterias in Madrid and Bilbao, thus meeting the demand for meals in soup kitchens and churches that provide help for needy families. • In Mexico, the company has distributed over 11,000 food parcels in the most vulnerable communities affected by the pandemic. • Encouragement of volunteering activities to distribute food to families in situations of vulnerability, at Avangrid, in Spain, Mexico, Brazil and the UK, and cash donations for food vouchers from Aldeas Infantiles.

SDGs and related targets	Iberdrola's main actions and achievements in 2020
 **3.4** Reduce by one third premature mortality from non-communicable diseases through prevention and treatment 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. **3.a** Strengthen the application of the World Health Organisation Framework Convention on Tobacco Control in all countries, as appropriate.	**Goal:** Surpass 90% of workers at work centres in Europe covered by ISO 18001 / OHSAS 18001 certification. Application of best prevention practices **Actions and achievements:** • Global Occupational Safety and Health Digitalisation, aligned with the ***Occupational Safety and Health Policy*** and the strictest international standards. • ScottishPower has allocated over 33.7 million euros to research since implementing the programme in 2012 and it has created a team to coordinate actions with Cancer Research, helping to raise awareness regarding the treatment of this disease. More than 76,000 customers were already signed up in Spain in 2020. • Zero-accident plan in Brazil 2020/2022: Development, implementation and monitoring of the accident rate reduction plan.
 **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:** Surpass the ratio of training hours received per employee trained over that of comparable companies. **Actions and achievements:** • Development of ongoing training plans for employees, **aiming to reach 55 hours of training per trained employee by 2022**. • The **master's scholarship programme continues for the 21-22 academic year** aiming to promote excellence and assist research for the 2020-2021 academic year. In 2019 Iberdrola took on over 1,400 scholarship recipients, who have had the opportunity to participate in the work performed by one of the world's leading energy companies. • The foundations have also developed scholarships and aid programme for needy people. • **Iberdrola U:** Programme with international universities focused on strengthening the company's link to the academic world, with over 40 initiatives as far as 2022. • **SDG to School**, training initiative in schools, with talks currently being held online due to the pandemic, like the **talks on the fight against climate change,** where volunteers receive training to raise students' awareness regarding the SDGs.

SDGs and related targets	Iberdrola's main actions and achievements in 2020
 **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:** The company raises its objective to increase the percentage of women in executive positions by 2025 to 30% and maintain equal pay. **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 a *Board of Directors Diversity and Director Candidate Selection Policy* that ensures diversity in terms of skills, knowledge, experience, origins, nationalities, age and gender in its top governance body. • Publication of the first ***Diversity and Inclusion Report*** 2019 to contribute to our Social Dividend and progress towards a more just and equal society. • Achieve a ratio of 25% women in executive positions by 2022. • Endorsement of the UN Women's Empowerment Principles. • Support for women's sport. Universe Women (*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 minimising 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 2030, 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 used/revenue), Iberdrola commits to reducing water use/ production intensity by 50% by 2030 compared with 2019. **Actions and achievements:** • It has joined the United Nations' CEO Water Mandate to encourage sustainable practices in the use of water. • **Participation in CDP Water since its inception**. • Improvement in the management of the hydraulic sub-footprint and of the environmental management systems: study of Iberdrola's water footprint. • Facilities pollution prevention programmes (for more detail, see Iberdrola's ***Biodiversity Report***).

SDGs and related targets	Iberdrola's main actions and achievements in 2020
 **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, with the commissioning of an additional 12 GW by 2022. **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 35.000 MW of installed renewable capacity at year-end 2020, an increase of close to 9% for the year. • Offer of 100% renewable energy for customers in Spain with the "Customised Plans" and "Smart Solar". Energy efficiency: more than 65 million tons of CO2 emissions avoided during the last 3 years. • Fernando de Noronha Zero Carbon Project in Brazil. • ScottishPower, first 100% renewable electric utility in the United Kingdom.
 **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:** Maximise issues in the green finance market and promote a stable work environment. **Actions and achievements:** Approximately 400,000 direct, indirect and induced job positions throughout the world. • More than €14 million in purchasing volume in 2020. • €7,475 million in tax contributions. • More than €34,000 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.

SDGs and related targets	Iberdrola's main actions and achievements in 2020
 **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. **9.c** Significantly increase access to information and communications technology and strive to provide	**Goal:** Development of the company's Innovation and Digitisation Programme to reach an investment of 400 million euros by 2025. **Actions and achievements:** • **293 million euros in R&D investment in 2020** (most innovative Spanish utility, second most innovative in Europe and third most innovative in the world). • Launch of the Global Smartgrid Innovation Hub, a global centre of innovation in smart grids to respond to the challenges of the energy transition and to lead innovation in electricity distribution networks. • Inauguration of what will be the largest green hydrogen plant in Europe for industrial use, with an investment of 150 million euros. • Launch of Perseo Venture Builder, which will invest 40 million euros in the coming years to support and create from scratch businesses to support electrification, like recycling and the circular economy, and in sectors resistant to decarbonisation, like industrial heat production and heavy transport. • Development of new products for customers with more features, such as payment by *Bizum*, management of products and services, and development of new apps, like the first collaborative electric vehicle recharging app for individuals. • Deployment of smart grids in the state of New York. • Develop projects to improve the management of grids in distributed generation scenarios, like the Alois project in Spain and Fusion project in the United Kingdom. • Developing Active Network Management projects and flexibility services to speed up the connection of renewable sources to the grid.Developing Active Network Management projects and flexibility services to speed up the connection of renewable sources to the grid.

SDGs and related targets	Iberdrola's main actions and achievements in 2020
 **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. **10.4** Adopt policies, especially fiscal, wage and social protection policies, and progressively achieve greater equality.	**Goal:** Promote diversity and the social inclusion of vulnerable groups through the corporate volunteering programme and the social projects of the Iberdrola group. **Actions and achievements:** • **A total of 10,409 volunteers worldwide participated in the company's Corporate Volunteering Programme.** • In collaboration with the PE Committee, we support Paralympic sport through the ADOP Plan. • Model for management of impacts on human rights issues in relation to local communities, placing the focus on respecting its identity and cultural diversity, preserving the environment, promoting local employment. • 35 alliances with social entities for anti-poverty and social inclusion projects, with an investment of 1.2 million euros and an impact on 49,689 vulnerable people. • Since 2010 the Social Programme of Fundación Iberdrola España has promoted more than 400 social initiatives in Spain, helping a total of 484,689 people. • Virtual meetings with social entities focused on mitigating child poverty, disability, disease, quality of life and gender-based violence.

SDGs and related targets	Iberdrola's main actions and achievements in 2020
 **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 150,000 recharging stations for electric vehicles by 2025 through the Sustainable Mobility Plan, with initiatives aimed at employees, companies, customers and suppliers. **Actions and achievements:** • **A fleet comprising over 3,500 completely electric vehicles in Spain and the United Kingdom by 2030.** • 500 recharging stations at the work centres by 2022. • Silver Category LEED (Leadership in Energy & Environmental Design) Certification for the Olinda UTD substation in Brazil. • 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 partnerships with entities and institutions. In 2020 five lighting projects and six catering projects were carried out in Spain and Portugal as part of the Atlantic Romanesque Plan.
 **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 are committed to a sustainable value chain, aiming for 70% of our suppliers to have standard sustainability policies by 2022. **Actions and achievements:** • Energy efficiency plans at the corporate buildings. • Application of the principles of the circular economy to managing office waste, aiming for 100% of the waste generated in our work centres to be recycled or recovered in 2021. • 97.2% 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 2020 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, extending the certification to other events by 2022.** • Publication of Sustainability Report since 2004 and specific sustainability website.

SDGs and related targets	Iberdrola's main actions and achievements in 2020
 **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:** Iberdrola undertakes to reduce the intensity of CO2 emissions to 50g CO2/kWh by 2030 It also undertakes to reduce absolute Greenhouse Gas emissions of Scopes 1, 2 and 3 aligned with 1.5ºC. Iberdrola is committed to being carbon dioxide neutral by 2050. Iberdrola has CO_2 emissions that are 60.6% less than the average for the European electricity sector (continental Europe, 2019). **Actions and achievements:** • Emission reduction targets approved by the Science Based Target initiative (SBTi). 1.5 in November 2020. • **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. • Partnership 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). • *Plan for Raising Social Awareness on Climate Change*, with initiatives aimed at different audiences. • Launch of the *Open Innovation Platform*, focused on a just transition in Lada (Asturias), in collaboration with the University of the Basque Country and the Polytechnic University of Madrid.
 **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:** • Sea mammal watch at East Anglia ONE wind farm, which will entail installing noise mitigation measures to preserve the marine ecosystems. • Installation of a floating base to actively collect waste pump water through the device to contribute to the optimum functioning of the marine environment. • Study to analyse the interaction of swans with offshore wind farms on the Cumbrian coast in the United Kingdom, installing GPS in a sample of these birds to perform individualised three-dimensional monitoring of their interaction with the offshore wind facilities. The project began in 2020 placing collars on 10 species of Whooper Swan, which has made it possible to track the spring migration and their interactions with offshore wind farms.

SDGs and related targets	Iberdrola's main actions and achievements in 2020
 **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. **15.2** By 2020, promote the implementation of sustainable management of all types of forests, halt deforestation, restore degraded forests and substantially increase afforestation and reforestation globally.. **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.	**Goal:** Promote biodiversity through reforestation by planting 2.5 million trees by 2022 and reaching 20 million by 2030. **Actions and achievements:** • Launch of the "Iberdrola Trees" programme. • Signatories of the Call for Action of the 'Business for Nature' platform to reverse the loss of biodiversity. • Overhead Grid Improvement Project, in which 30,234 supports have already been adapted for avifauna. • Continuation of the biodiversity protection Action Plans. • Publication of the ***Biodiversity Report*** describing the activities under the Action Plans 2018-2019. • Calculation and verification of the Group's Corporate Environmental Footprint by Aenor.
 **16.5** Substantially reduce corruption and bribery in all their forms. **16.6** Develop effective, accountable and transparent institutions at all levels. **16.10** Ensure public access to information and protect fundamental freedoms, in accordance with national legislation and international agreements.	**Goal:** Renewal of the ISO 37001 certification on anti-bribery system and UNE 19601 certification regarding criminal compliance management systems. **Actions and achievements:** • **Inclusion for the seventh consecutive year on the list of the World's Most Ethical Companies of the Ethisphere Institute (United States).** "*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 Code of Ethics, as well as to ask questions regarding the interpretation thereof. • Organisation of events in partnership with the Polytechnic University of Madrid within the framework of the Iberdrola SDG and Ethics Chairs (of the ITD, UPM). • Active participation in the ICAI Iberdrola Chair on Economic and Business Ethics.

SDGs and related targets	Iberdrola's main actions and achievements in 2020
 **17.17** Encourage and promote effective public, public-private and civil society partnerships, building on the experience and resourcing strategies of partnerships. **17.19** Build on existing initiatives to develop measurements of progress on sustainable development.	**Goal:** Forge alliances with institutions that contribute to achieving the SDGs. **Actions and achievements:** • Partnership with the Spanish Climate Change Office. • Partnership 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 Polytechnic University of Madrid (itdUPM). • The following day will be... Launch of a multi-player initiative in alliance with ITD-UPM, Spanish Sustainable Development Network (*Red Española de Desarrollo Sostenible*) and IS Global to work on fulfilling the 2030 agenda. • Promotion of the SDGs in the supply chain through knowledge pills and training videos aligned with the group's sustainability strategy. • Shire Alliance: Continuance of a 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": online conference held in October in which more than 500 youths participated in a workshop dedicated to promoting youth leadership regarding the 2030 Agenda, held by Iberdrola and AIESEC.

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
- Measurement of the social dividend
- Long-term risks and opportunities. Comprehensive Risk System
- Climate action at Iberdrola
- Iberdrola and the TCFD

Business model

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The Iberdrola group engages in the following activities:

- Electricity production using renewable sources, including storage, conventional renewable sources and new sources such as hydrogen.
- Transmission and distribution of electricity and gas.
- Retail sale of electricity and gas, as well as related energy services for our residential (storage, heat pump, electric mobility) and industrial (comprehensive management and energy supplies) customers.
- Purchase/sale of electricity and gas on wholesale markets.

The Iberdrola group engages in its activities in many countries, including Spain, the United Kingdom, the United States, Brazil, Mexico, Germany, Portugal, France, Italy, Ireland and Greece, as well as Australia, where the Company has acquired one of the renewable energy leaders in the country, Infigen. It has also closed several agreements to start the development of various offshore wind projects in new markets: Sweden, Japan and Poland.

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 these circumstances, and taking into account the consensus long-term energy scenarios, Iberdrola is pursuing a strategy with the following main characteristics:

- The organic growth of the company is driven by major investments in multiple countries where it has a presence, and in new countries where it is acquiring a larger presence. International diversification in terms of contribution to results will continue to grow in the coming years.
- Investment will preferably be focused on networks businesses, renewables (including storage and green hydrogen) and on offering innovative energy solutions to our residential and industrial customers.
- 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 publicised its commitment to decarbonisation, setting demanding objectives: we have committed to being a carbon neutral company in Europe by 2030 and to reducing our CO_2 emissions 86% globally, to 50g/kWh. It should be noted that Iberdrola already generates 100% of its energy with zero emissions in countries like the United Kingdom, Germany and Portugal. 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.

Governance and Sustainability System

The Board of Directors has approved the Governance and Sustainability System, an evolution of the former Corporate Governance System, which is structured around three pillars: environmental, social and corporate governance.

The Governance and Sustainability System is structured into 5 books: Purpose, Environment, Climate Change, Social Commitment and Corporate Governance.

The new and pioneering *Diversity and Inclusion Policy*, the purpose of which is to create a favourable environment to foster and promote the diversity and inclusion of all the group's employees, is worthy of special mention.

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

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 and its commitment to sustainable development.

Code of Ethics

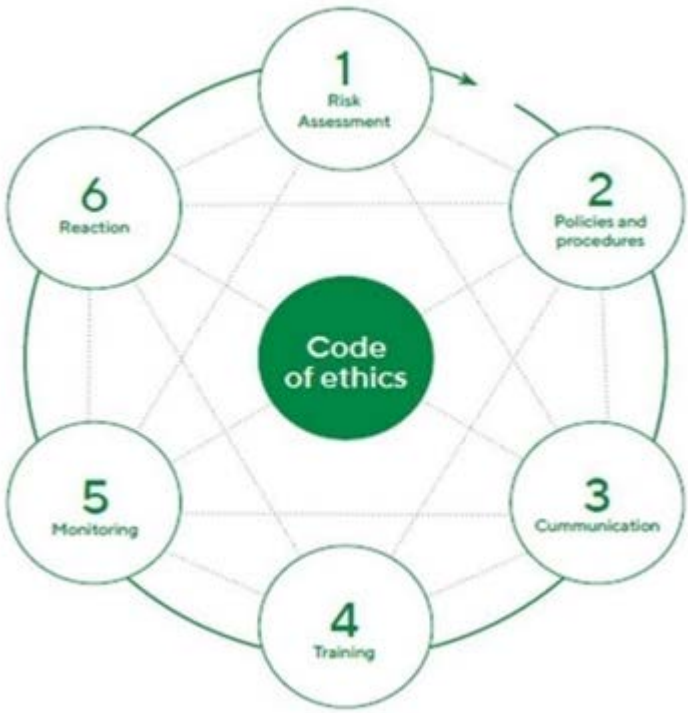
Contribution to SDGs of the performance described by the indicators of this section

102-16 **102-26**

The group'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 (the "Unit"), a collective, internal and permanent body connected to the Sustainable Development Committee of the Board of Directors of Iberdrola, S.A. and with powers in the regulatory compliance area. Furthermore, at each country subholding company and/or head of business company, there is a compliance division linked to the Audit and Compliance Committees or, in the absence thereof, to the Board of Directors of the corresponding company. The duties of all of them include promoting an ethical culture behaviour and zero tolerance for fraud and the commission of unlawful acts, as well as management of the Compliance System.

The *Code of Ethics* forms part of the Governance and Sustainability System, which was approved by the Board of Directors in 2002 and last amended on 15 December 2020. It is the "cornerstone" on which the Compliance System is based and permanently functions as an element "inspiring" the other elements of the system, which is described in the following chart:



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

Policies and commitments

The Iberdrola group has a set of corporate policies that develop the principles reflected in the 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 IV.2 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

102-16

Iberdrola has a *General Sustainable Development Policy*, first approved by the Board of Directors in 2007 and last revised on 15 December 2020, 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-cutting principles of conduct in relation to:

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

And 8 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
- media
- regulatory entities

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.
- Those related to the economic/financial function are the responsibility of the Finance, Control and Resources Division.
- Aspects relating to labour practices, on the other hand, are the responsibility of the Human Resources and General Services Division, within the Finance, Control and Resources Division. This Division also includes those related to the security of the facilities and cybersecurity, through the Corporate Security Division.
- Aspects relating to the environment are the responsibility of the Innovation, Energy Policy and Quality Division, reporting 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.
- Those relating to risk management are the responsibility of the Risk and Internal Assurance Division.
- 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 that established in the Corporate Governance System, in the Basic Internal Audit Regulations approved by the Board of Directors and the Company's other internal regulations, as well as the International Standards for the Professional Practice of Internal Auditing approved by the 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 IV.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 2020, 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 regular basis, and which can be seen in the introduction to chapter I.4. "Our ESG+F proposal: "Energy to thrive".

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 hinder it in 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:

a. Integrate the risk/opportunity viewpoint within the management of the Company, by defining the risk strategy and appetite and the inclusion of this variable in strategic and operational decisions.
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 accordance with the law and the Company's Governance and Sustainability System, and particularly with the values and standards of conduct 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 out in the *Crime Prevention Policy* and the *Anti-Corruption and Anti-Fraud Policy*, and the principles and good practices reflected in the *Corporate Tax 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.
e. Ensure the proper use of instruments for hedging risks and that they are recorded in accordance with the requirements of applicable legal provisions.
f. Inform regulatory agencies and the principal outside players, in a transparent fashion, regarding the risks facing the group and the operation of the systems developed to monitor such risks, maintaining appropriate channels favouring communication.

Comprehensive Risk Control and Management System

The *General Risk Control and Management Policy* and its basic principles are embodied through a Comprehensive Risk Control and Management System, supported by a Group Risk Committee and backed by an appropriate definition and assignment of functions and responsibilities at the operating level and by procedures, methodologies and support tools suitable for the different stages and activities of the system, including:

a. The establishment of a structure of risk policies, guidelines, limits and indicators, as well as the corresponding mechanisms for their approval and deployment, which review and establish the approved annual qualitative and quantitative risk appetite in accordance with the objectives established in the multi-year plan and the corresponding annual budgets, at both the group level and at the level of its main subsidiaries.
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 homogeneous 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. Ongoing evaluation of the suitability and efficiency of the application of the system and of the best practices and recommendations in the area of risks for eventual inclusion thereof in the model.
f. 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, Technological, Environmental, Social and Legal
- Reputational

Given the multidimensional nature of the risks, the taxonomy defined in the system contemplates additional classification variables for better monitoring, control and reporting of such risks, through the monitoring tools. These additional categories include the following:

- Classification of risks into Structural Risks, Hot Topics and Emerging Risks, the latter being understood as potential new threats, the impact of which is as yet uncertain and the probability of which undefined, but which are growing and could become significant for the Group.
- Inclusion of secondary risk factors, such as financial or environmental, social and governance ("ESG"), corruption, tax, third party, health and cybersecurity, among others.

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 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 Risk Management and Internal Assurance Division.
- It coordinates and reviews the Risk Reports sent periodically (at least half-yearly) by the Audit and Compliance Committees of 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.

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 2020.
- The "Main risks and uncertainties" section of the *Consolidated Management Report* and note 4 of the consolidated financial statements of the Annual Financial Report for financial year 2020.
- The *Integrated Report*, February 2021.
- The *General Risk Control and Management Policy*.

Climate action at Iberdrola

201-2

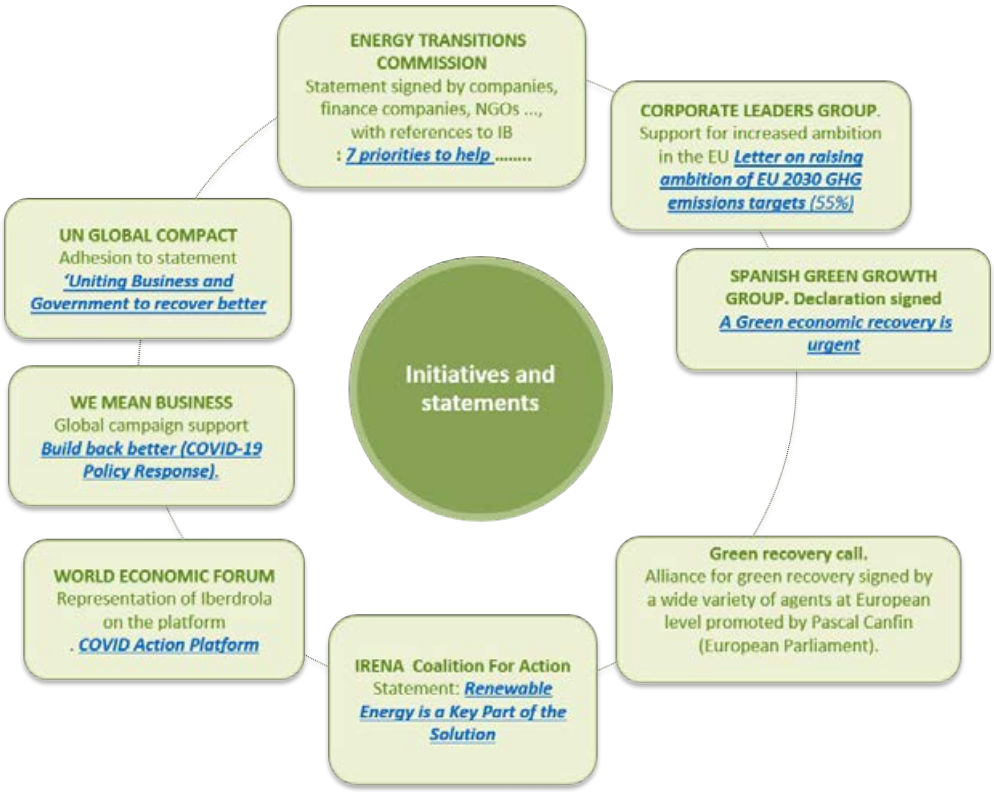
For 20 years, the group's business model has been focused on the decarbonisation of the energy model, thus anticipating the energy transition by wagering on renewable energy, networks, storage, electrification and smart solutions for its customers. All are fundamental planks in the transition to a sustainable energy model.

This commitment by the Iberdrola group took the form of investments amounting to 120,000 million euros since 2001, positioning the group as a world leader in renewable energy. In addition to these investments directed toward the electrification of the economy, innovation and technological advances as well as greater consumer connectivity, the 2020-2025 period will see the addition of a total of 75,000 million euros, the largest investment programme in the history of the group. This programme will give an important push to the renewables area, which will reach 60 GW of installed capacity in 2025, compared to the current 35 GW, and 95 GW by 2030. By the end of the decade, the company also expects to double the regulated value of its network assets -- to 60,000 million euros -- and to install 600 MW of operational green hydrogen by 2025.

This clean energy investment strategy and commitment to favouring measures to combat climate change have led the Group to continue reducing its own emissions to 96 grams per kWh in 2020 (2.6 times lower than the European average).

An example of the consistency between its strategy and its public positions is the Iberdrola group's support for ambitious approaches in the area of climate policies and the establishment of plans and objectives for 2030 and 2050, having entered into commitments with some of the leading international organisations and business coalitions.

Furthermore, in a year marked by the COVID-19 pandemic, Iberdrola has actively supported the identification of green recovery plans that align climate goals with economic recovery, based on the firm belief that policies and plans for promoting a cleaner and more efficient energy model based on electrification with renewables offers a clear path toward economic growth, prosperity, and a sustainable short-term recovery that can be maintained over time. Iberdrola joined 11 other European companies around the *'European CEO Alliance'* in a clear example of Iberdrola's commitment to the adoption of ambitious climate-related measures and to lay the groundwork for a stronger and more sustainable economy for Europe. Along with this initiative, Iberdrola has supported others that are shown in the following chart:



Because of its work, Iberdrola has been recognized as a company with outstanding business leadership in support of climate policies by We Mean Business, an international coalition for the support of climate action from a business viewpoint.

To implement its commitment, Iberdrola has several solid climate-governance factors that include climate change within the company's vision, mission and values, and that are formally stated in a *Climate Change Policy* that outlines the foundations for conduct. Supplementing this arrangement, Iberdrola has a climate action plan with five approaches to its implementation:

1. Iberdrola firmly believes that the transition to a carbon-neutral economy by 2050 is possible and makes economic sense. As an example of this, the Group has ambitious emission-reduction objectives, having committed to being a carbon-neutral company in Europe by 2030 and to reducing our CO_2 emissions to 50 g/kWh by the end of the decade, reaching carbon neutrality at the global level in 2050. It should be noted that Iberdrola already generates 100% of its energy with zero emissions in countries like the United Kingdom, Germany, and Portugal.

2. Promoting ambitious climate action in turn requires **intense activity within the framework of the global and regional debate in the principal forums of the global climate agenda**. Iberdrola participated actively in the major milestones for 2020, in which climate action and green recovery went hand in hand, with an intense conversation during numerous high-level conferences and technical seminars that were useful in preparing for COP 26, which will take place in November of 2021 with Iberdrola as an official sponsor. The milestones that were reached include several in which Iberdrola played a leading role:

   - United Nations General Assembly and New York Climate Week
   - Race to Zero Dialogues
   - Climate Dialogues 2020
   - Climate Ambition Summit (organised by the UN, the United Kingdom and France)

   In turn, this global process **of support for climate action on a global scale requires the establishment** of alliances and participation within institutions, organisations, campaigns and both domestic and international events, encouraging an ambitious focus on the determination of climate policies and participation by the private sector. This includes commitment made with some of the major international organisations and business coalitions, such as the UN Global Compact, WBCSD, the Corporate Leaders Group, the Race to Zero Alliance and the Powering Past Coal Alliance.

3. The actions implemented in the area of innovation, analysis and **positioning with regard to decarbonisation strategies** in recent years have allowed us to show that technology and solutions are available for successfully addressing climate change, not only feasibly and competitively, but also by creating numerous business opportunities and supporting an equitable transition for those sectors that might be affected by the **energy transition** process.Noteworthy among the

activities carried out during the year 2020 is the partnership with the consulting firm AFRY to prepare a low-cost roadmap for decarbonisation of the energy sector in Europe, in which it was concluded that the electrification of transportation and heat, along obtaining electricity through renewable energies, will be the keys to decarbonising the European economy between now and 2050. We also participated actively with the *Energy Transitions Commission* in the preparation of the Making Mission Possible report, which showed that full decarbonisation of the global economy is technically and economically possible.

4. This action and information plan is being catalysed through **internal actions** that encourage the development of new projects that provide a cross-sectional contribution to the mitigation of climate change and to the decarbonisation of the economy through our climate change and governance policy (a strategic pillar of our mission, vision and values) and our investment plan, focused on leading the energy transition, and toward the Company's climate resilience through the evaluation, analysis and ongoing management of the potential risks and opportunities presented by climate change.

5. Since 2015, the proportion of people who say that climate change is a very serious problem has increased throughout the world. At Iberdrola, we are aware that climate change is a challenge that demands the active participation of all members of society. As early as 2016, Iberdrola had already incorporated a Plan for Raising Social Awareness on Climate Change, which it has since been carrying out with various activities focussed on the creation of knowledge and the mobilisation and encouragement of climate action in society, directed toward various internal and external audiences, and coordinated through an internal working group at the global level. This plan consists of four main lines of conduct, which in 2020 included various activities including:

    - Internal communications to employees. Throughout this year, numerous internal communications pieces and news stories were created, including the publication of the climate science report, which was prepared with the goal of contributing to an understanding of the climate-change phenomenon, its visible signs and implications, and the scientific view of its future progression. Similarly, and in order to commemorate the 5th anniversary of the Paris Agreement, an online event was held for all employees, during which the current status of climate policies was reviewed, along with solutions for the decarbonisation and electrification of the economy and the status of climate science.

    - External communications through high-quality content on Iberdrola's website, with a dedicated section for the dissemination of materials.
    - Activities (such as education and workshops) aimed at young people. The EducaClima, project (an online platform of educational resources on climate change and sustainability prepared by and for teachers, and driven by Iberdrola) served as the launch site for an online training programme for teachers in Spain.
    - The establishment of alliances with the public and private sectors as an accelerator and enhancer of climate action, such as collaboration with the ECODES Foundation for the development of a project for driving climate action for small local governments.

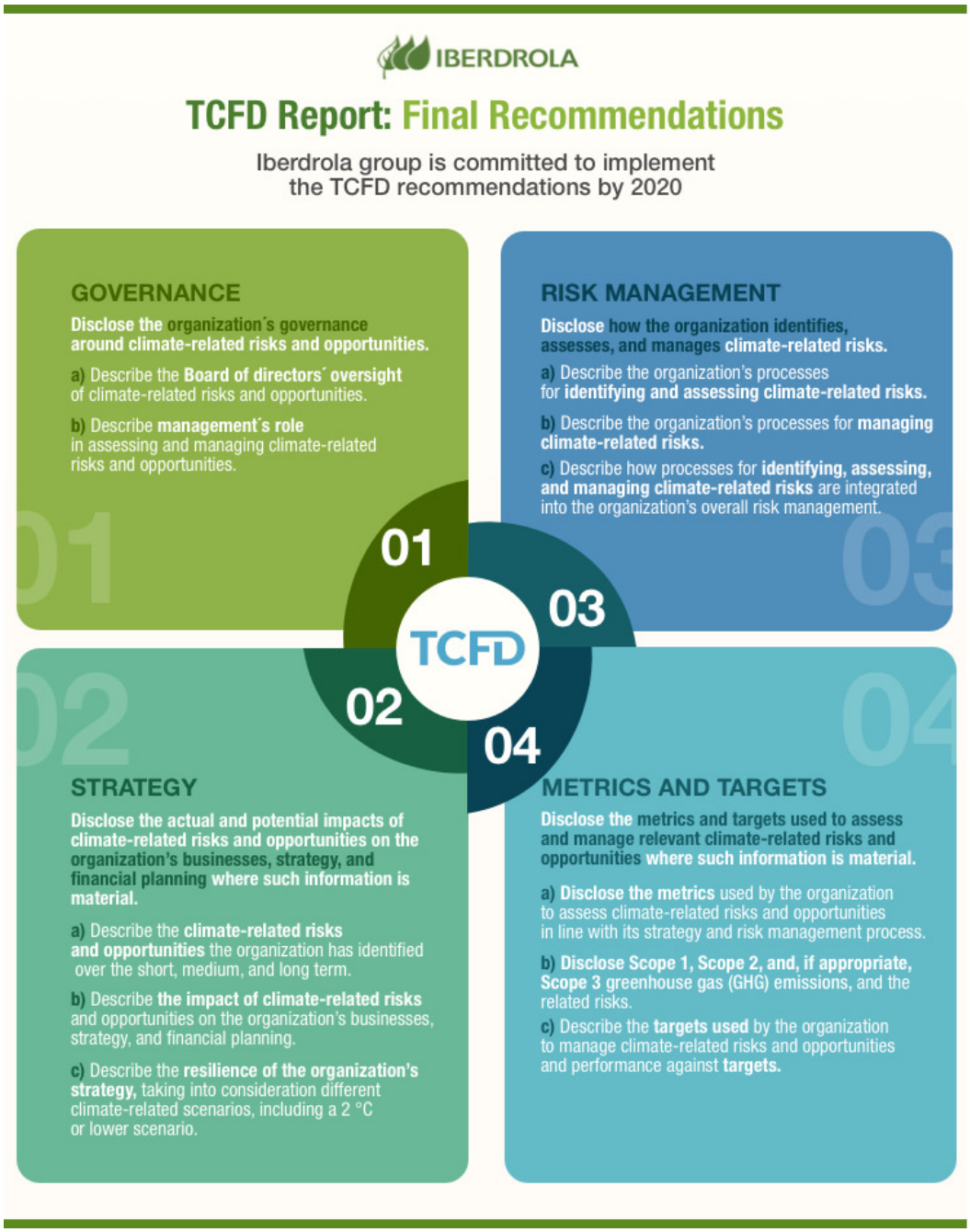
COVID-19: Towards a green recovery

Countries	Main actions
GLOBAL ACTIONS	• Given the crisis generated by the COVID-19 pandemic, many voices have emerged from all parts of society proposing to seize this moment of recovery as an opportunity to drive the transition towards a new model that is climate neutral, resilient, sustainable and inclusive. This is known as the Green Recovery. • Active support for establishing green recovery plans that align climate goals with economic recovery, based on the firm belief that policies for promoting a more efficient and cleaner energy model based on electrification with renewables offers a clear path toward growth and prosperity and a sustainable short-term recovery that can be maintained over time (see description of partnerships and initiatives included in the "Climate Action" section). • Holding of Iberdrola's 2020 General Shareholders' Meeting on a fully remote basis, donating the expenses of holding Shareholder Day to the health services. • Iberdrola, convinced that recovery after COVID-19 can only be green, has committed to accelerating its investments in renewable energy, digitalisation and electric mobility to drive the economic recovery and employment. It thus progresses towards the energy transition and decarbonisation and electrification of the economy, a path it began some 20 years ago, becoming a world leader in renewables, with a historic plan to contribute to the economic recovery (€75,000 million) based on the following pillars: ◦ Net-zero carbon global economy ◦ Clean energy to ensure a sustainable future ◦ Green economy to transform the industry and drive up employment • Joining the Race to Zero Breakthrough initiative, which sets specific short-term inflection points for more than 20 industries making up the global economy, around a strategic plan that has united businesses, governments and civil society. • *EUROForo* Next generation: Plans to rebuild or create new industries of the future, accelerate transformation and implement projects aligned with a green and digital economy. Iberdrola has 150 initiatives allowing for the mobilisation of more than 21,000 million euros and involving a multitude of companies, generating 45,000 jobs per year, economic growth of more than 1.5% of GDP, improved competitiveness and a balance of payments (between 500 and 1,000 million euros/year) and a contribution to the demographic challenge, which already include more than 7,000 million euros.
UNITED KINGDOM	• ScottishPower has signed up to the C-19 Business Pledge, highlighting its commitment to help customers, employees and communities in the United Kingdom to overcome the COVID-19 crisis through its contribution to the economic recovery. • Assistance and support for COP26, to be held in Glasgow, which was postponed to November 2021 due to the pandemic.

Iberdrola and the TCFD

201-2

Iberdrola was one of the first companies to **publicly commit** to implementing the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). As part of this, in 2017, the company created an internal multidisciplinary working group to coordinate all the work performed in this area. In this report, the company currently reports the progress made in each of the four thematic areas in which the TCFD's eleven recommendations are structured.



Governance and sustainability

Iberdrola's Board of Directors considers climate change to be a priority element for the company (see section "Climate action at Iberdrola" containing the actions reflecting Iberdrola's commitment within the framework of climate action), integrating it within the decision-making process. The Sustainable Development Committee of the Board is responsible for supervising the aspects relating to climate change and receives regular reports from the company's management team. It also appears before the Audit and Risk Supervision Committee and the Executive Committee on matters relating to the fight against climate change and risk management. The *Activities Report of the Board of Directors and of the committees thereof* describes and lists the issues addressed by the Board and its Committees, and includes everything relating to the risk of climate change.

The Directors Training Programme on climate change ensures supplementary information based on external sources is available. In the last 12 months, it has also dealt with topics such as the analysis of the results of the COP25 Climate Conference, technological innovation in clean energy, climate commitments in adaptation and mitigation matters, and references to studies on climate science.

The *Climate Change Policy* of the Iberdrola group, last updated in December 2020, establishes the company's goals for decarbonisation and the main principles of conduct in this area, and reflects the group's commitment to:

- Contribute to mitigating climate change and decarbonising the energy model by gradually reducing the intensity of greenhouse gas emissions to a global level below fifty grams of CO_2 per kWh by 2030 (which entails a reduction of close to 90 percent in the intensity of emissions compared with 2000), continuing to develop electricity with renewable sources, focusing the innovation efforts on technologies that more efficient and less intensive in carbon emissions, and progressively introducing them in its facilities until it becomes carbon neutral by 2050.
- 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, the private sector's participation in the global agenda, creation of alliances and climate awareness.

Furthermore, *the group's Investment Policy* includes the need to consider the possible risks arising from climate change (physical and transitional) in decision-making on any new investment.

As a result of the group's 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, such as the acceleration of the emissions reduction objectives.This commitment is aligned with the goal of reducing overall emissions intensity, which contributes to SDGs 7 and 13, by 2030 (see additional detail in the "Remuneration policies" subsection of the "Corporate governance" section in chapter IV.I.).

For more information, see the Governance and Sustainability System section of this chapter, as well as the following link Governance and Sustainability System.

At the operational and management level, business activities are aligned with these guidelines to deliver on Iberdrola's commitment and are described in detail in the Strategy section below. Internal working groups have been created, including the Global Climate Change Working Group, which integrates various perspectives and organisations in this area and meets on a monthly basis for a detailed review of climate regulations, operational milestones and awareness-raising.

Strategy

Climate change is a key element for defining the company's strategy focusing on promoting clean technologies and on innovation. 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.

Leaders in the management of opportunities that this challenge entails, the group's resilience requires being prepared for the risks associated with climate change while taking measures to achieve a net-zero emissions future and working on the protection of nature and resilient communities. Improving climate resilience entails assessing how climate change will generate new risks or alter current risks related to the climate and, therefore, in a broad sense, building resilient systems involves a technological transformation and a transition towards a decarbonised economy.

Climate change covers various risks, which to a large extent are not new risks for Iberdrola. These risks, which are covered in the *General Risk Control and Management Policy* and therefore monitored, can be grouped as follows:

- Physical, deriving from possible material impacts on the facilities as a result of effects of the future evolution of climate variables (increased temperatures, rising sea levels, changes in precipitation patterns, increased extreme weather events both in terms of frequency and intensity, etc.).
- Transition, associated with all the risks that can appear in the progressive global decarbonisation process, such as regulatory changes, market, technological and reputational risks, lawsuits, changes in demand, etc.

Derivatives of these risks may arise, including risks relating to deterioration in the credit of counterparties (suppliers, banks, others), social phenomena (humanitarian crises, impacts on crops and fishing, refugee crises, epidemics) and greater competition for financial resources.

Although the future risks are growing, the experience accumulated by the group in the management of these risks in the past should be highlighted.

II.1 Identifying and assessing transition risks and associated opportunities

Iberdrola has been a pioneer in the promotion of renewable energy and the fight against climate change, and has achieved a position of leadership allowing it to forestall the potential risks of transition included in the following table by actively contributing to global decarbonisation.

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

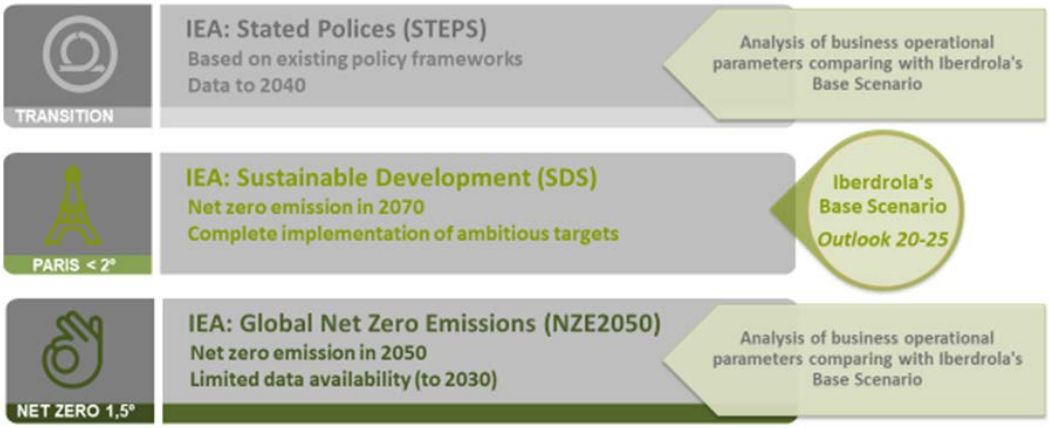
In 2020 Iberdrola updated its strategy and published its Outlook 2020-2025.

As part of the process, the company has reviewed and updated the analysis of transition scenarios arising from climate change over different time horizons. The analysis has focused on:

- Benchmark transition scenarios
- Interaction among key parameters of both the scenarios and the operational business indicators.
- Operational indicators by businesses/geographies
- Impact of alternative scenarios on Iberdrola's base case

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

- **Sustainable Development Scenario** (SDS): scenario aligned with achievement of the goals agreed to in the Paris Agreement (<2°C), improvement in air quality, and universal access to electricity, all in accordance with the UN SDGs. It establishes an ambitious and pragmatic view of how the global energy sector may evolve to reach net-zero emissions by 2070. In the WEO-2020, the SDS also includes the stimulus packages required for a sustainable global recovery from COVID-19. This is the base scenario used to prepare Iberdrola's Outlook 2020-2025.
- **Stated Policies Scenario** (STEPS): provides the path towards where the energy sector probably trends looking forward to 2040 based solely on policies and measures that have already been implemented or announced and on the targets set.
- **Net Zero Emissions by 2050 scenario** (NZE2050): new scenario framed within the aspiration to achieve net-zero emissions by the midway point in the century, bringing forward the ambition of the SDS scenario in relation to neutral emissions. Iberdrola has completed this analysis with the outcome of various initiatives in which it has collaborated to understand in depth what is needed to completely decarbonise the energy sector. Specifically, it has participated actively with the Energy Transitions Commission in the preparation of the Making Mission Possible report, which showed that several paths to full decarbonisation of the global economy are technically and economically possible, and will require profound transformations within the global energy system. Furthermore, in line with the climate neutrality objectives of the EU-27 and the United Kingdom for 2050, Iberdrola has worked with the consultant AFRY to prepare a minimum cost roadmap for the decarbonisation of the energy sector in Europe see table the "Decarbonisation in Europe Scenario" on the following page).



Decarbonisation in Europe scenario

The aim of the study is to identify the key points to successfully and efficiently decarbonise the energy sector by 2050 (electricity generation, heating, and road and rail transport), using economic optimisation models to identify the most efficient technologies and paths to fully decarbonise energy by 2050. We are concentrating on the European energy sector in general, with a particular focus on Great Britain and Spain, two markets where the group has a strong presence

The results show that the electrification of transport and residential heating and the acquisition of electricity from renewable energy would be the keys to decarbonising the European economy between now and 2050.

- **Electrification would reach 62% of the final energy consumption** in the EU by 2050 — 65% in Spain and 69% in Great Britain — compared with the current values close to 20%.
- This entails a **59% reduction of CO_2 emissions in the EU by 2030**, essentially as a result of the progressive entry of renewable energy to replace fossil fuels, in accordance with efficiency criteria.

IBERDROLA

ELECTRIFICATION BY SECTORS IN THE EUROPEAN UNION, SPAIN AND GREAT BRITAIN

[FINAL ENERGY]

	2030			2050		
	EU	SPA	GB	EU	SPA	GB
Transport	14%	11%	9%	80%	72%	83%
Building	44%	51%	35%	70%	95%	68%
Industry	39%	38%	49%	48%	43%	61%
TOTAL	35%	34%	31%	62%	65%	69%

Source: AFRY.

Electricity	Demand will double by 2050 as a result of electrification and the generation of green hydrogen. This means a tripling of installed capacity, almost entirely with renewables, with a minor contribution from hydrogen in certain areas.
Intelligent networks	All of this will bring a moderate increase in interconnections and an increasingly flexible demand. This requires significant investments in modernisation, digitalisation and automation of grids.
Transport	Electrification is 100% in medium and light vehicles, while in heavy, long-haul vehicles, electrification is supplemented with hydrogen vehicles.
Heat	Electrification via heat pumps will play a crucial role in decarbonising heating. The use of hybrid heat pumps in very cold regions is being assessed.

2020-2025 period

The evaluation of scenarios for the 2020-2025 period have been assessed analysing the hypotheses and forecasts of the different businesses and countries based on the macroeconomic and sectoral variations envisaged in the alternative scenarios. The results obtained confirm the resilience of the company's strategic plan (Outlook 2020-2025), publicly presented on 5 November on Capital Markets Day.

This plan includes initiatives and projects allowing the group to take full advantage of the opportunities offered by decarbonisation policies regarding electricity generation, the trend toward electrification of demand, the reality of the digital transformation and the possibility of integration of the entire system thanks to the electricity grids. Alternative scenarios to the Iberdrola base case have also been considered, verifying that the company's strategy and plans minimise the risks identified by the group's general risk system, including the risks arising from climate change. Significant risks are not identified for Iberdrola in the short term arising from climate change transition factors.

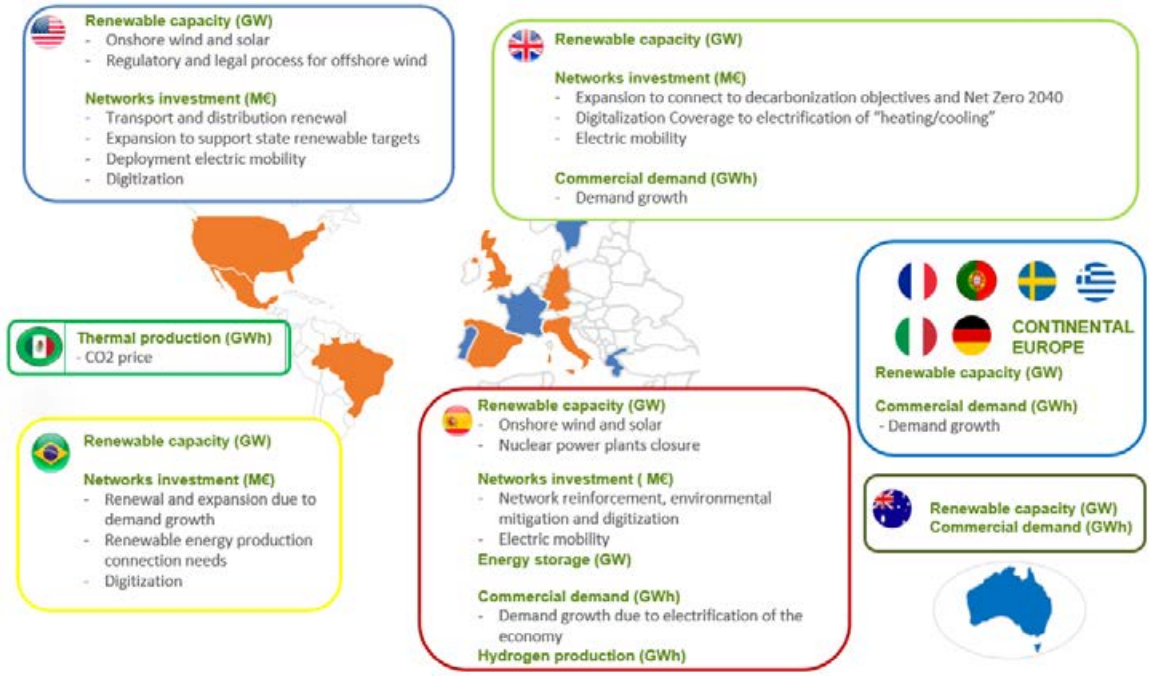
2025-2030 period

The assessment of the scenarios for the 2025-2030 period applies a methodology that considers the impacts and opportunities as a result of the change in macroeconomic or sectoral parameters considered most significant for the group's businesses in each country. A change in these parameters affects the group's various businesses to different degrees, and would impact different operational business indicators. The correspondence and the degree of intensity identified between these two types of variables is shown below:

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

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

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



The analysis has made it possible to identify positive and negative impacts or the absence of a significant impact for the businesses and geographic areas identified in the previous step. The table below provides a qualitative description of the trend of the most relevant operating indicators for each business under the two alternative scenarios.

Legend

▲	Positive impact
▬	Not significant
▼	Negative impact

Impact 2030			STEPS scenario			Net Zero scenario		
	Business	Type of impact	Low/NS	Medium	High	Low/NS	Medium	High
	Retail	GWh	▼ ▬				▲ ▲	
	Global generation	MW/GWh	▬ ▬ ▬ ▼ ▬			▬ ▲ ▬		▲ ▲
	Networks	Investment (M€)	▼ ▬				▲	▲

Under a *STEPS* scenario, which involves slower decarbonisation compared to the central scenario used, and a lower degree of green electrification, a general absence of significant impacts has been observed in the medium term, as a result of the high visibility of the investments planned by the company during the 2020-2025 period. The areas in which there could be negative impacts during the 2025-2030 period, although of relatively low importance, are: the retail business in Europe, associated with the lower unit consumption in this scenario; the generation business due to potential lower growth in

installed capacity in the European area; and the network business in Europe, as a result of a lower level of electrification than forecast in the base scenario. The rest of the businesses will maintain the forecasted growth rates as a result of the great need for investments to strengthen networks and the penetration of renewables in the United States and Brazil.

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

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

Impact on EBITDA 2030 (M€)

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

Legend

▲ Positive impact
– Not significant
▼ Negative impact

2030-2050 period

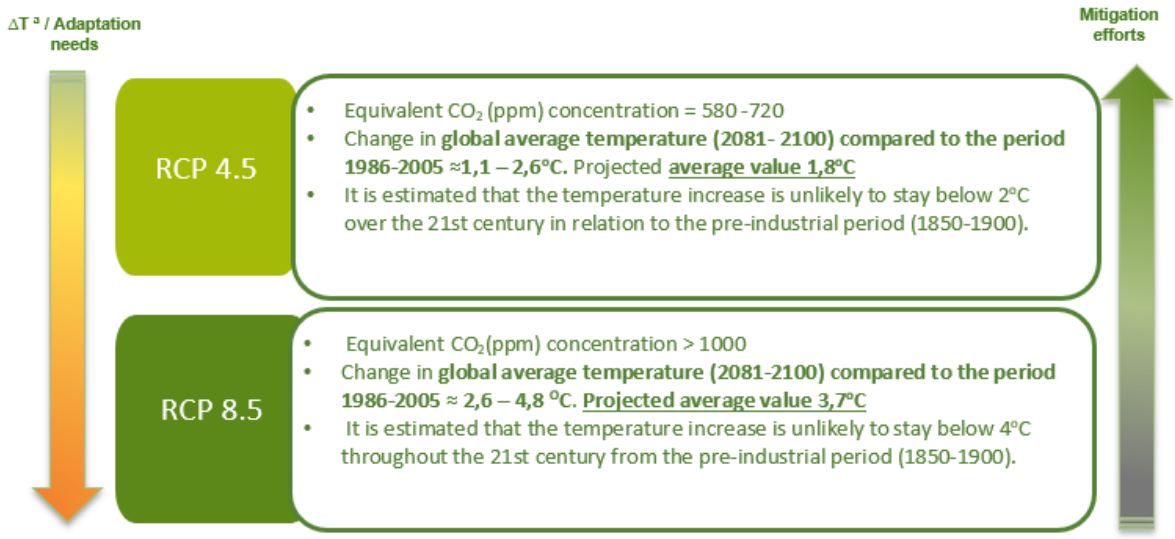
Based on the available projections (see description of scenarios at the beginning of this section and the "Decarbonisation scenario in Europe" table in in this section), a qualitative extrapolation of the analysis of transition risks and the Group's business model leads to a favourable conclusion regarding the resilience of the group in view of expected trends during that period.

The following section details the study conducted to identify and assess physical risks.

II.2 Identifying and assessing physical risks and associated opportunities

Iberdrola monitors and manages the physical risks by means of a permanent climate science analysis process and its application in the company's usual procedures (facilities, processes, governance and adaptation assets) with a focus on planning, execution and control, and constant improvement.

Iberdrola has analysed the evolution of the main climate threats based on the projections contained in the Fifth Assessment Report, AR5[13], of the IPCC for the **RCP 4.5 scenarios** (stabilisation scenario, where the efforts being made and to be made at international level in terms of reducing GG emissions are taken into account) and **RCP 8.5** (a more pessimistic scenario of greater concentration of GG emissions and, therefore, greater variations in the climate) (see following figure). The selection of the RCP 4.5 and RCP 8.5 scenarios reflects a conservative approach with regard to physical risk analysis.



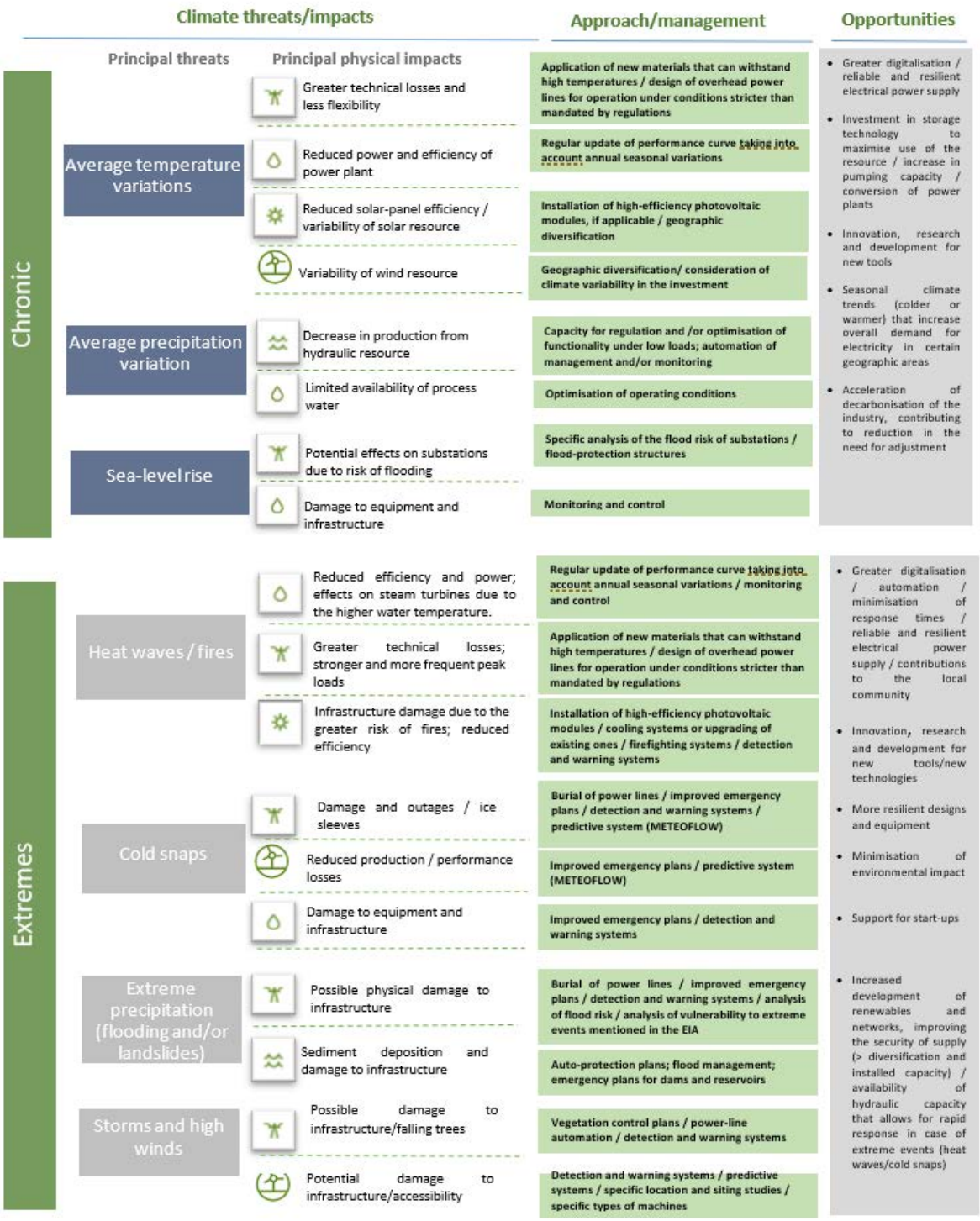
[13] The IPCC's sixth report (AR6), whose first publications are scheduled for 2021, will take into account a new set of scenarios (a total of 8) that will consider a series of socio-economic conditions, called SSPs, whose radiative forcings are similar to those of the current RCPs, although the emission pathways and combination of emissions are slightly different.

Based on the analysis conducted, in general and in accordance with the best knowledge available, it is concluded that many of the risks derived from climate change, both chronic and extreme, (as described in the “Management approach to key threats and related impacts and opportunities” table included below), affect normal variables of the business and, consequently, variables managed, to a greater or lesser degree, in the normal processes of its operations. Climate change is expected to affect the likelihood of occurrence and potentially the intensity of the risks already managed, and so they do not constitute a new source of risk but it does raise the degree of sensitivity in view of these events, although a strong local and technology component is detected, and so technological and geographic diversification is an adaptation and mitigation factor for the physical risk.

Given the characteristics of extreme weather events which are expected to increase in frequency and intensity over the coming years, these are identified as one of the main threats for the different technologies and jurisdictions. The table below contains the main threats identified for the different technologies taking into account the expected evolution of the climate variables and the degree of technological sensitivity[14]. Furthermore, for each of them, the main management measures in operating the facilities are identified to minimise the possible impacts.

[14] The analysis carried out has not taken into account the specific characteristics of a specific facility and in relation to the evolution of the threats the best information available has been considered.

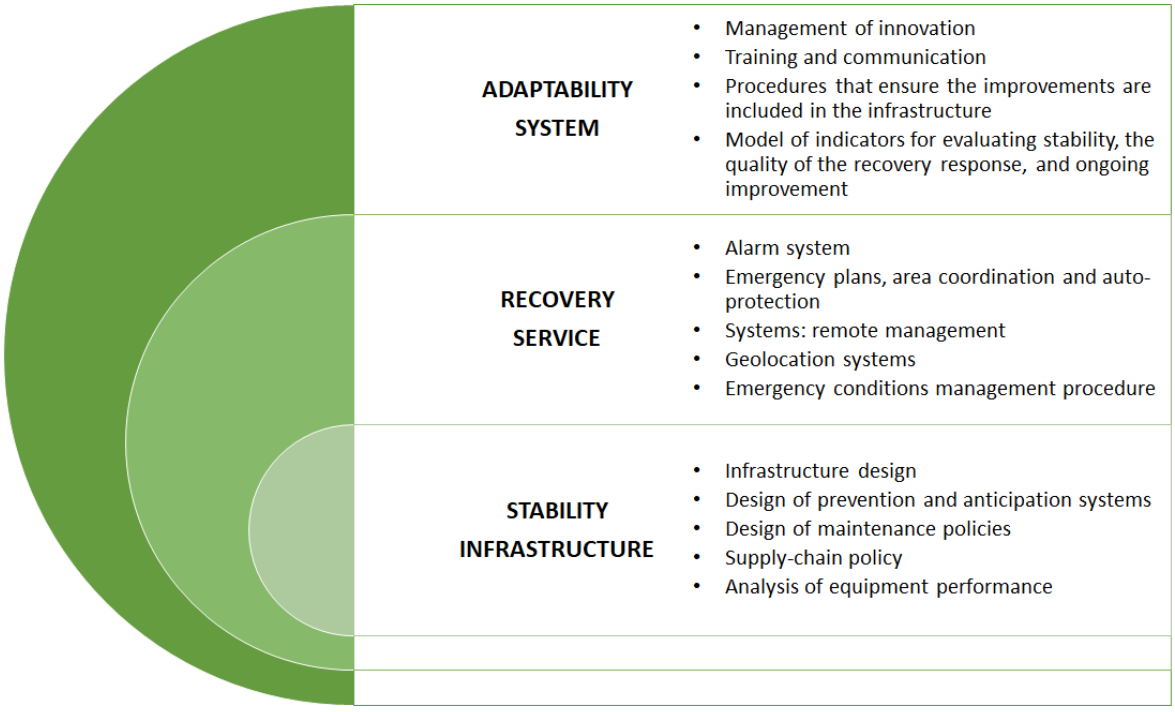
Management approach to key threats and related impacts and opportunities



Dealing with the vulnerability in view of the risks derived from climate change entails focusing further on the concept of climate resilience. A facility or infrastructure is resilient to the climate when it is designed, built and operated in such a way that it anticipates, is prepared for and adapted to the changing climate conditions. At the same time, it can resist, respond to and rapidly recover from potential interruptions caused by extreme climate conditions, thus becoming an optimum strategy to mitigate the risks derived from climate change within an organisation.

Based on this definition, the resilience of the different areas of business is being analysed based on three key concepts in its definition: **solidity, recovery and adaptability**.

- The solidity of the infrastructure constitutes the basis of the model, as the capacity to continue the operation in view of changing climate conditions will depend on this.
- Recovery represents the organisation's capacity to re-establish the service in due time and quality when the solidity of the system fails due to any event (extreme weather condition, high temperatures, etc.).
- Finally, and as a wraparound for the general system, adaptability or capacity for adaptation. Over the lifespan of the facilities and as a result of an innovation and constant improvement process for the whole system developed based on the intelligence of the solidity and the efficiency of the recovery, the lessons learned from the events will be incorporated, making it possible to improve the anticipation and response capacity, as well as the recovery level achieved, in future events.



We highlight some examples of actions/projects being carried out at different areas of the Group and responding to each of these concepts below (see *Statement of Non-Financial Information - 2019 Financial Year* Section II.2 Physical Scenarios of the chapter "Iberdrola and the TCFD", with additional examples):

- Solidity encompasses the design criteria, the operating and maintenance procedures, and the policies required for their effectiveness and efficiency. Given the sensitivity of certain equipment/components to climate variables such as temperature, moisture or extreme weather events, in analysing and defining the design specific production optimisation, efficiency enhancement and durability studies are conducted in view of the climate conditions of the sites. For example, in the Renewable Business, the site studies and equipment specifications are complemented by prediction potential (Meteoflow, an internal prediction system whose functionalities include forecasting extreme weather events) and regular monitoring of the systems operation (Domina, an internal tool that makes it possible to ensure the maximum lifespan of the facilities, asset management, and to maximise the knowledge of technology). These tools make it possible to anticipate faults, improve availability and, in general, perform less expensive repairs. In addition, Iberdrola has internal policies and procedures that generally contribute to the resilience of its facilities.
- In the area of recovery, the digitalisation and automation of all the business is noteworthy, particularly the impetus in smart grids with activities focused on asset management, real-time remote control, predictive maintenance and operational efficiency from generation to distribution, and optimisation of the grids. The investments made in the smart grid in recent years have improved the response to incidents, both in terms of the number of customers affected and the recovery period.
- As for adaptability, the support for innovation and the initiatives carried out in recent years constitute evidence of the value of innovation for Iberdrola. Among the different initiatives developed over these years, the Arborea project, based on using drones to inspect wind turbine blades and applying a software for digitalisation of transmission lines of wind farms to reliably facilitate the deferred inspection while providing analysis data based on artificial intelligence, making it possible to centralise the strategic decisions and generate an efficient control with a focus on predictive intervention on the possible faults.

With current knowledge, and based on the analysis conducted to date, Iberdrola's business model could be classified in general terms and at Group level, as resilient to climate change, due to the following factors, among others:

- We boast management processes that already contribute to resilience in terms of robustness (derived from design and construction procedures), recovery (derived from the early detection tools and action protocols) and adaptability (due to the application of lessons learned in the usual operations and the search for constant improvement in processes).
- Many of the risks derived from climate change affect normal variables of the business, and, consequently, variables already managed (to a greater or lesser degree) in the usual processes of the operations (e.g. redundancy of equipment, emergency plans, events management, crisis plans, etc.).
- Anticipation in transforming the business model to adapt to climate change.
- The large diversification of generation assets (in terms of both technology and countries) allows the group to better manage the risk arising from climate change.
- Digitalisation and modernisation of grids and generation equipment.
- The technical specifications of equipment and components make it possible to cover the expected climate variability over the medium term.

- Considering climate change in the decision-making process in terms of new investments and renewal of the asset base once the existing assets reach the end of their lifespan, which makes it possible to increase the resilience of the overall assets by installing new equipment.
- Iberdrola also maintains a proactive attitude in collaborating with third parties participating in the global and local dialogue of the adaptation, as well as in collaborating with other sector agents, as a key action to progress in a cost-efficient manner in developing the resilience of our activity.
- The continuity of knowledge acquisition processes in terms of climate science as well as the integration of the climate variable in the Iberdrola group's operational and investment procedures.
- Innovation remains a strategic variable for the group.
- Insurance cover.
- Solid business model, with financial capacity.

However, as part of Iberdrola's constant improvement philosophy and taking into account the evolution of science (new projections, more powerful tools, etc.) and the specific nature of the risks (highly dependent on specific characteristics and the location), we must continue advancing and analysing the possible risks associated with specific facilities, and continue working on integrating the climate change variable in the different process and phases of the project.

Risk management

Risk identification and analysis

Iberdrola’s Board of Directors and senior management is strongly committed to and engaged in the management of the group’s risks, including climate change risks:

- Ex-ante: acceptable 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: periodic monitoring of significant risks (key risk maps) and threats and the various exposures of the group, as well as of compliance with the approved risk policies, limits and indicators.

The *Investment Policy of the group* include the need to consider the possible risks arising from climate change (physical and transitional) in decision-making on any new investment.

Climate change and new investments

Under the philosophy of continuous improvement, and in line with the Board of Directors' commitment to facing the risks of climate change, the analysis of these risks was strengthened during 2020 in the investment dossiers, documents on which investment decisions on new assets ("FID" in international terminology) are based.

Given that network businesses are built around multi-annual reviews and that future investments in thermal power plants will be quite small, it has been considered appropriate to focus the analysis on new onshore wind and photovoltaic facilities. Based on the experience gained, the model will be expanded in the future to include offshore wind farms.

The model, promoted by several corporate divisions with the collaboration of Renewables, is based on a survey. This document should be completed by the Business (from a technical perspective), taking into account the particularities of each site.

The main variables and related risks have been identified based on existing internal studies, allowing the Business to verify all items in each survey. On the other hand, physical risks, due to their nature, are analysed using climate projections from various sources, with different levels of granularity and time horizons, that are made available to the Business.

Based on the survey, appropriate conclusions are drawn and included in the Investment Dossier.

We are facing a systemic and global risk. Companies, governments and individuals can reduce emissions (mitigation) and/or increase their resilience with a view to the future (adaptation).

It should be noted that the Group continues to advance and deepen its climate analysis, as part of a process of continuous improvement in the analysis of forecasts and the implementation of adjustment measures when necessary.

Risk management

Climate change risks sometimes require strategic management, of which Iberdrola's growth policy is an example given its strong focus on the development of renewable energy and flexible smart grids.

It should be emphasised that the main transition risks (regulatory and market risks) are essentially nationally. The group's strategic positioning, its experience in managing these types of risks and its mix of assets allow it to tackle them with confidence.

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

In this regard, see the mitigation and physical risk management measures described in the "Strategy" section of this chapter. The table below offers additional information for each of the three global businesses of the group:

Networks

Given the geographic location of our network assets in Spain, the United Kingdom, the United States and Brazil, and in accordance with the existing studies, potential rises in sea levels in coastal areas would affect a very small percentage of the regulatory base of the Group's assets.

Temperature increases and a higher frequency of extreme weather events could entail greater technical losses, impairment of service quality levels, a very moderate progressive increase of operating and maintenance costs (associated with several phenomena such as asset lifespan) and annual investments, although in amounts that are recoverable due to the multi-annual tariff updates for these regulated businesses. The current investment and response plans, experience acquired and the grid design (mesh design with buried lines) would act as mitigating measures.

In terms of transition risks, one should also note the potential widespread development of distributed generation, the impact of which would be partially offset by the growing electrification of the economy (such as electric cars) and investments in smart grids, should be emphasised.

Renewables

The main risk seen is the potential negative future evolution of hydro, solar and wind resources, which are the key variables in the financial results of this line of business activity. The uncertainty relating to long-term global climate projections is in addition to the need to specify the impact in the geographic areas where our assets are located. There is currently a high level of uncertainty associated with long-term projections, particularly for solar and wind resources.

- In the case of hydro resources, a possible reduction in annual average rainfall could have a negative impact on the production of the group's hydro plants, particularly clear in run-of-river plants, although the negative effects in some regions can be partially offset with others. Climate change could affect the seasonable distribution of rainfall.

  In Spain, for example, a hypothetical 5% drop in production is estimated to have a medium-term impact on the margin (net of current rates and fees and discounting pumping) of approximately 20 million euros. In Brazil, the estimated impact would be between 5 and 10 million euros.

- In the case of wind resources, as noted above, there are no conclusive studies in this regard that allow us to anticipate future affects with certainty. However, for illustrative purposes, a 1% reduction in the group’s wind production would entail a lower margin of approximately 30 million euros.

In terms of transition risks, the potential cuts in the renewable energy remuneration frameworks and the fall of prices in marginalist wholesale markets due to increased renewable production with lower variable cost should be highlighted.

Liberalised

The long-term impact of climate change on the thermal generation business is not considered to be material in view of the fact that there will be a substantial reduction in the group's fleet in the coming decades (due to reaching the end of its lifespan) and will mainly be concentrated in Mexico.

The impact on the retail business is considered minor, as possible negative effects arising from efficiency measures and temperature changes could be counteracted by the higher growth that the electrification of the economy will foreseeably bring.

Integration in the group's risk management system

The identification, analysis and management of the risks arising from climate change has been integrated, with a global focus, into the ERM philosophy under which Iberdrola has focused its management of risks since the middle of the last decade. 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.

For more information, see the Integrated Report and the "Climate change risks" subsection of the "Main risks and uncertainties" section of the Consolidated Management Report of the Annual Financial Report 2020.

Metrics and targets

In this Statement of Non-Financial Information - Sustainability Report - Iberdrola includes significant indicators to report on aspects relating to climate and to the strategy of the fight against climate change, which are key for the constant monitoring of the strategy's resilience in view of the scenarios analysed. These notably include 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 consistent and improved disclosure of the financial risks relating to climate change will allow for the establishment of a constructive and well-informed dialogue between investors and companies regarding the opportunities and risks relating to their activities.

For more information, see the "Reduction in emissions" section of chapter II.1. 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 Climate Change section of the website.

I.4. Our ESG + F proposal: "Energy to thrive"

- Leaders in ESG+F

Leaders in *ESG+F:* "Energy to thrive"

Leader in ESG

		2020	2022e	2025e
E				
Emissions per kWh	gCO_2/kWh	98	~100	<70
Biodiversity: reforestation	Trees, in Million	-	2.5	8
Water consumption	m^3/GWh	434	<500	<420
Smart Grid implementation	% of HV and MV grids	70%	75	83
Smart meters	Number, in Million	14,9	16.7	21.2
R&D investment	Million Euros	293	330	400
S				
Training hours	Hours / employee year	53	>55	>55
Customers: smart services	Number, in Million	9	12	18
Jobs supported	Contribution to employment	~400,000	>400,000	>500,000
Women in leadership positions	% of management positions	22	25	~30
Gender pay gap	% women / men ratio	+7,3%	+/-2%	+/-2%
Electricity for All	Beneficiaries, in Million	8	11.5	14
Foundation	Beneficiaries, in Million	-	1.3	1.4
G				
Best practices in Governance[1]	Inclusion in Corporate Governance System	✓	✓	✓
Cybersecurity	Annual number of security assessments	1.200	1,800	2,000
Suppliers	% of supplier with sustainable policies	47%	70%	75%

Conscious that environmental, social and good corporate governance (ESG) factors are linked to medium/long-term results, Iberdrola includes sustainability indicators in its business strategy, and it established parameters related to ESG criteria in the Strategic Bonus years ago.

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

transition, promoting efficiency, focusing on innovation and generating a sustainable dividend.

In this regard, the targets that the company has set based on environmental, social and good governance criteria should be highlighted, as these commitments form the basis of the sustainable development strategy. The contributions in the ESG areas are reflected in numerous projects and activities envisaged in the group's **2020-2022 Sustainable Development Plan: "Energy to thrive"**. Using this plan, the company works towards all the Sustainable Development Goals (SDGs) of the 2030 Agenda of the United Nations.

The projects, tasks and objectives envisioned in the "Energy to thrive" Plan can be grouped into seven key issues. This is a broad approach, with multiple lines of work that include specific tasks (more than 350), broken down into 50 goals that can be measured in accordance with international sustainability standards.

These goals are monitored every six months and the results are evaluated by the group's Sustainable Development and Reputation Committee, under the supervision of the Sustainable Development Committee within the Board of Directors.

Although the company contributes to achieving all of the SDGs, Iberdrola's largest impacts are focused on SDG 13 (Climate action) and SDG 7 (Affordable and clean energy), which in turn generate significant business opportunities due to the growing electrification of the economy.

Iberdrola also plays an enormously important role in the development of the communities in which it does business, in the areas of biodiversity, innovation, training, transparency, solidarity, education, the arts and culture, among other concerns. The "Energy to thrive" Plan is a response to all of these challenges while meeting the demands of our Stakeholders.

All of the initiatives included in Iberdrola's 2020-2022 Sustainable Development Plan are integrated into the business units and corporate areas, and put the company at the forefront of a new order in ESG management, according to which companies must play a more active role in building a more equitable world.

SUSTAINABLE DEVELOPMENT PLAN 20-22 "ENERGY TO THRIVE"

IBERDROLA

The ´Energy to thrive´ SD Plan demonstrates Iberdrola's commitment to fight against climate change and to the well-being of the society, through the development of more than 350 actions at environmental, social and governance level. These responds the demands of our stakeholders and places the company on the highest standards at sustainable development field.

Environmental

We led the energy transition for more than two decades to combat climate change through the innovation and the production of clean energy.

2022 Main targets:

- **Green energy:** we will increase green energy consumption with an additional **3,300 MW**
- **Digitalization:** **16.7** million smart meters installed
- **Fight against climate change:** we will reduce our emissions until **100 g CO_2/KWh**
- **Water:** reduction of water consumption, up to **<500 m^3/GWh**
- **R&D:** Research and development investments of **330 M €**
- **Green Hydrogen:** Projects to produce more than **50 MW** of green Hydrogen
- **Our networks:** reaching up to **75%** of digitalized networks in HV & MV
- **Sustainable moblity:** We will install **150.000** recharging points by 2025
- **Renewables:** We will accelerate investment in clean energy, incorporating more than **12 GW**
- **Biodiversity:** we will reforest with **2.5** million trees, reaching **8** million by 2025
- **Circular economy:** **100%** of office waste will be recycled and recovered

Social

We work for the universal access to energy, contributing to improve people's life quality, creating employment and assisting those most vulnerable.

2022 Main targets:

- **Training:** We will increase the number of employee training hours up to **55**
- **Sensitization:** Support for the initiative Universo Mujer of CSD across **16** federations
- **Driver of employment:** creating more than **400.000** at direct, indirect and induced level
- **Training an Education:** More scholarships and grants reaching **33.000** beneficiaries
- **Access to energy:** reaching **11.5** million people through the Electricity for all program.
- **Safety:** Achieve **99 %** of permanent contract
- **Social Action:** To reach **1.3** million beneficiaries throw the Social Foundations Program
- **Excellence:** Iberdrola U Universities Program, with more than **40** initiatives
- **Equality:** Reach **25%** of women in managerial positions and maintain equal pay
- **Intelligent solutions:** More products and services tailored to our customers, reaching up to **12** million

Governance

We develop the best practices at corporate governance level, supporting the sustainable financial market and promoting social responsible practices in in the supply chain.

2022 Main targets:

- **Cybersecurity:** More than **1.800** Cybersecurity analysis of per year
- Plans for **80%** of suppliers with identified needs for improvement
- **Responsible supply:** To have **70%** of our suppliers with sustainability policies
- **Sustainable events:** Increase in the certification of sustainable events, with at least **5** per year
- **Sustainable financing:** Maximize green financing, currently above **€15** billion
- **Compliance:** Continuous improvement of the compliance systems of the holding company and the group's subholding companies
- Implement *best practices* in the Governance and Sustainability System
- New system for **100%** centralized purchases

ENVIRONMENTAL

II. Environmental

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

- Iberdrola and sustainable management
- Management of natural capital
- Circular economy
- Environmental Management System
- Reduction in emissions
- Rational use of water
- Waste management
- Protection of biodiversity
- Environmental safety

Priorities of the Sustainable Development Plan

SDGs	Description	Goal	ESG
	Reduce average intensity of CO_2 emissions	~100 g CO_2 / MWh in 2022[1] <70 g CO_2 / MWh in 2025	E
	Accelerate growth in renewable capacity: **x2** in the 20-25 period.	Additional 12 GW renewables in 2020-2022 Additional 28 GW renewables in 2020-2025	E
	Invest in Green Hydrogen	50 MW by 2022. And 535 MW by 2025. Production of 1,000 t by 2022, and 15,000 t by 2025	E
	Promote Biodiversity through reforestation.	2.5 million trees planted by 2020-2022, 8 million trees by 2020-2025	E
	Reduce specific water consumption	<500 m3 /GWh in 2022 <420 m3 /GWh in 2025	E
	Increase number of smart meters in the Group	16.7 million total installed by 2022 21.2 million total installed by 2025	E
	Launch recharging stations	>150,000 installed by 2025	E
	Apply principles of the circular economy	100% of waste generated at our work centres to be recycled or recovered in 2021 in Spain and United Kingdom.	E
	Electrify the corporate fleet	100% in Spain and the United Kingdom by 2030	E
	Recharging stations at work centres	500 recharging stations by 2022.	E
	Expand consumption of green energy at own facilities.	Additional 3,300 MWh in 2021	E

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 administration, 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 decommissioning) 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.

- *Climate Change Policy*

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 a financial 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 2020 the Group continued to work on the incorporation of new methodologies that make it possible to identify and assess dependencies and the impacts on biodiversity and natural capital. During this year, pilot projects were conducted for the application of the LIFE Institute methodology at the Teles Pires hydroelectric generating plant and at the Termopernambuco combined-cycle plant, both in Brazil.

Work was also performed to identify and document the impacts and dependencies arising from interactions of its activities with natural capital, i.e. on renewable and non-renewable natural resources, and on the flow of goods and services (known as “ecosystemic services”) that these resources provide to people. (For more information, see the *Biodiversity Report 2018-2019*).

The Company also continued its participation in the working group dedicated to natural capital and energy, 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. The goal of this working group is to assess the application of the Natural Capital Protocol in the energy sector, for the development of a shared methodological framework for the identification, measurement and evaluation of natural capital. This initiative aims to serve as a benchmark and to motivate other companies and industries to undertake similar collaborative learning efforts and to share best practices in order to expand action in favour of sustainable development.

Iberdrola is also partnering with the University of Salamanca on the ES-Values project[15], 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 ecosystemic services.

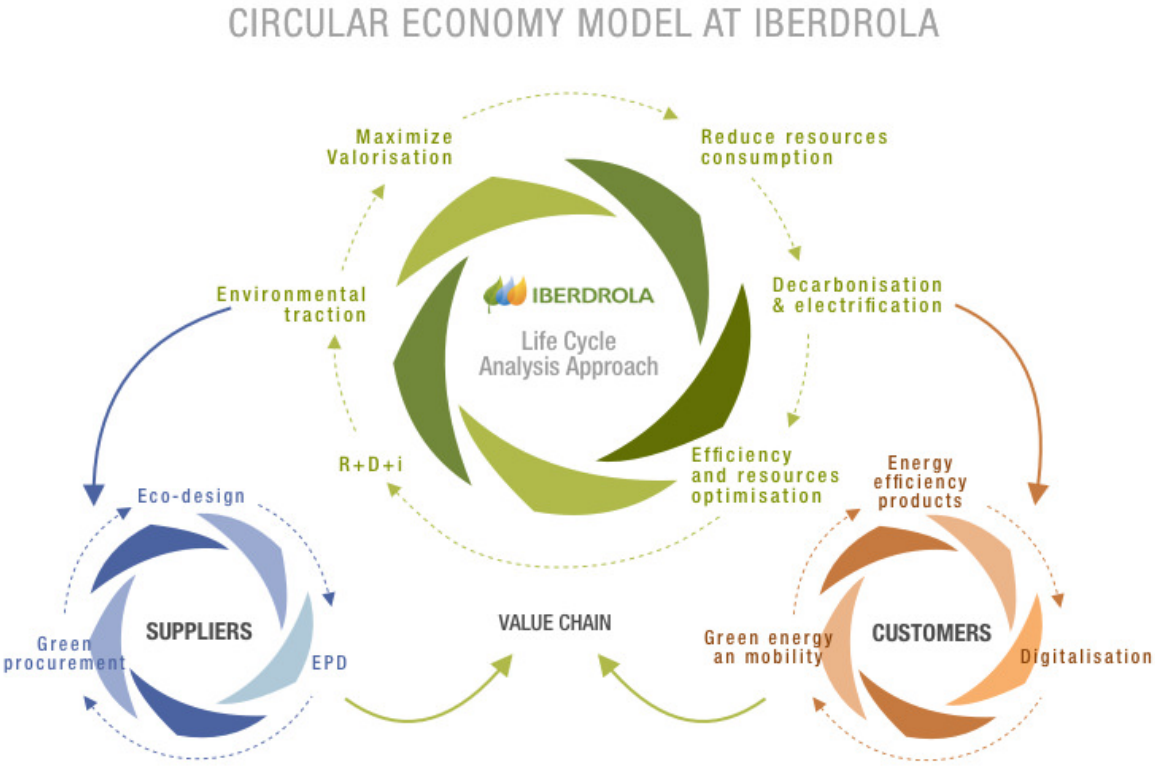
[15] https://esvalues.org/

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 also on innovation, is aligned directly with the circular economy through emissions reduction, the use of renewable resources for production, improved efficiency, resource optimisation, and the maximisation of waste reuse.



The challenges of sustainability cannot be approached in an isolated manner, but rather must be addressed holistically. Therefore, in 2019 Iberdrola defined its circular economy model, which includes the entire value chain from suppliers to customers, along with our

operations. This effort continues not only to improve the circularity of our activities but also to improve our suppliers, as well as to offer our customers products that make progress toward the circularity of the economy.

Iberdrola is committed to an electrical energy system based on renewables, and 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 their treatment as waste.

We are 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 takes priority and in which the best waste is waste that is not produced, with unavoidable waste being viewed as a resource that can be reinserted 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.

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

Efficiency in the use of natural resources

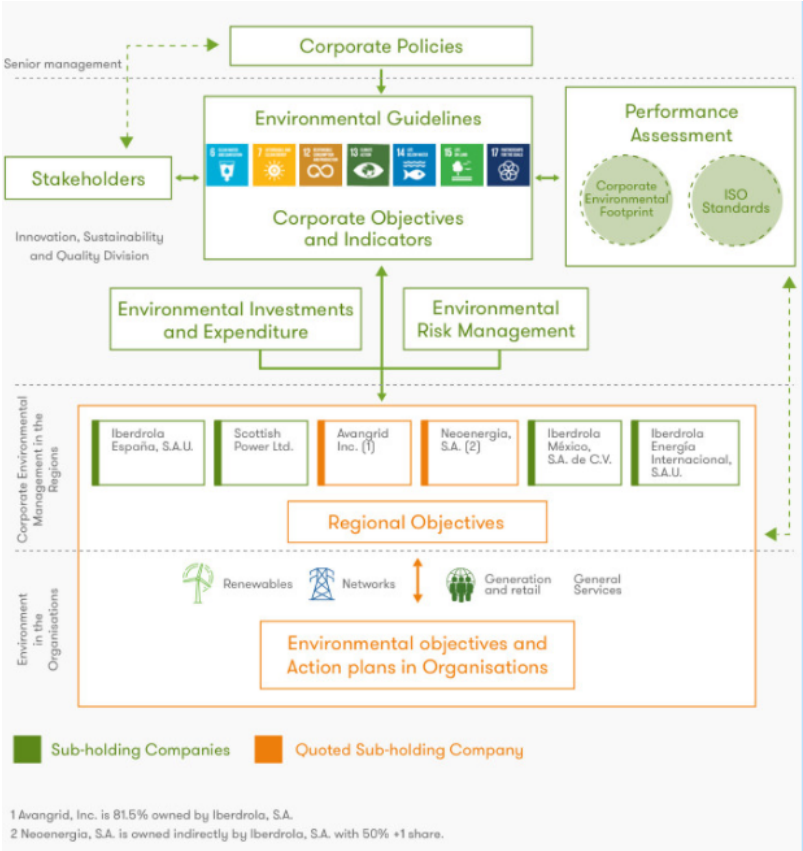
The generation of electricity is one of the group's main activities. As part of its commitment to encouraging a circular economy, Iberdrola continues to opt for the most efficient technologies per unit of production, with the smallest environmental impact. This is reflected in the following activities:

- Commitment to the development of renewable energy, especially onshore wind, offshore wind, and solar photovoltaic energy.
- Closure of the last two remaining coal-fired plants, in keeping with the business strategy of replacing conventional technologies with other production technologies that generate lower emissions.
- Selection of products that have a smaller environmental impact.
- Sustainable management and use of consumables, always respecting the natural environment and taking the necessary measures to reduce the risks of affecting it.
- Commitment to technologies that are less dependent on water resources.

Environmental Management System

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

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



The System thus translates the corporate environmental policies into environmental guidelines, which are deployed by Iberdrola's organisations in the form of 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 forth in the *Environmental Policy* is implemented, via the environmental management system, through the identification of the group's environmental risks and opportunities, and their management by means of specific instruments for the prevention and mitigation of risks, as well as by means of action plans for the opportunities that arise.

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. A total of 29,856 hours of environmental training were provided to employees (environmental awareness course, training in the ISO 14000 y others), introducing them to knowledge about environmental concepts.
- In 2020 special emphasis was placed on communication to employees regarding aspects related to the protection and improvement of biodiversity.
- Improvement in supplier engagement.
- Strengthening of relations with Stakeholders.

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*, whereby all matters relating to the environment are addressed and resolved in each region by the immediately affected business, although they must all be included within the framework of Iberdrola's environmental management system

Corporate Environmental Footprint (CEF)

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 standard 14072:2014). 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 various 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, 77.29% of energy was generated within certified facilities in 2020.
- 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 online, 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:

- Expenses and investments involving emissions-treatment equipment or systems for reducing the company's environmental impact.
- Expenses and investments involving improvements in the management and treatment of both hazardous and non-hazardous wastes.
- Reducing the company's environmental impact by removing contaminants from soil and water.
- Environmental preventive measures, including investments in new renewable facilities.
- Environmental management, including investments and expenses associated with improved management of the environment, in addition to the measures mentioned in the foregoing sections.

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

Environmental investments and expenses (€ thousand)

	2020	2019	2018
Environmental investments	5,116,365	3,711,609	2,132,586
Environmental expenses	670,549	705,851	549,666

Reserves and insurance coverage for environmental risks

In 2020 Iberdrola invested 126 million euros in the prevention of environmental risks (fires, spills, protection of avifauna, etc.). It also establishes accounting reserves to cover the potential materialisation of 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 associated management procedures therewith, available to its Stakeholders. All of this is described in the "Access to appropriate information" section of Chapter III.2.

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 that can be accessed in the contact section, and that provides the opportunity to ask questions, offer suggestions, state grievances or submit complaints. This mailbox is included in the company's Environmental Management System and is certified under the ISO 14001 standard.

89 emails were received in the environmental inbox in 2020. Of them, 5 were environmental queries and there was only one environmental complaint that was resolved favourably

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

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

	2020	2019	2018
Coal (t)	113,130	162,683	736,670
Fuel-oil (t)	26,227	36,084	44,155
Natural gas (Nm3)	14,649,824,715	13,984,058,415 [16]	11,657,294,782
Diesel (m3)	18,141	19,447 [17]	67,436 [18]
Uranium (kg)	29,899	37,148	44,625
Waste-derived fuel (WDF) (t)	—	1,841	2,983
Offgas (m3) [19]	73,835,934	77,560,574	N/A

The coal that was consumed in 2020 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, whose administrative authorisation was received for the last of the group's operational plants, located in Spain, in July 2020.

301-2

The use of waste-derived fuel (WDF) and offgas accounted for 0.02% of the total energy from fuel consumed during the year.

Fuel use (%) by country during 2020 is shown below:

301-1

Distribution of fuel consumption 2020 (%)

	Coal	Fuel oil	Natural gas	Gas-oil	Uranium	WDF	Offgas
Spain	100	97.5	13.6	25.5	100.0	0.0	100.0
United Kingdom	0.0	0.0	0.0	0.0	0.0	0.0	0.0
United States	0.0	2.0	4.0	0.0	0.0	0.0	0.0
Brazil	0.0	0.0	3.1	74.0	0.0	0.0	0.0
Mexico	0.0	0.0	79.3	0.4	0.0	0.0	0.0
Other countries	0.0	0.5	0.0	0.1	0.0	0.0	0.0

[16] Data recalculated with respect to the data published in 2019
[17] Data recalculated with respect to the data published in 2019
[18] Data recalculated with respect to the data published in 2019
[19] Offgas is a gas that is produced as a byproduct of an industrial process.

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 2020, saving 265 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)[20]

	2020	2019	2018
Total	169	173	174

Intensity of internal energy consumption (GJ/GWh)

	2020	2019	2018
Total	2.63	2.81	2.74

[20] Conversion factor used: 1GJ= 0,023888889 Tep.

Generation technologies (% energy production)

	2020	2019	2018
Renewables	41.8%	39.0%	42.4%
Onshore wind	24.2%	24.7%	25.1%
Offshore wind	2.7%	1.5%	1.1%
Hydroelectric	14.0%	12.2%	15.9%
Photovoltaic solar and other	0.9%	0.7%	0.2%
Nuclear	14.9%	15.6%	16.2%
Combined cycle	39.1%	39.2%	34.8%
Cogeneration	4.0%	5.9%	5.5%
Coal	0.1%	0.2%	1.1%

The increase in combined cycle production was mainly due to the reduction in hydroelectric production in 2020.

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):

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

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

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

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

302-1

Energy consumption within the organisation (GJ)[21]

	2020	2019	2018
Fuel consumption	**770,867,957**	**764,408,401**	**706,835,480**
By type of fuel			
Natural gas	493,489,304	490,676,621	415,501,092
Uranium	270,669,733	264,926,154	265,340,801
Coal	3,222,009	4,566,621	20,786,570
Fuel-oil	1,037,834	1,461,030	1,801,267
Diesel	671,509	838,471	2,975,254
WDF	0	60,226	97,598
Offgas	1,696,466	1,788,091	N/Av
Petrol	47,220	40,564	303,958
Ethanol.	33,880	50,623	28,940
By type of technology			
Generating plants [22]	711,291,097	681,479,869	630,813,850
Cogeneration	58,616,040	82,007,939	74,427,358
Non-generating plants [23]	960,820	920,592	1,594,272
Energy purchased	**13,393,570**	**9,752,579**	**11,323,334**
Standby and pumping	12,945,390	8,882,244	10,456,923
Buildings	448,180	870,335	866,411
Energy sold (non-renewable)	341,142,273	332,690,372	301,836,963
Steam sold	13,470,434	14,155,713	14,695,071
Total energy consumption within the organisation	**429,650,113**	**427,314,894**	**401,626,780**

The increase in fossil fuel consumption for power generation, and the greater consumption for pumping, are the factors responsible for the increased internal energy consumption.

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 2020 the consumption of fossil fuels for the generation of 258,501,792 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 2019 figure.

[21] - Energy consumption within the organisation (GJ) = Fuel consumption + Energy purchased - Energy sold (non-renewable) - Steam sold.
- Some of the figures for 2018 and 2019 in this table have been recalculated in respect of those published in 2019
- This report includes fuel consumption in fleet cars (diesel, petrol and ethanol) as a novelty.
[22] Combined cycle, conventional thermal and nuclear plants.
[23] The “non-generating” facility is Hatfield (gas storage) in the United Kingdom.

302-4

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

Areas	Energy type	2020	2019[24]	2018
Renewables	Annual primary energy savings through the production of renewable energy	245,031,358	213,481,513	222,313,996
Cogeneration	Annual savings through the supply of heat energy (steam) within the group	13,470,434	14,155,713	14,695,071
Total		**258,501,792**	**227,637,226**	**237,009,067**

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.

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

Various measures were implemented in 2020 to improve energy efficiency within buildings and infrastructure elements. The energy savings produced by these measures is presented below:

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

Areas	Item	2020	2019	2018
Efficiency in the distribution network	Savings due to efficiency in the grid	1,098,490	997,153	2,824,279
Efficiency in generation	Savings due to efficiency improvement at plants	703	663,902 [25]	9,117
Efficiency at buildings	Savings due to efficiency in buildings	7,162	509	672
Total		**1,106,355**	**1,661,564** [26]	**2,834,068**

[24]Data recalculated with respect to the data published in 2019.
[25]Data recalculated with respect to the data published in 2019.
[26]Data recalculated with respect to the data published in 2019.

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 following table shows transmission and distribution network losses:

EU12

Transmission and distribution network losses (%)[27]

	2020	2019	2018
Transmission			
United Kingdom	2.01	2.13	1.52
United States	1.36	0.83	9.10
Distribution			
Spain	6.50	6.47	6.58
United Kingdom	6.78	6.51	6.53
United States	4.16	2.22	3.72
Brazil [28]	17.24	13.20	13.21

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 calculation of the savings resulting from generation efficiency is an estimate of the reduction in fuel consumption per MWh.

[27] Some of the figures for 2018 and 2019 in this table have been recalculated in respect of those published in 2019.
[28] The only available data is from distributors in Brazil.

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

EU11

Average performance of thermal generation facilities [29]

	2020	2019	2018
Combined cycle	55.54	55.11	54.22
Conventional thermal	32.84	34.34	34.28
Cogeneration	57.72	56.24	55.62
Total	**55.65**	**55.15**	**53.83**

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 2020 the provision of green energy (from renewable sources) to buildings was introduced, which accounted for 94% of the total energy consumed by the buildings in Spain and 100% 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 7.162 GJ in 2020.

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.

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

302-5

Energy savings of green products and services (GJ)

	2020	2019	2018
Photovoltaic solar energy	137,192	4,182	20,336
Energy audits and plans	N/Av.	4,737	46,545 [30]
Gas maintenance service	N/Av.	821,171	875,326
Other savings and efficiency activities	499,640	171,781	99,970
Green energy supplied	221,612,321	48,047,064	42,700,000
Total	**222,249,153**	**49,048,935**	**43,742,176**

Notice should be taken of the effort being made for the marketing of green energy.

Energy consumption outside of the organisation

302-2

The most significant consumption of energy outside the organisation is consumption associated 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 sources[31]. The energy consumption for these items is on the order[32] of 343,985GJ.

[30] The energy audits and plans are in effect for 5 years, giving rise to the reduction they produce.
[31] Defra: Department for Environment, Food and Rural Affairs (United Kingdom).
[32] Does not include data from Mexico because the data was not available as of the closing of this report.

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 aimed at the decarbonisation of the energy mix and the consolidation of our leadership in the areas of renewable energies, smart grids and clean technologies, and is making progress in its commitment to implementing the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

For yet another year, Iberdrola has registered its footprint in the Register of Carbon Footprint, Carbon Dioxide Offsets and Absorption Projects maintained by the Ministry for Ecological Transition and the Demographic Challenge.

More information is available in the "Climate action at Iberdrola" and "Iberdrola and the TCFD") chapter I.3 and in the Climate change and emissions section of the website.

Intensity of GHG emissions

The intensity of CO_2 emissions is calculated based on direct emissions from the production facilities[33] divided by the group's net output, including steam.

As reflected in the EU2 indicator in the "Key operating figures" section of chapter I.1, in this report Iberdrola uses, for its generation assets, a reporting criterion that draws a distinction between its "own" production and installed capacity and "third party" production and installed capacity. The latter parameter reflects the particular operating conditions of some of our plants in Mexico, which Iberdrola operates as an Independent Power Producer (IPP) under the auspices of the Mexican Federal Electricity Commission (Comisión Federal de la Electricidad) (CFE).

Under these conditions, Iberdrola believes that the IPP plants do not comply with the requirement enunciated by the GHG (*Greenhouse Gas Protocol*) regarding "... the authority to introduce and implement operating policies at the operation" in order to be included in Scope 1.

[33]See section "Direct greenhouse gas emissions. Scope 1 (per GHG Protocol)" below

The following table shows the intensity of emissions.

305-4

Intensity of CO_2 emissions

	2020	2019	2018
Specific emissions from global mix (kg/MWh)74	98	110	112
Specific emissions from global mix (kg/€) [34]	0.376	0.363	0.379

In 2020, CO_2 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 74 kg/MWh.

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 2020, for the eleventh 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 2021 pursuant to the Greenhouse Gas Protocol of the World Business Council for Sustainable Development (WBCSD) and the World Resources Institute (WRI).

CO_2 equivalent emissions to be verified in 2021 (t)

	Spain	United Kingdom	United States	Brazil	Mexico	IEI	Total
Scope 1: Direct emissions	4,691,505	28,700	1,416,448	738,845	6,141,766	119,056	**13,136,321**
Scope 2: Indirect emissions	636,857	404,605	297,283	571,001	91,887	95	**2,001,729**
Scope 3: Other indirect emissions	4,175,457	8,589,914	24,528,246	4,495,114	17,131,750	1,228	**58,921,709**

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

[34] Direct emissions from energy generation facilities (305-1) compared to net revenues in €.

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 that result from the consumption of fuel and that are produced by owned facilities that generate electrical power.
- Emissions of methane (CH_4) and nitrous oxide (N_2O) associated with fuel consumption.
- Emissions from non-generation (gas storage) facilities.
- Fugitive emissions of methane (CH_4) (storage and transport of natural gas).
- Fugitive emissions of sulphur hexafluoride (SF_6) (distribution networks, substations, generation plants, etc.).
- Fugitive emissions from coolant gases.
- Emissions from facilities that provide services to buildings (fuel consumption).
- Emissions from mobile combustion sources, associated with road transport of employees with fleet vehicles for work purposes.

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

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

305-1

CO_2 emissions at Scope 1 production facilities (t)

	2020	2019[35]	2018[36]
Thermal generating plants	9,234,744	8,445,453	9,358,004
Cogeneration	3,228,828	4,516,241	4,088,188
Other emissions from production facilities	4,745	5,284	11,250
Total	**12,468,317**	**12,966,978**	**13,457,441**

79% of the group's own installed capacity is emission-free. Direct emissions other than the above emissions from production facilities are less than 5% of the total of Scope 1.

[35] Data updated in the verification of the GHGs
[36] Data updated in the verification of the GHGs

Other Scope 1 emissions (t CO_2eq)

	2020	Source of emission factors
CH4 and NO2 emissions due to combustion **(Non-renewable generating plants)**[37]	69,489	IPPC[38]
CH_4 Fugitive Emissions **(Gas storage and transport)**	231,967	IPCC
SF_6 Fugitive Emissions **(Electricity distribution)**	279,726	IPCC
Emissions in buildings **(Fuel consumption)**	38,455	MITECO: Spain. DEFRA: United Kingdom, Mexico and Brazil. EPA: United States, Mexico and Brazil[39]
Emissions from mobile combustion **(Fleet vehicles)**	42,903	DEFRA: Spain and United Kingdom. EPA: United States, Mexico and Brazil
Other emissions **(Gas storage, coolant gases)**	5,464[40]	DEFRA: United Kingdom
Total	**668,003**	

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

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

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

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

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

- Spain: *Red Eléctrica de España*
- United Kingdom: DEFRA
- United States: U.S. Energy Information Administration
- México: SEMARNAT [41]
- Brasil: *Ministry of Science, Technology and Innovation for Brazil*

An action plan is being advanced internally to complement the calculation of emissions using a "market-based" methodology. This effort will continue throughout 2021.

[37] Only emissions associated with owned generation are included.
[38] IPCC: Intergovernmental Panel on Climate Change.
[39] MITECO: *Ministerio de Transición Ecológica* / EPA:Environmental Protection Agency (Estados Unidos).
[40] Solo incluye Almacenamiento de gas, y emisiones de refrigeración.
[41] SEMARNAT: *Secretaría de Medio Ambiente y Recursos Naturales en México (*Secretary of the Environment and Natural Resources in Mexico) .

Iberdrola continues to reduce its indirect emissions, with special mention of the reduction of energy emissions in buildings due to the increased use of green energy. In 2020, the electrical power consumed by the offices in the United Kingdom was 100% green, whilst in Spain it was 97% green, with emissions due to energy consumption in buildings reduced by more than 50%.

305-2

Scope 2 emissions (t CO_2eq)

	2020	2019[42]	2018[43]
Emissions associated with network losses.	1,440,882	1,568,303	1,793,018
Emissions from consumption of electric energy during shutdowns and pumping	534,795	473,698	698,235
Emissions associated with the consumption of electricity in buildings	26,052	39,743	52,610
Total	**2,001,729**	**2,081,744**	**2,543,864**

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 (due to fuel consumption) from electrical power generation facilities used in production for third parties. (GHG Protocol Category 3)..
- Emissions associated with the transport of employees for work purposes (hired and private vehicles, aircraft and trains). (GHG Protocol Category 7).
- Emissions associated with the supply chain. (GHG Protocol Category 1 and 2).
- Emissions associated with the transport of employees commuting from their residence to their workplace. (GHG Protocol Category 6).
- Emissions associated with gas purchased from third parties for sale to end customers (GHG Protocol Category 11, 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 consumed[44] (GHG Protocol Category 3, Activity A).

[42] Datos actualizados en la verificación de los GEI.
[43] Datos actualizados en la verificación de los GEI.
[44] Excludes the transport of fuels, inasmuch as this activity is specified in Category 4, and the emissions under scopes 1 and 2.

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

In 2020 Scope 3 emissions were as follows:

305-3

Scope 3 emissions (t CO_2eq)

	2020	2019[45]	2018[46]
Emissions associated with the production of energy for third parties	13,748,346	13,548,208	10,702,781
Emissions from employee business travel	7,560	19,498	17,140
Emissions associated with the transport of fuel	22,960,825	19,767,711	21,212,087
Emissions associated with the supply chain [47]	5,250,951	1,884,771	1,392,783
Emissions associated with employee commuting to/from their workplace [48]	25,996	52,467	62,288
Emissions associated with the energy (gas and electrical power) purchased for sale to end customers	13,011,867	15,208,852	15,005,560
Upstream (WTT) emissions from fuel acquired and consumed	3,916,165	3,790,249	3,638,920
Total	**58,921,709**	**54,271,757**	**52,031,559**

Emissions from employee travel per employee in 2020 were 0,7 t CO_2 eq.

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 in 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 2020 are given below:

[45] Data updated in the verification of the GHGs.
[46] Data updated in the verification of the GHGs.
[47] Estimated based on the Supplier Awareness and Greenhouse Gas Measurement Campaign that Iberdrola sends to the group's suppliers. Calculated on the basis of an overall emission factor quantified in kg of CO_2eq/€ invoiced. (The calculation criteria for 2018 and 2019 were based on a per-country emissions factor).
[48] Estimated using surveys sent to the employees of the Iberdrola group in order to record their emissions through an emissions calculation tool.

305-5

Initiatives for reducing emissions

Areas	Actions and initiatives	CO2 evitado en 2020 (t)
Renewables	Primary energy savings through the production of renewable energy	21,571,092
Cogeneration	Savings through the supply of heat energy (steam) within the group	620,590
Network efficiency	Savings from distribution network efficiency in Spain, the United Kingdom and Brazil	41,630
Commercial	Energy savings and efficiency through green products and services (Spain, United States and Brazil)	9,066,418
Total		**31,299,730**

This report does not quantify the reduction in emissions resulting from the use of video-conferencing, because this type of conferencing is considered a standard practice.

In total, the emission of 31,299,730 t CO_2 was avoided, which is equivalent to the amount of CO_2 absorbed by 1,585 million trees in one year[49].

The operating regimen of the group's production facilities resulted in the CO_2 emissions level described in the section entitled "Direct greenhouse gas emissions. Scope 1 (per GHG Protocol)". The sections "Reduction of energy consumption"[50] and "Indirect greenhouse gas emissions. Scope 2 (per GHG Protocol)" provide additional information on this topic.

Allocation of CO_2 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.

At present, the only members of the National Allocation Plan (*Plan Nacional de Asignación*) (PNA) within the European emission rights market (ETS) (Emission Trading System) are the Tarragona Power combined-cycle plant, with an allocation of 23,464 emission rights, and the EW Carballo and EW Monzón cogeneration plants, with a total allocation of 15,323 emission rights.

[49] The estimated amount of CO_2 absorbed by an average tree is 20 kg of CO_2 per year.
[50] 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 CO_2, taking into account the mix. Source: RRE.

Other atmospheric emissions

305-7

Emissions[51] of sulphur dioxide (SO_2), 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/EC, which limits the atmospheric emissions of SO_2, NO_x and particulates from large combustion facilities in Spain.

NO_x emissions

NO_x emissions (t)

	2020	2019	2018
Generating plants[52]	56,232	48,188	6,548
Cogeneration	6,285	8,273	5,732
Total	**62,517**	**56,461**	**12,280**

Change in the intensity of NO_x emissions (kg/MWh)

	2020	2019[53]	2018[54]
Specific emission from the global mix	**0.375**	**0.363**	**0.082**

SO_2 emissions

Sulphur dioxide (SO_2) emissions (t)

	2020	2019	2018
Generating plants	870	984	2,733
Cogeneration	482	793	782
Total	**1,352**	**1,777**	**3,515**

[51] These emission figures are obtained either from direct measurement or through conversions of fuel-consumption figures using emission factors from official sources.
[52] The variation in emissions is due to greater gas consumption and to an updating of México's emission factors.
[53] Data recalculated with respect to the data published in 2019
[54] Data recalculated with respect to the data published in 2019.

Change in the intensity of SO_2 emissions (kg/MWh)

	2020	2019	2018
Specific emission from the global mix	**0.008**	**0.011**	**0.023**

Emissions of particulates

Particulate emissions (t)

	2020	2019	2018
Generating plants	1,164	1,044	745
Cogeneration	106	130	141
Total	**1,270**	**1,174**	**886**

Intensity of particulate emissions (kg/MWh)

	2020	2019	2018
Specific emission from the global mix	**0.008**	**0.008**	**0.006**

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. Consequently, 1,075 kg of CFC-11 were recharged in Mexico in 2020.

Emissions of other compounds

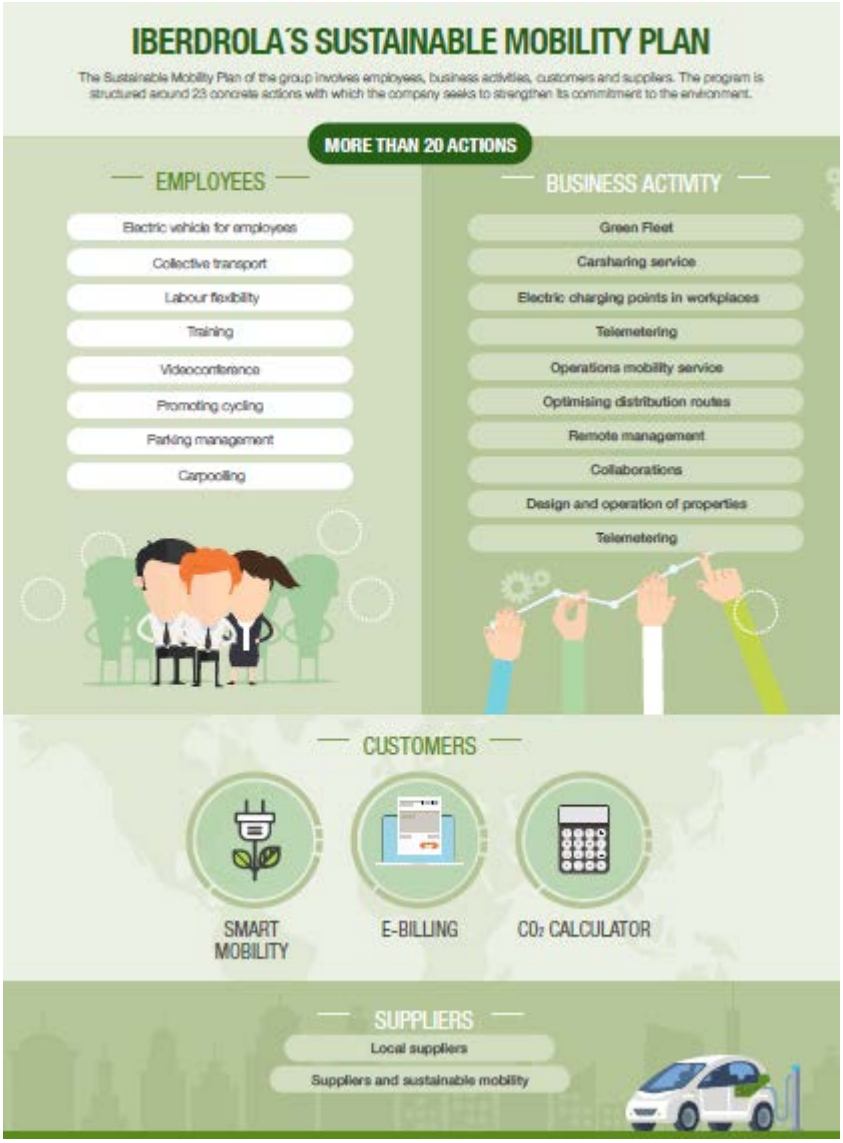
A total of 464.8 tonnes of Non-methane Volatile Organic Compounds (NMVOCs) were emitted in Spain, Mexico, Brazil and the United States.

Sustainable mobility plan for employees

In order to reduce emissions relating to employee travel and commuting to/from their home and workplace, Iberdrola has developed a Sustainable Mobility Plan that contributes to 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, business activities, customers and suppliers, through more than 20 specific actions whereby 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, in 2020 the local emission of 566 tonnes of CO_2eq in employee travel to the workplace in Spain and the United Kingdom was avoided.



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.

GRI 303-1 303-2

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.

- Withdrawal: performed within regulatory limits in terms of both quantity and quality of the water withdrawn.
- Use: Use in cooling and auxiliary services of the plant.
- Return to the environment: Iberdrola has treatment plants (physicochemical, biological processes) and water quality measurement systems (through constant control of various parameters like temperature, turbidity, conductivity, etc.) at its facilities that allow it to ensure the return of all the water used in the facility to the environment in the desired condition. An accredited organisation analyses these discharges and regularly reports to the government, always keeping the effluent quality within the required limits and even improving on them with regard to the values of water withdrawn.

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.

To avoid the risk of polluting discharges, which could have a negative impact, Iberdrola:

- 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

At some plants with closed or semi-open cooling cycles, reuses withdrawn water in the cooling towers an average of approximately three to five cycles per m3 before purging. The total volume of this reuse was approximately 3,277 Mgl in 2020.

Some plants also use wastewater in their cooling systems.

303-3

The following table breaks down the group's total water withdrawal by source and water stress areas. The areas are classified according to the Aqueduct Water Risk Atlas (calculated starting in the year 2020).

Withdrawal by water source

	All areas 2020	Water stress areas 2020	All areas 2019	Water stress areas 2019 [55]	All areas 2018	Water stress areas 2018
Surface water (river, lake, reservoir or wetland)						
Fresh water	520,606	346,746	529,653	0	736,406	0
Other waters	0	0	0	0	0	0
Seawater						
Fresh water	0	0	0	0	0	0
Other waters	1,337,549	327,684	1,467,179	0	1,230,076	0
Groundwater						
Fresh water	2,779	2,142	1,805	0	1,041	0
Other waters	0	0	0	0	0	0
Third-party water						
Fresh water	24,577	5,123	17,478	0	17,776	0
Other waters	0	0	0	0	0	0
Total water withdrawal						
Fresh water	547,963	354,011	548,937	0	755,223	0
Other waters	1,337,549	327,684	1,467,179	0	1,230,076	0
Total	**1,885,512**	**681,694**	**2,016,115**	**0**	**1,985,300**	**0**

Taking into account the classification of the Aqueduct Water Risk Atlas, the vast majority of the water is withdrawn in areas classified as medium-low risk. 72% is seawater or saltwater that does not affect water stress.

[55] No water withdrawal data broken down by water stress areas.

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.

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

All of the withdrawals of water intended for use in generation are regulated strictly by the governmental authorities, which issue the permits and determine the maximum permissible withdrawal volumes, to ensure that no significant negative effects occur.

303-4

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

The total discharge of water by destination type is:

Water discharge by destination (ML)

	2020	2019	2018
Ocean	1,308,495	1,453,876	1,220,815
Rivers	153,709	149,929	324,636
Lakes and reservoirs	349,344	320,382	347,764
Purification network	3,320	3,522	4,194
Total	**1,814,868**	**1,927,709**	**1,897,558**

Discharge of water in fresh water or other waters is:

Total discharge by water type (ML)

	2020	2019	2018
Fresh water	506,373	N/Av.	N/Av.
Other waters	1,308,495	N/Av.	N/Av.

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

Water treatment (ML)

	2020	2019	2018
No treatment	282,213	N/Av.	N/Av.
Primary treatment	341,415	N/Av.	N/Av.
Secondary treatment	1,181,299	N/Av.	N/Av.
Tertiary treatment	9,942	N/Av.	N/Av.

303-5

The total water consumption, considered as the difference between the total water captured and water discharged, is shown in the table below:

Total water consumption (ML)

	2020	2019	2018
All areas	70,644	88,406	87,742
Water stress areas	27,712	0	0

The trend of the group's water use is summarized in the following table:

Water use

	2020	2019	2018
Total water use (ML)	70,644	88,406	87,742
Water use/global production (ML/GWh)	434	583	604
Water use/overall sales (m3/€k)	2.13	2.43	2.51

Water cycle in hydroelectric generation

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, the United Kingdom and Brazil.

Water use in hydroelectric generation (ML)

	2020	2019	2018
Net water volume	172,513,844	97,062,635	133,262,232
Volume of pumped water	3,266,770	1,939,270	2,709,926

Water storage:

Water use in hydroelectric generation (ML)

	2020	2019	2018
Increase in reservoir water	-571,943	1,798,489	2,547,269

Water consumption and discharges by the facilities during 2020 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.

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.
- 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 306 306-1 306-2

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.

306-3

Significant spills

Fly ash and slag

Some of the most typical wastes resulting from the generation process in coal-fired thermal power plants are fly ash and slag.

Production and reuse of ash at Iberdrola's thermal power plants

	2020	2019	2018
Ash produced (t)	14,024	25,985	92,440
Ash reused (t)	12,487	21,009	61,459
Percentage of product reused (%)	89	81	66

The reused ash is intended primarily for use in the production of cement, for use as filler in infrastructure projects, and for the production of compost. The reduction in ash production in 2020 is associated with the closure of the coal-fired plants.

Nuclear waste

In keeping with its commitment to transparency disclosure to its Stakeholders, Iberdrola provides additional information about its nuclear power generation park ("General Radioactive Waste Plan", Enresa[56]). The radioactive wastes that are generated undergo reduction, reuse, segregation, recycling and recovery as part of their safe management.

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 country.[57]

Low-low level and medium-low level radioactive waste generated during 2020 are shown in the following table:

Hazardous waste generated at nuclear facilities in 2020

	Net production (GWh)	Low-low level waste		Low-medium level waste	
		Produced (m3)	Produced (m3/ GWh)	Produced (m3)	Produced (m3/ GWh)
Cofrentes nuclear plant	8,892	9	0.001	156.420	0.018
Partially-owned nuclear plants	15,424	71	0.005	43.527	0.003

As to high-level waste, 328 spent fuel assemblies were generated during 2020.

Apart from the radioactive wastes, the hazardous wastes (HW) and non-hazardous wastes (NHW) that were generated consisted of:

Total waste by type (t)

	NHW 2020	HW 2020
Electrical/electronic waste	235	5,348
Construction waste	234,646	1,261
Urban solid waste	21,975	65
Thermal processes waste	17,229	6
Oils and liquid fuels	0	4,518
Batteries	2	171
Other waste	237,698	4,337
Total waste	**511,785**	**15,706**

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

The existence of PCBs in the group's facilities is located, to a residual extent, in Spain, the United States and Brazil. In any event, there are no longer any pyralene transformers that contain more than 500 ppm of PCBs. The company's policy is to remove from its facilities any equipment that contains PCBs. During the year 2020 a total of 1,123 tonnes of oil with PCBs were handled in Spain and 196 tonnes in Brazil.

306-4

The following tables show the waste that is directed to disposal, specifying the type of operation for which they are intended (e.g., incineration, transfer to a landfill and others).

Waste not directed to disposal

Total waste not directed to disposal (t)

	NHW 2020	HW 2020
Re-use	1,084	3,227
Recycled	207,335	4,294
Other recovery operations	42,161	1,469
Total waste not directed to disposal	**250,580**	**8,990**

Total waste not directed to disposal by type (t)

	NHW 2020	HW 2020
Electrical/electronic waste	203	4,052
Construction waste	213,321	302
Urban solid waste	12,126	30
Thermal processes waste	15,438	4
Oils and liquid fuels	0	3,844
Batteries	2	167
Other waste	9,490	590
Total waste	**250,580**	**8,990**

Total waste not directed to disposal (t)

	2020		2019		2018	
	NHW	HW	NHW	HW	NHW	HW
Total waste not directed to disposal	**250,580**	**8,990**	**663,128**	**17,547**	**311,658**	**8,921**

306-5

The following tables show the waste that is directed to disposal, specifying the type of operation for which they are intended (e.g., incineration, transfer to a landfill and others).

Waste directed to disposal

Total waste directed to disposal (t)

	NHW 2020	HW 2020
Incineration (with energy recovery)	3,588	2,532
Incineration (no energy recovery)	299	1,953
Transfer to landfill	163,740	599
Other elimination operations	93,568	1,631
Total waste directed to disposal	**261,194**	**6,716**
Total waste	**511,785**	**15,706**

Total waste directed to disposal by type (t)

	NHW 2020	HW 2020
Electrical/electronic waste	32	1,295
Construction waste	21,326	959
Urban solid waste	9,849	34
Thermal processes waste	1,791	2
Oils and liquid fuels	0	674
Batteries	0	4
Other waste	228,197	3,747
Total waste	**261,194**	**6,716**

Total waste directed to disposal (t)

	2020		2019		2018	
	NHW	HW	NHW	HW	NHW	HW
Total waste directed to disposal	261,194	6,716	158,035	2,021	271,170	10,971

Protection of biodiversity

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

TARGET:

Achieve "No Net Loss" of biodiversity by 2030, working to ensure that new facilities deliver a net positive impact on biodiversity, where possible.

This objective is based on the application of the principles of the mitigation hierarchy in all activities and in the continual improvement of our standards of protection of biodiversity, integrating relevant methodologies to assess attainment of the objective. As a priority, Iberdrola avoids locating new infrastructure in designated conservation areas (protected because of their ecological, biological, cultural and/or scenic value) unless there are no other feasible alternatives. Areas of special interest for biodiversity without a specific designated protection will also be avoided whenever possible. Designated conservation areas include, amongst others, World Heritage areas, national or regional protected areas and the relevant IUCN categories.

GRI 304

The Iberdrola group is aware of the risks that the loss of biodiversity poses for the environment, society and the economy, and the group believes that respect for biodiversity and ecosystems should play a leading role in its business strategy, in keeping with its historical commitment to sustainable development and to the defence and protection of the environment. Iberdrola will support the new goals of the new global framework of the Convention on Biological Diversity, as well as the goals of the regional strategies, and will work on the development of responsible clean energy with nature as a source of sustainable development, in line with the United Nations Sustainable Development Goals, as part of its strategy.

The context in which the activities of the group's companies take place presents major challenges for the management of biodiversity, such as having a portfolio of balanced production facilities, reducing the ecological footprint of energy production, and harmonising activities in countries that contain areas of high biodiversity with the preservation of and respect for their biological richness. Projects must allow us to coexist in balance, preserving and protecting our natural heritage.

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.

These approaches will be implemented not only through the biodiversity policy but also through the use of various existing tools, including:

- *Stakeholder Engagement 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.

In 2020, and in keeping with its commitment to Goal 15 and Target 15.2 of the 2030 Agenda[58], Iberdrola launched the Iberdrola Tree Programme, the goal of which is to encourage the planting of 20 million trees by 2030. The programme includes three major lines of action or branches.

[58]Target 15.2: by 2020, promote the implementation of sustainable management of all types of forests, halt deforestation, restore degraded forests and substantially increase afforestation and reforestation globally.

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 2020 , it (i) continued its support of research like the *Coralizar*[59] project for studying the effect of climate change on coral reefs; the Flyways Project, which recorded 22 species of wading and migratory birds; and the continuation of Migra Project[60], the goal of which is to study the migratory movements of birds in Spain; (ii) encouraged the conservation of habitats and species, such as the work protecting felines and mangroves in Mexico; (iii) partnered on studies focused on evaluating ecosystem services such as the ES Values Project[61] and (iv) held good-practices and lessons-learned meetings with environmental authorities regarding the ecological mitigation strategies applied in projects.

Numerous studies have been conducted to learn more about the species and ecosystems in the vicinity of our facilities, like the study of the migratory habits of the Iguazú surubi (an endemic species near the Baixo Iguazú hydroelectric power plant), a study of the behaviour of the common porpoise at the Wikinger and East Anglia One offshore wind farms, and population studies of the griffon vulture and the golden eagle near wind farms. 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.

Furthermore, in all of its 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:

[59] A project of the Neoenergia Institute project with the World Wide Fund for Nature (WWF) in Brazil
[60] A collaborative project of Fundación Iberdrola and Sociedad Española de Ornitología, SEO/BirdLife..
[61] In partnership with the University of Salamanca

DESIGN STAGE

- Site Selecction.
- Construction and technology solutions.
- Selections of materials.

CONSTRUCTION STAGE

- Introduction of vehicles and machinery.
- Opening of roads and disturbance of vegetation cover.
- Extended human presence (wich temporarily affects the behaviour of wildlife species and is generally reversible).
- Changes to the landscape.

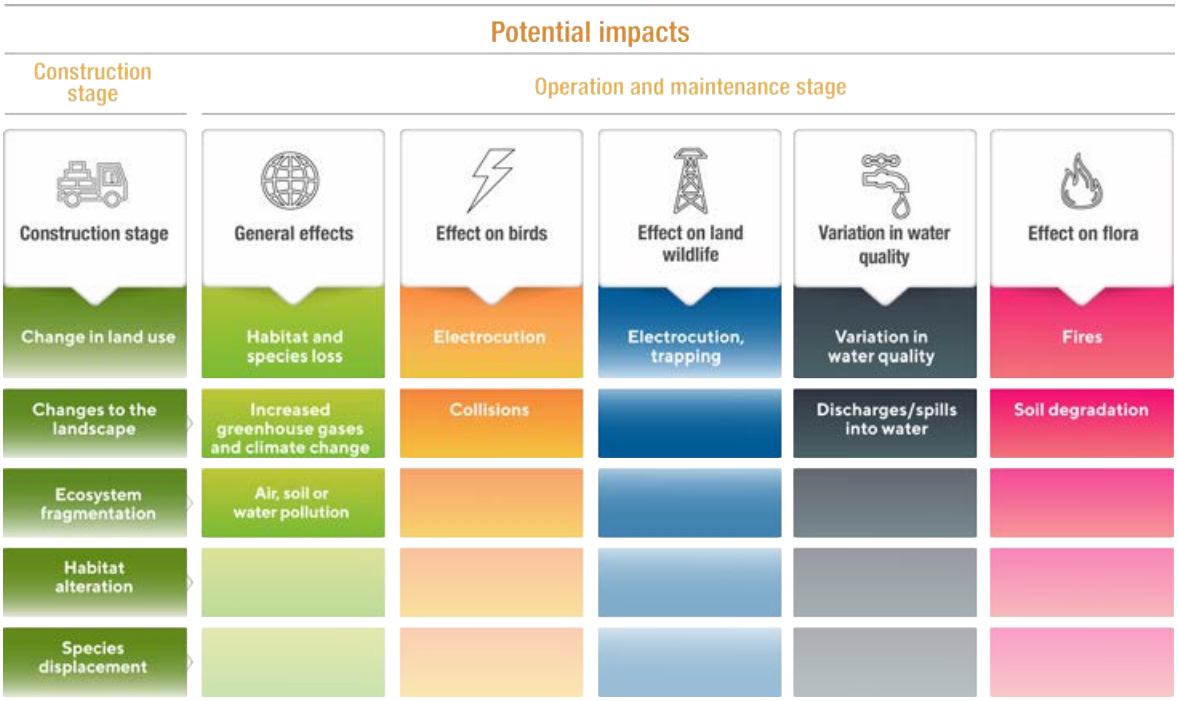
OPERATION STAGE

- Emissions of gases to the atmosphere.
- Changes to the natural regimen of rivers and barrier effect in cases of hydroelectric plants (wich affect the ecosystems and habitats of certain species).
- Animal mortality from collisions and electrocution.
- Disturbance to vegetation for maintenance of power line roads, etc.
- Generation of spills and discharges.

DECOMMISSIONING PHASE

- Use of machinery and vehicles for removing and demolition of existing facillities.
- Extended human presence (wich temporarily affects the behaviour of wildlife species 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:



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 2020:

Principal actions taken

Country	Technology	Actions and results	Objectives
Spain	General services	Reforestation of 3.3 hectares to offset the construction of the ground-level parking lot adjacent to the Iberdrola campus in San Agustín de Guadalix (Madrid) with tree and shrub species. A total of approximately 3,600 plants. Offset ratio of 2:1. Monitoring will be performed for three years.	Forest restoration
	Hydroelectric plants	Release of a total of nearly 8,372 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 sixth of 10 years.	Recovery of the eel population
	Onshore wind farm	Seeding of 5 hectares of grain for the improvement of populations of prey species hunted by Bonelli's eagle (Aquila fasciata).	Recovery of Bonelli's eagle populations
	Onshore wind farm projects	Completion of the environmental restoration and relocation of the habitat and of rescued Pimelia canariensis affected by the Chimiche III Wind Farm project, in an area of 4 hectares with 4,430 specimens of Euphorbiaceae, Ceropegia, Kleinia, and Plocama.	Relocation of the Pimelia canariensis habitat and species.
	Photovoltaic projects	The Núñez de Balboa 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. Lease agreements were established with landowners in 2020	Recovery of croplands and creation of reserve areas for steppic birds
	Nuclear	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

Principal actions taken

Country	Technology	Actions and results	Objectives
United Kingdom	Onshore wind farms	Continuation of the Habitat Management and Monitoring Plan for 25 wind farms with a surface area of 9,049 hectares on which approximately 303,400 plants were planted and the maintenance work was performed for the preservation of the habitats that were created. As part of the habitat monitoring programme, plantings, plant growth and livestock damage are assessed and hydrological monitoring is performed, etc.	Habitat compensation
	Offshore wind farms	Restoration and landscaping of the project's onshore substation includes the planting of 30,000 trees. Sowing and tree and hedge planting began in 2020. The compensation ratio is 2:1.	Restoration of and compensation for habitats
		Financial donation (£1,095) to Fynn and Lark Fly Fishing Club to purchase trout to supply the River Fynn.	Recovery of trout population
United States	Networks	Creation and establishment of new wetlands, including the planting of 969 trees on 4.4 acres, to offset the impacts on wetlands associated with RG&E gas projects.	Wetland recovery
	Onshore wind farms	Continuation with the monitoring and maintenance of Habitat Mitigation Areas (HMAs) associated with the wind farms. The HMAs have 44, 92 and 18 acres, preserved through activities such as controlling invasive species, excluding grazing and annual monitoring to document the progress of the recovery	Improvement of adjacent habitats and protection of associated fauna.
		Mitigation bank paid to ensure 250 acres of forest habitat for the Indiana bat (Myotis sodalis).	Creation of bat habitats
		Restoration and monitoring of pastures of a 6.6 a construction area of the Trimont repowering project. The rest of the site will be stabilised in late 2020.	Land restoration

Principal actions taken

Country	Technology	Actions and results	Objectives
Brazil	Baixo Iguazú	Restoration of 117 hectares occupied during the construction. 37 hectares were restored in 2020.	
		Reciprocity Agreement to provide infrastructure, materials and equipment to inspect natural resources in the Iguaçu National Park and its surrounding areas. The construction of the base for inspecting the park in the municipality of Capanema and the acquisition of vehicles concluded in 2020.	Compensation to protect the Iguaçu National Park.
	Baguari (hydroelectric)	Reforestation of 177 hectares of Areas of Permanent Protection (APPs). Slope recovery work was performed in 2020, 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)	Reforestation for the creation of Permanent Preservation Areas (PPAs). In 2020 there was soil preparation and planting on 148 hectares (approx. 246,000 plants). A total of 1,690 hectares have been reforested with 1,694,000 trees since 2018.	Improvement in soil quality and the reduction of erosion.
	Teles Pires (hydroelectric)	Restoration and planting of a total of 3,941 hectares of Permanent Preservation Area. 142.5 hectares were restored in 2020 using various planting methodologies. A total of 839.7 hectares have been planted with native plants since 2014.	Improvement of adjacent habitats and reduction of the risk of losses due to erosion.
	Power lines	Reforestation of 50.27 hectares and planting of 85,907 trees in damaged areas, with plants in various stages of growth representing species native to the region, in accordance with the environmental licenses for the installation and operation of transmission lines, substations and distribution networks.	Recovery of degraded habitats

Principal actions taken

Country	Technology	Actions and results	Objectives
Mexico	Facilities	Reforestation of 35.7 hectares as a compensation measure for the construction of the Topolobampo III Combined Cycle Plant and reforestation of 408 trees within the perimeter of the Altamira Cogeneration Plant and maintenance of the Baja California plantation.	Restoration of habitats
	Onshore wind farms	Maintenance of the reforestation of 25 of the 80 hectares to be reforested in order to maintain an 80% survival rate.	Restoration of habitats
	Photovoltaic plants	Reforestation due to construction of the Santiago line and plant	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 process[62], 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:

[62] 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	19,315 km	Nature 2000 Network, Ramsar wetlands, National Parks, Natural Parks and Biosphere Reserves.
Substations	Inside	131 units	Nature 2000 Network, Ramsar wetlands, National Parks, Natural Parks and Biosphere Reserves.
Transformer centres	Inside	8,425 units	Nature 2000 Network, Ramsar wetlands, National Parks, Natural Parks and Biosphere Reserves.
Onshore wind farms	Inside	343 hectares	Nature 2000 Network, important bird and biodiversity areas
Nuclear plants	Inside	82 hectares	Nature 2000 Network
	Adjacent	2 units	Nature 2000 Network
Thermal plants [63]	Adjacent	7 units	Nature 2000 Network,Protected Landscapes, Biosphere Reserves and Protected Offshore Areas
United Kingdom			
Power lines	Inside	3,580 km	National Park, Nature 2000 Network, Ramsar Wetlands, National Nature Reserve (NNR) and Sites of Special Scientific Interest (SSSI).
Substations	Inside	399 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	8,699 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 hectares	Nature 2000 Network and Protected Offshore Areas (MCZ)
Onshore wind farms	Partially inside	9,035 hectares	Sites of Special Scientific Interest (SSSIs) and High-Priority Habitats, per Annex 1 to the Habitats Directive (92/43/EEC)
United States			
Onshore wind farms	Inside	32 hectares	National Forest Systems
Brazil			
Power lines	Inside	67,275 km	Environmental protection areas (EPAs).
Substations	Inside	110 units	Environmental protection areas (EPAs).

[63] Combined Cycle, Cogeneration and Coal Plants.

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
Transformer centres	Inside	90,929 units	Environmental protection areas (EPAs).
Hydroelectric plants	Inside	3,355 hectares	Important Bird and Biodiversity Areas (IBAs), High-Biodiversity Wilderness Areas (HBWAs), UNESCO-declared Biosphere Reserves, Key Biodiversity Areas (KBAs), Private Nature Park Reserves (RPPNs) in Brazil
	Adjacent	1 units	UNESCO-declared Biosphere Reserves, National Parks and Natural Monuments (NMs) in Brazil, and the National Park in Parna, Brazil
Wind Farms	Inside	6 Parks	Key Biodiversity Areas (KBA)
	Adjacent	2 Parks	Key Biodiversity Areas (KBA), Environmental protection areas (EPAs).
Mexico			
None			
Greece			
Wind and solar farms	Inside	131	Nature 2000 Network and Important Bird and Biodiversity Areas (IBA)
Hungary			
Wind farms	Adjacent	3 Parks	Near Nature 2000 Network and Ramsar Wetland areas.
Portugal			
Wind farms	Adjacent	1	Nature Reserve.
Romania			
Onshore wind farms	Adjacent	1 wind farm	Nature 2000 Network, Biosphere Reserve, important Bird and Biodiversity Areas (IBAs)
Germany			
None			

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 y 304-3).

IUCN Red List Classification	No. of species
Critically endangered (CR)	15
Endangered (EN)	46
Vulnerable (VU)	75
Near threatened (NT)	71
Least concern (LC)	723

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, and monitoring of species and habitats within the environments of the facilities, which tasks are carried out during the life-cycle of each facility in accordance with its needs.

Some of the activities that were begun in 2020, or that were begun in prior years and continued during 2020, 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 possible impacts on the ichthyofauna located in the waters downstream of the reservoirs.
	10 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.
	Pruning and management of biomass for the prevention of forest fires.	Fire prevention.
	Actions for the protection of flora and fauna: control of the reservoir level during the breeding season, fish rescue before emptying reservoirs for maintenance purposes, erection of anti-hunting fences, installation of sonic barriers for protection of the ichthyofauna, and ecological flow control.	Protection and recovery of flora and fauna.
	Monitoring of the growth and spread of the invasive zebra mussel species.	Control of invasive species.
Onshore wind farms	Environmental Fauna Monitoring Avifauna and/or chiroptera censuses are being conducted, as well as collision control, at 108 farms.	Protection of birdlife and chiroptera.
	Study of the Golden eagle in the environment of the Maranchón Wind Farms Complex (Guadalajara). The photo-trap cameras were installed in 2020, tagging a second golden eagle and radio-monitoring of the two birds.	Golden Eagle Protection.
Wind farm projects	GPS tracking of vulture species at the Cavar wind farm over a 3-year period.	Protection of birdlife.

Spain

Project/Technology	Activities	Objectives
Photovoltaic plant projects	During 2020, nest boxes were placed on selected supporting stands, with 33 nest boxes for the lesser and common kestrel being placed on all of the stands and additional boxes at various heights on selected stands, for a total of 50 boxes.	Protection of birdlife.
	Protection of a 40-hectare area of the Núñez de Balboa 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 birdlife.
	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	Activities aimed at the prevention of pollution: construction of perimeter ditches, sealing of catch basins, waterproofing of floors and tanks, etc.	Prevention of the pollution of soil and water.
	Control of the growth and spread of the invasive zebra mussel species with a chemicals minimisation programme.	Control of invasive species.
	Activities aimed at reducing waste generation, the amount of water withdrawn for cooling, the use of chemical products, noise, etc.	Reduction of withdrawn water, waste generation and noise generation.
	Assessment of the ecological condition of the section of the Tagus River that receives discharge from the Aceca Plant, analysing biological, physicochemical and hydromorphological elements of quality.	Improved knowledge of the ecological status of the Tagus River.

Spain

Project/Technology	Activities	Objectives
Networks	Preventive activities for preventing and mitigating the impact of possible spills. 10 deposits in substations have been built or repaired in 2020 to contain possible spills.	Prevention of pollution.
	The Flash Project is helping to optimise vegetation management and the maintenance of power-line corridors by capturing images by helicopter using Lidar cameras. 26,804 km of power lines were inspected in 2020[64]	Fire prevention.
	Improved Overhead Grid Project (previously ALETEO), the objective of which is to adapt supports to protect avifauna. In 2020, 30,234 supports have been adapted for avifauna	Reduced risk of collision and electrocution of avifauna.
	The FLORA Application was implemented in 2020 within the project to organise and improve the management of the vegetation on the streets with power lines.	Improved vegetation management.

[64] Laser Imaging Detection and Ranging

United Kingdom

Project/Technology	Activities	Objectives
Onshore wind farms	Continuation of the avifauna monitoring programme for species such as the hen harrier (*Circus cyaneus*), blackcock (Tetrao tetrix).	Protection of fauna: Hen harrier, blackcock and crested newt.
Offshore wind farms	Creation of in-situ hibernacula using wood from the clearing to promote the conservation of the stag beetle (Lucanus cervus) during the environmental monitoring of the onshore part of the East Anglia One project.	Conservation of the Stag Beetle.
	Study of whooper swan (*Cygnus cygnus*) interaction with the offshore wind farms off the Cumbrian coast. GPS/GSM devices were adapted for 10 whooper swans and they were monitored during the spring migration in 2020, providing information on their interaction with offshore wind farms.	Protection of avifauna: Whooper Swan.
	Studies on the behaviour of harbour porpoise (*Phocoena phocoena*) and the impact on piloting of noise from the East Anglia One wind farm. These studies provide valuable information for installing noise mitigation measures and preserving the marine ecosystems.	Preservation of marine ecosystems.
	Avifauna and marine fauna monitoring programme. The first five flights to capture aerial data were performed in 2020. These studies will help calibrate the predictions of avifauna impacts, particularly regarding the gannet (*Morus*), kittiwakes (*Rissa*) and the Great Black-backed Gull (*Larus marinus*).	Protection of birdlife.
Networks	Maintenance of a 200m perimeter in the environments of nutria burrows.	Protection of fauna: Nutria.
	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 birdlife: Hen harrier.
	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.	Protection of fauna.
	Avifauna protection measures. Four osprey nests were relocated.	Protection of birdlife.
Wind farms	Continued tracking and monitoring of avifauna and bats at wind farms. Performance of livestock management tasks and the removal of carcasses.	Protection of birdlife and chiroptera.
	The Manzana wind project has implemented a geofencing technology to monitor the risks to the California condor. A large portion of the condors in the southern California population have been fitted with radiofrequency technologies and a global positioning system to monitor their movements. When a condor fitted with a transmitter crosses the geofence boundary around Manzana, a third party remotely supervising the condor's movements notifies the Avangrid Renewables National Control Centre, which applies restrictions on the turbines.	Protection of California Condor.
	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	Regularisation, maintenance and preservation of the landholding of 1,196 hectares of Permanent Preservation Areas around the reservoir to minimise the impacts of the project on vegetation, water resources and land located around the reservoir. The areas were fenced off in 2020 and the degradation factors were eliminated.	Protection of flora and management of vegetation.
	Marking and monitoring of species displacement habits: Endemic species of Surubim-do-Iguaçu (*Steindachneridion melanodermatum*), Williams' side-necked turtle (*Phrynops williamsi*), herpetofauna and avifauna	Species protection and conservation.
	Monitoring of the rescue programme and scientific research on relocation of flora.	Conservation of flora.
	Continuation of the Ichthyofauna monitoring and terrestrial and semi-aquatic fauna conservation programmes.	Protection and conservation of fauna.
Teles Pires hydroelectric plant	Genetic Ichthyofauna Research. 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[65]	Ichthyofauna conservation.
	Regularisation, implementation, recovery, maintenance and preservation of the landholding of 15,425 hectares of Permanent Preservation Areas in the surrounding areas of the reservoir to minimise the impacts of the project on vegetation, water resources and land located around the reservoir.	Protection of flora and management of vegetation.
	Rescue of ichthyofauna and terrestrial fauna in maintenance operations and release into the environment.	Protect and rescue ichthyofauna and terrestrial fauna.
Teles Pires and Daranelos hydroelectric plants	Species monitoring programmes continued in 2020: 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 Wind Farms.	Studying the potential richness and composition of faunistic species and protective measures for birdlife and chiroptera.

[65] 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).

Brazil

Technology	Activities	Objectives
Power lines	Fauna rescue and relocation programme in areas where vegetation has been removed at line projects and easement zone maintenance areas.	Protection of fauna.
	Germplasm rescue programme in areas where vegetation has been removed.	Conservation of flora.
	Avifauna monitoring programme during the years after the construction of the LE EKTT1 and 2 lines.	Protection of birdlife.

Mexico

Technology	Activities	Objectives
Thermal plants	The Garrapatas Estuary Rescue Project, in Altamira, Tamaulipas. The physicochemical studies on the Estero Garrapatas continued in 2020 and an abundance of ichthyofauna was observed.	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, monitoring several points with camera traps.	Identification of feline distribution ranges, and the delimitation and proposal of a Feline Biological Corridor (Golfo Norte).
	Measurement of environmental indicator values of the marine biota (nekton, plankton) of the offshore ecosystem adjacent to the Baja California power plant.	Monitoring and protection of aquatic ecosystems.
	Rescue and relocation of fauna present in the development of the Tamazunchale Combined Cycle project. 989 animals were rescued, of which 34 belong to species catalogued in the NOM-059-SEMARNAT-2010. There was a 100% survival rate.	Protection of wildlife.
	Monitoring and follow-up of the relocation land for the wildlife rescued during the construction of the wind farms.	Protection of wildlife.
Onshore wind farms	Bird monitoring during the 4 seasons of 2020.	Monitoring and protection of birdlife.
	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	Maintenance of the flora rescued and relocated from the Hermosillo photovoltaic plant.	Protection of flora.

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.

Infigen Energy's Forest Fire Assistance Plan

In 2020, Infigen Energy joined the Iberdrola group. Infigen is one of Australia's renewable energy companies. Infigen focuses on the creation of shared value for all of its stakeholders, and has adopted the United Nations Sustainable Development Goals as a framework for its sustainability initiatives, including a focus on Goal 7 (Affordable and Clean Energy) and Goal 13 (Climate Action)

2020 was a difficult year for Australia. At the start of the year, the eastern Australian states were in the midst of one of the worst droughts since Australia gained independence in 1901. The drought conditions culminated in a catastrophic forest-fire season that lasted almost the entire summer. During this time, 32 million hectares were burnt, 33 human lives were lost and more than 3,000 properties were destroyed. Calculations indicate that the forest fires caused the death of nearly 3,000 million animals and the emission of 940 million tonnes of carbon dioxide, which is equivalent to one and one-half times the annual anthropogenic emissions of all of Australia.

In response to these devastating conditions, Infigen announced a Forest Fire Assistance Plan to help the social, environmental, and economic recovery of Australia's regional communities. Infigen's Forest Fire Assistance Plan consisted of three central activities, namely:

a. First, Infigen engaged with the rural fire brigades in each of its local communities, to improve their preparedness for dealing with forest fires. Because of the vastness of the Australian continent, the rural fire brigades consists entirely of volunteers, and some of Infigen's managers are volunteers for their local brigades. After consultation with the brigades, a set of capital investments, sponsored by Infigen, was agreed upon. These investments included improvements in training facilities, additional water storage tanks in remote regions and improvements in kitchen, bathroom, and laundry facilities. These investments in the facilities of the local fire brigades are designed to improve preparedness for dealing with forest fires in the communities in which Infigen operates.

b. Second, Infigen introduced a plan for providing direct support to the rural and regional communities most heavily affected by the fires. Many of these communities have fragile economies based on local products, tourism and regional business activity. To encourage them, various measures were implemented, such as encouraging employees to take vacations in these regions; offering a day of "forest-fire assistance leave" to all employees; and purchasing more products from remote and regional communities for the Sydney office.

c. Third, Infigen is helping to rebuild the Two Thumbs koala sanctuary in Peak View, New South Wales. The sanctuary is located approximately 100 km south of Infigen's Capital and Woodlawn wind farms. The sanctuary was destroyed by a forest fire on Thursday, January 23, 2020, and a U.S. Lockheed C-130 Hercules aircraft, capable of discharging 15,000 litres of water at a time and manned by three U.S. firefighters, crashed while protecting the koala sanctuary from the flames. Tragically, all three American firefighters died in the accident, and the Two Thumbs Koala Sanctuary was subsequently lost due to the fire. Infigen is contributing to the reconstruction of the koala sanctuary in order to protect this vulnerable species and improve the region's biodiversity

Infigen shares Iberdrola's commitment to leadership in sustainability and is proud to be a member of the Iberdrola Group.

More information about Infigen Energy and its sustainability initiatives is available at the company's website: Infigen Energy.

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, facilities, employees and the public at large may be at risk 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 their facilities: for example, in Spain and Mexico there is an *Emergency Response Organisation (Organización de respuesta ante emergencias)* (ORE) procedure, which involves personnel at all levels and is put into operation in the event of emergencies that jeopardise the assets of the company or its workers. 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 general, the countries have established emergency plans that include measures to ensure that service is re-established in the shortest period possible, while maintaining safety and quality. These plans include measures like: real-time monitoring of the system, controlling the conditions of the electricity system and responding to service and emergency requests, active communication with the affected parties, and regular practice drills.

Environmental compliance

GRI 307

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

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

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

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

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

Disclosure **307-1** below provides information about the significant non-monetary fines and sanctions for non-compliance with environmental laws or regulations that have been imposed on companies managed directly by Iberdrola.

Incidents relating to the environment during 2020 involved the following fines and monetary sanctions:

307-1

Fines relating to the environment (€)

	2020	2019	2018
Total amount of fines imposed	2,761,312	2,301,170	7,538,539

Of the total amount of the fines imposed during the financial year, 2,597,826 euros were imposed in Spain, 9,635 euros were imposed in the United States and 153,850 euros were imposed in Brazil. In Spain, 73% of the total amount reflects fines for tree trimming, branch fires and the electrocution of birds due to contact with power lines. In Brazil, the fines were due primarily to non-compliance with environmental legislation. In the United States, a fine was imposed in connection with the installation of electrical pylons by a contractor who did not comply with an environmental permit regarding wetlands.

307-1

Non-monetary sanctions, sanction proceedings and arbitrations (No.)

	2020	2019	2018
Non-monetary sanctions	18	27	41
Proceedings commenced	442	378	212
Cases being resolved through arbitration or similar mechanisms	0	0	0

Of the non-monetary sanctions, 15 correspond to Brazil, 2 to United States and 1 to Spain. Of the legal actions that were initiated, 338 involved the networks business in Spain, while 104 involved the networks business in Brazil, all relating to environmental damage associated with the electrical power lines.

SOCIAL

III. Social

III.1.Workplace safety and employee development

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

Priorities of the Sustainable Development Plan

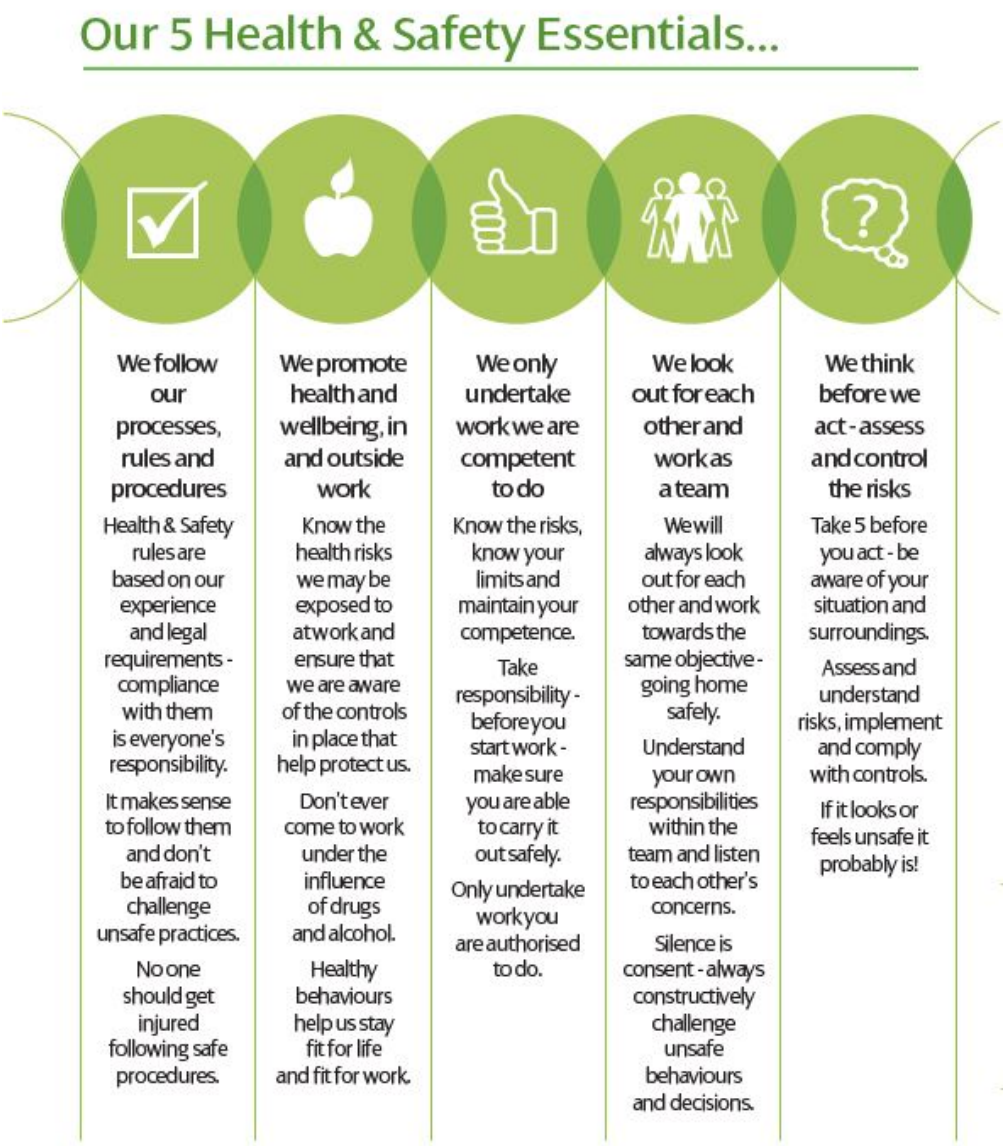
SDGs	Description	Goal	ESG
	Maintain high levels of employee training, exceeding European and industry averages	Around 55 hours/employee trained by 2025	S
	Increase presence of women in executive positions.	25% women by 2022 ~30% women by 2025	S
	Maintain equal pay	Salary gap ratios: +/- 2% by 2022 +/- 2% by 2025	S
	Maximise permanent hires	~99% of contracts to be permanent by 2022 and 2025	S
	Expand OHSAS18001-ISO 45001 certifications	Percentage of workers under OHSAS 45001 / ISO 18001 certification in Europe: above 90%.	S

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



This year 2020, in which the world has suffered a global pandemic, , Iberdrola has taken a number of extraordinary measures relating to COVID-19 since it began, including the following: providing both surgical and cloth masks to work centres and individual alcohol gel packs to the entire workforce and at strategic points, medical services providing monitoring and responses to employee questions and testing (and continuing to text) the entire workforce, regularly informing the workforce by e-mail, the employee portal, posters and even online courses of the importance of maintaining interpersonal distance and other health measures that have been shown to be the best way to fight the pandemic. In addition to these general measures, specific measures have been taken depending on the business, work centre or area, including: prohibition on the use of meeting rooms/common areas, instructions for the proper use of fleet vehicles, additional measures at the cafeteria, etc. (in addition to the more drastic measures taken during the national lockdown).

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 ensure uniform safety and health requirements and standards throughout the company in those countries in which it operates, with the ultimate aim of achieving the goals established in the Global Safety and Health Strategic Plan 2019-2022. To achieve this:

- In Spain, group companies have an occupational safety and health management system designed in accordance with applicable legal requirements, namely: Article 16.1 of Law 31/1995, on occupational risk prevention; and Article 2 – Occupational Risk Prevention Plan of Royal Decree 39/1997, enacting the Regulations on Prevention Services.
- In the United Kingdom, ScottishPower has a health and safety management system and policies and procedures to ensure that the company and its employees comply with all applicable internal, external, legal and regulatory requirements and standards and are suitably aligned with the Iberdrola group's overall approach to health and safety, as described in the “Procedure for Legal Identification and other Requirements”, the “Legal Health and Safety Register”, which lists all pertinent legal requirements, and the “Health and Safety Management System Manual”. The general scope of activities and business risks has been established by following the applicable internal process and the specific areas that fall under the scope of ISO 45001 certification: 2018.
- In the United States, Avangrid implemented a safety and health management system and an environmental management system during the year. In Spain, the only existing legal requirements for implementing an occupational safety and health system are in the offshore wind power sector, which is still emerging. Both the renewables (onshore wind) and networks business areas have implemented a system compatible with ISO 45001.
- In Brazil, Neoenergia implemented an occupational health and safety management system in response to the risks recognised in the PPRA (a document listing the main environmental risks, based on which measures are then put in place so that those risks do not affect the safety of employees), the IPAR (a tool for identifying hazards and risks by activity) and also in compliance with ISO 45001. The Neoenergia group companies that are certified under this ISO are Celpe, Cosern, Elektro, Termopernambuco, as well as the renewable energy business. Certifications for Coelba and the transport business are also expected to be

secured by 2021. It should be noted that there are no legal requirements to implement these systems in Brazil.

- In Mexico, although there is also no legal requirement, the group's facilities implement and maintain an integrated quality, safety and environmental system based on processes that satisfy the current versions of ISO 9001, ISO 14001 and OHSAS 18001, the last of which is currently being migrated to ISO 45001.
- At Iberdrola Energía Internacional (IEI), the Safety and Health department is seeking to establish a common standard in this area at both Iberdrola Renovables Internacional and Iberdrola Clientes Internacional, thus proposing a set of global objectives to create common requirements and standards. The onshore wind business (operation and maintenance area) holds OHSAS 18001 certification in Portugal, Greece, Hungary, Romania and France. The offshore wind business is managed by the Safety and Health, Environment and Quality department, which has earned ISO 45001 certification for the Wikinger wind farm (Germany). Meanwhile, Iberdrola Clientes Internacional, Italy, France and Portugal are currently in transition to ISO 45001.

Scope of the occupational health and safety management system

In Spain, as from 2020, the 15 companies operating in the country share an occupational safety and health (OSH) management system designed in accordance with the international ISO 45001 standard, with each of these companies retaining its own OSH management system.

In the United Kingdom, ScottishPower holds meetings to ensure that there is a proper relationship for understanding their needs and expectations and for establishing and considering any changes related thereto. Specific forums, such as the health and safety committee and the governance committee, attended by directors, full-time union delegates, health and safety representatives and employee representatives, have been set up to help facilitate employee involvement and feedback.

In the United States, the Occupational Safety and Health Systems (ISO 45001) implemented by Avangrid cover all workers and operations in the renewable energy and networks businesses. The relatively small number of employees attached to the corporate centre (Avangrid Management Corporation) are not covered by this management system, nor has a specific management system been devised to protect their safety while at work as they are considered low risk.

In Brazil, Neoenergia's health and safety management system covers all employees at the following companies:

- Celpe, Cosern, Elektro: Celpe and Unidade Territorial de Distribuição Arcoverde employees involved in light corrective and preventive maintenance work on the power distribution grid within the metropolitan area. However, certain sites and activities fall outside the scope of the ISO 45001 certification.

- Renewable energy: own employees and third parties associated with the operation and maintenance of hydroelectric plants.
- Termopernambuco: own and subcontracted employees assigned to operation and maintenance activities at a combined cycle thermal power plant, as well as administrative activities (financial and sales).

In Mexico, the management system covers all electrical and thermal power generation assets, as well as the project support area. The corporate centre is still in the process of alignment with and inclusion within the safety and health management system.

At Iberdrola Energía Internacional (IEI), the health and safety area currently consists of a health and safety officer and an international coordinator, although the plan is to include more resources as the structure grows. The operation and maintenance part of the onshore wind business has three resources in place to provide the necessary support for the wind farms located in Greece, Portugal, Romania, Hungary and France. Meanwhile, the offshore wind business has a quality, environment and occupational safety and health department tasked with providing coverage for assets located in Germany (Wikinger and Baltic Eagle projects) and in France (Saint Brieuc). Last but not least, Iberdrola Clientes Internacional has three people (in Italy, Portugal and France) who devote part of their time to safety and health, as they are also assigned to quality and fraud functions.

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

	2020	
	Nº	%
Employees covered by occupational health and safety management system	35,471	96
Occupational health and safety management system internally audited	35,466	96
Occupational health and safety management system audited or certified by an external party.	26,692	72

Subcontracted personnel are subject to the health and safety requirements determined by law and by our subcontractors (their employers) in their occupational health and safety management systems, with Iberdrola performing coordination to ensure that the activities and operations of our subcontractors take place in accordance with the agreed and legally required safety specifications, terms and conditions, and that they comply with all applicable prevention obligations, all in order to protect the safety and health of the workers.

The coverage and scope of our occupational health and safety management systems, as well as the requirements established for the coordination of occupational health and safety contractors, comply with the requirements of the ISO 45001:2018 standard “Occupational health and safety management systems” and are certified according to this standard by accredited certification companies.

Managing the health of employees: mental stress caused by COVID-19

In relation to COVID-19, Iberdrola España, as part of the Iberdrola group's global certification process, successfully obtained certification from AENOR for the measures implemented for pandemic management in the certification audit itself, as well as in subsequent follow-up audits.

In this connection, due to the coronavirus (COVID-19) pandemic, Iberdrola has implemented a series of protection measures in a bid to minimise the risk of employees becoming exposed to the virus. More precisely, these measures relate to mental health, stress management and employee welfare:

In Spain, Iberdrola España has engaged in the following activities:

- Support and assistance by the medical prevention service.
- Staging "Employee Welfare Days", which are delivered in three blocks: "Emotional Protection Teams", "Promoting Healthy Habits" and "Experiential Mindfulness Workshop".
- Virtual course on managing psychosocial factors, which over 3,800 employees have now successfully completed.

In the United Kingdom, ScottishPower has continued to offer the support available for years under its "Employee Support Programme" as well as the production of specific COVID-19 materials to offer guidance on how to help maintain good mental health during these unprecedented times. The company has also staged a series of monthly live (virtual) events to offer specialised information on mental health and allowing participants to take part in a question and answer session. The company has ensured that all of workspaces are safe. To achieve this, it developed a COVID-19 occupational risk assessment and implemented identified control measures like distancing, hygiene, use of masks and responsible behaviour. To help enforce compliance with these control measures, a formal programme of regular COVID-19 workplace inspections has been carried out and recorded in EHS360.

In the United States, Avangrid offered its employees various wellness programmes in 2020, including physical, emotional, financial and social support. Among other initiatives, the "CueItUp" financial programme features modules on personal budgeting, emergency savings, debit card spending and retirement savings. Meanwhile, the physical health and wellness programmes include weight control programmes and walking challenges. In addition, a multi-faceted programme has been developed to address mental health awareness and stigma, including webinars, training for managers, mental health advocates and a digital "myStrength" package, which offers employees valuable tools for coping with stress, anxiety and depression.

In Brazil, Neoenergia is working to implement all the WHO guidelines and best safety and health practices. It has adopted adjustment measures and programmes, such as a "Health Check" system to record the physical and psychological health of employees, which will then be assessed by the health team at the occupational safety and health department; a "Mais Apoio" guidance and support scheme for employees suffering from stress, depression, anxiety, or insomnia (free of charge and available 24/7 at Celpe, Coelba, Cosern, Corporate Centre and Wholesale). The company also handed out face shields and washable face masks, which are mandatory and must be worn at all times while at work and when commuting; hand sanitiser was provided in communal areas and floor spaces were marked with the recommended distancing signs; employee temperature was measured before entering and the employee had to go through the sanitary mat.

Meanwhile, administrative staff are required to have at least one empty seat between them, to respect the safety distance (2m), to avoid printing and sharing objects and to not remove their face mask when talking on the phone.

In Mexico, the Iberdrola Mexico group has devised a set of protocols as part of a wider pandemic mitigation plan. The company also launched awareness campaigns in 2020, including a safety, health and environment week, volunteering programme, wellness programmes through the gym pass platform, and family integration campaigns (Iberdrola talent, competition to win offerings for Day of the Dead celebration, master chef).

Right from the start of the pandemic Iberdrola Energía Internacional (IEI) set up a COVID-19 crisis committee, which meets on Tuesdays and Fridays. A daily report is also published for all countries that make up IEI, with monitoring of the workforce, description of the measures adopted by the countries, internal communications to employees and mental health. In February, a mindfulness day was held in Brussels. The company also conducted a study in relation to an emotional management project for all employees. In offshore wind, a programme is in place to monitor the mental health of employees. Various types of risk assessments are also being carried out across all IEI countries.

403-2

Hazard identification, risk assessment and incident investigation

Description of the processes used to identify work-related hazards and assess risks

In Spain, the companies that make up the Iberdrola España subgroup share the same process for identifying occupational safety and health hazards (OSH) and assessing occupational risks, in compliance with Section 16 of Law 31/1995, on occupational risk prevention, Chapter II of Royal Decree 39/1997 enacting the regulations on prevention services, and the ISO 45001 standard. The quality of these processes is ensured through the creation of a joint prevention service manned by qualified staff, which develops and applies a methodology for assessing occupational risks and guidelines for the electricity sector. All OHS processes also undergo an external legal audit and ISO 45001 certification. The annual prevention plan resulting from these processes is subject to quarterly consultation, participation and monitoring by the central committee and by the various company/business forums to verify its compliance and effectiveness.

In the United Kingdom, ScottishPower has deployed a system to identify, implement and maintain procedures for hazard identification, risk assessment and determination of controls. Further issues taken into account include human factors, competition, infrastructure, equipment, corporate memory, social factors, possible emergency situations, materials, lessons learned, safety messages and safety drills. ScottishPower manages and controls any changes to the business, structure, personnel, management system, processes, activities and use of materials, as described in its “Health and Safety Training and Competency Procedure”, “Risk Assessment Procedure” and “Personal Protective Equipment (PPE) Procedure”.

In the United States, Avangrid seeks to proactively identify and mitigate hazards in the workplace through risk assessment tools that identify hazards and assess risks. This process includes job reports, occupational hazard assessments and site safety inspections, which are audited as part of the internal audit program and also through annual external ISO audits. Employees receive hazard identification training annually and during their professional development. Moreover, the elements flagged through audits and spot checks are used to draw up action plans or to communicate best practices.

In Brazil, Neoenergia identifies its hazards in the form of lists and has defined its operational controls in its operating procedures and on the hazard and occupational risk lists. There is operational control of the hazards identified in the standard operating procedure for the most hazardous activities. The control hierarchy is respected with the aim of eliminating hazards. Operational and systemic training is used to ready employees for the practical side of their jobs. The company also addresses awareness of strengths, weaknesses, opportunities and threats and their respective controls. The improvements in the effectiveness of the system are evident from the results and findings of data analysis from management system audits, legal compliance audits, communication with Stakeholders, implementation of corrective and preventive actions and monitoring of objectives (indicators). Critical analysis meetings are held by the management to identify the resource requirements for maintaining and improving the management system. The availability of these resources is then planned and monitored accordingly as part of the subsequent analysis.

In Mexico, there is a documented procedure in place for identifying and assessing occupational risks by job, which is periodically reviewed and updated. The procedure applies to both in-house personnel and contractors, and there is also a work permit procedure, where hazards and risks are identified and appraised for each activity carried out at each work centre. Inspections and verifications are carried out to verify the effectiveness and proper implementation of these processes in accordance with a procedure and through the use of internal and external audits.

At Iberdrola Energía Internacional (IEI), the safety department does not carry out or issue specific risk assessments for its employees. Assessments for personnel assigned to and located in Spain are provided by the corporate HR department (prevention service). For all personnel who work outside Spain, in the onshore wind, offshore wind or Iberdrola Clientes Internacional businesses, this function falls within the remit of the health and safety area (part of the HR Department), but in this case the service is outsourced.

Processes for reporting occupational hazards and risk events

In Spain, occupational safety and health (OSH) hazards are reported through the Employee Portal and also through local tools such as the “Maintenance Notices” system. Any of the local (or central) safety and health committees can also be informed of any potential or real hazardous OSH situation. Under no circumstances may such reports or alerts give rise to any reprisal or harm to the employee, given that this reporting system forms an integral part of Iberdrola’s preventive culture.

In the United Kingdom, the risk assessment process adopted by ScottishPower follows five steps: 1. Identifying activities and hazards associated with the activities; 2. Analysing who might be harmed and how; 3. Assessing the risks and deciding on the control measures; 4. Reporting and documenting the significant risks; and 5. Regularly reviewing the risk assessments and updating them if needed.

In the United States, Avangrid encourages its workers to report hazards in the workplace through their chain of command or to the OSH unit. The company's policy prohibits discrimination or reprisal against any worker for reporting job-related hazards. Moreover, avenues are available to workers who would like to report a concern, including a direct ethics line for employees.

In Brazil, teams performing risk services that involve electricity, height and/or confined spaces must run a preliminary risk analysis (PRA) to identify hazards and assess the associated risks and find ways of eliminating and/or controlling them. If the hazard cannot be eliminated or controlled, the activity may be suspended temporarily or permanently, until the cause of the safety breach can be resolved. In these cases, the team may refuse to carry out the work and will describe the reason in the PRA, in accordance with the terms of the *Occupational Safety and Health Risk Policy*.

In Mexico, the company's power plants provide employees, contractors and other personnel engaged in activities within the facilities with a Deficiency Observation Report (Reporte de Observación de Anomalías) (ROA), which is an effective participation mechanism to prevent and avoid risky situations that might lead to incidents and/or injury. Once a deficiency has been detected, it must either be corrected, or, if this proves impossible, reported to the worker's direct superior so that it can be uploaded into the system.

At Iberdrola Energía Internacional (IEI), a report of a serious or very serious accident in any country must be promptly reported to the Safety and Health area so that the corporate head of HR and the country safety officers can be informed. This is followed by an exhaustive investigation and documentation process to clarify the root causes and implement corrective action. A final report is then issued and shared with the other countries so that best practices can be integrated into their respective local safety management systems.

Finally, Global Face to Face Meetings are held quarterly online and in person once a year with all safety and health officers of the various countries, where significant accidents during the reference period are shared so that the lessons learned can be integrated into the safety management systems of the various countries and thus avoid the repetition of similar events.

Policies and procedures for withdrawing from occupational situations considered likely to cause injury or 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 the entails a risk without having the means and knowledge necessary to mitigate or eliminate the effects of the risk itself. This principle of conduct, which is enshrined in the company's Safety Policy and endorsed by the company's executives, is promoted and championed by the global safety department alongside the global good practices group known as the “Safety Culture”, which has developed a leadership course in safety and health for executives and managers, as well as “Always

ON", an international initiative that seeks to further emphasise and reinforce these concepts.

In Spain, matters are also governed by applicable law and regulations (Article 21. – Serious and imminent risk, of Law 31/1995, on occupational risk prevention), which governs the process to be followed by workers who want to remove themselves from any work situations that they believe constitute a serious and imminent risk to their occupational safety or health.

In the United Kingdom, ScottishPower continues to use the "Health and Safety Matters" communications umbrella. This initiative seeks to bring all commercial health and safety activities under a single umbrella, which provides a higher operational profile and impact. This is integrated into the general OSH rules, the H&S 5 Essentials and mechanical and electrical safety.

In the United States, all Avangrid workers have "Authority to stop work", meaning the right to speak out and stop or walk away from work if they feel the situation is unsafe. In addition, the code of business ethics explicitly prohibits any form of reprisal against an employee for reporting a hazard, and this includes the implementation of work stoppages.

In Brazil, Neoenergia has no specific policy or process within the safety and health area that allows for the retirement of employees who no longer wish to carry out work that they believe may cause injury or illness.

In Mexico, the employee portal contains a Code of Ethics mailbox in which any worker belonging to the group or outside worker can communicate their objection to obeying any labour instruction and/or practice that might threaten their physical or moral integrity.

At Iberdrola Energía Internacional (IEI), both Iberdrola Renovables Internacional and Iberdrola Clientes Internacional have their own procedures, methods and systems for reporting work-related accidents in accordance with local practices and regulations required by their country. However, the countries share a number of common practices, whereby workers can report unsafe conditions or actions that may occur while performing their duties with the aim of improving internal practices and procedures.

Employee processes for investigating work-related incidents

In Spain, general procedures are applied to manage OSH incidents, investigate possible root causes and identify, implement, monitor or close the corrective action resulting from such investigative work. These procedures are based on the hierarchy of controls deriving from applicable law.

In the United Kingdom, ScottishPower uses its "Incident management framework" system to describe the processes used to investigate work-related incidents, including processes to spot hazards and assess the risks underlying the incidents.

In the United States, work-related incidents are investigated in accordance with Avangrid's incident management policy, which includes the tracking of all work-related incidents via the company's online registration system and a formal inquiry process that seeks to

identify the direct cause and all contributing factors. The particular investigation method depends on the severity or potential severity of the incident or mishap.

In Brazil, Neoenergia has an Incident Reporting and Handling Procedure that sets out the standards for reporting, investigating and analysing work-related incidents, accidents and other events at both Neoenergia and its contractors (available in the documentary support tool).

In Mexico, the global department sees to it that the safety and health systems of each country (all such systems certified by third parties) describe the precise means for investigating work-related accidents and occupational diseases. It also conducts global evaluations of businesses to confirm that all these processes are performed with the required standards of quality, timeliness and form. The immediate causes giving rise to the accident are investigated and immediate corrective action is undertaken to mitigate and respond to the event, and a lead person is assigned to follow up on this action.

Iberdrola Energía Internacional (IEI) sees to it that the safety and health systems (all such systems certified by third parties) have the means needed 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

In Spain, the monitoring of occupational health or workplace medicine is one of the four mandatory preventive specialities. This speciality is handled in-house, through the occupational medicine unit attached to the joint prevention service. Coverage is universal and in accordance with medical protocols, thus ensuring the confidentiality of personal data. Health monitoring is complemented by awareness-raising and training campaigns and events to promote good health and healthy habits, together with health checks, vaccination campaigns, first aid and studies into common diseases and absences arising from health problems. This process undergoes an external legal audit and an ISO 45001 certification audit. Lastly, the medical aptitude of workers of subcontractors forms part of the legal compliance accreditation process, in accordance with applicable law.

In the United Kingdom, ScottishPower's guide to occupational health services describes the provision of professional medical and occupational health services, as well as advice and support to effectively manage occupational health and hygiene risks associated with work-related activities and operations, including pre-employment checks, medical referrals, absence management, drug and alcohol testing, health surveillance, international travel, sick leave, first aid and rehabilitation.

In the United States, the specific programmes established by Avangrid include regular legal reviews to assess emerging and changing legal and health risks and to come up with plans to mitigate and reduce these risks. The findings of this review process are communicated to the organisation through regularly scheduled meetings involving senior

management, employees and their representatives. The quality of this programme is assessed through regular internal and external audits.

In Brazil, Neoenergia seeks to: promote and protect the health of employees through the use of clinical-epidemiological tools; monitor and diagnose early work-related health problems, focusing on prevention; provide solutions to improve working environments and the organisation of activities based on the detection of problems; make management and employees more aware of the importance of prevention in maintaining quality of life within the organisation; and provide training, through records of occupational medical checks and historical information on the clinical condition (physical and mental) of its employees.

In Mexico, the health of the company's own workers is monitored in accordance with medical protocols, based on the specific function of each worker and in response to an assessment of the occupational risks to which they are exposed. Confidentiality is ensured by observing applicable law and internal and external controls. Its annual health plans include various programmes, services and clinical examinations that are readily available to the workers. The MEDISEL online platform contains the medical records of each worker, which can only be viewed by the subject him or herself and by the medical service.

At Iberdrola Energía Internacional (IEI), the health monitoring service is outsourced in accordance with local law and Iberdrola's own standards. Health requirements are comparable between countries and traceable for all staff members. The health of workers is monitored in accordance with medical protocols based on the function performed by each worker and in response to an assessment of the occupational risks to which they are exposed. Medical data are protected by the data protection laws of the various countries and there are also internal controllers and external audits for this purpose. All subcontracted activities must be aligned with internal recruitment procedures and health monitoring records and risk assessments are also requested for all external workers.

403-4

Worker participation, consultation and communication on occupational health and safety

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

In Spain, there is a general procedure in place for communication and another for consultation and participation, both of which reflect the legal requirements applicable in this area and the employee participation requirements of the ISO45001 standard relating to consultation and participation. There are also procedures for conduct agreed upon with the trade unions that govern the operation of the safety and health committees and the powers of the prevention representatives.

In the United Kingdom, ScottishPower's OSH Committee is chaired jointly by the executive directors of Energy Networks, of the renewables and liberalised businesses, and of the executive directors of all the retail divisions, the chief legal officer, the HR director, the director of safety and health for the United Kingdom and other senior safety and health professionals. The committee meets quarterly and serves as a forum for senior management governance and leadership in the realm of safety and health. It leads the establishment of occupational safety and health targets.

In the United States, AVANGRID conducts formal worker consultation processes through a number of qualified workers, whereby workers nominated by their peers are consulted in relation to the development of the management system, and through a strategic safety board, where the leaders and representatives of senior workers are consulted.

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

In Mexico, trade union teams hear the concerns of workers and discuss them at meetings with company representatives. Communication takes place via the Intranet and by e-mail. The information includes details of accidents, incidents and operational incidents. For external communications, there is a communication procedure that governs requests for information as well as technical communications with customers.

At Iberdrola Energía Internacional (IEI), trade union teams hear the concerns of workers and discuss them at meetings with company representatives. More specifically, committees at Iberdrola Renovables Internacional receive the meeting minutes of the coordinating board of Iberdrola Renovables. Meetings are also held at Iberdrola Clientes Internacional and questionnaires are sent out to workers so that they can voice their concerns on the subject of occupational safety and health.

Formal management - worker health and safety committee

In Spain, there is a central health and safety committee, an inter-centre committee and a further 36 local safety and health committees, thus ensuring that all employees are represented on one or other local committee and on the central committee in order to ensure worker consultation and participation, which includes the preparation of prevention plans and OSH procedures, the occupational risk assessment process, planning of preventive activity and reporting on incidents relating to OSH and their causes. This consultation and participation system is set out in Article 93.

In the United Kingdom, the health and safety governance committee at ScottishPower is responsible for general strategy, guidelines and governance in this area. It comprises members of each of the executive management teams and the health and safety management team. It is supported by the executive teams of each business unit, the Safety and Health Department and the various forums attached to this department, which are made up of worker representatives elected from each of the business areas, members of the Safety and Health Department and trade union representatives.

In the United States, panels of qualified safety workers and Avangrid's strategic safety board meet monthly. These panels provide experience and knowledge on matters relating to OSH.

In Brazil, Neoenergia has a committee for defining policies and plotting courses of action, while promoting activities to help ensure the health and physical integrity of its employees, partners and local communities. Comprising representatives from the different areas and led by a coordinator appointed by the company, the committee meets fortnightly with a defined agenda.

Mexico has various occupational safety and health committees to provide channels for consultation and participation with the workers' representatives in this area, to monitor indicators and accident rates, to plan and undertake preventive action to correct deficiencies, and to improve the safety and health system. The Safety and Health Committee (SHC) is an internal body that helps ensure the implementation of an occupational safety and health management system that meets the requirements across all areas and processes of each facility, while actively taking part in the process of investigating accidents and incidents.

At Iberdrola Energía Internacional (IEI), there are communication channels in place to provide for consultation and participation with the workers' representatives in this area, to monitor indicators and accident rates, to plan and undertake preventive action 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 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 and training in relation to 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. The courses are designed to combine theory and practice and cover all the occupational risks identified in the risk assessment, as well as specific campaigns set up in response to any needs for reinforcement or recycling that may be detected. All training is free of charge and takes place during working hours. Lastly, subcontractors must provide proof of legal compliance when requested by Iberdrola, in compliance with applicable law.

In the United Kingdom, ScottishPower has a training process in place to respond to the needs of its workforce. Line managers are responsible for evaluating skills and identifying training needs to ensure that employees possess the necessary skills and knowledge to perform their role effectively and safely. Employees may submit further training requests during the year by submitting an online application form. There is also training for new employees, skilled technical workers, other programmes such as educational policy, the 70-20-10 learning model and human resource development and management.

In the United States, Avangrid workers receive technical and safety training through a combination of in-person training, classroom instruction and online training. Workers may not begin work until they are able to demonstrate the level of competence and knowledge necessary to do so safely. Technical training includes training on hazards, risks and controls associated with each job function.

In Brazil, Neoenergia carries out the following training activities with its own personnel: working at heights, safety in electrical facilities and services, recycling, defensive driving, health and safety integration, occupational health and safety management system policy, objectives, hazard identification and risk assessment sheet, and machinery and equipment. Third-party workers must receive training from the subcontractor they work for, following the specific requirements prescribed by Neoenergia.

In Mexico, various courses are available through a specific software system, including courses on safety and health, so that each worker can draw up their own “Personal Development Plan” endorsed by their immediate superior. This is based on a yearly assessment to benchmark their performance against their job profile, and the results are then used to devise training improvements for the subject and to draw up a training plan with additional courses.

At Iberdrola Energía Internacional (IEI), all employees have access to specific safety and health training courses. Both online and in-person courses are available for employees in accordance with their specific duties and needs, in order to provide training on general and relevant safety topics. The businesses send a matrix of training needs to Human Resources to meet those needs in the following year. Training in safety and health is a legal requirement in most countries in which we operate (Iberdrola Renovables and Clientes Internacional).

In 2021, a safety and health leadership course will be offered at the global level to officers and managers in order to establish a common leadership model. The leadership model and course have been designed internally by the “Safety Culture” global practices group.

Promotion of health among workers

403-6

Workers’ access to non-occupational medical and healthcare services

Iberdrola provides workers with the material resources required to promote the health of its employees, as well as the organisation of non-work-related sports activities announced and promoted through the corporate intranet and the sponsorship of sports teams, etc. A “Health and Welfare” Global Practices Group has been created with the aim of establishing common guidelines for conduct in this field, with the involvement of specialised representatives from the medical services in the different countries.
In Spain, workers have access to non-work related medical services, through a special insurance system arranged with a private entity that offers health coverage to personnel and their direct relatives, with the process supervised by the company’s own medical services team, which remains in close contact with the doctors, diagnostic offices and approved health companies. This insurance includes an extensive catalogue of benefits

and advantageous financial terms. The insurance also covers medical care in the event of travel or trips abroad for work-related purposes.

In the United Kingdom, a confidential occupational health monitoring programme is provided to all employees who ScottishPower considers to be at risk. Innovative solutions and programmes have also been developed to engage employees in health, exercise and well-being activities. The company also operates a confidential Employee Assistance Programme that provides help and advice to staff and their immediate family members on a wide range of health, consumer, legal and lifestyle issues.

In the United States, Avangrid offers all employees a comprehensive package of benefits that includes medical, dental and vision coverage.

In Brazil, Neoenergia offers its medical services through accredited clinics under the Bradesco health care plan, as well as through occupational health services providers and occupational clinical care at the company.

In Mexico, all employees are provided with medical benefits in the form of a catastrophic medical expense policy, a medical consultation policy with specialists, a dental insurance policy and a life insurance policy.

At Iberdrola Energía Internacional (IEI), access to medical services and monitoring of employee health is managed by the respective Human Resources Divisions.

Voluntary health promotion services and programmes

In Spain, the medical services launch regular campaigns to promote good health and champion healthy habits (anti-smoking and healthy eating). This includes voluntary programmes to monitor and help ensure the early prevention of potential pathologies through regular health checks, including the prevention of colon and prostate cancer, heart disease, arterial hypertension, glaucoma and vaccination campaigns (flu). Catering services offer healthy alternative diets and there is easy access to physical exercise. Thanks to all these practices, the Iberdrola group earned the AENOR Healthy Company certificate in 2019.

In the United Kingdom, two key strategic initiatives are under way to help employees:

- Mental health: an awareness programme (including the Employee Assistance Programme) has been implemented throughout the company, with leaflets titled “Putting on a brave face – Time to talk, you are not alone” handed out to employees, plus seminars and enrolment on the “Mental Health First” Aid training course available within the businesses.
- A Musculoskeletal Disorders (MSD) plan to prevent and mitigate poor health in the workplace was launched in 2018. The DorsaVi system for evidence-based MSD telemetry data has also been approved for implementation in the realm of occupational hygiene. A “Functional Measurement Assessment” pilot programme has been successfully tested.

ScottishPower also provides physiotherapists, travel health support and exercise. And its PowerClub gym is available at various locations across the UK. In addition, occupational health continues to work in partnership with CRUK in promoting valuable health and lifestyle messages to help combat cancer-related diseases.

In the United States, the information is provided in the Avangrid paragraph on the country in the section on the Occupational Health and Safety Management System (GRI 403-1).

In Brazil, Neoenergia has launched flu vaccination campaigns for all employees, which is carried out through an external company. Other consultation and examination services are provided through a health plan (Bradesco), which covers all employees and their family members. Notable health and wellness initiatives include the cancer prevention campaigns (Pink October, Blue November) and access to physical activity through the Gympass provider.

In Mexico, Iberdrola provides employees with sports activities that are announced and promoted via the sports Intranet, and sponsors various sports teams. There are two programmes focused on health promotion: Gympass (to promote physical activities among its employees) and Medical Database (electronic medical records showing medical checks and recommendations issued by the facility's in-house doctor).

At Iberdrola Energía Internacional (IEI), this service is outsourced for local Iberdrola employees and medical checks are confidential, in compliance with specific local regulations. Medical examinations are performed as often as required in accordance with local law within the country, depending also on whether such checks are mandatory, on the duties assigned to the worker and on the risks to which he or she is exposed. For subcontractors, there is a documentary exchange on the risks inherent to the work centre where they provide their services and the medical fitness checks required to perform the subcontracted work. Actions are also being taken to promote the health and well-being of workers (healthy habits, sports). Psychosocial risk assessments are carried out in France, where they are a legal requirement.

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

403-7

In Spain, potential impacts on occupational safety and health are addressed through a process of assessing occupational risks, which includes road and psychosocial safety aspects. In addition to theoretical and practical (classroom) courses on road safety, there are occupational health monitoring systems in place to detect potential negative impacts on employee health. The prevention and mitigation resources include psychosocial programmes.

In the United Kingdom, ScottishPower ensures the highest possible standards of health and safety performance by all of its subcontractors, this being a vital component in providing a sound safety and health culture. The businesses must fully understand their responsibilities when it comes to selection, approval, monitoring and management of subcontractors and must comply with the group's procedure for managing the health and safety of subcontractors.

In the United States, Avangrid focuses on systems to mitigate occupational safety and health impacts, while seeking out opportunities to build robust systems that not only include measures to reduce the probability of an impact occurring, but also mitigate the potential consequences in the event of an actual impact or failure. The general idea is to focus on the development of systems that employ various types of controls to create layers protecting against incidents and mitigating impacts if an incident does materialise.

In Brazil, Neoenergia maps the company's hazards and risks using IPAR spreadsheets (tool used to identify hazards and risks by activity), which are divided into the following processes: operation, maintenance, acquisition, HR, calibration and common areas. Templates have been built in accordance with a technical guide on time management and risk assessment. Hazards and risks are mitigated through specific operational controls for each identified hazard.

In Mexico, operations, products or services facing difficulties in hiring or outsourcing because the supplier companies are not familiar with the safety and health pre-qualification requirements of Iberdrola, or do not have certified integrated management systems in place, and verifying their compliance 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.

Iberdrola Clientes Internacional faces a certain amount of difficulty when it comes to finding the right suppliers (for safety and health), mainly because installation companies are not familiar with the health and safety pre-qualification requirements of Iberdrola, or do not have certified integrated management systems in place, and verifying compliance tends to delay the hiring process. Therefore, those places where these difficulties commonly arise (such as Italy, France and Portugal) are defining specific plans under the supervision of Iberdrola Energía Internacional and the liberalised business.

Workers covered by an occupational health and safety management system

403-8

In Spain, the occupational safety and health (OSH) management systems apply to all company personnel; to all temporary employment agency workers assigned to Iberdrola group work centres in Spain; to all personnel of its suppliers of equipment, products, materials, works and services; and, in general, to all personnel of other companies that work at any Iberdrola work centres in Spain, affecting all pertinent processes and scopes, whether legal or regulatory and whatever the activities they perform.

In the United Kingdom, ScottishPower has decided that all its workers must be covered by the occupational health system. Workers excluded from the scope would only be those who have suffered an accident or incident classified as non-work related, which the “Incident Management Framework” defines as symptoms that are a product of a pre-existing or past condition and the injury sustained cannot be directly or solely attributed to the task performed, where the injured party ignored medical advice/restrictions, or where the injury was caused by an environmental condition located entirely on their own property (slip at home).

In the United States, no worker at Avangrid has been excluded from the scope. The data collected is based on an assessment of the organisation's procedures, policies and metrics.

In Brazil, Neoenergia has implemented its occupational safety and health management system on the basis of ISO 45001. The methodology or assumptions used are available in the management system handbook. The companies Celpe, Cosern, Elektro, Termopernambuco and the Renewables Business are all ISO 45001 certified. While there are certain sites and activities at Celpe, Cosern and Elektro that do not fall within the scope of the ISO 45001 certification, they are all operated within the same safety management system as those that are certified.

In Mexico, the staff assigned to the country's corporate offices are still in the process of joining the system and a plan is currently being prepared to bring them within the scope of the occupational health and safety management system, which already covers workers assigned to generation operation and maintenance, project support and renewables.

At Iberdrola Renovables Internacional (IEI), company workers fall under the umbrella of the collective bargaining agreement and the regulations of the prevention services and are ISO 45001 certified. Employees are covered by the OHSAS 18001/ISO 45001 certificate across the different IEI countries (and businesses). Various control mechanisms are used to ensure that there is and will be compliance with the prevailing law of each country. No worker is currently excluded from this framework. Safety and health information is monitored monthly, as well as cumulatively on a quarterly and annual basis (in the management review report) and information on accident rates is entered into the global application, which is the source of valid and audited information for the achievement of the objectives.

Own staff represented on safety and health committees (%)

	2020	2019	2018
Iberdrola total	**95.24**	**98.80**	**98.61**

Injury and absenteeism rates

403-9

Work-related injuries (own staff)[66]

	2020	2019[67]	2018 [71]
Number of injured workers	**351**	**415**	**399**
Men	319	378	363
Women	32	37	36
With leave	**78**	**83**	**80**
Men	*72*	*77*	*75*
Women	*6*	*6*	*5*
With fatality	4	1	0
Men	*4*	*0*	*0*
Women	*0*	*1*	*0*
With high consequences	3	1	1
Men	*3*	*1*	*1*
Women	*0*	*0*	*0*
Without leave	**273**	**332**	**319**
Men	*247*	*301*	*288*
Women	*26*	*31*	*31*
Number of lost days	**4,070**	**3,896**	**3,929**
Men	3,922	3,747	3,806
Women	148	149	123
Injury rate (IR)	**1.19**	**1.33**	**1.37**
Men	1.44	1.61	2.26
Women	0.40	0.41	0.21
Severity index	**0.06**	**0.06**	**0.07**
Men	0.08	0.08	0.12
Women	0.01	0.01	0.01

[66] Methodology used 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.

[67] Data for 2018 and 2019 have been recalculated according to the corporate criterion.

Rates of work-related injuries (own personnel)[68]

	2020	2019	2018
Rate of fatalities	**0.01**	**0.00**	**0.00**
Men	0.02	0.00	0.00
Woman	0.00	0.01	0.00
Rate of high-consequence work-related injuries	**0.01**	**0.00**	**0.00**
Men	0.01	0.00	0.00
Woman	0.00	0.00	0.00
Rate of work-related injuries	**0.89**	**1.11**	**1.34**
Men	1.05	1.34	2.03
Woman	0.37	0.36	0.30

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

	2020	2019	2018
Rate of fatalities	0.01	0.01	0.01
Rate of high-consequence work-related injuries	0.01	0.02	0.00
Rate of work-related injuries	1.04	0.74	1.11

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

Absenteeism among own personnel (missed hours)[69]

	2020	2019	2018
Accidentability and occupational disease	37,997	N/Av.	N/Av.
Common disease and COVID-19	1,289,351	1,187,531	1,663,464
Total	**1,327,348**	**1,187,531**	**1,663,464**

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

[68] Rate of fatalities = Number of fatalities as a result of 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 (except first aid) / Number of hours worked x [200,000].

[69] The calculation of hours lost due to absenteeism includes leave arising from maternity in the United States.
In previous years the hours lost due to occupational accident and occupational disease count within the accidents rates

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

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Work-related injuries (sub-contracted personnel)[70]

	2020	2019	2018
Number of injured workers	**645**	**583**	**570**
Men	619	568	549
Women	26	15	21
With leave	**201**	**208**	**174**
Men	*192*	*201*	*171*
Women	*9*	*7*	*3*
With high consequences	6	12	6
Men	*6*	*12*	*6*
Women	*0*	*0*	*0*
With fatality	4	4	3
Men	*4*	*4*	*3*
Women	*0*	*0*	*0*
Without leave	**444**	**375**	**396**
Men	*427*	*367*	*378*
Women	*17*	*8*	*18*
Number of lost days	**7,656**	**11,992**	**9,661**
Injury rate (IR) [71]	**1.94**	**1.98**	**1.72**

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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.

[70] Because the participation percentages in some companies differ from 100%, the rounding made may cause the summations to the total submitted.
[71] Injury rate (IR) = (number of accidents with leave*1,000,000) / hours worked.

Occupational diseases among own personnel (no.)

	2020	2019	2018
Deaths due to occupational diseases	0	0	0
Occupational diseases	1	1	2
Total	**1**	**1**	**2**

Occupational diseases among subcontracted personnel (no.)

	2020	2019	2018
Deaths due to occupational diseases	0	0	0
Occupational diseases	0	0	0
Total	**0**	**0**	**0**

COVID-19:
Protect the health and safety of our employees

Countries	Main actions
GLOBAL ACTIONS	• The Iberdrola group is taking a number of measures during COVID-19 to protect the health and safety of its employees, as well as to ensure electricity supply in the countries in which it does business, especially for hospitals, health centres and other essential services. • The group and all of its companies are monitoring the coronavirus situation and are taking steps to mitigate any risk to employees, while ensuring that it continues to operate efficiently in all its markets. • The company has adopted the following measures, in conjunction with local restrictions, while providing a service in the general interest and with the aim of protecting the health and safety of workers: ◦ Establishment of a Global Coordination Committee, as well as business crisis management committees by country and by business. ◦ Remote work for positions that allow it. ◦ Restrictions on domestic travel and alternative use of video conferencing, Teams, Skype, streaming, etc. ◦ Restriction on holding meetings, events and training. ◦ Restrictions on outside visits. ◦ Adjustment to an online format for training employees, and incorporation of new digital tools. ◦ Protective measures: masks, gel, safety distances, etc. ◦ Internal communications to employees.
SPAIN	• Staging “Employee Welfare Days”, which are delivered in three blocks: “Emotional Protection Teams”, “Promoting Healthy Habits” and “Experiential Mindfulness Workshop”. • Support and assistance by the medical prevention service. • Virtual course on “Management of psychosocial factors”, completed by over 3,800 employees.
USA	• AVANGRID provided its employees various wellness programmes in 2020, including physical, emotional, financial and social support. Other projects include: ◦ The “CueItUp” financial programme features modules on personal budgeting, emergency savings, debit card spending and retirement savings ◦ Physical health and wellness programmes include weight control programmes and walking challenges.
MEXICO	• In Mexico, a set of protocols have been established as part of a wider pandemic mitigation plan. The company also launched awareness campaigns, including a safety, health and environment week, volunteering programme, wellness programmes through the gym pass platform, and family integration campaigns (Iberdrola talent, competition to win offerings for Day of the Dead celebration, master chef, etc.).

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.

Strategic Training Framework

In the realm of training management, a key initiative has been the development of the **Strategic Training Framework and the definition of Strategic Skills** across the entire group on the path to creating a learning model for everyone that is aligned with the Iberdrola Strategic Outlook. This framework will help us create a learning culture aligned with our current and future challenges in order to have a comprehensive learning model with which to develop Iberdrola employees.

Other highlights include:

- Throughout the COVID-19 pandemic, the training teams in the various countries adjusted with enormous agility, priorities were established and updated learning solutions were prioritised to ensure that critical training continued to be delivered in a safe and risk-assessed manner, while respecting the applicable guidelines and law in each case. Online training guides have also been created, thus making it possible to adapt content to TEAMS or similar formats and achieve the desired learning objectives even during the lock-down. In a nutshell, more and more digital tools have been added to make employees the protagonists of their own learning through our own platforms, with online courses and webinars available across all levels of the organisation.

- Iberdrola España has taken action to support the current and strategic activities of our company, focused on key aspects of digital transformation. For instance, a pilot space has been set up to help develop a "Digital Mindset" among our employees, enabling them to assess their digital skills as the first step in building their digital development plan, and allowing the company to establish a common framework in digital skills for both the Development and Recruitment departments. Efforts have also been made to create technical tools for face-to-face training (such as Immersive Tactile Reality) to shorten the learning curve and make the process more efficient.

- In the United Kingdom, an environmental training programme has been developed for SP Energy Networks, involving the creation, design and deployment of a company-wide training programme to address its environmental and sustainability

responsibilities and ensure awareness and compliance in this regard. Also in the United Kingdom, SP Energy Networks has received support in developing and implementing an internal “Grow your Own” self-growth plan.

- In 2020 Avangrid deployed LinkedIn Learning for all employees in the United States. The tool puts development in the hands of every employee by offering relevant and on-demand courses, from professional development through to technical training and preparation for a wide range of qualifications. In December Avangrid partnered with the Avangrid Foundation to offer “We Learn, We Give”, whereby donations are made to educational centres for every hour of LinkedIn Learning completed by employees.

Model of Principles and Behaviours

Iberdrola launched the new **Behavioural Principles Model** in 2019 in order to align its conduct with the purpose and values of the Iberdrola group. This is a **unique model**, covering all employees and countries of the Iberdrola group, and seeks to inspire the conduct of the company’s employees during each stage of their **professional career**. Another step was taken in 2020 towards making this **model a reality, having now made it the basis for all HR processes** (selection, training, development and performance), both globally and locally: internal and external vacancies, Personal Development Plans (PDPs), and performance assessments. All development programmes at both the global and the local level have also been reviewed and brought in line with this model.

Concrete actions have been undertaken both globally and locally to bring **our model** to fruition.

At the **global** level, a support guide was designed at the beginning of the COVID-19 pandemic offering specific materials to help our executives **lead their teams remotely** and additional resources were offered in the form of e-leaders. This process included the design of specific materials, with dedicated articles on each of the six principles from the behavioural model linked to **leadership in uncertain times** (aligned with the new way of leading remotely and working from home).

The company also launched the **e-Leaders Challenge** programme for all of its leaders, the aim of which is to solidify and realise our behavioural model by ensuring that they understand, embrace, live and exemplify the desired behaviours. This programme, based on the 70/20/10 learning model, dedicates each month to one of the behavioural principles through a variety of training and development material and by proposing challenges and concrete actions to put the principles into practice. To make it a more practical and collaborative experience, we have also launched a group on Yammer, where we encourage leaders to share the results of the actions they have undertaken and that are working for them. We thus try to make this learning both a social and collaborative affair.

On the local level, the United Kingdom, Spain, Brazil, Mexico and the United States adjusted the content of their own Professional Development Programmes to reflect the new Behavioural Model. They also developed various training, development and internal communication initiatives with the aim of reinforcing the learning experience and getting people to apply the behaviours on a daily basis:

- In Spain, various programmes have been designed to dive deeper into each of the behaviours. In 2020, this focused on “Learn to Develop”, under the theme of learning and feedback. A description of the new behavioural model is also given at the start of each development programme.
- In the United Kingdom, a self-assessment process has been designed so that all employees have a clearer vision of where they stand in relation to each of the six principles, including areas to be developed and suggested training actions.
- In the United States, the behaviours have been reinforced in the various learning tools and through internal communications. The country has launched “Living Our Behaviors”, a competition with prizes relating to the practise of the behaviours. An “Assessment 360” process has also been designed covering various employee perspectives (of the employees themselves, of the employees’ peers and of the employees’ superiors)
- In Mexico, the company has launched various internal communication initiatives and other actions to embrace the behaviours by reinforcing the e-leaders Challenge programme and by posting specific content in GEP that is linked to each of the behaviours.
- In Brazil, various internal communication initiatives have been developed using the behavioural foundations, including letters, WhatsApp messages, emails and videos. An initiative has also been launched to recognise employees who have incorporated the behaviours into the manner in which they work. Lastly, the “*Inspiração*” programme has continued and the presentations have been adapted to the behavioural model.

A global online guide was designed to locally support the **Professional Development Programmes (PDP)**. This guide includes specific information on the Behavioural Model and the PDP procedure and help guides for participants and managers alike.

Professional Development Programmes

As we mentioned at the start of this section, the ongoing COVID-19 pandemic has prompted the adaptation of many of the **Professional Development Programmes (PDPs)** to online only events in 2020, both globally and locally. A global online PDP guide adapted to the Behavioural Model was designed during the year. This guide is available in all three languages and includes specific information on the Behavioural Model and the PDP procedure and help guides for participants and managers alike. Two online modules, known as “Powerful Conversations” and “Positive Influencing”, were also launched during the year.

We continue to foster an environment across the group in which our employees can manage their own growth and development. With this goal in mind, we continued to work to support our employees throughout 2020 on their journey to becoming future leaders of our organisation through our **High Potential Programme**. In 2020 a total of 145 professionals took part across the group, all of whom completed an online assessment and built a Personal and Individual Development Plan to be implemented over the next two years.

An exhaustive benchmarking exercise was also carried out in 2020 to gauge current market trends and recommendations with the aim of designing and implementing a **Succession Plan**, which has served as a useful reference point and course of action for creating a new model and for preparing a pilot project to be launched in 2021.

The programme aimed at new team managers was also consolidated in 2020, with the objective of honing the skills and competencies needed to manage employees and collaborators. This programme is especially important for professionals in the early stages of their management career. This programme has a global outreach, but has been implemented locally so that it can be tailored to the specific needs of each country. Once a face-to-face event, the programme became online only in 2020 due to the ongoing COVID-19 pandemic.

Highlights at local level in relation to the Professional Development Programmes include the following:

- In Spain, this programme is known as "*DINAMO*" and four editions have now been held. The country has also continued to offer its SAVIA development and training programme, which is based on the behavioural principles and focuses on a range of topics, including communication, emotional intelligence and change and conflict management.
- In the United Kingdom, five virtual editions of the "Leadership Fundamentals" programme have been delivered, while in the United States there have been five editions of the "AMP'D Leading People" programme.
- In the United States, In the United States a PDP catalogue has been created and offered to all employees and leaders in order to link professional development tools to the behaviours. Meanwhile, webinars have been given to employees and managers alike to provide a clearer picture of how the behaviours are linked to their PDP.
- In Brazil, the company has redesigned its local "*Lidera*" programme to become an online event split into different levels of leadership: future leaders, managers and senior managers. There were 31 editions of the event over the course of the year.

Coaching and Mentoring programmes

The **Coaching and Mentoring programmes** have had to become online events through virtual sessions.

At the global level:

- In 2020 we launched our first global Digital Mentoring programme with the aim of driving digital transformation at Iberdrola and fostering the management of knowledge through collaborative environments. This initiative was launched globally and the level of uptake exceeded expectations: more than 550 enrolments were received, including pair groups consisting of employees from different countries.
- Training was also delivered to the Human Resources teams in order to provide Iberdrola's human resources managers with the skills and knowledge they need to successfully complete their projects, and to standardize the knowledge of the various teams.

At the local level:

- In 2020 we also launched local mentoring initiatives in Scotland, Brazil and the United States. Each programme has been adapted to the specific needs of the country, and together these programmes involved more than 110 pairs and 1,000 hours of work over the course of the year.

Programmes for skills management and lifelong learning

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

All of Iberdrola's training and development activities are based on the 70/20/10 learning model. 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 were carried out in 2020 in addition to all of the specific actions and objectives described in the "Management approach".

All these programmes have been updated to bring their content in line with the Behavioural Principles Model. A presentation of the model and its link to the content of the programmes is also given at the start of each programme in order to raise awareness and understanding of the model among participants.

- Iberdrola has various programmes aimed at people who have been flagged as high-potential professionals, including the MBA in the Global Energy Industry, which is offered by Pontificia Comillas University in Madrid and Strathclyde University Business School in Glasgow and lasts two and a half years. It is a global programme in which professionals from Spain, the United States, the United Kingdom, Brazil and Mexico all take part. The fourth class finished the second academic year in 2020 and as of March the modules became online only due to the COVID-19 pandemic.

- Iberdrola has an extensive training and development catalogue for professionals pursuing a career in management. We continue to offer a programme to respond to the development needs of professionals who are pursuing a technical career and to give them the behavioural and technical skills they need. This global programme features a two-module online format and is delivered by the IMD international business school. Module 1 of the second edition was completed in 2020.

- Iberdrola offers its technical personnel, middle managers and some of its executives a global development model based on the Iberdrola group's Behavioural Principles Model, which is implemented through a process that allows these professionals to build their own Personal Development Plan (PDP). The programme enables employees to develop their professional skills over one-year periods through a range of development resources, including face-to-face events, workshops, on-line resources and on-the-job activities. As already mentioned in the section on our management approach, each country locally adjusts the way it delivers the development plans defined in the PDPs.

Aside from the resources available under the Iberdrola group's Behavioural Principles Model, Iberdrola continued to offer specific skills development programmes in 2020 to ensure that employees not only receive the training needed for them to perform efficiently, but are also prepared to take on new responsibilities in the future. These actions are delivered locally and adapted to the cultural idiosyncrasies and specific needs and circumstances of each country. Due to COVID-19, Iberdrola launched the "Power That Never Goes Out" programme, a set of webinars targeting all employees that seeks to develop important skills on how to act in a crisis scenario.

Type of training	Corporate Programmes	Spain	United Kingdom	United States	Brazil	Mexico	Remarks
Training for high-potential employees	MBA in the Global Energy Industry – Two and a half years (Pontificia Comillas University in Madrid and Strathclyde University Business School in Glasgow).	✓	✓	✓	✓	✓	The third class successfully graduated in 2020 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			Inspiraçao (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

Specific training for executives

Due to the COVID-19 pandemic in 2020, we switched certain programmes to online format if we felt that they could still be effectively delivered online, specifically including the following:

- *Leading in the Age of Disruption*, delivered by Headspring (joint venture between the Financial Times and the IE Business School). In 2020 we worked on understanding the current context and also on the new skills needed in order to succeed in this new world in which we find ourselves.
- *Driving Leadership Transformation Programme*, delivered by IESE and IMD Business School. The main objective is to reinforce the knowledge acquired through the *Global Leadership Programme* by helping participants strengthen their transformation capabilities as global leaders. Module 1 “Understanding the Context” was delivered in 2020.

- The NEXUS partnership agreement with the IMD Business School continued, offering training resources such as round tables led by recognised experts in their respective areas promoting debate and the exchange of best practices among C-suite executives from all over the globe. It also includes the IMD Online programmes: training courses on current topics that combine digital input, individual and group work and personalised follow-ups.

Another global action carried out with the management team was the staging of various digital conferences with a roster of renowned speakers on a range of different subjects, including strategy, resilience and emotional intelligence. Iberdrola managers also had ongoing access to e-Leaders, the virtual space of the Leadership School, both in its web and mobile version.

At the local level, management training initiatives have also been adapted to the online format and in 2020 they included:

- In Spain, the *Lead by Communicating, Getting Things Done Methodology, Powerful Conversations, Mindfulness Workshop* and *How to Grow Your Team* programmes continued to be held. A pilot programme on “Leadership in a Digital Context” was also held. Finally, a “Feedback for Growth” programme was launched during the period in response to the results obtained from the climate survey.
- ScottishPower remained committed to its *Advanced Leadership* and *Leadership Mastery* programmes, which cater to the needs detected during the Climate Survey. The United Kingdom has also continued its partnership with Henley Business School to offer presentations on current business topics and encourage discussion among participants. A Challenge activity was also held with the goal of strengthening confidence and self-awareness in leaders through group work.
- Avangrid saw to it that 100% of its leaders built their personal development plans. The *Purpose-Driven Leaders* programme was also launched in partnership with Yale University. Finally, a toolkit and webinars to support leadership were provided during the COVID-19 pandemic.
- Brazil remained committed to its *Business Strategy* workshop, an event on business objectives. Meanwhile, a number of specific leadership webinars were developed as part of the *Power That Never Goes Out* programme, with the aim of supporting our leaders during the crisis.

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Hours of training by professional category and gender

		2020		2019		2018	
		Men	Women	Men	Women	Men	Women
Hours of training	Management team	22,752	7,551	16,257	6,026	19,503	5,870
	Middle managers and skilled technicians	406,883	194,414	352,623	155,230	371,927	164,251
	Skilled workers and support personnel	1,178,017	160,035	1,091,122	154,821	914,036	112,077
Total		**1,607,653**	**362,000**	**1,460,002**	**316,078**	**1,305,466**	**282,198**
Average hours of training by trained personnel	Management team	35.64	38.40	28.19	40.81	29.15	34.73
	Middle managers and skilled technicians	38.71	37.38	38.07	37.51	36.71	35.54
	Skilled workers and support personnel	68.52	50.85	69.88	58.75	56.49	33.74
Average hours of training - trained personnel		**56.73**	**42.36**	**57.36**	**45.67**	**48.38**	**34.78**

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.

The exceptional situation caused by COVID-19 has significantly reduced face-to-face training. Thanks to the enormous effort we have managed to adopt a large part of the training activity to be delivered via telematic means, which has led to a considerable increase in the proportion of hours of on-line training hours.

Not included here are training hours provided by the school for electricians during prior years for professionals hired in Brazil during this year.

The survey was conducted during a particularly sensitive period of time for the group and its employees due to the ongoing COVID-19 health crisis, thus providing an opportunity to assess employee perception of the company's performance during these difficult times, mainly in relation to social responsibility, health and safety, effective communications, systems and working tools. Most employees acknowledged the company's commitment in these areas and considered its management to be effective, with 91% approving.

Another new development from the 2020 survey was the inclusion of questions related to Diversity and Inclusion, which are considered to be a strategic priority and which received 77% approval among respondents.

On a global scale, the sound results of the plans now under way can be seen in the improvement of 14 out of the 15 dimensions assessed. Among these, the main progress was made in Engagement, with an increase in approval from 76% to 79%, and Organisational support, which climbed from 71% to 75% approval when compared with the previous survey.

These results place Iberdrola in a leading position when compared to other utilities that employ the same methodology, and also among companies that perform well when it comes to managing their organisational climate.

Employees receiving performance and career development reviews

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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. Furthermore, the main advantage of this tool is that it allows for the global handling of all participants, unifying the focus and applicable standards.

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Employees with performance reviews (%)

		2020	2019	2018
Men (%)	Management team	93.48	94.99	89.41
	Middle managers and skilled technicians	90.02	88.56	93.21
	Skilled workers and support personnel	70.03	69.81	72.64
Average men		**77.97**	**77.36**	**80.70**
Women (%)	Management team	94.71	93.79	85.22
	Middle managers and skilled technicians	89.82	87.68	91.82
	Skilled workers and support personnel	67.02	66.85	71.25
Average women		**81.57**	**79.76**	**83.28**
Iberdrola average		**78.81**	**77.93**	**81.30**

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 Iberdrola group is firmly committed to our human capital as our best asset and the key to our success, and follows a social model that fosters professional excellence and quality of life. Our commitment is to create a working environment where all people feel represented and valued for their differences and where there are opportunities for everyone to realise their full potential, by fostering a culture based on meritocracy, equal opportunity, non-discrimination and the promotion of diversity and inclusion as a strategic priority for sustainable growth.

Corporate policies and main milestones

Labour relations based on equal opportunity, non-discrimination and respect for diversity are strategic objectives in the Company's Human Resources Framework Policy, *Diversity and Inclusion Policy* and *Equal Opportunity and Reconciliation Policy*. These policies apply to all group companies and set out the commitments undertaken by the Group with the aim of building and maintaining a human team that champions the principles of diversity and inclusion, while promoting non-discrimination both internally and externally.

The *Diversity and Inclusion Policy* seeks to create an environment that is conducive to diversity and inclusion on all fronts and is inspired by the following principles: Promote the contribution of the knowledge, experiences and abilities of the Group's professionals, regardless of any personal circumstances; foster a sense of inclusion within the Group that seeks to ensure that Iberdrola's values, principles, and objectives are assumed by the employees as their own; in the realm of gender equality, strengthen the promotion and empowerment of women; recognise generational and cultural diversity as a source of continuous and decisive enrichment of the group; and take into consideration existing limitations that might be an obstacle for performing some tasks.

The *Equal Opportunity and Reconciliation Policy* seeks to create a favourable environment that, in harmony with the *Diversity and Inclusion Policy*, facilitates equal opportunity, non-discrimination and the reconciliation of personal and working life. This policy is founded on four pillars: Quality of Employment, consisting of competitive remuneration, continuous development of skills and abilities, a working environment based on equal opportunities, business interests and a healthy work-life balance; respect for Diversity in all its forms (age, gender, culture, disability, beliefs and experiences);

Equal Opportunity, meaning access to employment, promotion and professional development, remuneration, training and performance assessments; and the Promotion of Gender Equality, in the form of social commitment, internal and external awareness, positive measures to correct inequalities, representation on decision-making bodies, and working conditions that allow for a proper reconciliation of personal and professional life.

Our firm commitment to diversity and inclusion has progressed over the years to take the form of important initiatives and recognitions:

1. Our first *Diversity and Inclusion Report*, published in 2020, describes the initiatives carried out to generate a pluralistic, fair and just environment both within the company and in our relations with all Stakeholders.
2. At present, 36% of the members of the Board of Directors of the Iberdrola group are women, distinguishing us from the other companies on the IBEX 35.
3. Bloomberg has recognised Iberdrola for the third consecutive year by including it in the Bloomberg Gender-Equality Index (GEI). The index honours organisations committed to providing transparent information on gender issues and progress in equality between women and men.
4. Also in 2020, the following new statement was added to the global engagement survey so as to gain a clearer understanding of how our employees perceive the organisation's level of maturity when it comes to D&I matters: “The company is committed to creating a diverse and inclusive work environment” for which 77% approval was achieved, revealing positive levels of perception among employees.
5. In 2020, the WDi (Workforce Disclosure Initiative) recognised Iberdrola for its various initiatives to promote an environment of quality among its employees.
6. Iberdrola was the winner of the first edition of the MAPFRE Responsible Inclusion award for its unrivalled commitment to people with disabilities.

Iberdrola has also made specific pledges to achieve an increasingly inclusive culture across all areas of the organisation. Its commitments here include the following:

- Programmes on leadership and inclusive behaviours to foster better decision-making and a culture based on meritocracy and equal opportunity, while continuing to take action to improve diversity in all of its dimensions.
- Making inclusion and diversity a stronger part of internal and external communications to reflect the plurality of the cultures in which Iberdrola operates.
- Facilitating internal mobility within the organisation to create effective multicultural teams.
- Constantly monitoring and updating talent management processes and procedures so that they remain diversity-neutral at all times.
- Raising awareness and reinforcing the group's commitment to diversity and inclusion within society and ensuring the widespread accessibility of its products and services to different customers.

Objectives

Iberdrola's pledge to promote diversity and inclusion helps achieve the Sustainable Development Goals (SDGs) and is embodied in a number of transversal commitments:

SDG 5: Iberdrola continues to promote equal pay for men and women as part of its Equal Opportunity and Reconciliation Policy, which provides equal pay for men and women in for equal work and a wage review with uniform criteria for both genders.

SDG 10: To further strengthen its commitment to the diversity and inclusion of vulnerable segments, Iberdrola constantly develops and deploys corporate volunteering programmes.

SDG 12: The group aims to ensure that by 2022, at least 70% of key suppliers are subject to sustainable development policies and standards, including diversity and inclusion criteria.

Specific activities

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 EU initiative that brings together 50 chairs and executive directors of European multinational companies in order to design and advocate policies that will create a strong, open and competitive European Union. Within this initiative, Iberdrola has been working with the Jobs, Skills and Impact working group, focusing on issues relating to the European Union’s most valuable resource, namely 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. Following this approach, Iberdrola took part in two initiatives promoted by the ERT in 2020: the first of these was our involvement in the #Embrace Difference communication campaign, which aims to raise awareness of the support that member companies provide for diversity in the workplace. The second was our efforts to inspire other companies by identifying and championing best practices through specific initiatives in this realm.

Iberdrola also continued to support UN Women during 2020, an initiative that seeks to build greater levels of equality among women and men.

Iberdrola worked towards one of the pledges contained in its recently published D&I Report in 2020 by offering training on the phenomenon of unconscious bias to all employees in a bid to raise awareness of how it can impact decision-making and diversity management, thus helping to foster a more inclusive culture.

Notable examples of these collaborations and initiatives include the following:

- Spain: To ensure greater levels of diversity and equal opportunity, in Spain the VII Collective Bargaining Agreement now features an Equality Plan within the framework of labour relations (selection, training, promotion, remuneration, etc.). Within this plan, an Equal Opportunity Committee has been set up with the main mission of engaging in an appropriate review of the measures implemented to ensure equal opportunities and non-discrimination, and encourage the inclusion of new activities in this realm. A number of job adjustment and accessibility measures have also been put in place for workers with disabilities, based on the requirements and characteristics of the job position and the specific needs and requirements in each case.

  Meanwhile, Iberdrola has continued to collaborate with the Diversity Charter, of which it has been a signatory since 2009. The company is a patron member and sits on its Business Committee, and as such observes prevailing legal provisions on the subject of equal opportunity and non-discrimination, and puts diversity policies into practice. Iberdrola also took part in the working group of the Diversity@Work project in 2020 within the framework of the Rights, Equality and Citizenship Programme (REC) of the European Commission. The initiative seeks to implement the principles enshrined in the EU Charter to promote diversity, non-discrimination and equal opportunity in the workplace.

  Iberdrola is a member of the #CEOPorLaDiversidad Alliance, the mission of which is to help accelerate the development of strategies that pursue business excellence, create competitive talent in Spain and reduce existing levels of inequality and exclusion within Spanish society.

  Another highlight was the staging of first multi-company pro bono marathon held in Spain, at the Iberdrola Campus, focusing on SDG 5 to improve women's access to technology jobs.

  Iberdrola España has stepped up its efforts to support disadvantaged groups (young people at risk of exclusion, people with disabilities, refugees, and women with intellectual disabilities or exposed to gender-based violence) by undertaking further initiatives —both in-house and in partnership with external institutions— to raise awareness and visibility and reduce inequality in this realm.

  The Aflora Plan has been launched to make it easier for employees to obtain a disability certificate if they need one, and 77 families have now benefited from the Family Plan, which seeks to facilitate the social and occupational integration of family members with a disability who are dependent on company employees.

  Donations have also been made to various entities and foundations engaged in vocational training activities, employability or the creation of jobs for persons with disabilities, and contracts have been signed with special employment centres beyond the minimum legal requirement for investment in alternative measures, thus promoting protected employment.

- United Kingdom: ScottishPower is a further example of the firm commitment to promoting diversity and inclusion within the energy industry. The company has five different networks set up by employees: SP Connected Women, In-Fuse LGBT +, Future Connections, SP Carers and the VIBE multi-ethnic network.

It continues to partner with a number of recognised organisations as part of its commitment to D&I (Business Disability Forum, Carers UK, ENABLE, POWERful Women and Stonewall). In April 2020, ScottishPower published its second Gender Pay Gap report, in compliance with British law, revealing an increase in the representation of women in senior and middle management positions (3 percentage points), along with a 3.6% reduction in the gender pay gap.

The company has also developed a coaching programme for women who are about to take leave or returning to work following their maternity leave. The initiative seeks to combine practical support with personal, emotional and professional guidance (both for them and their managers), together with coaching to maximise the participant's potential for future career progression.

Various initiatives have also been rolled out to make recruitment processes more inclusive, including mandatory training on unconscious bias, workshops on inclusive recruitment and gender decoding for all external job descriptions. In addition, the company has added a section titled "Inclusion at ScottishPower" to its external employment portal, where it shares the most important internal D&I initiatives.

To boost labour insertion in STEM careers, the company has continued to run its successful "Returns" programme, which offers paid internships at the company to support the return of people who had previously walked away from the industry or otherwise stopped working for a time. This year's edition received a record number of applications and the participants will be considered down the line to fill 10 internal positions. The Talent team has also been working along similar lines together with several of its partners in transmitting and raising awareness among school-age children and their families about the various opportunities and programmes on offer for early careers in the industry. ScottishPower has also continued its partnership with the Energy Leaders Coalition, which features eight of the leading CEOs from the UK energy sector, all of whom have issued a joint public statement confirming their desire to improve gender diversity at their companies and across the wider industry. Last but not least (and returning to the subject of labour insertion in STEM careers), ScottishPower is a member of the Women's Engineering Society (WES), a professional network of women pursuing technology and engineering careers that offers inspiration, support and development to future engineering professionals.

Another key initiative in 2020 aimed at ensuring that ScottishPower respects the principle of equality was its ongoing collaboration (for the third straight year) on the Breaking Barriers programme, an innovative association that works alongside Enable Scotland and Strathclyde Business School to give official qualifications in business skills to young people with learning disabilities.

Lastly, ScottishPower Energy Networks has forged new rugby partnerships in Scotland and Wales to support more women in the sport. Thanks to this support, the number of young women playing rugby in North Wales has doubled.

- United States: AVANGRID focused its efforts on improving levels of diversity, especially in early career and senior positions, by strengthening internal communities among employees and supporting an inclusive culture through policies and communications.

  Avangrid has expanded its Business Resource (affinity) Groups, now having a total of five different groups: WomENergy, AVAN-Veterans, the AVANGRID Afro-American Council of Excellence, Pride @ AVANGRID and ¡Hola!. The Business Resource Groups aim to attract top-level candidates to the company, provide networking opportunities and generate visibility within the AVANGRID community to foster a sense of inclusion and belonging. New programmes have also been launched to support working families, including paid parental leave for parents of either gender, resources for the care of elderly family members and children, and various fertility, adoption and surrogacy benefits. As a further show of the organisation's commitment to strengthening the culture of diversity, equity and inclusion for all, the executive team have stepped up their communications to employees in order to convey the importance of Avangrid's commitment to D&I. We can already see the fruit of all the work that has been carried out across the organisation, with particular highlights including an increase in the representation of women and people of colour in early career positions in 2020, and the fact that over 40% of senior positions are now filled by women.

- Brazil: Neoenergia has operated its Electricians' School for Women since 2019. The programme seeks to increase the representation of women in an industry traditionally dominated by men. In 2020 the programme was recognised by WeEmpower (a United Nations programme to promote gender equality) as a good business practice for the empowerment of women through education and professional development.

  Furthermore, Neoenergia has continued to support the Novo Olhar programme with the aim of helping professionals with disabilities join the labour market. The initiative promotes a mentoring system for young people with Down's Syndrome.

  After staging the Junt+s stand in 2019 at the Annual Leaders Convention, a Diversity Programme was formally created in 2020 under the same name to focus on D&I. Initiatives in this realm include various working groups and focus groups and internal actions to generate greater visibility on the subject, through conferences, conversation circles, useful content, videos, podcasts, communication campaigns, and so on.

- Mexico: the organisation has rolled out a raft of measures to provide a better work-life balance to take maternity leave or deal with other family-related needs, such as: holiday leave that is longer than the minimum period required under the laws Mexico, the possibility of shortening the working day or arranging flexible working hours, maternity leave both before and after childbirth once the legal maternity leave period has ended, and the right of workers to take leave of absence with their job position reserved for them. Further highlights include a new edition of the Women's Forum in 2020 to tackle diversity issues, especially the representation of women in management positions, as well as various communication initiatives undertaken to address existing levels of diversity within the organisation.

Aside from these specific initiatives in each country, Iberdrola has implemented a number of measures in the form of corporate policies, local policies and working and monitoring groups who respond to instances of discrimination or conduct that could in any way hinder the equal and fair development of the professional careers of both men and women. At local level, most group companies have defined additional policies to broaden their commitment to diversity and inclusion and to adapt corporate policies to country-specific needs and requirements, such as policies against bullying and harassment at work, policies to promote an equal and diverse work environment, equal pay policies and reasonable accommodation policies for people with disabilities. In some regions, we also have local committees whose main task is to monitor the measures put in place and the implementation of annual action plans to ensure equal opportunity and non-discrimination.

405-1

Employees with disabilities

	2020	2019[72]
Men	366	273
Women	188	147
Total	**554**	**420**

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.

[72] Employees in the United Kingdom are not included, because the company chose not to request this information.

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, improvements have been made by the 7th Collective Bargaining Agreement, and the rules implementing it, over the provisions of current 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 schedules that allow for an improved work-life balance is the fact that Iberdrola was the first large IBEX-35 company to establish the uninterrupted schedule as a general schedule throughout the year. This measure has been very positively received internally and externally, and in recent collective bargaining agreements it has even been improved by extending the flexibility of arrival and departure times, as well as implementing an even more flexible schedule for positions where it is more appropriate. Likewise, 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 personnel servicing the generating facilities and distribution network to also enjoy the uninterrupted schedule most of the time. In addition, among the improvements already mentioned, we would highlight the Company's commitment to maternity support measures included in the Agreement. We also have an Equality Committee, with both employee and corporate representation, in which an action plan is defined annually with the aim of maintaining and respecting the principle of equality among the Company's employees. In terms of work-life balance and in view of the significant challenges faced by parents as a result of the pandemic, employees were offered various options, such as online programmes during the lockdown with the aim of encouraging children to take an interest in science, an online adaptation of the "Iberdrola Parents' School", conferences and specific workshops related to the current situation.

- In the United Kingdom, ScottishPower is implementing an innovative focus on renovating the design of workspaces, 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 (this project is paused during the pandemic). On the other hand, in response to the global pandemic, a specific guide has been developed to help employees work flexibly from home, balance family and work responsibilities and adapting to change. In addition, a series of virtual presentations have been conducted to provide advice and support to employees in relation to physical and mental well-being.

- In the United States, employees enjoy flexible working hours through the Flexible Work Policy.

- In Brazil, the companies of the Neoenergia group are concerned about the well-being of their colleagues, promoting reconciliation of work and family 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. Some other benefits are: educational incentives, participation in academies and associations and discounts through the Neoenergia benefits club (*Clube Neo*).

- In Mexico, the work-life balance measures are in keeping with the corporate policy in this area, and include flexible working hours and various training events.

In all countries, volunteer opportunities are offered across the board. Employees can participate along with their families, with the dual objective of promoting solidarity from an early age and encouraging work-life balance in this area.

401-3

Leave and return to work due to paternity/maternity

	2020		2019		2018	
	Men	Women	Men	Women	Men	Women
Employees entitled to maternity/ paternity leave (No.)	28,487	8,641	27,125	8,249	26,117	7,961
Employees entitled to maternity/ paternity leave (%)	100	100	100	100	100	100
Number of employees taking parental leave	743	332	789	424	441	444
Number of employees that returned to work after parental leave ended	830	264	878	365	516	365
Number of employees that returned to work after parental leave ended that were still employed 12 months after their return to work	825	272	856	350	373	337
Return to work rate[73]	97.2	79.5	99.5	86.0	99.8	82.3

[73] Value has been recalculated excluding information relating to parental leave from the US

Iberdrola, sponsor of women's sports in Spain

Thanks to the agreement reached with the Ministry of Education, Culture and Sport, in 2016 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.

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;
- through the existence of programmes to promote sport at grassroots level and other social projects;
- and though the extraordinary success it has 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.

In addition, the company celebrated the first edition of the **Iberdrola SuperA Awards** in 2020, to recognize the best projects to promote women's sport in our country.

In 2020 Iberdrola **adjusted to the COVID-19** health crisis in order to continue growing. The Women, Health and Sport Tour, an initiative developed within the broader Women's Universe programme, has been switched to a digital programme and is now broadcast on Teledeporte. The aim has always been to promote women's sport and convey the principles of dedication and self-improvement through the practice and exhibition of various sporting disciplines.

In a nutshell, Iberdrola's ongoing support for women's sports also contributes to the promotion of talent, effective equality and social development, which form part of the company's key foundations. 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.

Iberdrola continues to promote equal pay for men and women as part of its Equal Opportunity and Reconciliation Policy, which provides equal pay for men and women in for equal work and a wage review with uniform criteria for both genders. The average total remuneration of men is no longer higher than that of women.

The remuneration structure for all categories of professionals within the group is designed to follow a gender neutral standard. The current collective bargaining agreements at the companies of the Iberdrola group ensure equality in starting wages for men and women.

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.

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 93,2% in 2020, 95,1 % in 2019 and 97,3 % in 2018.

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.
- In the inclusion of new generations and the promotion of STEM careers in more minority groups within the sector.
- 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.
- To gradually increase the presence of women in leadership positions, reaching an environment of 30% by 2025 across the group

Iberdrola's defense 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.

405-2

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

Iberdrola (EUR)[74]	Remuneration men/Remuneration women			(Remuneration men – Remuneration women) / Remuneration men		
	2020	2019	2018	2020	2019	2018
Up to 30 years old	92.0	92.7	92.7	-8.7	-7.8	-7.9
Between 31 and 50 years old	85.0	86.1	89.1	-17.7	-16.2	-12.2
More than 51 years old	111.7	112.1	111.0	10.5	10.8	9.9
Total	**93.2**	**95.1**	**97.3**	**-7.3**	**-5.2**	**-2.8**

[74] Companies included: Iberdrola S.A., subsidiaries of: Iberdrola España, Iberdrola Energía Internacional (Spain), ScottishPower, Avangrid, Neoenergia and Iberdrola México.

Women's empowerment and STEM career initiatives

Iberdrola sponsors far-reaching initiatives for the empowerment of women in all spheres of industry and leads activities to develop an interest among young women in science, technology, engineering and mathematics (STEM) careers, which have a greater demand and future.

At the Iberdrola group, where the number of women in management positions has grown by 31.30% over the last five years according to the most recent Diversity and Inclusion Report, the commitment to the professional development of women and to equal opportunity comes to fruition through international alliances, the promotion of education, training and professional development, the promotion of specific programmes, participation in forums and the development of internal support networks, among many other activities. Some of these initiatives include the following:

Impulso STEM. Developed together with the UNAM's Renewable Energy Institute *(Instituto de Energías Renovables)* (IER), the Universidad Tecnológica de los Valles Centrales de Oaxaca (UTVCO) and STEM for Kids, this programme seeks to promote the study of engineering among Oaxacan youth, especially women.

Electricians' School for Women. Launched by Neoenergia in Bahia and Pernambuco to promote the insertion of women in the electricity sector, a profession predominantly occupied by men. More than 20,000 candidates have registered.

CMP Lineworker Technology Programme. Through its foundation, AVANGRID supports the training of electricians through scholarships to train specialists, prioritising the inclusion of young women in the energy sector.

Eureka! The AVANGRID Foundation contributes to this project in partnership with Girls Inc. a programme for women interested in STEM careers and targeting low-income, minority and first-time college students in their families.

STEM Women's Sustainability Mobility Chair. Launched together with Iberdrola España to promote women in STEM vocations, especially in the field of vocational training for sustainable mobility.

Women with Energy. Iberdrola Mexico has already organised two editions of this forum. The second edition of the event was attended by 40 women in charge of teams and with high development potential who shared their experiences. Its purpose is to reaffirm the company's commitment to equal opportunity and to promote the inclusion of women in leadership positions.

Mexicanas 4.0. Iberdrola México's participation in this Employment Forum for Women in the Technology and Industry of the Future focused on opening opportunities for women in the fields of technology, science and engineering.

Women's Empowerment Principles. Iberdrola México also joined in the United Nations Women's Empowerment Principles (WEPs) and the Global Compact, a set of good business practices that promote equality between men and women in all fields of action of an organisation.

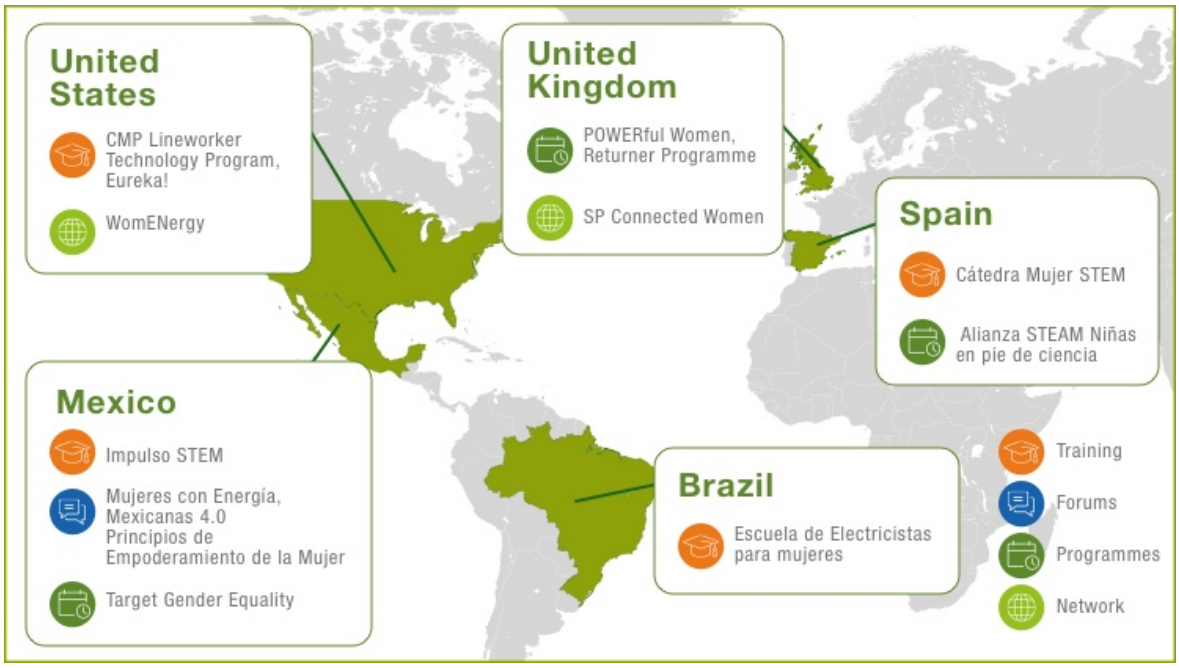
Target Gender Equality. Iberdrola México participated for the first time in this programme promoted by the Global Compact to accelerate its efforts to achieve equality, in line with the group's strategic priority to encourage equality and diversity.

POWERful Women. ScottishPower is an active member of this initiative, the purpose of which is to advance gender diversity in the industry. Its goal is to have women hold 40% of middle management in UK energy companies and 30% of board seats by 2030. A mentoring programme has been developed along these lines at Iberdrola's British subsidiary.

Returner Programme. Although this programme is open to applications from all candidates who have taken a career break of two years or more, with opportunities to re-enter the STEM industry, it is particularly attractive to female candidates, and this has traditionally been reflected by most of the positions being filled by women. The criteria have been expanded this year to include candidates who have been particularly affected by COVID-19.

SP Connected Women. This network of ScottishPower employees is conceived as a platform to promote regular meetings at which its members share experiences and ideas at internal and external events.

WomENergy. This Business Resource Group (BRG) is geared towards attracting, retaining, developing and promoting the advancement of female talent. BRGs are employee-led groups, each sponsored by a member of AVANGRID's executive leadership team, for professional networking, professional development and building community.



III.2. Innovation, digitisation and quality for our customers

- Products and services
- Access to adequate information
- Innovation and digital transformation projects

Priorities of the Sustainable Development Plan

SDGs	Description	Goal	ESG
	Expand Smart Grids	75% of HV and MV grids digitalised by 2022 >80% of grids by 2025	E
	Increase annual amount earmarked for R&D investment	€330 million by 2022 €400 million by 2025	E
	Cybersecurity	1,800 Cybersecurity evaluations by 2022 and 2,000 by 2025 100% of remote connections secured with robust (multi-factor) authentication by 2022	G
	Increase penetration rate of electronic invoicing (Spain and international) to reduce paper consumption	55% of invoices electronic by 2022 and 70% by 2025	S
	Improve quality of supply indexes for our customers in all countries.	13% reduction in average interruption duration by 2022 (vs. 2017-2019) ~30% reduction by 2030	E
	Foster preventive cybersecurity culture	> 40,000 hours of cybersecurity training/awareness-raising by 2022	G

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

Iberdrola also, thanks to digitization and investment in R&D&i markets a wide range of products and services that promote efficiency, energy saving and environmental care, while placing the customer at the center providing them with greater connectivity and decision-making capacity. (see section entitled “Main products and services”).

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 operating 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. For the sixth consecutive year, in 2020 overall satisfaction exceeded a score of 7 out of 10.

Most of the studies used the NPS (Net Promoter Score) index, which ranks the recommendations that Iberdrola’s customers would make. This index highlights points received for customer service and the use of products and services.

The company also implemented a Voice of the Customer Measurement Programme, which allows satisfaction surveys to be performed in a transactional manner (immediately following an interaction 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 Points of Attention
- 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 periodically to customers who have contacted the company, so that they can be offered the opportunity to complete 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. The result of this survey for the year 2020, during which more than 20,000 customer surveys were completed, was 7.13 out of 10 points.

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 64% in the USwitch survey, standing out in the categories of mobile apps and the installation of smart meters. In the Which? survey it obtained a score of 55 out of 100, and was noted for the speed of its response time in online chats.

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 48 out of 100. 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 scores reported in the Broad Measure of Customer Satisfaction (BMCS) study conducted by Ofgem (the British electricity market regulator) were used as an indicator to set the regulatory incentive. The index is calculated on the basis of a survey that covers all 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 2020 were 9.17 and 9.16 out of 10, respectively.

In the United States, the subsidiaries of Avangrid measure perception of the service and customer satisfaction through telephone surveys. In 2020 the Avangrid companies obtained an overall score of 92%: RG&E 92.2%; NYSEG 90.9%; CMP 90%; UI 90%; CNG 91%; SCG 93% and BGC 94%.

In Brazil, the satisfaction study sponsored by the Brazilian Association of Electric Power Distributors (*Associaçâo Brasileira de Distribuidores de Energia Elétrica*) (ABRADEE), known as the Perceived Service Quality Satisfaction Index (ISQP) study, was conducted.

ABRADEE, in association with the 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 made by customers through the surveys administered by Instituto Innovare. The results obtained according to the Abradee ISQP in 2020 were 70.4% for Celpe, 73.4% for Coelba, 82.5% for Cosern and 80.9% for Elektro. All of the distributors in the Neoenergia group improved their positions in the ranking in 2020 compared to the distributors in Brazil, despite the pandemic. Consequently, the Neoenergia group achieved 75% global satisfaction in 2020, moving up four percentage points from the result for 2019.

Supply quality

EU28

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

Iberdrola monitors the quality of the service provided in the various countries, measuring it on the basis of the frequency and duration of interruptions in supply. However, the measurements in each country are taken according to different standards following the respective legal or regulatory requirements, for which reason the indicators that are used to measure the frequency and the duration of interruptions are different, depending on the country.

The indicators used to measure the frequency of interruptions are described below.

- The Installed Capacity Equivalent Interrupt Number (*Número de interrupciones equivalentes de la potencia instalada*) (NIEPI) is used in Spain.

NIEPI	2020	2019	2018
Spain[75]	0.99	0.94	0.91

This indicator has been affected by weather events that occurred during 2020 in the distribution zones of i-DE.

- The Customer interruptions per 100 connected customers (CI) is used in the United Kingdom.

CI	2020	2019	2018
United Kingdom	36.59	43.66	43.37

Efforts to continuously improve quality of service are noted in 2020 indicators despite storms in the UK during the year..

- The System Average Interruptions Frequency Index (SAIFI) is used in the United States.

SAIFI	2020	2019	2018
United States	1.37	1.17	1.22

Avangrid's distribution area has been impacted by severe weather events throughout 2020 that affected many customers in all distribution areas.

- The Equivalent Duration of Interruption per Consumer Unit (*Freqüência Equivalente de Interrupção por Unidade Consumidora*) (FEC) is used in Brazil.

FEC	2020	2019	2018
Brazil	5.13	5.47	5.80

Efforts to improve quality have made it possible to reduce the rate of interruptions in Brazil by 6% in 2020, despite the atmospheric phenomena that have occurred throughout the year in the distribution areas of Coelba and Celpe.

EU29

On the other hand, the indicators and the average durations of the electrical outages for the year 2020 are shown below.

[75] Spain's quality indicators include force majeure events. Data 2018 and 2019 have been updated according to this criterion.

- The Installed Capacity Equivalent Interrupt Time (*Tiempo de interrupción equivalente de la potencia instalada*) (TIEPI) is used in Spain.

TIEPI	2020	2019	2018
Spain[75]	48.30 min	48.10 min	44.40 min

- Customer minutes lost per connected customers (CML) is used in the United Kingdom.

CML	2020	2019	2018
United Kingdom	31.55 min	35.27 min	**35.4**

- The Customer Average Interruption Duration Index (CAIDI) is used in the United States.

CAIDI	2020	2019	2018
United States	1.84 h	1.93 h	2.07 h

- The Equivalent Duration of Interruption per Consumer Unit (*Duraçao equivalente de interrupçao por unidade consumidora*) (DEC) is used in Brazil.

DEC	2020	2019	2018
Brazil	11.24 h	11.02 h	12.24 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.

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 and Ireland, Iberdrola adopts mechanisms and voluntary codes that impart transparency and truthfulness to this advertising and marketing. In France, all advertising materials are submitted to the Authority for Self-Regulation of Advertising (*Autorité de Régulation Professionnelle de la Publicité*) (ARPP) prior to release. 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 2020, in which 13 incidents resulting in a fine occurred in Spain and 2 incidents occurred at Iberdrola Energía Internacional.

417-3

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

	2020	2019	2018
Resulting in a fine	15	20	5
Resulting in a warning	0	0	0
Relating to voluntary codes	0	0	0
Total incidents	15	20	5

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 a System of Guarantees of Origin of the energy supplied. This information is also available in the electricity labelling section of the retail website.

En el caso de Reino Unido, ScottishPower informa del origen de su energía y su impacto medioambiental de manera anual. Los clientes reciben esta información con cada factura o comunicación, de acuerdo con las normas de garantía establecidas por Ofgem. Toda la información sobre el etiquetado está disponible también en web en el apartado *Where does our energy come from?*

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) in Connecticut. 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 regularly reported.

In Brazil, the distribution companies are required by industry regulations to provide specific, clear and objective communications to their customers, in the form of either printed invoices or specific notices such as those regarding suspensions of supply, compensation for electrical damage, claims or regulatory changes, among other things. The invoices issued by the group's distributors (Billing Accounts) comply strictly with the specific legislation governing the electrical power industry, according to the regulations approved by the National Electrical Power Agency (*Agencia Nacional de Energía Eléctrica*) (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 2020, in which none occurred.

417-2

Incidents relating to information and labelling (No.)

	2020	2019	2018
Resulting in a fine	0	0	0
Resulting in a warning	0	0	0
Relating to voluntary codes	0	0	0
Total incidents	**0**	**0**	**0**

COVID-19: Priority attention for our customers

Countries	Main actions
GLOBAL ACTIONS	• To continue providing quality service, at the outset of the pandemic Iberdrola approved plans to make it easier for customers to pay their bills and to maintain supply to vulnerable users, particularly the elderly and disabled people, and has promoted digital customer services channels.
SPAIN	• Assistance plan aimed at householders, SMEs and the self-employed to facilitate the payment of electricity, gas and other energy services bills, making payments more flexible by splitting bills by up to 12 months at no cost, for all customers with payment difficulties who so request. • A free priority electricity emergency service is made available to customers over 65 years old. • Advice to help adjust rates to new consumption habits in the current situation. • Strengthening of digital and telephone channels.
UNITED KINGDOM	• Flexible payments for customers, deferral of invoices and priority service for the most vulnerable are some of the measures ScottishPower has put in place to help its customers in view of the crisis caused by COVID-19. More than 170,000 homes and businesses have benefited from these initiatives, including the following: • Flexibility to adjust payments by direct debit of up to five pounds per month or payment deferment of up to two months one has financial problems. • ScottishPower Retail issues payment cards with an available balance or adds remote credit for prepaid meters to customers who are unable to top up their meter due to illness, quarantine or financial hardship.
USA	• AVANGRID, which maintained service to its customers without interruption, launched a campaign to encourage donations, and raised 1 million dollars to help address the pandemic in the US states where it provides service: New York, Maine, Connecticut and Massachusetts.
MEXICO	• Customers and suppliers participated in volunteering activities focused on vulnerable communities, adapted to a digital format. Customers participated in the Ingredion Mexico and Continental Mills Solidarity Race Bib, a digital race to donate basic foodstuffs to families without resources for every 5 kilometres travelled and recorded by the participants.

Countries	Main actions
BRAZIL	• Neoenergia customers, with distributors Coelba (BA), Celpe (PE) and Cosern (RN), started a self-reading service, previously offered to Elektro (SP/MS) consumers. The measure avoids the physical presence of employees in homes and businesses that have an indoor meter. • Neoenergia also expanded digital services and channels during the pandemic, encouraging customers to stay at home. One of the recent initiatives was the launch of Digitalização Solidária, a project that encourages consumers to sign up for automatic debit and invoice services via email. • Exclusive portal for debt negotiation, as an alternative to paying open invoices, without leaving one's home. The tool offers a number of advantages, like flexible payments and different terms and conditions, and is available 24 hours a day.
IBERDROLA ENERGÍA INTERNACIONAL	• Iberdrola has established an action plan to mitigate the impact of the pandemic on its customers in Italy, France and Portugal, through various forms of support for families and small and medium-sized enterprises that have difficulties paying bills due to the health crisis. It also offers a support plan that allows residential customers, SMEs and the self-employed to pay their bills in instalments of up to 12 months. The amounts outstanding do not accrue interest. The company is watching the situation in these countries and is in close contact with the competent authorities to comply with any other provisions, ensuring full support and back-up for the entire territory in terms of continuity of supply, maximum protection of the health of its employees and partners, and the supply of electricity and gas to customers. The plan also promotes digital and telephone customer service channels.

Health and safety of customers and of the general population

GRI 416

The safety of network users is of paramount importance to Iberdrola. 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 regulated in detail because these products are essential to the country's economy and improve the quality of people's lives.

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. For this reason, the companies provide the information required to verify how the construction, operation and maintenance of the generation plants adhere to the operating conditions established in the regulations and in the technical specifications.

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 retail sales 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.

Also in Spain, gas maintenance operating procedures are in place to ensure safety . In the United Kingdom, devices have been developed to improve the safety of customers, such as carbon monoxide alarms to prevent poisoning. In the United States, the evaluation and control of electrical risks for customers is thoroughly regulated at the state level. There are extensive regulations for identifying and monitoring the health and safety risks of the electricity sold to customers and for ensuring the provision of safe and reliable service.

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 2020, of which there were 0 incidents.

416-2

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

	2020	2019	2018
Resulting in a fine	0	0	0
Resulting in a warning	0	0	0
Relating to voluntary codes	0	0	0
Total incidents	**0**	**0**	**0**

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 2020. Fourteen (14) of these accidents (including the deaths of two people) occurred in the United Kingdom; four in Spain; 14 (including one death) in the United States; and 92, with 36 deaths in Brazil. In general, the figures for 2020 showed a substantial improvement over the previous year, although significant work is continuing in the areas of awareness-raising and training for the general public in order to reduce these numbers as much as possible.

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

	2020	2019	2018
Accident victims	124	186	229
Fatalities	39	72	41

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 e 2020, 76 legal proceedings were resolved or pending in Spain, 61 in the United States and 75 in Brazil.

Annual legal proceedings (No.)

	2020	2019	2018
Resolved and pending, stemming from those accidents	212	245	234

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 analyzed 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. All of the repeaters also emit a field with a similar magnitude, fully in compliance with the existing legal requirements.

In 2020 measurements were taken of the electrical and magnetic fields at the STR Villalba and STR Carreses transformer substations, in accordance with the provisions of current legislation[76]. The values obtained in both substations are below the recommended limits for exposure to the general public. In addition, a new measurement has been carried out in a Transformation Center (Viñas Palacios -1).

[76] Regulation (EC) 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 in 2018.

In the United Kingdom and the United States, the facilities comply with applicable regulations and measurements are not required to be taken at the facilities unless they are requested by the customer. However, a consultation service is offered and surveys are taken that gather customers' concerns. Meanwhile, in response to express requests from customers, during the last year tests were performed at 25 sites in the United Kingdom, and all of the readings were found to be within the legal limits.

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.

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.

Accesibility of information

The Iberdrola group's distribution and supply companies take various measures to streamline and simplify communication with customers having specific language or sensory difficulties. 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 2020. 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 currently issued in several languages, including Spanish, English, Italian, German, French and Portuguese, as well as the regional languages of Valencian, Basque (Euskera), Gallego, and Catalán. Meanwhile, the customer service system at i-DE, the Iberdrola group's distributor in Spain, also allows a total of 10 languages to be selected: German, Spanish, Catalán, Basque (Euskera), French, Gallego, English, Italian, Portuguese and Valencian, thereby making it possible for letters, invoices, notices, etc. to be received in the language selected by the customer.

Customers can also interact with i-DE by telephone or via email through the Multichannel Service Center *(Centro de Atención Multicanal)* in Spanish, Basque (Euskera), Valencian and English.

Last, the i-DE website (www.i-de.es) which is available in both English and Spanish, was developed in accordance with best practices so that persons with limited vision will not encounter barriers.

Iberdrola's corporate website www.iberdrola.com maintains its commitment to complying with the Web Content Accessibility Guidelines 2.0 established by the World Wide Web Consortium (W3C) and the requirements defined by the UNE 139803:2012 standard regulating the level of accessibility applicable to the websites of public utilities. Therefore, in 2020, we have worked on renewing the Accessiblity certification [PDF] with ILUNION Tecnología y Accesibilidad and, on 15 March 2020, received the Double-A certificate pursuant to the Web Content Accessibility Guidelines 2.1 for the section devoted to the 2020 General Shareholders' Meeting under the World Wide Web Consortium's Web Accessibility Initiative (WAI). Ilunion has also given Iberdrola an additional award for its efforts in the area of universal accessibility and service to people with disabilities (see Accessibility Diploma).

The Iberdrola group also continues to promote compliance with accessibility guidelines on the other corporate websites and, as a result, in 2020, Iberdrola Mexico obtained the accessibility declaration for the website www.iberdrolamexico.com, in recognition of its compliance with the W3C's Level A Web Content Accessibility Guidelines (WCAG) 2.0. For its part, in 2019, ScottishPower obtained the Double-A WCAG 2.0 certificate from Ilunion Tecnología y Accesibilidad for www.scottishpower.com and review audits have been conducted during 2020 to continue ensuring compliance with the Accessibility Guidelines.

To facilitate communications, *click to call* and *call me back* options have also been included on the customer service website to handle and communicate with customers in a more direct and human manner. In addition, in the My Customer Area, a webchat has been launched that offers direct and efficient real-time customer service during online navigation, and new solutions have been developed to record 100% online gas readings, see the status of complaints in real time and pay bills through the Bizum technology. These tools help to reduce calls and emails received at the Contact Centre, are available at no additional cost to the customer and increase their level of satisfaction and retention. 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 2020, new Iberdrola Customers app functionalities were launched to improve experience on the Android and iPhone versions of the Iberdrola Customers app, including new functionalities to improve 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 people with disabilities 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. The "*Customers Requiring Additional Support"* programme also 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. All the subsidiaries 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 they 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, and special documentation and signage.

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 (www.iberdrola.com), 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 (Communications, Brand, Social Responsibility, Investor Relations Office, Shareholders' Office, CDI and ADR Holders, Sustainable Events, 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 group's country subholding companies and head of business companies.

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 established by the group to detect improper conduct. 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 forward complaints, questions or grievances. The mailboxes ensure the confidentiality of all of the information and persons mentioned in such communications, and allow the handling of anonymous complaints.

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, in 2020 i-DE implemented the 2020 Third-Party Campaign for the Preventive Activity Action Plan, which included activities like the teaching of courses, firefighter training, holding conferences and workshops at engineering schools, and sending reports and safety brochures to local governments, companies, provincial authorities and agricultural associations.

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 (@TuIberdrola).

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 2020. The company also continued its extensive campaigns for the promotion of electrical safety through the implementation of programmes like the Summer Safety Campaign, which are encouraged on its social media. Likewise in 2020, ScottishPower Energy Networks was present at two agricultural fairs, participating through a stand that encouraged safety in rural work activities. The company also held a virtual event entitled "*Safe Digging Week*", to encourage safe working behaviour and practices during excavation activities.

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. All of the information about the potential hazards of electrical power lines, power outlets, connections, and generator safety is also available on each company's website. The *Storm Safety Information* publication provides safety information regarding potential public safety risks. Specifically, the distributor Central Maine Power has an "*Outreach Campaign*" training programme directed toward at-risk groups, such as students, safety teams, contractors and emergency personnel. Avangrid companies also offer an annual training programme called "*Responding to Utility Emergencies*" (RTUE) for firefighters, emergency medical services, police, civil engineering workers, contractors and local government officials. This course offers free training in order to help participants understand the hazards, and preserve their personal safety while working near electricity and gas companies, or when dealing with emergencies of this nature.

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 the call centre, so as to reach all consumers, in addition to conducting awareness-raising

campaigns. One example of this is the communications campaign on safety and the prevention of electrical accidents that was launched on social networks and that included the collaboration of 27 influencers; three live virtual events; and the creation of a specific character ("*Doña Néia*") to serve as the common thread for all of the campaign's activities. More than 500 safety awareness activities were conducted in 2020 by the companies in the Neoenergia group, directed toward all sectors: farmers, children, industrialists, freelance construction professionals, etc.

In addition to the foregoing activities, the Occupational Safety area, operating through the Internal Accident Prevention Committee (CIPA), engaged in other activities within the communities, such as lectures and inspections focusing on safety and the electrical grid.

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 Manutenzione* and *TuttoFare Plus*, which prevent breakdowns, through maintenance visits together with fast responses for performing repairs, thus providing improved safety for customers.

In Portugal, to meet our sustainability objectives and commitments, environmental audits were conducted on the activities of our suppliers of gas and electricity assistance and maintenance services. All of these activities are aimed at enhancing respect for the environment and the contribution to the sustainability of the planet, thereby ensuring an ongoing search for the application of industry best practices.

In France, Iberdrola expanded its offering in 2020 with a payment protection solution for residential electricity and gas customers (*Atout Protection Elec* and *Atout Protection Gaz*). This service joins the portfolio of services already offered in the country: emergency assistance, electricity outage or gas leak (*Atout Prix Elec* and *Atout Prix Gaz*) service, and maintenance of gas and electricity installations (*Atout Confort Elec* and *Atout Confort Gaz*).

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 reached through the talent, experience and efforts of 37,000 people in more than 40 countries

In 2020, Iberdrola invested a total of 293 million euros in R&D, a 4% increase over 2019. The R&D efforts within the Iberdrola group are organised around five main pillars, which in turn are aligned with the fundamental vectors for transformation of the energy industry, decarbonisation and the electrification of the economy, namely:

- **Disruptive technologies** that are increasingly efficient, sustainable and environmentally friendly, and that enable optimisation of the operation of facilities and processes.
- **New products and competitive services** that respond to customers' 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, encourage the exchange of knowledge and serve as a driving force among its partners.
- **A culture of innovation and talent.** Iberdrola promotes a culture of innovation through the transfer of knowledge, the attraction of talent and the encouragement of the entrepreneurial spirit. The Universities Programme 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.

This year marked the launch of the *Global Smart Grids Innovation Hub* in Bilbao, the primary goal of which is to drive and streamline the development of innovation in smart grids, which will be critically important to speeding up the energy transition and driving development of the associated industry. The centre will have collaborative working spaces and laboratories outfitted with high-technology equipment, all dedicated to the development of solutions in partnership with Stakeholders, in addition to encouraging the development of, and training in, disruptive technologies.

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

Renewable energy

- Improved efficiency at wind farms, photovoltaic plants and hydroelectric facilities. Big Data technologies have been used to obtain weather forecasts for wind or photovoltaic farms, like the METDATA and PHOTOVIABLE projects, and to optimise decision-making based on large amounts of information thanks to the DARWIND tool. The NextGEMS project was launched for the development and application of high-resolution ground-based systems models for the prediction of extreme phenomena. There has been a continuation of work on the ROMEO project for reducing the operating and maintenance costs of offshore wind farms, and on the ASPA project for developing new models and tools for early fault detection based on artificial intelligence and big datatechniques; while the DIAGNOSGRE and GRIDFORMIN projects have incorporated digital-twin methodologies to verify the operating parameters of a wind farm, calibrating the sensitivity and stability of the farm, and to analyse the configuration of the equipment that is required in order to stabilise the network.
- In the area of hydroelectric energy, the provision of pumping capacity to the hydroelectric plants is being studied, with an analysis of future energy requirements, the best location for this increase, and the technological improvements that will make it possible, such as reversible variable-speed turbines or lower-cost penstocks (such as those being developed by the CONDUCCIONES project). This new storage capacity, along with the digitalisation of management and the hybridisation of technologies, will provide the necessary manageability for all renewable energy generation.
- Regarding innovation in offshore wind projects, the East Anglia ONE offshore wind farm has come online in the United Kingdom, and various projects are being carried out within it to model and predict the movements of the seabed, such as the SisProtect (Suction Bucket Trial for Scour Protection) project, which will analyse the viability of an anti-scour protection system through an in situ comparative study with two foundations; the CROWN2 project, which is studying various types of anti-corrosion solutions; and, last, Lidar trials, the goal of which are to carry out a number of studies relating to wind as a resource. Iberdrola is planning the construction in upcoming years of the East Anglia Hub, which will combine three projects with a total installed capacity of 3,100 MW: East Anglia One North, East Anglia Two and East Anglia Three. A novel design is already underway for the foundations of this last wind farm.

  Noteworthy in the Baltic Sea is the upcoming construction of the Baltic Eagle offshore wind farm, where a new monopile design that is particularly adapted to the conditions of the seabed is being implemented. Fault-simulation and failure-prediction tools are being developed to optimise the operation of the Wikinger wind farm, which is already in operation, along with new techniques for monitoring the dynamic behaviour of the support structures. Last, there is the FLAGSHIP project (an initiative of the H2020 program) for the design, manufacture and operation of a new semi-submersible floating concrete platform and a 10 MW turbine in the waters surrounding Norway's Metcentre (Marine Energy Test Centre).
- To encourage a culture of innovation, work is continuing on the YO SOY INNOVADOR initiatives for the launch of internal and external challenges, namely, the Renewables Digital Evolution Plan (2018-2022) and the Renewables

Accelerator project for the encouragement of new ideas that promote increased efficiency and the competitiveness of renewable energy.

Clean generation technologies

In 2020, 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**, the COATI project was launched for the development of a software tool that would enable the implementation of specific loading plans for spent fuel elements.
- In the **thermal generation** area, progress is continuing satisfactorily with the pioneering REDEMIS project, which has achieved exceptional results in reducing the emissions and start-up times of combined-cycle plants. Noteworthy in this regard is the study of the combination of hydrogen and natural gas as a fuel for the turbines, in order to continue reducing the impact on the environment. A highlight of the digital area is the FLAGSHIP project, which, through the creation of digital "twins", enables the simulation of operating environments that differ from the ones in the basic design of the plant, displaying the results of the operations and allowing us to improve them in terms of operational flexibility, reliability and efficiency.
- Notable in the area of **energy management** is the launch of projects such as the Thirties project, which explores various management models and the creation of a market for voltage control services, and the Iremel project, for the identification and development of local Flexibility markets. The area also includes projects such as the Flexener project, which is oriented toward the investigation of new technologies, simulation models, and flexibility services that will help to encourage the creation and operation of a 100% renewable energy mix. It is important to mention the European Posytyf project, which analyses from a theoretical viewpoint the contribution made by renewables to the provision of services to the grid through Virtual Power Plants.

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 2020 Iberdrola worked on:

- **New initiatives to improve customers' experience:**

  Work continued on new functionalities integrated into the Iberdrola Customer Apps. This allows for monitoring the installation of Smart Solar self-consumption, showing the activity of the panels in real time and the savings generated for each customer. Consumption monitoring provides a breakdown of the energy consumed by household appliances in real time, as well as their historical consumption. Claims can also be monitored, in order to determine their status. The process whereby customers of the regulated market can apply for subsidized electrical power under the "Bono Social" ("Social Bonus") programme is being digitised, such that it can now be handled online. The Smart Solar website has also been

restructured to include a simulator that offers the best installation and a Solar Plan for each user; this product is being included for neighbourhood communities. Last, a new app called “Curenergia” was introduced for customers of the regulated market.

- **New products and functionalities:**

  A new product launched in relation to Smart Solar (a solution that provides distributed generation for self-consumption) is the Iberdrola Energy Cloud, a virtual battery that will store the surplus solar production from each user’s home. Also notable is the launch of Smart Solar for Homeowners Associations (*Smart Solar para Comunidades*), which will offset among surpluses among neighbours, while also allowing the savings to be monitored via its app. For companies, Iberdrola has begun to offer long-term solar power purchase agreements (PPAs) on an onsite basis.

  Iberdrola is continuing its commitment to Smart Home products that allow customers to optimise their consumption, such as air-conditioning systems for heating and cooling, consumption monitoring, and smart thermostats and LED lighting. The Energy Wallet product allows customers to select the renewable generation plant from which they receive their energy from a list of available wind and hydraulic facilities.

  Smart Mobility includes the deployment of the network of recharging stations, integrated with third-party equipment (i.e., interoperability), with access through Iberdrola’s Public Recharge app, in which major improvements have been made. A new “pay per use” payment method has been implemented; its interface has been redesigned to make it easier for users to find and reserve a recharging station; and a route planner has been incorporated in order to show the route that best fits our customers’ needs. This app also offers the largest public-use recharging network in our country, and includes recharging stations in several other European countries.

Iberdrola is also participating in R&D projects in the area of electric mobility. In addition to the completion of the European REMOURBAN project in Valladolid, which was dedicated to the deployment of new business models among the various recharging services, work continued on the implementation of the CIRVE project, the goal of which is to place into service the initial experiments in interoperability among the major recharging operators on the Spanish market. IBERDROLA also participated in the MADRID in MOTION project, in which the challenges posed by collaborative recharging and by street lighting were introduced. Iberdrola also participated in the development of prototype banks of batteries to be exchanged with discharged batteries from electric engines at various locations in the city.

Smart grids

In 2020, i-DE Redes Eléctricas Inteligentes continued to dedicate its efforts to various R&D initiatives, particularly those focused on improving customer service, maintaining and expanding the smart-grid model and the digitalisation of the grid, and advancing toward greater integration of renewable energy into the grid, electric vehicles and storage systems, at both the Spanish and European levels.

For i-DE, 2020 was the “Year of Innovation” with the deployment of the business's Culture of Innovation (the engine of its ongoing transformation) through a substantial number of dissemination initiatives.

In the European sphere, the ONENET project was approved and launched with the participation of 72 members for the development of new customer-centric flexibility tools, with an open, streamlined architecture based on the concept of an interoperable network of platforms with coordinated operation. The COORDINET project continues with 23 companies and institutions in ten countries, and will coordinate carriers, distributors and consumers of electricity in order to offer a framework that is favourable to the participation of all of players. The ATELIER project was launched with the goal of developing Positive Energy Districts (PEDs) in eight European cities, including Bilbao. I-DE continued its participation in the ASSURED project, participating as the sole distribution network operator (DNO). The goal of the project is to develop rapid recharging solutions for heavy-load electric vehicles.

In Spain, the STAR+ project plans to continue digitising the grid in order to improve its efficiency and prepare i-DE to fulfil its role as the future distribution system operator (DSO). Work is also continuing on three projects to improve the control, monitoring, analysis, prediction and real-time management of low-voltage electrical power, through the eLVIS, CT Inteligente and Technical Supply Management projects, which were finalists for Enertic Awards prizes. Approval was granted for the FLEXENER project to investigate new simulation technologies and models in the areas of renewable generation, storage systems, flexible demand management and operation of the distribution network. Notable in the field of network integration are the second phase of the Caravaca BESS project, whose goal is to achieve the integration of various battery-based energy storage systems, and the DSO-DTR project, which makes it possible to determine how much additional energy the network can carry.

In the United Kingdom, Project PACE is studying the advantages of having a distribution network operator (DNO) participate in the deployment of the infrastructure for public electric vehicle chargers, and the Fault Level Management project is working to develop a new technology that will enable real-time measurement and management of fault levels. Meanwhile, the Fusion and LV Engine projects are both continuing to work toward optimisation of the low-voltage grids. Mention should also be made of the novel SPEN methodology, which was designed to manage the limitations of the transmission network in Dumfries and Galloway through the implementation of an Active Network Management (ANM) plan.

In the United States, projects are underway with Yale University and the Massachusetts Institute of Technology (MIT). Studies have been conducted of the network effect on the electrical grid, the utility of the customers connected to the grid, the speed with which new energy technologies and business models are adopted, and an analysis of the effect of climate change on electrical distribution networks. Also notable is the development of a digital platform designed to measure accurately and standardise worldwide emissions of greenhouse gases based on artificial intelligence, blockchain technology and digital twins.

In Brazil, innovative projects are being implemented in a variety of technological areas: smart grids, energy storage, microgrids, recharge infrastructures, network quality and reliability, facilities security, energy recovery and sustainability. Likewise noteworthy is the collaborative project with Iberdrola Innovation Middle East in Qatar for the development of new algorithms and analytical metrics that will make it possible to improve the quality of telecommunications service and equipment. The initiatives that have been implemented include the DSO Atibaia project, which calls for the installation of a new automation system, smart meters and a telecommunications network. Work is also being performed to improve the transmission towers, using composite insulated cross-arm (CICA) transmission towers and digital substations.

Iberdrola Innovation Middle East (the company's technology centre in Qatar) has commenced highly digitalised R&D with significant commercial potential in various areas, including smart grids, the integration of renewable energy sources and energy management.

Green Hydrogen

Iberdrola has created a new division committed to the **generation of Green Hydrogen for industrial use**. Accordingly, it has brought online what will be Europe's largest plant for the production of green hydrogen for industrial use. The Puertollano plant (located in Ciudad Real) will consist of a 100 MW photovoltaic solar plant, a lithium-ion battery system with a storage capacity of 20 MWh, and one of the world's largest (20 MW) systems for the production of hydrogen by electrolysis. All from 100% renewable sources. The green hydrogen produced here will be used at the nearby ammonia factory owned by Fertiberia.

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 decarbonisation of the economy. Since its creation, the programme has channelled investments of more than 70 million euros in start-ups in the energy sector worldwide. Its base of 30 million supply points and nearly 54 GW of installed capacity have allowed Iberdrola to provide the start-ups with a sizable "real-life laboratory" that is aiding the technological and commercial development of the companies. The major achievements in 2020 include:

- **Pilot projects:** In 2020 there were more than 25 pilot projects with start-ups in technological areas such as artificial intelligence, big data, the Internet of Things (IoT), robotics and batteries, for implementation in areas like network maintenance and planning, electrical mobility, energy efficiency, facilities maintenance, etc.
- **Challenges:** In 2020 Iberdrola introduced 7 challenges for the start-up community, in the areas of onshore and offshore wind-based and photovoltaic power generation, electric mobility, and the construction and maintenance of electrical power networks.
- **Investments:** An investment was made in Wallbox Chargers S.L., a company dedicated to the development of electric mobility solutions.
- **"Venture Builder":** In 2020 Perseo launched a new initiative for investing and creating (from zero) electrification support businesses —in areas like the recycling of modules, wind-turbine blades and batteries, and the circular economy— and in sectors that are resistant to decarbonisation, like industrial heat production and heavy transport. The first project was Iberlyzer, which became the first manufacturer to supply large-scale electrolysers in Spain. Iberlyzer will become operational next year, and expects to supply more than 200 MW of electrolysers in 2023, which will be earmarked for the second project in the alliance between Iberdrola and Fertiberia for the production of green hydrogen.

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

III.3.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

SDGs	Description	Goal	ESG
	Increase sales of smart solutions.	12 million contracts by 2022 18 million contracts by 2025	S
	Create direct, indirect and induced employment	+ 400,000 by 2022 + 500,000 by 2025	S
	Expand “Electricity for All” programme.	11.5 million beneficiaries by 2022 14 million in 2025	S
	Continue to support programmes of Iberdrola’s foundations	1.3 million beneficiaries during 2020-2022 1.4 million beneficiaries during 2023-2025	S
	Contribute to Women’s Universe (*Universo Mujer*) initiative	Support the federations included in this initiative	S
	Promote paralympic sport	Annual partnership with Spanish Paralympic Committee	S
	Support the electricians’ school in Brazil	Promote employability at School for Women Electricians in Brazil and hiring of 100% of students by Neoenergia	S
	Build upon Iberdrola U universities programme	>40 initiatives	S
	Promote education, research and innovation, with more scholarships and grants.	> 33,000 direct and indirect beneficiaries	S

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 embraces 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, Neoenergia's distribution area (which covers approximately 835,195 km^2) has a total population of more than 34 million people, approximately 0.6% of whom do not have electricity.

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 2020 the aggregate funds allocated to rural electrification programmes in Brazil (Neoenergia) represented a total of 42 million euros (247.8 million Brazilian reais) 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 answer to the international community's call to guarantee universal access to affordable, reliable and modern energy services, focused on performing sustainable electrification actions, connecting its purpose with 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. There are 7 million beneficiaries of the Electricity for All 2014-2019 programme, with three 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 it reaches 2.4 million beneficiaries in its fourth line of action, through initiatives carried out in Spain, Portugal, the United Kingdom and the United States:

- 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: 900 100 752. 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 discounts on electricity bills for electricity consumers considered to be vulnerable on the basis of certain social, consumption and purchasing power characteristics. To facilitate access to the Bono Social, Iberdrola has implemented a broad notification plan to provide information to everyone, including the creation of a specific section of the retailer's new website, https://www.curenergia.es/social-bonus, where customers can obtain all of the information. 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, 514 onsite service points with more than 1,591 agents, and 24-hour telephone service with personnel specifically trained to serve customers with respect to the "Bono Social". At the end of 2020, Iberdrola had 518,848 customers with subsidised Bono Social rates. It should be noted that a prominent feature of this year has been the implementation of the measures required to deal with the health and economic crisis caused by COVID-19, such as the expansion of the Bono Social to cover self-employed workers in need due to the COVID-19 situation. Moreover, in late September, the existing Bono Social was further expanded further to include consumers who have suffered a substantial decrease in their income due to the health crisis.

- In the United Kingdom, ScottishPower 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 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. It has also signed the Vulnerability Commitment comprising 14 commitments beginning in 2021 that go beyond the legal obligations and include principles of accessibility, collaboration and innovation for vulnerable customers. 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. These neighbourhoods are the beneficiaries of federal assistance programmes, such as the Electricity Lifeline Programme (ELP), which offers bill-payment credits based on income and consumption, or guarantees the connection for persons with limited resources who depend on an oxygen pump or ventilator. Moreover, the Friend Alert third-party notification service allows customers to designate a friend, agency or organisation that will receive a copy of any pertinent notices on their behalf.
- 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 2020 the National Electrical Power Agency (Agência Nacional de Energia Elétrica) (Aneel) continued its update of the registry, selecting the beneficiaries who met these requirements and could therefore participate in the advantageous price plan in order to obtain low rates as determined by the regulatory authority. More than 3 million Neoenergia customers took advantage of this low-income social rate plan in 2020. Also in 2020, as a result of the COVID-19 pandemic, 100% discounts were given to low-income customers in accordance with the law approved by Aneel for this purpose.

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

Suspension of supply in the residential sector (No.)

	2020	2019	2018
Paid up to 48 h after disconnection	779,851	1,185,356	1,270,849
Paid between 48 h and one week after disconnection	120,257	211,859	253,559
Paid between one week and one month after disconnection	164,689	229,173	239,246
Paid between one month and one year	131,316	195,071	197,422
Paid after more than one year	91	26	8
Outstanding and unclassified	17,267	107,337	0
Iberdrola Total	**1,213,471**	**1,928,822**	**1,961,084**

Service shutdowns due to non-payment were suspended in 2020 as a result of the Covid-19 pandemic, and payment facilitation programmes were offered to customers in those countries in which the company operates.

Residential reconnections following payment of unpaid bills (No.)

	2020	2019	2018
Less than 24 h after payment	996,700	1,575,039	1,640,500
Between 24 h and one week after payment	111,383	146,630	162,744
More than one week after payment	97,078	125,925	124,722
Unclassified[77]	14,020	84,719	0
Iberdrola Total	**1,219,181**	**1,932,313**	**1,927,966**

Information on disconnections and reconnections in the various countries is described in Annex 1 Supplementary Information.

[77] Represents customers of distributors in the United States during the implementation of new IT systems.

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 UNGP), 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 updated in December 2020, 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 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 or any other form of modern slavery 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.

The Company has also defined its general due diligence framework for human rights, underpinned by the following management mechanisms:

- The Iberdrola group's Governance and Sustainability Model (formerly known as the 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 whistleblower channels of the *Code of Ethics*.

The ultimate objective is to better integrate all issues relating to human rights into a single comprehensive due diligence system.

As in previous years, in 2020 the company updated its business/country risk map using an internal methodology that makes assessments based on the following:

1) 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 2020 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).

2) The ranking of countries on the following indices and studies:

- UNDP Human Development Index (2019 data, the latest available during the study).
- Transparency International (*Corruption risk*, 2020 data, the latest available during the study).
- Countries involved in armed conflict (*Report on Conflicts, Human Rights and Peace-building*). 2020 Alert. School for a Culture of Peace).

Once this risk map was updated, the data were cross-checked against the list of the main locations of operation, which is updated on an annual basis by the businesses, in order to know which of these locations might have a possible risk of violating human rights. This

approach makes it possible to prioritise the identification of impacts in the areas of greatest risk, given that they are the basis of a good due diligence system, and if necessary to work on the revision and updating of the impacts based on this information.

Of the 183 main locations of operation (detailed information in the "Key operation figures" section) covered by analysis or impact evaluations in the area of human rights (100% of the main locations), 78 of them (43%) 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 could be considered to be a country at risk, as they have not yet ratified or joined several of such basic labour conventions. However, given the country's socio-political characteristics 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.

Based on our commitment to human rights, the necessary channels have been established so that people affected by our activities can contact us directly and inform us of their concerns, complaints or claims relating to impacts on local communities, employees, suppliers or any other Stakeholder. These complaint and grievance mechanisms have received a number of human rights notifications throughout 2020.

Those related to the Compliance area are described in the "Ethics and integrity" chapter, those related to Human Resources are described in indicator 406, those related to Legal Services are described in indicator 406-1, those related to the Environment are reported in chapter II "Environmental" and in the section on "Contribution to the well-being of our communities", those related to Cybersecurity and Privacy are described in indicator 418-1, and finally those related to Socioeconomic Compliance are described in indicator 419-1.

Human rights due diligence system

412-1 407-1 408-1 409-1

Iberdrola has defined its human rights expectations for different Stakeholders:

- **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.

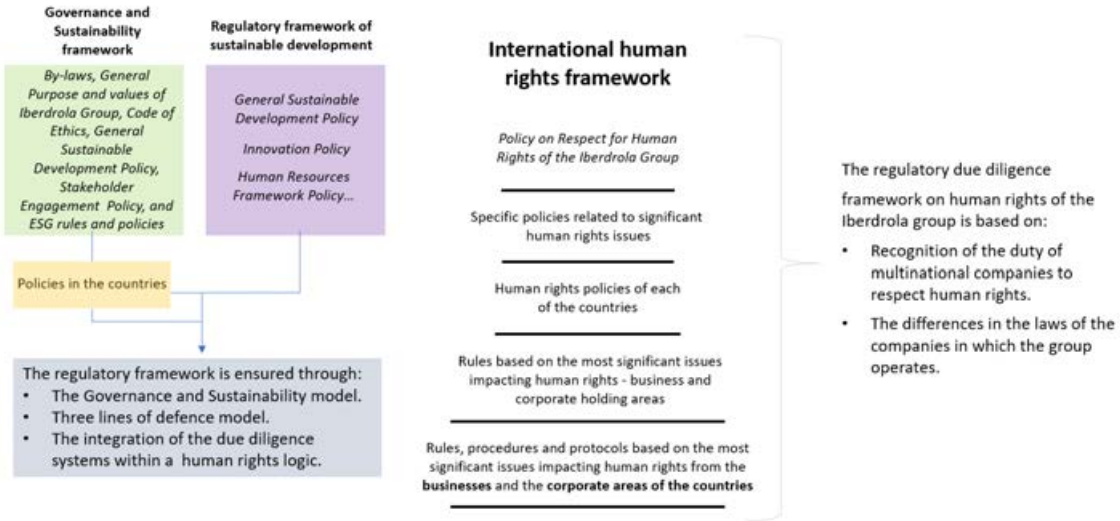
- **Suppliers:** suppliers must also exhibit strict respect for human and labour rights recognised in domestic and international law in the conduct of their activities. In this connection, we believe suppliers are a key ally, with shared responsibility with the group for compliance with the *Policy on 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 respecting 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.

Iberdrola's Human Rights Due Diligence System, which is underpinned by its Governance and Sustainability System, as well as its Control Model based on three lines of defence, is a process of ongoing review driven by the development of our Policy on Respect for Human Rights, which promotes the implementation of the Guiding Principles (principle 18.a of the UNGP) adjusted for the size of the company and the diversity and particularities of the facilities in the various countries.

The following diagram illustrates the foregoing:



Iberdrola focuses on identifying possible gaps or opportunities for improvement in human rights management, analysing compliance with its policy and other corporate procedures and policies relating to matters concerning the mitigation of impacts and respect for human rights.

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).

Progress and results

After the potential impacts on the electricity sector have been identified, thus extensively but precisely defining the area with respect to which Iberdrola must be vigilant as regards human rights, and to facilitate the analysis of the resulting inventory of potential impacts, Iberdrola classifies the impacts into categories of issues that include those that share the same aspect related to the organisation and operations of the company, following the advice of the UNGP to take the entire spectrum of internationally recognised human rights into account (principle 12). The result of this process was a list of human rights issues that enables all of the group's areas and businesses to manage and report accurate information following the same classification, thus providing more uniform, comparable and reliable information. The issues were classified on the basis of:

- Impacts relating to local communities (including minorities and indigenous peoples).
- Impacts relating to the environment and sustainability (small-scale and large-scale environmental impacts).
- Impacts relating to ethics and integrity.
- Impacts relating to labour practices.
- Impacts relating to the operation of facilities and business essentials.
- Impacts relating to innovation and new technologies (cybersecurity and data protection).

Following a rigorous review of the entire group, it was determined that Iberdrola has complex and robust due diligence systems in place for the management of human rights issues, although they were not necessarily identified in the past 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, the review showed that there were occasions when various corporate activity areas managed aspects relating to human rights, but without being aware that these were specific issues covered under the spectrum of human rights, sometimes due to issues of simple terminology or strategic formulation.

We therefore continue to focus our efforts on raising awareness of human rights among employees across the entire group.

The entire project focuses on people, specifically on the company's relationship with its Stakeholders, since it is essential to understand their needs first-hand (principle 18.b of the UNGP). Accordingly, along with the human rights due diligence project, Iberdrola has developed a Stakeholder relations model ensuring that 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.

In 2020, following the human rights analysis carried out together with independent experts, a gap analysis was performed to detect opportunities for improvement, the result of which has guided the process of prioritising actions to prevent and mitigate possible impacts. Specifically, the focus has been on:

- Reviewing the operating procedures of the group's facilities to verify that they are in line with the recommendations of the UNGP with regard to the management and mitigation of any possible impact on local communities.
- Designing a corporate Guideline with recommendations for holding public consultations with communities in accordance with the UNGP.
- Reviewing the complaint and claim mechanisms, and formalising the classification, follow-up and control of complaints and claims, with the aim of facilitating access to remedies for victims (third pillar of the Ruggie Framework).
- Strengthening human rights due diligence in the supply chain, with the long-term objective of joint management (shared responsibility) in human rights due diligence with suppliers.

During the year, specifically due to the magnitude and severity of the COVID-19 pandemic, which has confronted all companies with a unique crisis management event, Iberdrola has focused its efforts not only on business continuity, but also on protecting people's rights.

A global action plan against the coronavirus (COVID-19) was launched after analysing potential and actual impacts that could affect employees, the supply chain, customers and users, and society as a whole, to ensure continuity and quality of supply for the duration of the crisis, while simultaneously protecting the health and safety of people, ensuring non-discrimination and transparency, and guaranteeing access to crucial, accurate and up-to-date information on the virus. This action plan, published at Iberdrola's global response to COVID-19 allows the company providing an essential public service to present the prevention, mitigation and repair measures being taken in each phase of the pandemic, ensuring that its commitments to its Stakeholders are met.

Main significant human rights issues for our Stakeholders

Below are examples of how Iberdrola is managing specific human rights issues that are significant for its Stakeholders.

Labour practices

Non-discrimination was an issue that was particularly significant for Stakeholders in relation to labour practices.

GRI 406

The principles of non-discrimination and equal opportunities applied within the Iberdrola group are recorded both in the *Code of Ethics* and in the global policies and procedures approved and implemented *(Human Resources Framework Policy*, *Recruitment and Selection Policy*, *Equal Opportunity and Reconciliation Policy*, *Diversity and Inclusion Policy*, etc.) and their mission is to avoid any discrimination based on gender, gender identity, age, origin, race, colour, language, religion, political opinion, social status, belonging to an indigenous group, disability, health, marital status, pregnancy, sexual orientation or any other personal status not related to the requirements to perform their job. 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 and Equality Plan of the Iberdrola Group and its Monitoring Committee.
- Policies on equal opportunity and reconciliation, anti-age discrimination, people with disabilities, equal pay, harassment, personalised agreements and flexible working policies, as applied in the United Kingdom.
- In 2020 ScottishPower launched its first policy on Trans Employees and Transition Guidelines. The policy was communicated to all employees in May 2020 to celebrate the International Day Against Homophobia, Transphobia and Biphobia (IDAHOBIT). This Policy was developed with the support of Stonewall and the

"Scottish Trans Alliance", and was reviewed by representatives of ScottishPower's LGBT+ employee network IN-FUSE.

- In the United States, Avangrid has policies and programmes to prevent discrimination and workplace harassment, including equal opportunity in the workplace, the fight against harassment and discrimination, and prevention of sexual harassment. There is also training on preventing sexual harassment and a formal channel is open to report discrimination through the EthicsPoint Hotline.

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 2020 the group received 34 grievances regarding labour discrimination through the various channels. 12 of them are being reviewed and the other 22 have already been closed. Of the grievances that have already been closed, 3 ended in written warnings and 7 ended in dismissals as a result of the existence of improper action in the human rights area. Furthermore, three complaints concerning the right to organize have been received. The Human Resources area is in charge of taking appropriate disciplinary action.

406-1

Reported incidents of discrimination (No.)

	2020	2019	2018
Iberdrola Total	34	33	26

In addition to the foregoing, Legal Services in the United States received a customer complaint related to possible discriminatory practices.

Iberdrola has not received any complaint during financial year 2020 regarding other aspects relating to human rights through the Legal Services 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

Relations with indigenous peoples has been a significant issue for our Stakeholders with respect to the issue of 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 2020, 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, there are a total of 24 workers in the networks business who declared themselves as belonging to an indigenous race. At the Belo Monte hydroelectric plant, in which Neoenergia has a 10% stake, 11 indigenous people are employed as subcontracted employees in the Territorial Protection Units (UPTs) as operational agents, in support of the FUNAI Action Plan teams. Territorial and Environmental Protection of the Indigenous Lands of the Middle Xingu (PPTMX) and 82 indigenous people in the framework of partners subcontracted in the health service in support of the Special Indigenous Health District (DSEI), such as indigenous health agents, indigenous sanitation agents, nursing technicians, in the Integrated Indigenous Health Programme (PISI) provided for in the PBA-CI.

In the United States, the company Avangrid Renewables has six people who voluntarily self-identify as ethnic or racial groups.

It should be noted that during the 2020 financial year there have been no incidents related to the violation of the rights of employees from indigenous communities in the group.

Incidents detected relating to indigenous communities

There are 2 legal actions against the Brazilian electricity distribution company Coelba relating to indigenous rights. In both actions, Coelba is being asked for compensatory damages for the impact of the route of a power line that crosses the lands of the Kiriris and Tuxá Indians in the municipality of Banzaê (Bahia). Both actions are at the investigatory stage.

In the United States, the Lund Hill (Washington) solar project water permit was appealed by the Confederated Tribes of the “Yakama Nation”. The competent government administration dismissed the appeal, restoring the permit.

Presence of the company in indigenous territory and developed projects

The company, with a presence in 4 countries where there are indigenous communities (Brazil, Mexico, the United States and Australia) encourages business activities to be carried out with respect for different cultural identities, traditions and environmental wealth, as many times these communities depend on natural resources for their subsistence. Therefore, it establishes channels of dialogue with these communities and their representatives, as well as the participation of the government, 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 holds only 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 that occupy the Middle Xingu River region in the state of Pará, affecting a total of nine ethnic groups (around 3,857 indigenous people). Norte Energia, S.A. in order to mitigate, offset and or prevent these impacts, prepared an ethnological study and, based on this study, prepared a Basic Environmental Plan for the Indigenous Component (PBA-CI) composed of nine programmes: i) Environmental Supervision Programme; Indigenous Territorial 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; ix) Indigenous and Non-Indigenous Communication Programme. It also prepared a Plan for the Territorial Protection of the Xingu Environment (PPTMX) based on the relocation of “riparian” populations. Actions aimed at the riparian population are included in the General PBA, now linked to the Rural Resettlement Project. The PBA-CI will be carried out throughout the concession period of the project, i.e. 35 years, with a committed investment in socio-environmental impact mitigation programmes amounting to 6,500 million reais (approximately 1,365 million euros), which is equivalent to approximately 14% of the total cost of the project. The operating licence is valid for six years, and a review of the measures must be carried out at the time of renewal in order to update it and ensure that indigenous rights are respected. Information is available regarding the programmes submitted to obtain the environmental permit for Belo Monte.

- Neoenergia, S.A. also holds 50.1 % of Compañía Hidroeléctrica Teles Pires, which is responsible for the construction and operation of the Teles Pires hydroelectric plant, located on the border between the states of Pará and Mato Grosso, on the Teles Pires River, a tributary of the Tapajós River, next to the municipalities of Jacareacanga and Paranaíta. This plant is located 60 kilometres from the nearest indigenous land boundary. Although there is no direct impact, Brazilian law requires that socio-environmental studies and programmes be carried out, and for this reason the company has established a joint dialogue with FUNAI (National Indian Foundation), the Federal Public Ministry and with indigenous leaders of each ethnic group affected by the project, in order to meet the demands and desires of each community. A Basic Indigenous Environmental Plan (PBA-CI) was jointly drawn up and approved, with 19 socio-environmental programmes to sustainably promote the cultural, social and economic activities of the area’s ethnic groups. 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:

- Apiaká Basic Indigenous Environmental Plan
- Kayabi Basic Indigenous Environmental Plan
- Munduruku Basic Indigenous Environmental Plan

- In reference to Networks activities, several distributors of the Neoenergia group are present in indigenous territories in Brazil. The distribution company Celpe renewed the terms of the agreement signed with the indigenous community of Fulni-ô for the substation and transmission lines located in the municipality of Águas Belas (Pernambuco), which will be in force until 2024. In the region managed by the distribution company Coelba, there are two actions demanding compensation for the use of easements for electricity networks in the communities of the Kiriris and Tuxá indigenous peoples, in the municipality of Banzaê (Bahia). Both are in the investigatory phase, awaiting judgement. The distribution company Elektro has a line in the licensing phase (Mongaguá – Peruíbe distribution line and Manuel da Nóbrega – Mongaguá distribution line) whose study of the indigenous component has already been completed, and the protocol for this indigenous component is being drawn up with FUNAI.

- In the United States, the company is working with the Ewiiaapaayp Tribe and the US Bureau of Land Management (BLM) on the Tule II wind project. At the Montague and Bakeoven (OR) solar projects, indigenous tribes expressed their concern regarding access to the traditional harvest activities on the land that was transferred. The company has entered into voluntary agreements with landowners and tribes to ensure access and to assist tribes in meeting their concerns.

- In Mexico, the "*Luces de Esperanza*" (Lights of Hope) project is being developed with indigenous communities, offering solar-powered electrification solutions to rural communities without electricity in Huasteca Potosina and Oaxaca. The second phase of the project started in 2020 in San Pedro Pochutla, Oaxaca, with 380 beneficiaries and 95 houses. .

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
	Tamazunchale combined cycle	In the municipality of San Martín Chalchicuautla, the communities of Lalaxo and Ocuiltzapoyo, Bordones; in the municipality of Matlapa, the communities of Terrero Colorado and Huexco; in the municipality of Tampacán, the communities of El Refugio, Las Vegas, El Ojital, Chalchocoyo, Huexco and Mixcotla, Palictla, Cuixcuatitla; in the municipality of Maclapa, the community of Nexcuayo, El Tepetate, Barrio la Vega Cuixcuatitla
	Dos Arbolitos wind farm	La Ventosa, Juchitán,Oaxaca
	Bii Nee Stipa wind farm	El Espinal
	Mexico Ecological Parks	La Ventosa
Brazil	Subestação de Águas Belas, Estado de Pernambuco	FULNI-Ó community, in the city of Águas Belas
	Coelba Networks in Banzaê	Kiriris y Tuxá (Bahía)

The "Support to 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 protocols of conduct 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

		2020	2019	2018
Own personnel	Own personnel (No.)	187	155	173
	Own personnel trained in human rights (No.)	175	149	172
	Own personnel trained in human rights (%)	93.6	96.1	99.4
Subcontracted personnel	Subcontracted personnel (No.)	1,228	1,353	1,661
	Subcontracted personnel trained in human rights (No.)	865	837	909
	Subcontracted personnel trained in human rights (%)	70.4	61.9	54.7

It should be noted that human rights training has been carried out online due to the pandemic, and some new arrivals occurred during in the second half of the year, which means that they have not yet received specific human rights training. The number of subcontracted security personnel continues to fall, while the percentage of human rights training for this group is increasing.

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.

With the specific training of its employees, Iberdrola seeks their involvement in the compliance activities and in the dissemination and reporting of any human rights violations.

In addition, as part of the training and ongoing information programme developed by the Board of Directors, which includes both meetings and specific materials that are posted on the directors' website, a specific course was included on respect for human rights in the corporate environment, in order to make them aware of the challenges to which companies are currently exposed and thus be able to adequately address them.

Iberdrola continues to act as a lever to promote respect for human rights in its supply chain, for which purpose it has developed an awareness-raising module regarding respect for human rights aimed at suppliers.

412-2

Employee training on human rights (h)[78]

	2020	2019	2018
Spain	124,991	106,570	109,595
United Kingdom	83,795	90,232	102,510
United States[79]	69,952	109,570	15,238
Brazil	206,389	187,179	16,533
Mexico	395	28,387	20,832
IEI	119	1,772	N/Av.
Iberdrola Total	**485,641**	**523,710**	**264,708**

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.As in Australia, specific human rights clauses are also included in the United Kingdom by application of the Modern Slavery Act..

20 significant investment agreements or contracts were concluded in the Networks Business during financial year 2020

- In Spain, the networks business establishes multi-annual Investment Plans with the 14 autonomous communities in which it does business. These plans include all the investment works and activities planned in each Autonomous Community. In October 2019 the supply of smart grid equipment was also approved for the following three years, representing an investment of 174 million euros.

- In the United Kingdom, in the networks business, a contract worth more than 100 million euros (€132M/£111M) was signed in 2020, extending through 2025. The investment agreement is in the area of telecommunications: operation, maintenance and construction of new telecommunications infrastructure. Human rights clauses are included in the Telecommunications Framework Agreement.

[78] Number of employees in terms of Full Time Equivalents (FTEs): 33,747 in 2018, 35,120 in 2019 and 36,915 in 2020.
[79] Virtual training was added in 2019.

- In Brazil, four significant investment agreements have been signed with a total value of more than 758 million reais. These projects include the hiring of companies for technical and commercial services for Celpe; the construction of the transmission line and substation for Lot 1 awarded at Aneel's December 2018 auction; Hiring of Companies for Technical and Commercial Services for Cosern and the hiring of company for the supply of food benefits and public transport for employees.

- In December 2020, Avangrid Networks' Board of Directors approved a contract in the amount of 299.42 million dollars (€269.7 million) for the construction of a transmission line within the framework of the New England Clean Energy Connect (NECEC) project for the construction of a 233 kilometre transmission line between Canada and New England, which will supply 1,200 MW of 100% hydroelectric power beginning in 2023.

In the Wholesale and Retail Business in Spain, an alliance has been created with Fertiberia to develop the largest green hydrogen plant for industrial use in Europe, with an investment plan of 1,800 million euros until 2027.

15 significant investment agreements or contracts were concluded in the Networks Business[80]:

- In the United Kingdom, three significant agreements were signed for a total of 36.85 million pounds, two relating to the Hagshaw and Cumberhead onshore wind power projects (20.35 million pounds) and one relating to the hybrid solar projects of Coldham, Carlandcross and Coal Clough (16.5 million pounds).
- In the United States, two wind turbine contracts associated with services were signed for projects to be completed during 2021. Two contracts for the supply of solar panels and one EPC contract for the construction of a generation facility were also executed.
- In France, in onshore wind, an agreement was signed to acquire the company Aalto Power, and offshore wind power included a contract signed between Navantia and Windar for the supply of foundations for the St. Brieuc wind farm, which will be installed in the port of Brest, thus meeting the requirements on local content in the region of Brittany, and there was construction of warehouses and offices in Lezardrieux as a base for the project's construction team for 6 million euros.
- In Australia, Infigen signed four strategic agreements: three with TransGrid for the management over the next 10 years of a 50 MW battery at Wallgrove and one with Tesla for the use of its Autobidder platform for ancillary frequency control services.

[80] 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 is strongly involved, with a long-term perspective, 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 to serving as a lever for the development of the area.

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 and which are usually established and agreed on with local authorities and with various Stakeholders, including the protection of biodiversity and recovery of spaces, improvements in communication infrastructure, water supply or roadways, public lighting, creation of direct and indirect employment, professional training courses and activities to support entrepreneurs, among other measures. The above is in addition to engaging in various sponsorship and patronage activities.

This includes, by way of example, the creation of 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 of use of energy and thus contribute to energy saving. In Brazil, the company also is developing a women-only electricians' school, which guarantees equal access to employment and strengthens women's empowerment. This programme is free of charge and lasts seven months, with 596 hours of coursework. the end of the course, the professionals will be able to participate in the selection process to join the workforce of some of Neoenergia's distributors. This year the project has been awarded the Corresponsables en Iberoamérica Prize. The women-only project has also been recognised by the UN women's programme, WeEmpower.

The programmes for social and economic development of the surroundings carried out within the group by different organisations, subsidiaries and institutions on a complementary basis are particularly important:

- From Iberdrola, through its Institutional Relations Division.
- From subsidiaries or affiliates in their respective areas of activity.
- Sponsorship and patronage activities through Fundación Iberdrola España, the ScottishPower Foundation in the United Kingdom, the Avangrid Foundation in the United States, Instituto Neoenergia in Brazil and Fundación Iberdrola México. For further information, see the "Foundations" section of this chapter.

Social impact assessments

413-1 413-2

Environmental impact assessment (EIA) (EIA) studies, which generally include a social impact assessment, are performed at Iberdrola's locations of operation prior to the construction of the facilities and in accordance with the current law in each of the countries, and must be approved by the competent public authorities. A social impact study is always included in countries with indigenous communities.

These evaluations include an analysis of potential impacts on human rights, not only through an evaluation of the natural environment (including assessments of the environmental impacts of events such as emissions, leaks, wastes, fires, spills, SF6 emissions, and effects on local biodiversity, changes in land use, changes in the aesthetics and quality of landscape, restricted access to water and forest resources, etc.) but also through an evaluation of the social and economic environment, including an analysis of demographic aspects, such as the evolution of the population in nearby municipalities; its historical and cultural heritage; increased demands for jobs in certain sectors; and the deterioration or development of basic infrastructure elements, such as roads or railroad networks, etc.

Applicable law ensures consultation with and 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 include the preventive and corrective measures required to mitigate the aspects identified. During the construction and operation of the facilities, these measures are put into effect, monitoring programmes are implemented to monitor the various aspects identified and government authorities are informed. During the closure and decommissioning phase of the facilities, impact studies are prepared and communicated in accordance with applicable legal provisions.

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).

Other activities addressing its Stakeholders are also performed, including social development programmes and participation in local communities. Almost 100% of the company's main locations of operation are thus subject to these types of activities, focused on meeting the needs of its Stakeholders, especially in local communities, and engaging in the most appropriate activities in all those areas that most directly affect them.

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. In addition to the social impact assessments to safeguard human rights, Iberdrola has designed a robust due diligence model, as described in the "Protection of human rights" section of this chapter.

Consultation processes with local communities

In order to better manage and mitigate the impact on the communities in which it has a presence, operating procedures were reviewed to ensure that the public consultation processes are in line with the recommendations of the UNGP. To facilitate the inclusion of these recommendations in formal procedures, a Guideline for the implementation of good practices in the relationship with local communities has been designed and a medium-term plan for the implementation thereof has been drawn up.

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 a proactive 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.

During the development phase of each project, relations are established with local authorities, communities and any other groups that may be relevant to the project, and dialogue channels are established with the main Stakeholders. All information concerning the planned development is presented through newsletters, exhibitions, forums, 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 new 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 Networks Business, in accordance with social impact management procedures, there is public disclosure of projects of a certain size, complying in all cases 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 Networks Business Spain, public participation is also integrated into the Environmental Impact Assessment (EIA) procedure mentioned in the previous section. One noteworthy example of this type of participation consists of working with local governments for the underground installation of power lines when an area is restored, with the creation of a space for public coexistence.

In the Brazil Networks Business, we must perform a Participatory Socioenvironmental Diagnosis (*Diagnóstico Socioambiental Participativo*) (DSP) in accordance with the applicable law for all of the transmission projects we are implementing. The goal of the DSP is to identify and characterise the socioenvironmental problems and conflicts that are directly or indirectly related to the impacts of the licensee company, as well as the potential socioenvironmental effects associated with the affected social groups. The socioenvironmental diagnosis is based on participatory methodologies, such as technical and educational resources intended to promote the role of various social groups located within the area of influence of the activity or project, in the construction and implementation of an Environmental Education Programme. Projects involving distribution networks rated at up to 34.5 kV are not subject to socioenvironmental licensing, only having to obtain permits for entering into conservation areas and for the removal of vegetation; if entry onto third-party property is necessary, the formal consent of the owner is required. Furthermore, for projects that have a strong impact, public hearings must be held with the inhabitants of the company's area of interference, with the participation of the Stakeholders, including the inhabitants of the area of influence, the environmental agency, participating agencies, Public Ministries, NGOs, universities, political groups, etc., in order to disclose the nature of the project being analysed and its Social and Environmental Impact report, so that concerns can be resolved and criticisms and suggestions can be gathered. Notable among the implementations of community development programmes are the Being in Dona Inês (PB) Programme and Transforming Energy into Culture projects being implemented through LPIE and ProAC de São Paulo, an energy-bill donation programme (carried out by distributors), the Electrician's School, Summer Coast to Coast (sponsored by FazAtleta) and Together for Sustainable Development.

In Brazil, socioenvironmental impact studies (EIA-RIMA) were conducted for all of the Neoenergia hydroelectric power plants (Itapebi, Corumbá III, Dardanelos, Baguari, Teles Pires, and Baixo Iguaçu). These studies reached conclusions that will generate subsidies for the respective compensatory and mitigating programmes (PBAs), which were duly implemented with the approval of the licensing agencies and intervening entities through the issuance of operating licenses.

In Belo Monte, within the scope of the environmental license, the following programmes were implemented for the development of nearby communities that were relocated:

The Urban Reparations Project (PBA Section 4.4.4) and the Rural Reparations Project (PBA Section 4.1.5) were implemented for the development of nearby communities that were relocated due to the company's activities. These projects are pursuing the reestablishment of community connections in the new dwelling places, as well as the institutional strengthening of the communities, the generation of revenue and the preservation of the environment.

In Belo Monte, the Norte Energia Consortium has been implementing the Socioeconomic Aspects Monitoring Programme, within the scope of the Population Relations Plan, since 2013. The principal goal of the programme is to generate and monitor indicators for tracking the possible socioeconomic impacts that are expected in the municipalities located in the Area of Direct Influence and in the Area of Indirect Influence due to the construction and operation of the project. Another goal of the Programme is to generate information that will enable the identification of possible unforeseen impacts. This information will allow the operator to make decisions and, if necessary, change strategies at the proper time. In order for the proposed goals to be feasible, Norte Energia, with the approval of Ibama, developed a proprietary methodology for conducting surveys and analysing socioeconomic indicators, based on primary and secondary data, each with its own periodicity. Databases were created through which information is being tabulated, thus making it possible to monitor the evolution of the indicators and thereby identify the socioenvironmental actions and propose the necessary steps for their implementation. As for unforeseen situations, the affected areas are being monitored and all of the requirements of specific studies are being fulfilled. During the period, data collection procedures were changed in view of the circumstances imposed by the COVID-19 pandemic. Socioeconomic diagnostic activities were also carried out for the territories in which the EIA is operative. For this purpose, the Social Monitoring Programmes (PBA Section 4.6) were implemented, which provide social monitoring for families, as well as the Socioeconomic Aspects Monitoring Programme (PBA Section 7.4), which monitors the evolution of the socioeconomic conditions affecting the population. Both of these efforts have been underway since 2012. Results:

- A 25% reduction in the population below the 2010 poverty line, to 9% in 2019.
- Monitoring of approximately 6,000 families, and a total of 53,223 visits made.
- A total of 19,749 types of social assistance, with 5,695 branches in the areas of Health, Education, Public Safety, Document Issuance, CRAS, CREAS, the Unified Registry, the Guardianship Council and the Rights Guarantee System.
- Activities to support and strengthen SUAS: Training, activities involving the Unified Registry of Social Programmes (*cadastro único*), citizenship fairs, etc. A total of 45,035 individual services.
- Consultation with the communities and the development of participatory procedures that are essential for the progress of the activities in accordance with the community's expectations.

During the feasibility phase of wind projects in Brazil, socioeconomic studies and diagnostic activities are being carried out for the municipalities located in the areas of influence of the projects. Meetings are being held with members of the communities in order to present the projects, the possible impacts and the mitigation plans. During the

operating phase, the impacts are communicated continuously through the Environmental Management Plan and through social communication and environmental education campaigns. The results are disclosed through reports submitted to the competent environmental entities and through sustainability reports, which are disclosed to the general public.

In the United Kingdom, as part of the Environmental Impact Assessment that is mandatory in support of the Planning Application for a new renewable project, a socioeconomic evaluation is being included that contains an assessment of the potential impacts on local businesses, such as local jobs, tourism sites, recreational areas, local lodging providers, etc. This assessment will take into account the impacts during construction and during the period of operation of the wind farm, and will propose mitigation measures if significant negative impacts are identified. Hearings will be held in connection with the developments, and this year the public information events will take place online due to the COVID-19 restrictions, in compliance with directives issued by the Scottish government. Impact studies have been conducted for West of Duddon Sands, East Anglia ONE, East Anglia THREE, East Anglia ONE NORTH and East Anglia TWO.

The following local community development programmes were implemented in 2020:

- Kilgallioch Windfarm Extension;
- Sheirdrim RED (Renewable Energy Development);
- Euchanhead RED;
- Harestanes South Windfarm Extension;
- Carrick Windfarm;
- Hollandmay Windfarm;
- Earraghail Windfarm;
- Barnesmore;
- Upgrade of Rigged Hill & Corkey Windfarm.

A substantial amount of relational activity with local Stakeholders was conducted at the Beinn an Tuirc 3 Windfarm and at the Halsary Windfarm during the construction of both sites, and numerous activities and projects are still underway thanks to the operational community-benefit funds, working with local communities to identify and establish the appropriate bodies to administer these funds.

In the United States, social evaluations within the context of project permits (particularly with regard to community development and other impacts) are usually included in the procedures for due diligence and project permitting during the planning and development stages. In 2020 the company consulted with Sherman County, Oregon, on the proposed upgrade of the Klondike II wind project. Impact studies were also performed for the Camino Solar Project in California, the Iron Point Solar project in Nevada, the Bakeoven Solar, Montague Solar, and Oregon Trail Solar projects, all in Oregon, and the Mohawk Solar project in New York.

The renewables business in Mexico conducted social impact studies for the Cuyoaco Solar Plant (Energías Renovables Venta III, S.A. de C.V.), the Parque Industrial Energías Renovables, S.A. de C.V. (PIER) Wind Farm, and the Iberdrola Renovables Bajío Wind Farm. At the behest of Iberdrola, social-welfare contributions were also made to the communities located near the projects – specifically, to local authorities for application of social-welfare contributions at infrastructure works that benefit and affect the areas of education, the environment, culture, sports, health, and the infrastructure of the communities.

In the Renewables Business in Portugal, as required and approved pursuant to the Environmental Impact Statement (Declaração de Impacte Ambiental) (DIA) for the Tâmega River hydroelectric project in Portugal, there is a Socioeconomic Action Plan under which the affected area and its surroundings are being monitored, periodic surveys (among other activities) are being conducted, and the responses are being studied through the use of indicators. This monitoring makes it possible to identify and quantify effects in the socioeconomic surroundings of the project. There is also a plan for compensation of the flora and fauna.

On the basis of these plans, Iberdrola has entered into collaborative agreements with the municipal authorities in the surrounding area, under which the municipal authorities will:

- Engage in socioeconomic activities: improvements in municipal infrastructures, interventions involving elements of the local heritage, green transit routes (ecovias), etc.
- Perform compensatory activities for flora and fauna: plantings, improvement of forest areas, RELAPE measures for flora, operations on riverbeds, etc.
- Sign agreements with the municipal authorities that are most strongly affected by the projects, including the joint financing of a “permanent intervention team” and facilitate the strengthening of the resources.
- Provide environmental training for schools in the affected municipalities, in collaboration with the team of biologists and archaeologists working on the project.

All sites of the renewables facilities in Australia have completed consent proceedings that require a social impact evaluation, including the proceedings for the Walkaway Lake Bonney 1, 2, 3, Woodlawn and Bodangora wind farms. No new social impact studies were conducted in 2020 for the new Infigen renewable facilities. Similarly, all of the Infigen sites have local development programmes that focus on community investment. Infigen’s community investment funds have been invested in numerous activities including schools, sports programmes and forest-fire management programmes. Public hearings within the community are also continuing. Specifically, in 2020 all of the communities were consulted regarding the improvements in the forest-fire management programmes. A consultative meeting with the local communities was held at the Bodangorase wind farm, while at the Capital Renewable Energy Precinct (which includes the Capital and Woodlawn wind farms), a broad-ranging community hearing was held in search of candidates for local forest-fire recovery projects, as a way to help the local community after the forest fires of 2019 and 2020. Two rural pumping stations were selected, at which the facilities were improved, and a project was also selected to help the reconstruction of a koala sanctuary that was destroyed during the forest fires.

Regarding the generation business in Spain, during the year 2020 applications were submitted and processed for an Environmental Impact Study for the projects involving the decommissioning of the Lada thermal power plant and the Velilla plant, and for the modification of the combined-cycle Aceca plant, including the potential effects of the facilities on the socioeconomic environment. Public participation is expected.

In the Generation and Customer Business in Mexico, social impact studies were conducted for the project currently under construction at the Topolobampo III combined-cycle plant (in Ahome, Sinaloa) and for the expansion of the Tamazunchale II plant (in San Luis Potosi). These studies gave rise to social activities for the benefit of the community, such as the construction of a soccer field, the paving and signage of roads, the improvement of educational, recreational and social centres, etc.

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.

Habitat Management Plans are also being developed at many of the operational wind farms in order to restore and improve the conditions for native species.

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

In the construction of the Tâmega 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 municipalities, as approved in the Socioeconomic Action Plan, financial compensation of 1.4 million euros 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 customs and traditions. In 2020, 12 people have been rehoused.

In Brazil, 12,745 negotiations have been held for displacement of families as part of the construction of the Belo Monte hydro complex in an urban area, while 1,108 affected properties have been identified in a rural area. There are currently two resettlement projects, one concerning the resettlement of 201 riparian families and the other affecting 68 families in the Tavaquara resettlement.

In the United Kingdom, the development of the East Anglia One, One North and Two offshore wind farms has affected 57 properties and 66 fishing boats, all of which have been financially compensated.

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.

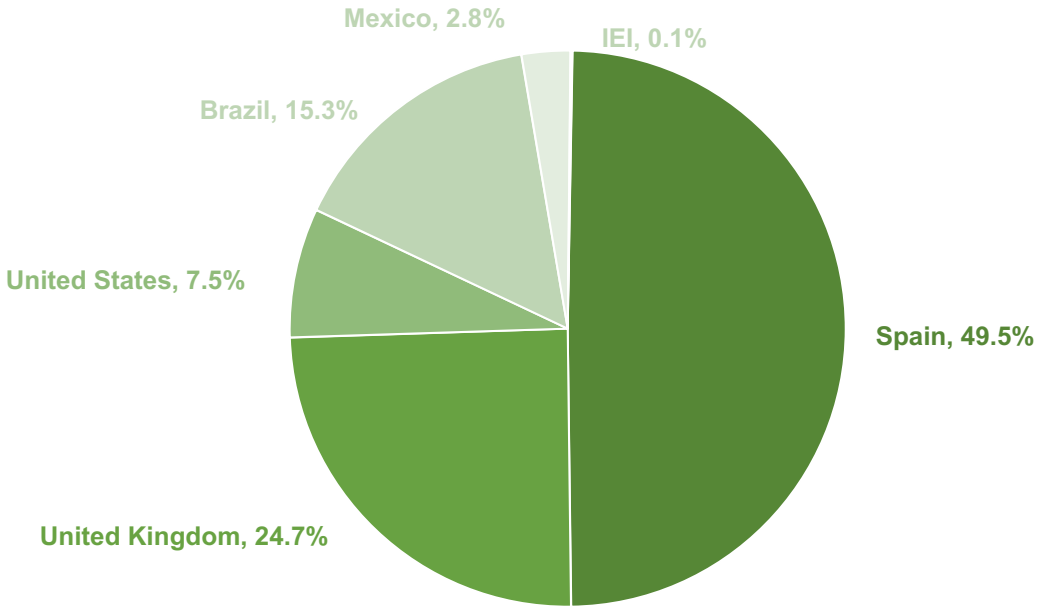
Iberdrola has used the LBG model as a basis to report its contributions to society in this Statement of non- financial information. Sustainability Report for financial year 2020.

Contribution to the community in 2020 (Euros)

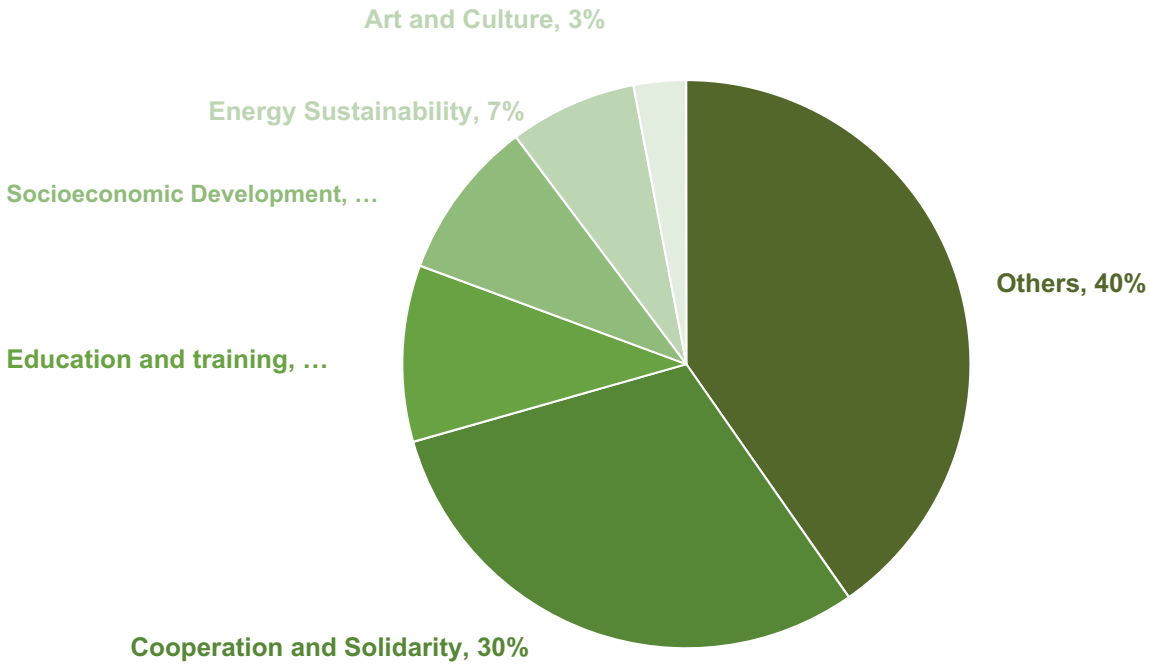
By category	
Charitable gift	31,941,908
Social investment	33,064,032
Socioeconomic development of the community	
Energy sustainability	
Art and culture	
Education and training	
Cooperation and community service	
Commercial initiatives in the community	16,930,334
Management costs	1,901,263
Type of contribution	
Cash contributions[81]	80,380,711
Staff time	498,982
In-kind contributions	1,056,580
Management costs	1,901,263
Total contribution to the community	**83,837,536**

[81] 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 countries



Iberdrola's contribution by programmes



In 2020 the percentage contribution in Others has increased compared to previous years because the initiatives to combat the COVID-19 pandemic are included in this item.

Also, for the fourth 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 2020 (Million Euros)

By Sustainable Development Goals (SDGs)[82]	
1. End poverty	1.1
2. Zero hunger	1.0
3. Good health and well-being	29.5
4. Quality education	6.9
5. Gender equality	5.3
7. Affordable and clean energy	4.7
8. Decent work and economic growth	1.9
9. Industry, innovation and infrastructure	0.4
10. Reduced inequalities	9.6
11. Sustainable cities and communities	11.8
12. Responsible consumption and production	0.1
13. Climate action	1.7
14. Life below water	0.1
15. Life on land	1.2
16. Peace, justice and strong institutions	0.4
17. Partnerships for the goals	3.2
Total contributions	**78.91**

[82] The breakdown of contributions to the community by SDG covers 96.3% 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.

COVID-19: Actions to benefit society

Countries	Main actions
GLOBAL ACTIONS	• The global action taken by the Iberdrola group during the coronavirus health crisis had an immediate response capacity aimed at the most vulnerable people, establishing priority service channels for hospitals, health centres and other essential services for the community in the face of COVID-19. • It delivered essential health materials, taking advantage of the group's ability to access supplies, as well as other activities, with a value of more than €30 million, including the delivery of 400 respirators, 4.6 million masks, 120,000 gowns and 20,000 protective goggles. • Creation of an employee network: "Volunteers against COVID-19" to meet the most urgent needs and the most affected groups, and to focus their efforts on meeting the health emergency with 36 projects and 21 entities, including the following:: ◦ Manufacture of protective masks with 3D printers and masks for distribution to hospitals, nursing homes and people with disabilities. ◦ In order to combat the emotional and psychological effects of isolation, various activities were carried out under the slogan "Smiles against the Coronavirus": letters to the elderly, telephone support for people with disabilities, storytelling workshops, donation of tablets to hospitals so that patients can talk to their families. ◦ Assistance to vulnerable families of Save the Children to efficiently connect to the network and to be able to hold videoconferences for educational support, etc. • Food collection, donation and distribution campaigns in Spain, the United Kingdom, the United States, Brazil and Mexico. "Operation Kilo" has been adapted to a new format where employee donations have been transformed into food products for vulnerable families..
SPAIN	• Donation to the Spanish army of respirators for use in hospitals designated by the health authorities. • The "Solidarity Meals" initiative by mobilising its own capabilities to set up kitchens in its corporate buildings in Bilbao and Madrid to donate 112,000 meals for 112 days for vulnerable families, which were distributed to soup kitchens. • Donation of 37 tablets with a GSM cards to the San Ildefonso boarding school in Madrid and 15 laptops to the San Juan de Dios Parish in Vallecas, and masks for people with disabilities. • Providing the Secretariat of Penitentiary Institutions with doctors to reinforce the medical services of its centres.

Countries	Main actions
UNITED KINGDOM 	• ScottishPower has supported the transport of healthcare workers in Edinburgh and Glasgow by bicycle, thanks to green funds. There was also a launch of five electric minibuses, which replaced the old diesel ones, providing services to people on the west coast, including vital transport for patients and NHS staff. • SP Energy Networks activated a special plan to reinforce electricity supply to hospitals in the face of COVID-19 and supported charities and donated funds to provide basic necessities. • ScottisPower interns have also been volunteering at Gikden Generation in Glasgow to keep elderly people connected and delivering the products they need, helping the charity with a grant of 9,000 pounds. • The East Anglia ONE team donated vital personal protective equipment to the local James Paget Hospital for healthcare workers treating patients with COVID-19. • Donation of laptops to three Scottish charities: Simon Community, Scottish Care and Barnardo's, as well as to a university working with vulnerable groups at risk of digital exclusion. • On the educational front, families in central Scotland were presented with a fun way to learn during the pandemic thanks to Children's University Scotland and ScottishPower, which has funded 1,000 new Wonderboxes.
USA 	• The Avangrid Foundation has donated one million dollars during the COVID-19 pandemic, partnering with four national organisations (American Red Cross, Meals on Wheels, Americares, Feeding America) and networks of local operations and affiliates across the United States. In this way it has supported 300 organisations in more than 30 states working to improve community resilience, respond to disasters and help vulnerable groups. • NYSEG and RG&E also donated 275,000 dollars to support the response of food banks in New York to the crisis. • AVANGRID Renewables committed 500,000 dollars to the communities where its facilities operate as part of the COVID-19 relief funds. • Customer service employees also worked with social organisations to deliver emergency aid, while the major accounts team reinforced its support to medical device companies in the face of the pandemic.
MEXICO 	• Iberdrola Mexico, aware of the risks posed by this pandemic in vulnerable areas, doubled its investment to 60 million pesos in healthcare materials and took measures to protect the health and safety of people. • The company managed to distribute more than 1.8 million units of healthcare materials and food in 16 states in the country, including those with the highest number of infections: Mexico City, Mexico State and Baja California, and delivered 140,000 units of healthcare materials to the health authorities in Oaxaca. • It distributed more than 10,000 food boxes to vulnerable communities in the states of San Luis Potosí, Oaxaca, Veracruz, Puebla, Sinaloa, Durango, Coahuila and Guanajuato, among others. • Computer classrooms have been strengthened in underprivileged communities with the acquisition of new computer equipment and data plans for both classrooms and students so that they are also able to continue with their classes remotely.

Countries	Main actions
BRAZIL 	• The Neoenergia Institute launched a free online platform that brings together one hundred teaching practices created by teachers for teachers, offering agile teaching solutions during the pandemic. • Neoenergia and companies in the electricity sector joined forces in a campaign to raise funds to support the production and purchase of diagnostic equipment. • Donation of scientific refrigerators for vaccines in 658 Brazilian municipalities, valued at one million euros. • Distribution of 54,000 meals to vulnerable people in Rio de Janeiro and Sao Paulo. • The company set up a dedicated channel to reinforce its priority service to the health, sanitation and water supply sectors directly related to combating and containing the coronavirus, carrying out special technical checks at more than 1,200 health centres and providing quicker emergency service.

Corporate volunteering programme

The Iberdrola group offers its workforce various volunteer opportunities within the framework of its IBERDROLA Volunteers Programme, in which more than 10,409 volunteers participated during 2020. Created in 2006, it is today a global and international project aligned with the values of the group and its *General Sustainability Development 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), 5 (gender equality), 7 (affordable and clean energy), 10 (reduced inequalities) and 13 (climate action). The programme was recognised with an Innovation Award during the IMPACT2030 Summit, held at the United Nations Headquarters in New York in September 2018. This award recognises 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.

This year we were also 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.

With the outbreak of the pandemic, in March 2020 the Volunteering Programme adapted in record time to respond to the new social needs that arose as a result of the COVID-19 crisis.

The **"Volunteers against COVID-19"** programme was created at the beginning of the pandemic to address the most urgent needs and the most affected groups. Volunteer activities were aimed at:

Health emergency

- Organisation and support of internal networks of volunteers to manufacture protective masks with 3D printers and face masks that have been distributed to hospitals, nursing homes and care centres for people with intellectual disabilities.
- Noteworthy of mention is the pioneering “masks for inclusion” initiative in partnership with Fundación para el Fomento del Desarrollo y la Integración (FDI), which consists of making masks that are adapted to enable deaf people to better communicate by means of lip reading. Iberdrola volunteers made 5,000 masks that were donated to the main organisations for the deaf in Spain to be used by them and by the people around them. This initiative was also replicated in Mexico.

Reduction of the emotional and psychological effects of isolation and confinement on the most vulnerable groups: Mainly the elderly and people with intellectual disabilities. Initiatives in this area include:

- The Smiles against Coronavirus project establishes ongoing correspondence between volunteers and the elderly that are isolated in nursing homes.
- Answering and making calls to the elderly that are isolated in their homes, at nursing homes or hospitals to establish conversations that will bring them into contact with the outside world and help reduce feelings of isolation.
- Telephone support during confinement for people with intellectual disabilities and/or mental illness, who needed attention and guidance to be able to emotionally manage confinement.
- Storytelling to both children and adults with Down syndrome or other intellectual disabilities, following the easy reading guidelines.
- Donation of tablets to hospitals and nursing homes so that elderly patients could see and talk to their families.
- Messages of encouragement and support to patients and health personnel.
- I CAN (*YO PUEDO*). Collaboration with Fundación Adecco’s #EmpleoParaTodos programme, which prepares people with intellectual disabilities and mental illness to access and maintain an ordinary job. – Collaboration in adapting the awareness-raising workshops of Fundación Prodis.
- Summer Celebration 2020 *(Fiesta del Verano 2020*). The celebration of inclusion and adapted sport was held together with Fundación Also, this year in digital format with various online workshops.
- “Contagious Smiles” (“*Contagiando Sonrisas*”) included volunteer actions for inclusive recreational activities aimed at children in vulnerable situations.

Reducing the digital divide

- Computer classrooms have been strengthened in underprivileged communities in Mexico and Brazil with the acquisition of new computer equipment and data plans for both classrooms and students so that they are also able to continue with their classes remotely.
- In the UK, laptops were donated to three Scottish charities: Simon Community, Scottish Care and Barnardo's, as well as to a university working with vulnerable groups at risk of digital exclusion.
- Donation of tablets, connectivity and technical support for Colegio San Ildefonso in Spain.
- IT assistance to vulnerable families of Save the Children to efficiently connect to the network and to be able to hold videoconferences through Teams, so that children could continue to receive educational support, psychological care, etc.

Vulnerable groups and employment

In addition, to help alleviate the economic crisis, the company has launched food collection and donation campaigns in Spain, the United Kingdom, the United States, Brazil and Mexico. "Operation Kilo" has been adapted to a new remote format where employee participation has been transformed into food products for vulnerable families.

The training projects to improve employability in vulnerable groups have also been adapted to an online format, to ensure that those benefiting from the project continue to learn safely:

- Ninth edition of the global INVOLVE (International Volunteering Vacation for Education) project. Iberdrola employees in Spain, the United Kingdom, the United States, Portugal, Brazil and Mexico help teenagers at risk of social exclusion in underprivileged communities in Mexico and Brazil to improve their employability through computer and web applications.
- New edition of the "Lights... and Action!" project together with Fundación Tomillo to provide energy efficiency training and develop the employability of young people from underprivileged environments, which has been updated to offer content that focuses more on students' training itineraries, such as mentoring for students of this programme by female Iberdrola employees to kindle a technical vocation in women. English classes have also been included in collaboration with ScottishPower volunteers to give students an international perspective.
- "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 68 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.
- Employment Ambassadors Programme. Volunteers participated in the process of empowering and training people from *Fundación Esclerosis Múltiple (FEM)* who are looking for employment by giving online training sessions on various topics.

We also participated in the Flatten the Curve 'Common Challenges' Festival, an Open Innovation initiative that aims to rethink society after the COVID-19 crisis and had a total of 70 speakers from 17 countries.

International Volunteering Day

International Volunteering Day has continued, adjusted to fit a digital and remote format. This took place over the course of a week throughout the various countries in which the Iberdrola group is present under the motto *Together we are building the world we want!*, bringing together more than twice as many volunteers as in 2019, more than 4,000 participants in 60 initiatives carried out in Spain, the United Kingdom, Mexico, the United States, Portugal and Brazil and for the first time in Italy, Greece and Ireland, aimed at fighting climate change, the inclusion of vulnerable groups, raising awareness of diversity and, especially this year, the food emergency caused by the pandemic.

The **"By your side" solidarity video** should also be noted, which aims to donate essential COVID-19 protective supplies to 22,000 children worldwide through UNICEF. 84 volunteers from all over the world participated from their homes to promote solidarity and express what it means to be an Iberdrola volunteer, which is "to put a lot of energy and enthusiasm into building the world we want, together" (Watch video).

One of the main themes of this year's International Volunteering Day has been to **address the social emergency**, the main focus of which is to provide basic food and education to vulnerable families. Iberdrola volunteers covered many kilometres in a global solidarity race to donate food packs that provided 137,287 meals to vulnerable families, 1,100 cans of milk for children in need, and 1,100 units of nappies for the elderly without financial resources. In addition, 805 school kits were donated to help these families with the return to the classroom, as well as 30,228 personal hygiene products for the homeless.

Another pillar has been **caring for the environment and protecting biodiversity:** Volunteers from around the world planted 2,200 trees and 3,121 seed bombs. They created 792 shelters and supports for species at risk, cultivation towers, vertical gardens, urban gardens, bird feeders and hummingbird gardens. They helped preserve the biodiversity of their environment through a citizen science project of bird watching and data collection, led by SEO Birdlife. They also promoted environmental education through various initiatives to promote sustainable habits such as recycling workshops and the 'Plastic-free Challenge'.

The third focal point was **promoting the inclusion of the most vulnerable groups**: Volunteers made 600 inclusive masks to facilitate communication for those that are hard

of hearing and their families. They created wooden toys that were donated to special education centres, centres for young people with disabilities, and nursing homes for the elderly with the aim of providing the centres with tools that promote, preserve and help cognitive development and psychomotor skills, among other abilities.

They also participated in various recreational activities with people with intellectual disabilities in order to keep them physically and mentally active and to prevent the quarantine from bringing their development to a halt.

Climate action

Climate action continued with international environmental volunteering days in person before the pandemic and then digitally or remotely, including:

- "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 18,200 children have been reached through more than 593 workshops (now adapted to digital format) given by Iberdrola volunteers. In Mexico, an Environmental Rally was held in Mexico with training and the development of 5 environmental challenges based on the Educaclima tool in 15 primary schools close to Iberdrola Mexico's work centres.
- 13th annual Tree Day in the Basque Country, which has allowed for the recovery of the Urdaibai Biosphere Reserve and the continuation of the "Iberdrola Forest" project.
- Garden of the senses. A project to raise awareness about diversity and the environment together with Fundación Amás Social. Volunteers and people with intellectual disabilities are working together to build a space in nature, divided into thematic areas, each dedicated to a particular sense. Activities will then take place in the garden with a dual purpose: environmental awareness and inclusion awareness, providing visitors with a sensory and integrated experience.
- A total of 600 trees and 1,800 seed bombs were planted remotely in Spain for Environment Day.
- Stay in the nest. Introduction to ornithology and citizen science initiative developed by SEO Birdlife to care for biodiversity and bird conservation.
- In Mexico, the 'Potted Gardens' activity was carried out, where volunteers had the opportunity to learn how to make an urban garden.
- For the International Day of Climate Action, awareness activities were developed in Spain such as challenges to promote a plastic-free routine: 'Climate Action Awareness-Raising Workshops" for children and 'Recycling Workshops'.

- "Plastic-free Challenge" in the United Kingdom, which enabled the planting of 386 trees in Dundreggan, in the Scottish Highlands, as part of the reconstruction of the Caledonian Forest.
- Cleaning up rubbish and plastic from the beach, waterfront promenade and storm defence area in New Brighton, UK.

Women's empowerment

Various initiatives have been undertaken to promote the autonomy and empowerment of women and to eliminate all forms of violence against them:

- Workshops on women's self-defence, yoga against violence, and reading and texts for equality on the International Day for the Elimination of Violence Against Women. On International Women's Day, an inclusive creative day was held with 3D vertical garden murals symbolising gender equality. All activities were carried out with groups of refugee women and women with intellectual disabilities.
- In addition, the "Don't keep quiet" (*No te calles*) awareness campaign on social networks against gender violence was carried out with the participation of company volunteers.
- Implementation of the mentoring project for students of the "Lights... and Action!" project, carried out in conjunction with Fundación Tomillo in Spain, which aims to promote energy efficiency training and develop the employability of young people from underprivileged environments. Mentoring activities were carried out by Iberdrola employees with the aim of kindling a technical vocation in women.
- Celebration at the Iberdrola Campus of the first multi-company pro bono marathon held in Spain, focussing on SDG 5, to improve women's access to technological jobs. Mixed groups of volunteers from several companies worked together to help Asociación Adalab improve its project of training for vulnerable women in technology and its job centre.

As part of International Breast Cancer Awareness Day, we began a hair donation campaign for vulnerable women, and volunteer employees participated in the social network campaign to shed light on and raise awareness of the importance of detecting the disease in time.

Cooperation

The annual Run for Life in the UK took place remotely in 2020 in support of Cancer Research UK. In Maine, United States, dozens of employees participated in the Dempsey Challenge, a walk or run challenge to benefit cancer research.

Cooperation initiatives for development in African countries, within the framework of the "Light for All" programme, and its public-private partnership project to improve electric power supply at several refugee camps in Ethiopia.

In the United States, the Habitat for Humanity project has helped in the construction and adaptation of houses for vulnerable families.

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 Aldeas Infantiles, partnership with UNICEF’s vaccination campaign, support to Save the Children to ensure a safe and adequate return to school for vulnerable children, and “Solidarity Tree” (*Árvore da Solidariedade*) which has offered support for Brazilian institutions to assist children and the elderly in their programmes. In Spain, the **Operation Merry Christmas Campaign** (*Campaña Operación Feliz Navidad*) was developed to continue contributing to the inclusion of the most vulnerable people, with activities such as a Solidarity Race in which volunteers travelled 3,561 km to hand out food packs with Christmas products (14,400 meals for 1,200 vulnerable families). Christmas cards for the elderly that live alone in nursing homes, an evening of Christmas carols with people with intellectual disabilities, and an Intercultural Masterchef, an inclusive day of cultural and culinary exchange with refugees online. In Mexico, activities were held to celebrate the holidays with children from *Casas Hogar*, such as making ornaments for the Christmas tree, organising a Nativity scene and singing Christmas carols.

We have also continued with the Solidarity Recycling project, which combines solidarity and environmental aims, such as “Christmas without cold” (*Navidades sin frío*), the collection of winter clothing at various corporate offices, and the “Solidarity Plastic Cap” (*Tapones Solidarios*) campaign in which we participate in partnership with Fundación SEUR.

There is also an “SDGs 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, which was adapted to be carried out digitally. At the beginning of the year, Iberdrola also provided training on this project to the heads of the five Territorial Innovation and Training (CTIF) centres in the Community of Madrid.

Participation in the ‘Give & Gain - Week of Solidarity Action and Corporate Volunteering’ offers visibility and promotes the role of corporate volunteering as an agent for social change.

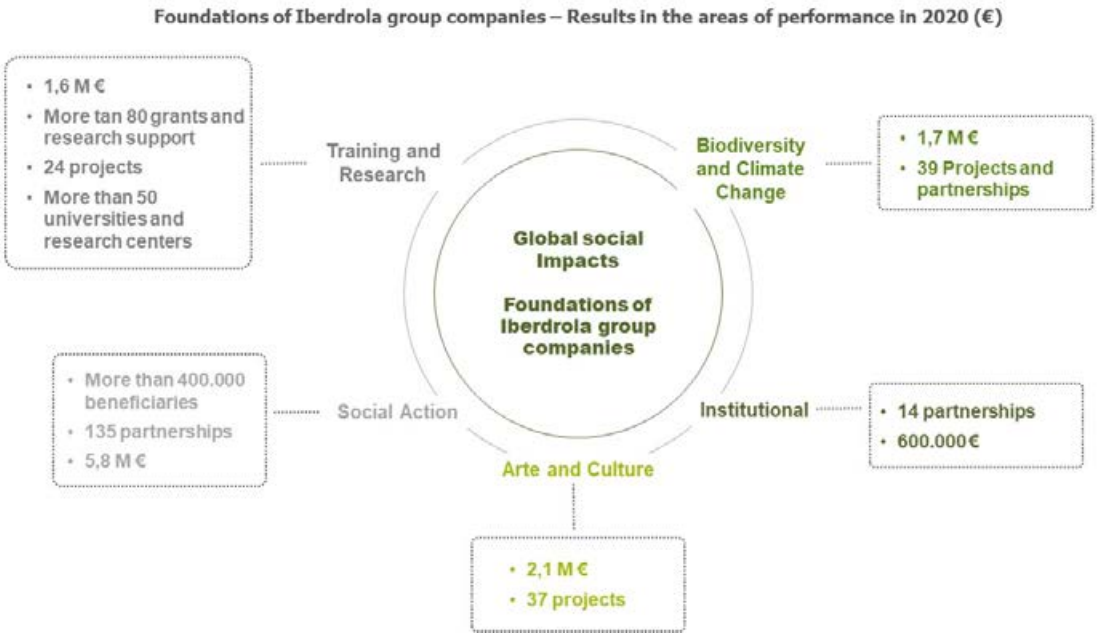
The Volunteer Portal (*Portal del Voluntariado*) continues to be the meeting point for all professionals of the group interested in social and community service actions, using a global and trilingual website. The Volunteerism Newsletter has provided weekly information on activities.

In addition, this year saw the launch of `COOP´, a global crowdfunding platform that allows employees around the world to make donations to fund social projects in line with the SDGs.

Foundations

ScottishPower Foundation, Avangrid Foundation, Fundación Iberdrola México, Instituto Neoenergia and Fundación Iberdrola España represent Iberdrola's commitment to sustainable development in the countries where it operates. 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

This work area focuses on young students to support their undergraduate, technical or language studies and to provide opportunities for those who have fewer resources and/or disabilities. It also includes calls for research grants and scholarships in restoration and conservation in partnership with museums. These initiatives contribute to reaching the specific objectives of SDG 4: Quality Education.

Fundación Iberdrola in Spain

- 20 grants for energy and environmental research. The selection was completed and 20 researchers were chosen.
- 2 Fulbright scholarships.
- 3 Scholarships in restoration and conservation at the Prado Museum.
- 1 International scholarship in restoration and conservation at the Prado Museum.
- 2 Scholarships in restoration and conservation at the Bilbao Fine Arts Museum.
- 11 Paralympic scholarships.

A two-year chair was created by Fundación Iberdrola España, together with EMT and Universidad Pontificia de Comillas, to promote women in STEM (Science, technology, engineering & mathematics) careers in the area of vocational training for sustainable mobility.

The Begins with Education STEM - FP Scholarship project was also created to bring 5 STEM adults to the world of education for a period of two years to encourage interest

among their students. There are also initiatives for English language immersion aimed at teaching English to school children in their 3rd and 4th years of Compulsory Secondary Education, for which Iberdrola has made its facilities available in the summer and during Easter week, in Castile and Leon, Extremadura and Medina-Sidonia.

ScottishPower Foundation

- **Bright Sparks**: a project for secondary school students in Wales to develop STEM knowledge and improve personal skills.
- **Haringey Pirates:** a project that aims to improve literacy, confidence and perseverance of underprivileged young people in Tottenham, London
- **Spina Bifida Hydrocephalus Scotland "Moving on up"**: The project aims to offer support, advice and advocacy services to children from 0 to 18 years old with spina bifida and/or hydrocephalus and their parents.

Avangrid Foundation

Throughout this year, work has been carried out on the call for awarding scholarships and grants:

- **Binghamton University Foundation** -Senior Capstone Projects (New York): Supporting capstone design projects at the Watson School of Engineering, designing energy and environmental projects.
- **Ithaca Sciencenter - Sciencenter Discovery Museum (New York)**: The "Power of the Future" programme focuses on renewable energy with the participation of 350 students and 17 teachers.
- **Henry Ford Museum** - Invention Convention Worldwide (National): Global alliance, teaching students real world problem-solving and creative thinking skills.
- **Monroe Community College Foundation - Scholarships** (New York): Financial aid to enable students to complete their higher education.

Instituto Neoenergia

The **"Balcão de Ideias e Práticas Educativas"** (Counter of Ideas and Educational Practices) project created the "Education during a pandemic" page, a special space within the project's online platform so that teachers and school managers from all over Brazil could share good learning practices. Around 450 people, including teachers and managers, are attending the digital training.

Fundación Iberdrola México

- **Impulso STEM:** educational development for the south-southeast, encouraging more young people, especially women, to study engineering careers.
  - First call for scholarships, with the participation of more than 500 young people.
  - 19 scholarships were awarded for young people to study a career in engineering at Universidad Tecnológica de los Valles Centrales de Oaxaca (UTVCO) and Instituto Tecnológico de Tlaxiaco.

- Information sessions were held to continue strengthening the STEM knowledge among young Oaxacans.

- **Altamira scholarships:** assistance for young students with limited resources and academic excellence to continue their studies at the Altamira campus of Tecnológico de Monterrey, by granting a scholarship to a student for an engineering career, as well as follow-up for scholarship students during the 2020-2021 school year (5 in engineering and 1 in high school).
- **Jóvenes Construyendo el futuro:** a programme led by the Ministry of Labour and Social Welfare that seeks to provide training opportunities to young people from 18 to 29 years old.
    - 10 young people were tutored by Iberdrola Mexico partners located in Mexico City, Tamazunchale, Oaxaca, Monterrey and Altamira.
    - The topics covered in the training received included safety, health, quality, environment, maintenance, chemistry, human resources and information technology.

Biodiversity and Climate Change Area: conservation of birds, habitats and ecosystems

This work area partners with public institutions and entities devoted to the protection of the environment, contributing to the achievement of the specific objectives of SDG 13: Climate action, and 15: Life on Land.

Fundación Iberdrola España

- Partners with the Spanish Ornithological Society, SEO/BirdLife in the MIGRA project aimed at studying the movements of migratory birds. Other projects include:
    - Results of the marking in Spain and Central Europe of 79 white storks with GPS over the course of seven years. with around three million locations.
    - Steppic Bird Campaign, to locate as many nesting areas as possible for this declining species, the data on which were presented last September 2020.
    - The LIFE project known as Wetlands for Future consists of the restoration of 3 wetlands located in the Valencian Community, in Cantabria, and in Castile and León over a period of 4 years. The project was presented last July, for the second time, and we are currently awaiting the decision of the call.
- In partnership with Fundación para la Conservación del Quebrantahuesos (Bearded Vulture Conservation Foundation), the results of the “Study on the effects of climate change on the bearded vulture population in the central Pyrenees” were presented.
- Another significant initiative is the implementation with Fundación Aquila of the “Study of thermal stress, immunosuppression and climate change on threatened birds of prey” project and the humoral immune response in threatened birds of

prey. This project lasted two years and the results of the first year have been disseminated through scientific journals and lectures at veterinary schools at several universities (Valencia, Murcia, Cáceres and Madrid).

- Lastly, the "Abies Pinsapo Expansion in the Grazalema Biosphere Reserve" project (provinces of Cádiz and Málaga), which aims to strengthen the resilience of the Spanish fir populations in view of the threat of climate change.

ScottishPower Foundation

- Youth Climate Ambassadors 2020 "Taking the voices of the young people of Wales to world leaders at COP26": enabling the design of an innovative and unique programme of MockCOP events for 2020, including one that will enable young people to engage with climate change leaders around the world.
- Edinburgh – a Swift City: working with the community to preserve the number of swift nests in Edinburgh.
- Saving the Great Yellow Bumblebee: protecting the endangered populations of one of the UK's rarest bumblebees.
- Generation Wild: providing children throughout the UK, especially those from economically underprivileged communities, with opportunities to experience and interact with wetlands and their wildlife.
- On-site and Mobile Planetaria for Earth and Space Observation: creating a new state-of-the-art Planetarium at Dynamic Earth.

Avangrid Foundation

- National Fish & Wildlife Federation (NFWF) (Washington, D.C. / National) programmes for the protection of important and endangered wildlife.
- Gulf of Maine Research Institute (GMRI) - Advancing Ocean-Climate Research: Strengthening community capacity for science-based decision making: which will advance the objectives of interdisciplinary research in ocean sciences, fisheries management, and business and community resilience, focusing on community participation and social impact. The programme will last five years and cost approximately 250,000 US dollars.
- Rochester Museum and Science Center (New York): support for STEM educational activities.
- Riverkeeper (New York): protecting the environment and the recreational and commercial integrity 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.
- Educational Outreach Program - Climate Change Educational Programming: With two lines of work: equitable impact and treatment of environmental and climate impact, as well as increasing access for students from rural and disadvantaged areas to participate in scientific educational (STEM) programmes.
- Power the Future Programs - Ithaca Sciencenter Discovery Museum: over 250 interactive exhibits inviting visitors to explore, build, experiment and create while learning about physics, engineering, biology, astronomy, etc.

Instituto Neoenergia

- Flyways Brazil Project, which is in its 3rd stage, continues with the technical-scientific work on waders and migratory birds, although activities with the communities are suspended against the backdrop of the pandemic.
- Coralizar project, in collaboration with WWF-Brazil, which aims to map areas of coral reefs, understand the effects of climate change on this ecosystem, and know what species rely on for their survival. At the same time, a methodology is being developed to restore the natural corals of Ipojuca (Pernambuco).
- Emergency budget for the marshland area: where about 17% of the region has already been devastated by fire. A donation was made to Instituto Arara Azul and SOS Pantanal, which are NGOs that contribute directly to helping the region's wildlife species and resident communities.

Fundación Iberdrola México

- Conservation of Cañón de Fernández: a state park conservation programme to preserve its millennial juniper ecosystem.
- Mangrove conservation: re-establishing the ecosystem of the Garrapatas estuary in Altamira, ensuring the system of flora and fauna that inhabit the area.
- Feline protection: a programme to support feline conservation in the Altamira region.

Art and Culture Area: programmes for lighting, restoration and support to museums

This area partners with cultural entities, prestigious museums, public institutions and religious entities to promote culture, as well as to restore and preserve the artistic heritage, favouring local development. These actions directly impact Goals 8, Economic Growth, and 11, Sustainable Cities and Communities.

Fundación Iberdrola España

- Has inaugurated the new lighting for the Basilica of Talavera de la Reina and the Guadalupe Monastery, the Church of Valdepeñas, the Supreme Court and the Palencia Cathedral. Is currently working on the lighting of the Santiago Cathedral, the CESEDEN façade and the Plaza Mayor in Sigüenza. The Altarpiece of the Old Salamanca Cathedral has been completed and is awaiting inauguration.
- The Graphic Novel project, an inclusive project of cognitive accessibility in easy reading, was presented together with the Thyssen Museum.
- Work on the Atlantic Romanesque Plan has continued, together with the Castile and Leon Government, to preserve, restore and enhance the cultural heritage of the provinces of Zamora and Salamanca and the border regions of Porto, Vila Real and Bragança.

- "The Prado in the streets" was inaugurated last July, in Sigüenza, with the aim of promoting knowledge, awareness and communication of the collections and the cultural identity related to the historical heritage of the Prado Museum. Visits were also made to Puertollano, Tomelloso, Ciudad Real, Toledo and Guadalajara. Upcoming destinations will be Cuenca and Talavera de la Reina.
- The "Sorolla Femenino Plural" exhibition, which aims to highlight the presence of women in the painter's work.

ScottishPower Foundation

- Paisley Care Project: a unique partnership between the National Theatre of Scotland and the Renfrewshire Council, which seeks to positively re-imagine relationships between young people with care experience and caregivers.
- Takeover 2020: A week-long arts engagement experience at The Customs House that is produced by, with and for young people to develop and showcase their leadership skills.
- Change Yer Tune: is a collaborative project focused on increasing community cohesion between hard-to-reach youth, including young caregivers, refugees and local youth.
- Artists in the Atrium: aims to bring the outside world into the hospice through artists, photographers, sculptors, poets, musicians, writers, florists and gardeners.
- Creative Kin: is a unique artist-led intervention to support young children living in kinship care arrangements and their kinship carer family.

Avangrid Foundation

- Yale University - Institution for the Preservation of Cultural Heritage (IPCH) (Connecticut): Support for the Yale Institute for the Preservation of Cultural Heritage, one of the world's leading university institutions for the restoration and preservation of artistic and cultural heritage.
- Northeast Indiana Foundation (Indiana/Ohio): A professional artist and a team in each northeast Indiana county will create a mural on the side of a previously approved building.
- Connecticut Women's Hall of Fame (Connecticut): To publicly honour the women of Connecticut, preserve their stories, educate the public, and inspire continued achievement by women and girls.
- Adams Suffrage Centennial Celebration Committee (ASCCC) (Massachusetts): Collaboration promotes diversity and inclusion, focusing on women and girls, through a number of partnerships throughout the county.
- Evicted Exhibition (Connecticut): a new partnership with the historic Harriet Beecher Stowe House in Hartford to bring the exhibition to Connecticut this fall. Other engagement activities are being considered.
- Shubert Theatre Sustainability: Due to the COVID-19 pandemic, all theatre programming has been cancelled and postponed. This funding is being used to

develop strategies on new and innovative ways to maintain the survival of such a vital part of the region's economy and culture.

- The Yale Peabody Museum of Natural History - Fiesta Latina (4th Year): streaming festival celebrating Hispanic American Heritage Month.

Instituto Neoenergia

- Lighting project for the exterior façade of the Câmara Cascudo Memorial, located in Natal's Historic Centre.
- Project Caravan Energy that Transforms: a project that seeks to provide online training in innovative social projects and in the process of collecting financing.
- Support to the 18 initiatives selected in 2019 by the Transforming Energy in Culture call, carried out with Cámara Cascudo Cultural Incentive Act.

Social Action Area

This work area partners with non-profit organisations, foundations and development agencies to promote social and humanitarian projects aimed at the most vulnerable people and that contribute to achieving the specific objectives of SDGs 1: End poverty; 3: Good health and well-being; 5: Gender equality; 7: Affordable and clean energy; and 10: Reduced inequalities.

The **Social Programme of the Foundations** is implemented in five countries with the support of projects that promote overcoming situations of child poverty, supporting the inclusion of people with disabilities and improving the quality of life of persons who are seriously ill, prioritising attention to the most vulnerable groups. The more significant partnerships are described below:

Fundación Iberdrola España

- In view of the social emergency resulting from the COVID-19 pandemic, Fundación Iberdrola España launched:
  - The "Solidarity Meals" initiative by mobilising its own capabilities to set up kitchens in its corporate buildings in Bilbao and Madrid to donate 112,000 meals for 112 days for vulnerable families. These meals were delivered to the soup-kitchens of Caritas Bizkaia and through several parishes in the south of Madrid.
  - Donation of 37 tablets with a GSM card to young people at the San Ildefonso School boarding school in Madrid and 15 laptops to the San Juan de Dios Parish in Vallecas. Masks that are accessible for people with disabilities were also donated.
  - Donation of 1,000 accessible masks for people with disabilities.
  - It strengthened its alliance with social entities to help mitigate the negative impact of the economic crisis, especially with the most vulnerable people.

The project to build a child protection centre in the city of Nuadibú, Mauritania, which takes in migrant children and protects them from dangers they may encounter on the streets, was completed with Save the Children.

Making it a priority to contribute to mitigating the consequences of this social crisis, the Foundation's Social Programme has an investment of 1.2 million euros, which will be channelled into 34 social projects at the regional and local level in various areas of Spain. Priority is given to helping the most vulnerable children, which accounts for 43% of the projects, another 23% is aimed at the social and labour market inclusion of people with disabilities, and 17% focuses on health and well-being. The remainder is intended to strengthen the commitment to women in the fight against inequality and gender-based violence.

These 34 projects of the Social Programme are considered to be in line with the Sustainable Development Goals (SDGs), will have an impact on 50,000 people and will create 230 direct jobs for third sector professionals.

ScottishPower Foundation

- Expansion to Junior Citizen Award: involves workshops, activities and group work to promote integration, shared values and a sense of belonging whilst countering extremism and raising aspirations.
- Adventure for All - Not every disability is visible: an outdoor residential educational activity centre working with people with disabilities and disadvantaged people.
- Wheeling for Independence: providing vital wheelchair skills training to 300 children and young people with disabilities in England.
- Provision of an outreach counselling service in Northumberland for children and young people affected by domestic abuse: providing counselling to children and young people from 4 to 18 years old who have been affected by their experiences of domestic abuse.
- Sporting Memories Plus: engaging older people on a weekly basis to increase physical well-being and prolong independent living.
- Help with Bullying Programme: this programme will build communities of support that will help schools, children and families stop bullying.
- Pledge to be Seen - Changing Attitudes to Visible Differences in Scotland: aims to develop and deliver two key campaigns across social media and traditional media in Scotland: 1) "Pledge to be seen" encourages key companies to sign a pledge to represent more people with a visible difference in their business. 2) Tackling hate crime.
- KEY Youth hubs: this programme will develop drop-in 'hubs' for socially excluded and disadvantaged young people aged 16 to 24 years old in South Tyneside.

Avangrid Foundation

The Avangrid Foundation has donated one million US dollars during the COVID-19 pandemic, partnering with four national organisations (American Red Cross, Meals on Wheels, Americares, Feeding America) and local operations networks and affiliates across the United States.

The Foundation has also carried out many other initiatives:

- Habitat for Humanity - National Partner: Investment in more than 10 communities focused on volunteer-led work to provide safe and affordable housing.
- A.C.L.U. Foundation Know Your Rights: provides the public with written and video information on a wide range of topics, including: voting rights, student rights, prisoner rights, protesters' rights, religious freedom, sex discrimination, and more.
- Pine Tree Camp (Maine): Summer camp for people with physical disabilities.
- SMART School Sponsorships: SMART, an organisation devoted to improving the literacy rates of all children in the state of Oregon by providing support for early reading, access to books, and community participation in an equitable and inclusive environment for all involved.
- Save the Children - Children in Emergencies: Support for Save the Children's emergency response.
- Cool Sweep (Rochester): A programme that provides opportunities for residents with limited resources to better deal with the summer heat by providing access to swimming pools and spray parks.
- Centro de Oro - Senior Center's Support: providing programmes and services that bring individuals and families to a higher level of growth and independence.
- Operating Expenses to Support Green Chimney's: programmes that help children with mental health and developmental issues.
- Foodlink BackPack Program: A programme to address child hunger in the Rochester area.
- Food Bank of the Southern Tier - Food acquisition and distribution (Year 3): supporting the food acquisition and distribution programmes of the Food Bank of the Southern Tier (FBST).

In 2019 the Avangrid Foundation launched the #AVANgives initiative, for the first time asking employees to nominate non-profit organisations in their communities that hold personal significance for them for a grant and an opportunity to tell their shared story.

Ten 5,000 dollar grants were given to youth organisations. These organisations were diverse in terms of their mission and location but all had an underlying objective of serving the local communities where AVANGRID has an operational presence, from Portland, Oregon to Portland, Maine, and many places in between.

In 2020-2021, the foundation expanded the #AVANgives programme to twelve organisations focused on diversity and inclusion, with a particular focus on women and girls, including in the areas of:

- Art and culture (women in history, art and culture)
- Education (enrichment, training and educational programmes)

- Health and safety (support to people who are seriously ill, people with disabilities, addictions, mental health, violence, abuse and social justice)
- Social inclusion and poverty reduction

2020 marks the 100th anniversary of the ratification of the 19th Amendment, which granted women the right to vote. It also represents a historic landmark for gender equality.

The programme is expected to continue. In 2021, the #AVANGives grants are expected to be focused on Peace, Justice and Equality.

Instituto Neonergia

Instituto Neoenergia carried out several initiatives to curb the impact of COVID-19. Donation of 600,000 Brazilian reais to Fundo Transforma Brasil, which has provided assistance to one thousand families in Bahia, Rio Grande do Norte, Pernambuco, São Paulo and Rio de Janeiro; The “Healthy People and Business” project, intended to guarantee food for people at social risk during the pandemic and generate income for the poorest communities. In this project, more than 70 thousand meals will have been delivered by 31 December in six different communities in Rio and São Paulo, benefiting around 662 people.

Other projects have also been implemented, such as:

- The DroPS project, which was carried out online, for 35 social ecosystem initiatives in areas relevant to the development of impactful ideas or projects. The programme helps various types of projects that work directly with local communities.
- The Impactô project: 16 institutions and social businesses in the states of Rio de Janeiro and São Paulo were chosen to participate in the programme to promote social initiatives, projects and businesses.
- The Educating through Sport and Bright Minds projects: we hope to develop handball, basketball, futsal and Tai Chi Chuan activities for more than 400 children and young people in schools in four cities in the state of São Paulo.

Fundación Iberdrola México

Iberdrola Mexico has supported public institutions, civil associations and communities to cope with COVID-19. For this purpose, it has donated 1.8 million units of medical supplies in 19 states of the country, including Oaxaca, San Luis Potosi, Puebla and Nuevo Leon, and supported more than 11,000 pantries with food and cleaning products in 60 communities, such as Tamazunchale, Cuyoaco and Mexico City.

Other projects implemented by the Foundation include:

- **Lights of Hope:** an electrification project using solar panels in rural communities without access to electricity.
  - Launch of Phase 1 in Oaxaca: installation in 90 homes in San Pedro, Pochutla, benefiting 387 people (November).
  - Phase 2 in San Luis Potosí: installation in 94 homes and 4 community spaces in southern Huasteca, benefiting 415 people (December).
- **Build to Educate:** a programme for the reconstruction of schools affected by the 2017 earthquakes in Oaxaca.
- **Urological Brigades in the south-southeast:** contributing to the well-being of Oaxacan women who suffer from complex urological problems. A call for 2 grants for advanced urological specialisation in Spain for doctors from the state of Oaxaca (stay in 2021) and the “Urology during the Pandemic” webinar was launched.
- **Education with Energy:** training workshops for the most vulnerable children, teachers and heads of household to improve the quality of education in Durango, Tamaulipas and San Luis Potosi (event postponed until the return to in-person classes).
- **Educational Infrastructure:** construction and equipping of suitable educational infrastructure spaces in Sierra de Juarez (Ensenada), Choacahui, Ahome (Sinaloa) and El Carmen (Nuevo León).

Iberdrola and the Global Compact

Iberdrola has been a member of the Global Compact since 2002, when it made the commitment to support, promote and disseminate its ten principles regarding human rights, labour practices, the environment and the fight against corruption, both internally and within its area of influence, as well as the commitment to achieving the Sustainable Development Goals and their dissemination among the various communities in which it operates. The company has continued to further develop the policies proposed by the Compact, which it has made public through its annual Statement of Non-Financial Information. Sustainability report and 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 UN Global Compact.

During 2020, 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 2020 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.2
- It also actively participates in the main platforms and initiatives at the global level, including:
    - The climate action platform ("Business Ambition for Climate and Health"), where Iberdrola has been a main partner since its creation, actively participating in the design and implementation of its activities.
    - The "Business Ambition for 1.5°C - Our Only Future" declaration in support of a net-zero emissions by 2050 target as part of the "Race to Zero" global campaign leading the global transition towards climate neutrality.
    - The SBTi (Science Based Target initiative).
    - The CEO Water Mandate initiative to encourage sustainable practices in the use of water.
    - Iberdrola is a signatory to the Principles for Empowerment of Women.
- Participation in numerous activities promoted by the United Nations:
    - The organisation of COP26, to be held in Glasgow, which was ultimately postponed to 2021 due to the COVID-19 pandemic.
    - EU Peer Learning Group Climate, a meeting to exchange best practices regarding the development of corporate climate strategies, identifying challenges and solutions in order for companies to lead the way towards a low carbon future.
    - The signing of a statement of renewed international cooperation, to demonstrate support for the United Nations and inclusive multilateralism.

The company was identified as a LEAD company for its high levels of commitment as Participants in the United Nations Global Compact. Also, The #MovingforClimateNow initiative, organised by the United Nations Global Compact in Spain and Iberdrola, also received the Climate Leaders Award for The Climate Reality Project.

In 2021 Iberdrola will continue to actively participate in the activities of the Red Española del Pacto Mundial in a manner similar to the past years.

GOVERNANCE

IV. Governance

IV.1.Good governance, transparency and stakeholder engagement

- Corporate governance
- Eventos sostenibles en Iberdrola
- Stakeholder engagement
- Ethics and integrity
- Fiscal responsibility
- Competition
- Public policies
- Cybersecurity and information privacy
- Socioeconomic compliance

Priorities of the Sustainable Development Plan

SDGs	Description	Goal	ESG
16	Director remuneration	Approval of a new Policy at the General Shareholders' Meeting	G
16	Governance and Sustainability System	Review each of its books in order to explore the three pillars of the system (environmental, social and corporate governance) in greater depth.	G
10, 16	Strengthen the human rights due diligence system	Continuously update the human rights due diligence system	G
16	Improve and strengthen robustness of the group's compliance systems	Obtain independent external certifications or validations of the compliance systems of the holding company and all country subholding companies of the group by 2022	G
16	Maintain an effective anti-fraud and anti-corruption management system	Renewal by Iberdrola, S.A. of ISO 37001 certification issued by a well-known certifying body	G
16	Maintain an effective criminal compliance management system	Renewal by Iberdrola, S.A. of UNE 19601 certification issued by a well-known certifying body	G

Corporate governance

The Governance and Sustainability System constitutes the internal regulation of Iberdrola and its group. Within this system, the block on corporate governance includes best practices and makes Iberdrola a leader in this area. The corporate governance rules of the corporate decision-making bodies and internal committees establish their rules of operation, always focused on the best compliance with and implementation of the Purpose and Values of the Iberdrola group.

An independent and plural Board of Directors

The Board of Directors focuses its 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 36% of the members of the Board of Directors and hold positions of the highest significance, particularly including 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*. This report describes issues of crucial interest dealt with during the year.

Selection and nomination 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 Diversity and Member Selection Policy*, ensures that proposals for the appointment of directors are based on a prior and objective analysis of the needs of the Board of Directors. The *Diversity and Inclusion Policy* also contains principles and guidelines that must be taken into account for these purposes.

A Board of Directors made up of 14 directors with a diversity of nationalities and professional profiles

The Appointments Committee advises the Board of Directors regarding the most appropriate configuration of such body and on aspects like the size of and balance among the various classes of directors existing at any time and the personal and professional requirements that the candidates must fulfil. For such purpose, the Committee reviews the structure of each body on a regular basis. Independent directors are appointed on the basis of a proposal of the Appointments Committee, while the other appointments require a report of such Committee.

In any event, the Board of Directors, and the Appointments Committee within the scope of its powers, will endeavour to ensure that the candidates submitted to the shareholders at a General Shareholders' Meeting for appointment or re-election as directors, as well as the directors appointed directly to fill vacancies in the exercise of the power of the Board of Directors to make interim appointments, are respectable and qualified persons, widely recognised for their expertise, competence, experience, qualifications, training, availability and commitment to their duties.

The members of the Board of Directors must be irreproachable professionals, whose professional conduct and background are aligned with the principles set forth in the *Code of Ethics* and with the corporate values contained in the Purpose and Values of the Iberdrola group.

If the Board of Directors deviates from the proposals and reports of the Appointments Committee, it shall give reasons for so acting and shall record such reasons in the minutes.

In addition, the selection of candidates shall endeavour to ensure that the composition of the Board of Directors is diverse in the broadest sense and balanced as a whole, such that decision-making is enriched and multiple viewpoints are contributed to the discussion of the matters within its purview. To this end, the selection process shall promote a search for diverse candidates with knowledge and experience in the main countries 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 training 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 they operate, 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 and a blog dedicated to training).

This website also facilities the performance of the directors' duties and the exercise of their right to information, incorporating 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.

Training and informational sessions during 2020

Board of Directors	Technological perspectives in the electric industry.
	Annual Purchasing Report for financial year 2019.
	Regulatory situation in Mexico.
	Regulatory situation in the United Kingdom.
	Current situation and outlook of the country subholding company Iberdrola España, S.A. (Sociedad Unipersonal).
	Current situation and outlook at Neoenergia, S.A.

Training and informational sessions during 2020

Audit and Risk Supervision Committee	Reputational risks and alert mechanisms for these types of risks.
	Current risks of the Renewables Business.
	ESMA recommendations for market participants in view of the impact of COVID-19.
	CNMV report relating to financial information of Ibex-35 companies.
	Risks deriving from engaging in activities with an impact on climate change and alert mechanisms for these types of risks.
	Risks of the Finance, Control and Resources Division and those inherent to pension commitments.
	Cybersecurity risks and analysis of cyber-resiliency capacity.
	Information technology training.
	How the risk control and management systems include all of the risks (including Environmental, Social and Governance ("ESG") risks) to which the Iberdrola group is exposed.
	Current risks of the Liberalised Business.
	New accounting developments[1].[83]
	Current risks of the Networks Business.
	Work plan and strategy of the statutory auditor.
	Technology risks of the businesses of the Iberdrola group.
	Aspects of the annual CNMV corporate governance report relating to audit committees.
Appointments Committee	Best practices in Talent Management and Management Development.
	Standards for selection of directors and members of senior management.
Sustainable Development Committee	Practical aspects of corporate good governance
Training documents on the directors' website.	Recent changes in rules regarding inside information and implications for Iberdrola, S.A.
	Results of the Madrid climate change conference (COP 25) and 2020 outlook: negotiations, announcements and Iberdrola participation.
	Analysis of trends in emission pricing mechanisms (carbon pricing).
	Gender diversity at boards of directors of listed companies.
	Legal effects of COVID-19 in the market and implications for Iberdrola.
	Scientific analysis of climate science and impact of COVID-19 on the action plan to combat Climate Change.
	The importance of cybersecurity and implications for Iberdrola, S.A.
	European Commission Action Plan on financing sustainable growth.
	Floating offshore energy.
	Implications of the social dividend in the post COVID-19 era.
	The Compliance function and its control and reaction mechanisms.
	Electrification of domestic heating.

[83] Provided jointly by representatives of the statutory auditor and the director of the Internal Audit Area.

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 2020, Iberdrola has decided to draw on the help of PricewaterhouseCoopers Asesores de Negocios, S.L.

This process is based on the review of a large number of quantifiable and measurable indicators that are objectively updated every year based on the latest trends. As a result of this process, the company develops and adopts ongoing improvement plans designed to implement the specific measures that may help to further perfect corporate governance practices. A summary of this process can be found in section C.1.17 of the *Annual Corporate Governance Report 2020.*

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 "About Iberdrola", 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*, 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 appearances of the director of Corporate Social Responsibility and Reputation, Climate Change and Energy Policies as well as the director of Innovation, Environment and Sustainability have been frequent in this regard, and have dealt with the most significant aspects of what is referred to as "climate governance". The director of the Compliance Unit has also appeared on a recurring basis. The secretary of the Board of Directors, the director of Legal Services and the heads of the various areas have also been invited to make presentations at meetings during which issues within their purview have been discussed.

Remuneration policies

102-35 **102-36**

As provided in the By-Laws and the Regulations of the Board of Directors, the Board of Directors, at the proposal of the Remuneration Committee, is the body with power to set the remuneration of directors within the overall limit set by the By-Laws and in accordance with law, except for such remuneration as consists of the delivery of shares or of options thereon or which is indexed to the price of the shares, which must be submitted to the shareholders for approval at the General Shareholders' Meeting. The Remuneration Committee is a consultative committee chaired by 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 2020 it drew on the advisory services of PricewaterhouseCoopers Asesores de Negocio, S.L.

In this regard, the *Annual Director Remuneration Report 2020* reports the level of achievement of the objectives to which annual variable remuneration is indexed, as well as performance of the 2017-2019 Strategic Bonus during the evaluation period.

Section C.1.18 of the *Annual Corporate Governance Report* for financial year 2020 describes the business relations of the Company with PricewaterhouseCoopers Asesores de Negocio, S.L. during the financial year.

Pursuant to the *By-Laws*, the Company will annually allocate as an expense an amount equal to a maximum of two percent of the group's consolidated profit during the preceding financial year to the following:

a. To remunerate the directors both for their status as such and for any executive duties, based on the positions held, dedication and attendance at meetings of the corporate decision-making bodies.
b. To maintain a fund to cover the obligations incurred by the Company with respect to pensions, the payment of life insurance premiums and the making of severance payments to former and current directors.

The allocation with a maximum limit of two percent, can only accrue if the profit from the preceding financial year is sufficient to cover the requirements of the legal reserve and other mandatory reserves and if the shareholders are entitled to receive a dividend of at least four per cent of the share capital with a charge to said financial year.

Regardless of the provisions of the preceding sections, the remuneration of the directors may consist of the delivery of shares or options thereon, as well as remuneration linked to the value of the Company's shares, subject always to the approval of the shareholders acting at a General Shareholders' Meeting.

The *Director Remuneration Policy*, approved by the shareholders at the General Shareholders' Meeting held on 13 April 2018, 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 cover economic/financial, operational and sustainability aspects. Each *Annual director remuneration report* specifies the objectives to which the annual variable remuneration of executive directors is tied. For its part, the Board of Directors proposed to the shareholders at the General Shareholders' Meeting 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 Total Shareholder Return) and parameters relating to the Sustainable Development Goals (reduction in intensity of CO_2 emissions, increase in suppliers subject to sustainable development standards and elimination of the salary gap).

It should be noted that the annual and multi-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 *Annual Director Remuneration Report* for financial year 2019 was approved by an ample majority of the shareholders at the General Shareholders' Meeting held on 2 April 2020, which had a quorum of 77.04%, and was approved with the favourable vote of 91.94% of the voting shares represented in person and by proxy.

The *Annual Director Remuneration Report* for financial year 2020 will be submitted to a consultative vote of the shareholders at the General Shareholders' Meeting called to be held in 2021.

Annual total compensation ratio and annual total compensation percentage increase ratio

Iberdrola's Corporate Governance Model provides for the existence of a holding company, Iberdrola S.A., and for country subholding companies in the main countries in which it does business, as shown in the "Corporate and governance structure, ownership and legal form" section of the chapter and described on the Company's website.

The main countries in which the Iberdrola group does business are Spain, the United Kingdom, the United States, Brazil and Mexico, and the remuneration ratios are set forth in the table below.

102-38 **102-39**

Country[84]	Highest level of remuneration	Annual total compensation ratio (102-38)[85]			Percentage increase in total compensation ratio (102-39)[85]		
		2020	2019	2018	2020	2019	2018
Spain	Director	21.69	21.75	20.42	0.00	1.72	-0.41
United Kingdom	CEO	16.69	19.04	15.73	-0.89	3.39	1.28
United States	CEO [86]	8.82	18.95	23.67	N/A	-3.02	0.89
Brazil	Director	14.31	14.72	21.54	0.21	-1.4	0.53
Mexico	Director [87]	20.67	7.12	6.32	N/A	1.28	0.19

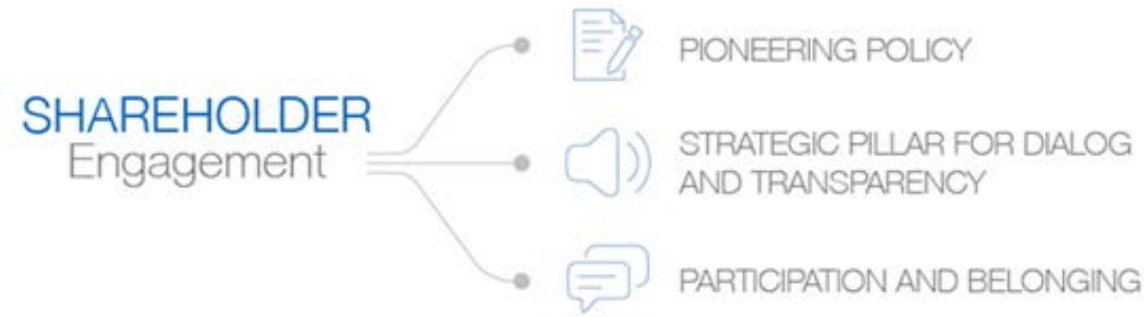
Shareholder engagement

Iberdrola is a pioneer in defining shareholder engagement as one of the fundamental pillars of its corporate governance strategy, with the General Shareholders' Meetings 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, particularly 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. All the documentation of the General Shareholders' Meeting is published on the corporate website in Spanish and English, as well as in accessible format for the visually impaired, including a virtual assistant programmed to answer questions, facilitate the download of documentation and open any computer application related 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 Governance and Sustainability System.

[84] Country composition:
Spain: Iberdrola, S.A.; Iberdrola España; Iberdrola Energía Internacional (España).
United Kingdom: ScottishPower.
United States: Avangrid.
Brazil: Neoenergia.
Mexico: Iberdrola Mexico.
[85] Annual total compensation includes fixed salary, cash salary supplements and variable remuneration. Does not include long-term incentives or benefits
[86]The CEO position changed on 20/07/2020. The total annual remuneration for that position in 2020 includes an annual fixed salary.
[87]Change of position regarding the highest level of remuneration in 2019. There is no comparable benchmark in 2019 for the higher level of remuneration in 2020.



Iberdrola decided to keep the date of the General Meeting at 2 April 2020 (during full expansion of the COVID-19 pandemic in Spain) through the digital transformation of this corporate event, in order to continue observing the operational and financial schedule of the group. The General Meeting was held 100% online, reaching a quorum of 77.04% of share capital (7.35% present and 69.69% by proxy).

It should be pointed out that, despite the circumstances, the quorum increased by almost three points over that of the General Meeting held the prior year.

Apart from online attendance implemented in 2020 to hold the General Meeting on the scheduled date, Iberdrola's shareholders had the postal, electronic and telephone channels that the Company had already made available in prior years and that on this occasion could be used to grant a proxy or cast an absentee vote prior to the Meeting, respecting the restrictions in effect during the state of emergency. Proxy representatives were also permitted to cast an absentee vote before the General Meeting.

Moreover, shareholders had the opportunity to ask questions of the Board of Directors. All the proposed resolutions were passed by a wide majority.

Since 2016 the Basque Government (through the state-owned company Ihobe) and AENOR certify that the management of Iberdrola's General Shareholders' Meeting meets the standards for the environmental sustainability of events in the Basque Country (Erronka Garbia) and the ISO 20121 standard on sustainable event management, respectively.

Finally, it should be noted that pursuant to Iberdrola's policy to encourage participation in the Meeting, a bonus of 0.005 euro (gross) per share was paid to all shareholders who attended online, granted their proxy or cast an absentee vote.

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 (OLA) 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. It is also in permanent contact with those shareholders who have voluntarily entered their names in its database, provides a specific service to minority shareholders for the organisation of presentations and events prior to the General Shareholders' Meeting.
b. **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.
c. **Investor Relations Office.** This responds on a regular and personalised basis to the questions of analysts and qualified institutional investors in equities, fixed-income securities and socially responsible investments.
d. **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 username 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.
e. **Relations with shareholder associations and institutional shareholders.** Both shareholder associations and institutional shareholders may request meetings with representatives of the company through the Investor Relations and External Communication Division.
f. **Governance and Sustainability 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.

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.

Sustainable events at Iberdrola

Iberdrola was the first Ibex-35 company to certify its General Shareholders' Meeting as a sustainable event in 2016. During 2019, it was the first to renew it, and in 2020 it has already been the first to cover the main events for Stakeholders, Shareholders and the financial community within a single sustainable event certificate, following the international ISO 20121 standard. This means that all process of the events included within this scope (General Shareholders' Meeting, presentations of results and Capital Markets Day) follow standards of sustainability, inclusivity and accessibility, from the planning to the subsequent holding of the event.

Specific actions and global objectives have been established for these events within the following four common strategic lines:

- Improvement of accessibility to the events held
- Minimisation of the environmental impact of the events held
- Assistance to local community and vulnerable groups
- Increase awareness of sustainability among all personnel participating or affected by the events held

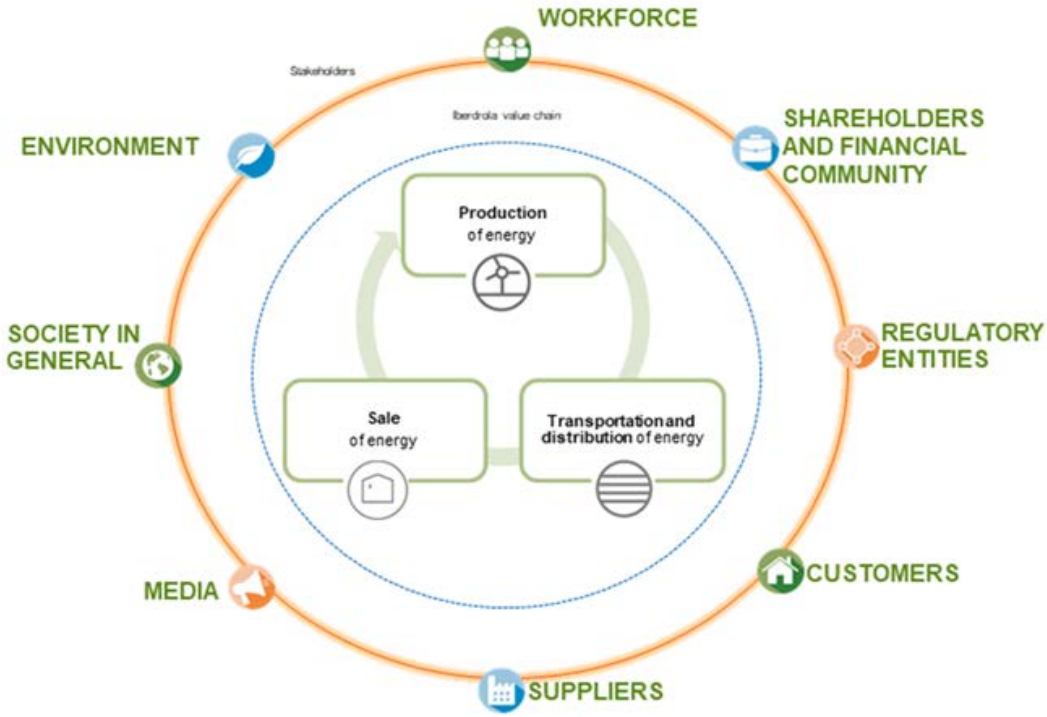
Due to the pandemic, all of these events have been held online during 2020, adapting the scheduled objectives and actions to the health situation, but always maintaining the philosophy of maximising Iberdrola's contribution to the local economy, to improving the environment, to its social commitment and to increasing awareness of sustainability.

It should be noted that once again in 2020 Iberdrola has received the "Erronka Garbia" environmental certificate in acknowledgement of best environmental practices in the organisation of its General Shareholders' Meeting.

Stakeholder engagement

Iberdrola's *Stakeholder Engagement Policy* –approved by the Board of Directors in February 2015 and last amended in December 2020– emphasises that "it is not possible to achieve the social interest and develop a responsible and sustainable business model without the strong engagement of its Stakeholders, which is defined as those groups and entities whose decisions and opinions have an influence on Iberdrola and who, at the same time, are affected by the Group's activities". The value chain comprised of Iberdrola's businesses means that there is a large number of these groups, for which reason the company has decided to group them into eight different categories that constitute its Stakeholders:

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. The *Stakeholder Engagement Policy* later ratified the Stakeholder categories described in the preceding section in 2015 and subsequent updates.

102-42

On this basis, for the proper management of each of the Stakeholders, Iberdrola's various areas and businesses identify different Sub-Stakeholders that they deem relevant for more specific treatment.

Approach to Stakeholder engagement

102-43

Iberdrola has a responsible and sustainable business model, which puts **Stakeholders** at the centre of its strategy. The company's objective is thus to build relations of confidence with the various Stakeholders, as well as to deepen their participation, engagement and collaboration.

The By-Laws, the Purpose and Values of the Iberdrola group and the various corporate policies express the company's focus on the creation of shared sustainable value for Stakeholders related to our business activities and our institutional reality in view of the commitments made in the *Code of Ethics*.

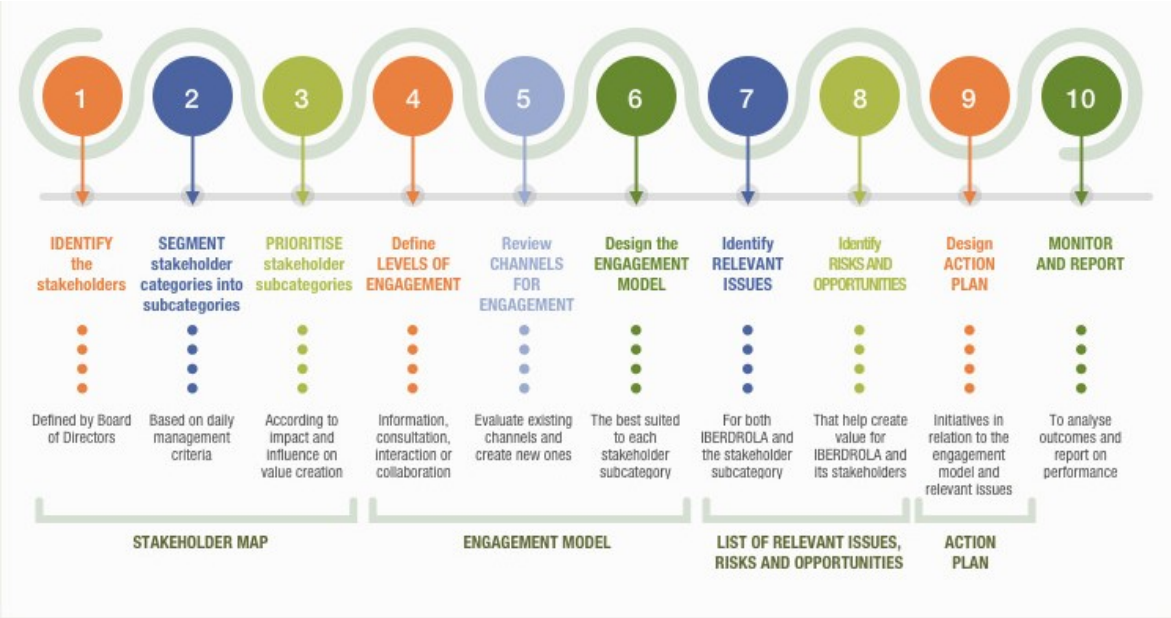
Along these lines, the *Stakeholder Engagement Policy* delves into this philosophy and establishes five goals:

- Continue **encouraging the engagement** of the Stakeholders in Iberdrola's business enterprise through a strategy of strong involvement in the communities in which it operates and the creation of shared sustainable value for all of them.
- Continue **responding to the legitimate interests** of the Stakeholders with which the Company interacts.
- Continue **building trust** among the Stakeholders in order to build long-lasting, stable and robust relationships.
- Encourage the **recognition** by all of its Stakeholders of the Company's commitment to **diversity**.
- Contribute through all of the above to **maintaining the corporate reputation** in the various countries and businesses in which Iberdrola is active.

To achieve these goals, Iberdrola has established seven principles of conduct to serve as a guide for all of the professionals of the Group to engage and establish relations with its Stakeholders.

Iberdrola has decisively driven compliance with its *Stakeholder Engagement Policy* (mentioned above), through a Global Stakeholder Engagement Model based on the AA1000 Stakeholder Engagement Standard 2015 (AA1000SES 2015), the AA1000 AccountAbility Principles 2018 (AA1000AP 2018) standard, and in its four principles of inclusiveness, responsiveness and impact.

Among other objectives, this Model seeks to systematise Stakeholder relations throughout the Iberdrola group, in all countries and businesses; and to create a corporate culture with respect to the significance of dialogue with the Stakeholders for more sustainable performance by the company. The Model constitutes a process of continuous improvement in and of itself, as shown below:



This process is implemented in the management of Iberdrola's eight Stakeholder groups in the five main countries and at most of the Generation and Renewables facilities, as well as in the various geographic areas of the Networks business.

Relationship channels, relevant topics and best practices

102-44

Iberdrola keeps the relationship channels[88] with its Stakeholders updated and makes continuous efforts to identify the issues that are most important to each of them. An analysis of these issues shows that, while there are issues exclusive to each geographical area, most are common to Iberdrola's five main countries. The company also identifies best practices in relation to Stakeholders, which are shared by the entire Group.

Set out below is a summary of the most important Stakeholder engagement channels and the main global issues detected, as well as the best practices used in 2020:

[88] The By-Laws state that "the Company's corporate website, its presence on social media and its digital communication strategy generally are channels of communication serving the Stakeholder Engagement Policy".

Workforce

RELATIONSHIP CHANNELS	SIGNIFICANT ISSUES
• Telephone, email, website (intranet) and meetings, interviews and roadshows via audio/video-conference. • Online events, surveys, bulletins, newsletter, information screens, posters • Commissions, committees • Volunteer Channel and Unique Employment Channel • Ethics mailbox	• Occupational risk prevention and health and safety training, especially relating to the COVID-19 pandemic • Digitisation and cybersecurity • Management and retention of talent (career plan, training, quality and maintenance of employment, diversity and equal opportunity) • Values of the Company and behavioural principles • Employee benefits, pension plans and reconciliation

BEST PRACTICE

- Measures adopted to strengthen occupational risk prevention and health protection due to the COVID-19 pandemic, including serological tests, adoption of special protocols, mental health plans for employees,etc

Shareholders and financial community

RELATIONSHIP CHANNELS	SIGNIFICANT ISSUES
• Telephone, post, email inbox, shareholders' website, meetings and exclusive OLS channel • Online General Shareholders' Meeting, Shareholders' Club, Shareholders' Bulletin • Meetings and roadshows via audio/video-conference. • Investor Day, Investor Relations App, corporate reports • Shareholders' Ethics Mailbox	• Economic and ESG performance of the Company • Strategy, evolution of the Company and investment plans • Political, regulatory and economic situation in the markets in which Iberdrola is present, and particularly the effect of the COVID-19 pandemic • Share price and dividends • Sustainable/green financing

BEST PRACTICE

- Holding of General Shareholders' Meeting online and virtual events, due to the pandemic
- First Spanish issuer to join the Nasdaq sustainable bond network

Distribution customers

RELATIONSHIP CHANNELS	SIGNIFICANT ISSUES
• Telephone, email, corporate website, digital channels (customer website, app), meetings onsite and by audio/video-conference • Satisfaction surveys • Complaint systems • Communication and dissemination campaigns • Social media, mobile (apps, chat, etc.)	• Customer experience in all processes • Communication during supply incidents • Complaint management. ISO 10002 certification • Development of new functionalities for the digital channels

BEST PRACTICE

- Special global plan for service to hospitals and essential facilities during the most critical moments of the COVID-19 pandemic
- Payment facilities and moratorium on disconnections due to non-payment to ensure supply during the COVID-19 pandemic
- Strengthening of digital customer service channels
- Special service for vulnerable customers
- Customer Voice Measurement Programme to gauge the level of customer satisfaction (Spain)

Retail customers

RELATIONSHIP CHANNELS	SIGNIFICANT ISSUES
• Telephone, mail, email, customers website, meetings, virtual events and forums, satisfaction surveys • Customer service desks, pop-ups • Social media, mobile (apps, chat, etc.)	• Overall customer experience: service within traditional and digital channels, invoices, offer of customised plans and solutions, simpler dealings through digital media, and complaints • Vulnerable customers • Optimisation of power and consumption and impact on billing • Service quality • Smart solutions: green recharge, smart solar, smart home, smart climate

BEST PRACTICE

- Payment facilities and measures to ensure supply during the COVID-19 pandemic
- Design of clear, transparent and easy-to-understand invoice with the participation of customers to improve their experience (Spain)

Regulatory entities

RELATIONSHIP CHANNELS	SIGNIFICANT ISSUES
• Telephone, email, letters, corporate website • Meetings, workshops, events, debates via audio/video-conference • Queries, procedures, information capsules	• Transition to an economy neutral in emissions (decarbonisation of the electric industry, electrificación, energy efficiency, etc.) • Present and future regulatory framework of the energy sector • Remuneration to the businesses

BEST PRACTICE

- Work with authorities on measures to mitigate the crisis arising from the COVID-19 pandemic

Suppliers

RELATIONSHIP CHANNELS	SIGNIFICANT ISSUES
• New platform for supplier registration and classification, Satisfaction Survey, stimulus campaigns • Bidding software systems and Supplier Service Centre • Telephone, email, suppliers' website, meetings via audio/video-conference • Suppliers' ethics mailboxes • Annual reports	• Responsible supply chain and improvement of sustainability (ethics, HR and CSR, stimulus campaigns, encourage innovation, reporting and transparency of non-financial information) • Commercial relations with suppliers (stability, communication of strategy and organisation, information on bidding processes, award standards, contracting terms, prices, financing, payments and billing) • Digital transformation. New IT tools in Purchasing • Regulatory measures in each country

BEST PRACTICE

- Acceleration of contracting and advancement of orders to mitigate the effects of the COVID-19 pandemic
- Individualised proposals for sustainability improvement plans

Media

RELATIONSHIP CHANNELS	SIGNIFICANT ISSUES
• Telephone, email, corporate website, meetings via audio/video-conference • Press releases • Events via audio/video-conference • Social media	• Financial results and company strategy • Operational and corporate governance performance • Present and future industry regulation • Social impact and contribution of the Company, especially in relation to the crisis arising from the COVID-19 pandemic • Ethics, integrity and transparency

BEST PRACTICE

- Make information available immediately, continuously and transparently in relation to the activity of electricity supply as an essential service of basic necessity, in order to reassure society in times of the COVID-19 pandemic

Society in general

RELATIONSHIP CHANNELS	SIGNIFICANT ISSUES
• Telephone, email, corporate website, meetings via audio/video-conference • Partnership agreements • Reports, events, working groups via audio/video-conference • Social media, digital media and blogs • Priority service channels • Network of Institutional Delegations in the autonomous communities	• Iberdrola engagement in the development of the communities in which it is present (strategy and investment, innovation, collaboration programmes, alliances, social projects), aligned with the Sustainable Development Goals (SDGs). • Relationship and contribution of the company in institutions and other representatives of society • Development of partnerships and synergies to seek solutions to the COVID-19 pandemic and measures to protect the most vulnerable • Awareness-raising, disclosure and training on specific industry issues and other issues of social interest • Engagement of Stakeholders in operations • Gender and age diversity • Paper on energy transition in the economic recovery after the pandemic

BEST PRACTICE

- Availability of resources to mitigate the effects of the COVID-19 pandemic through financial donations or health materials, assignments of facilities, etc.
- Ten Guidelines on the future of energy to publicly explain the company's strategy through 2025 via digital channels
- Regular reporting to Chambers of Commerce and Embassies on the Company's actions during the pandemic
- Iberdrola's social programme

Environment

RELATIONSHIP CHANNELS	SIGNIFICANT ISSUES
• Telephone, audio-conferences, email, corporate website, meetings via audio/video-conference, reports • Sustainability surveys • Alliances, inspections, audits • Partnerships, events, conferences and roadshows via audio/video-conference	• Energy transition and alliances for the Green recovery • Environmental performance of the company and its facilities (environmental investments, biodiversity, environmental footprint, circular economy and water management) • Climate change and integration of renewable energy within the electric system • Industry regulation and public environmental policies • Innovation and new clean energy and sustainable business models • Report and transparency of non-financial information (sustainability indexes and Sustainable Development Goals)

BEST PRACTICE

- Energy transition and alliances for the Green recovery
- Environmental performance of the company and its facilities (environmental investments, biodiversity, environmental footprint, circular economy and water management)
- Climate change and integration of renewable energy within the electric system
- Industry regulation and public environmental policies
- Innovation and new clean energy and sustainable business models
- 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 Environmental[89]. 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 annual reports of the Company. Likewise, the corporate website and the websites of the businesses and the foundations contain information in this regard.

Iberdrola believes that stakeholder panels are a very useful and effective tool of engagement with its Stakeholders. They are a typical practice in the UK Networks business, and in 2019 Iberdrola created a Stakeholder CSR Panel in Spain made up of 10 outside panelists, 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).

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* (DSJI), the Carbon Disclosure Project, the Materiality Analysis, etc., described in the "Defining report content" section.

Considering all of the foregoing, Iberdrola has a complete Stakeholder management system, subject to a process of continuous improvement, which allows it to increasingly engage all of the groups with which it relates and to encourage their participation in all of the company's decisions[90]. This is shown by the fact that in 2020 Iberdrola achieved the highest rating in the "stakeholder engagement" section of the DJSI index.

[89] In the case of the cogeneration plants, the main Stakeholder group is 'Customers', for whom the most significant issue is compliance with contracts.

[90] On a yearly basis, 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.

Ethics and integrity

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

GRI 205 102-17

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 management 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 Board of Directors of Iberdrola, S.A. (the "Company").

The Unit's main duties include ensuring the application *Code of Ethics* and the promotion of a preventative culture based on "zero-tolerance" towards the commission of acts that are unlawful or contrary to applicable legal provisions. The operation and main powers thereof are set forth in the Regulations of the Compliance Unit.

The Unit is vested with powers to interpret, apply and further develop the *Code of Ethics*, the *Anti-Corruption and Anti-Fraud Policy*, the *Crime Prevention Policy*, the *Internal Regulations for Conduct in the Securities Markets*, the regulations 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 Governance and Sustainability System.

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, or in the absence thereof to the board of directors of the company in question, with powers in the area of regulatory compliance, especially in relation to the prevention and reaction to conduct that is unlawful or contrary to the Governance and Sustainability System.

The various elements of control, supervision and monitoring making up the group's Compliance System are listed and described below.

Evaluation of risks

205-1

One of the main elements of the Compliance System is the existence of a process of regular and continuous identification and evaluation of the compliance-related risks of each of the corporate functions and in the businesses of the group. 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.

The global compliance risk map was updated in 2020 following the guidelines set out in the Compliance Risk Evaluation Guide approved by the Unit in December 2019. The goal was to establish a homogeneous risk map throughout the group.

For this purpose, a closed classification of risks has been established grouped into the three categories within the assigned purview of compliance: crime prevention, separation of activities and securities market.

Each of the compliance divisions have analysed the existence of these risks within each of the country subholding and head of business companies and within each of the corporate and business areas of these companies.

The information obtained has been used to prepare the new compliance risk map at each entity, identifying the main controls within the Group to mitigate them, and if appropriate proposing improvement actions to strengthen the effectiveness of said controls.

Crime prevention programmes

Within the framework of developing the Crime Prevention Policy, , the companies of the group have implemented a set of measures making up the *Crime Prevention Programme*, which has been implemented at each country subholding and head of business company, all within the framework of the process of review and adjustment to the most recent changes to the Spanish Criminal Code following the introduction of criminal liability for legal entities, without prejudice to the legal provisions applicable in any other jurisdiction in which the company does business.

To implement these *Crime Prevention Programmes*, there is a regular evaluation of the risks of committing criminal acts that might ultimately be alleged against the various companies of the group based on their activities, as well as an identification of existing controls and the establishment of new controls for the prevention thereof.

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 this crime include i) the *Code of Ethics* itself, ii) the *Purchasing Policy*, iii) the *Protocol for Social Contributions, Donations and Sponsorships*, iv) the

M*aster Plan for Sponsorships, Donations and Partnership Agreements*, v) the *Protocol for Management of the Risk of Third-Party Fraud and Corruption*, and vi) the *Non-PO Invoices Processing Procedure*. These companies also have a number of specific controls for this type of crime that have also been identified in the aforementioned Programmes.

However, due to the nature of its activities, Iberdrola Inmobiliaria, S.A.U. is subject to said Money Laundering Act. Therefore, this company, in addition to having the preventive controls mentioned above, has specific additional controls mainly intended to prevent this type of crime. 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, Payment Order Validation and the Investment and Divestment Procedure.*

Policies and protocols

Once the Compliance risks are identified and duly evaluated, the Company approves the required internal rules (policies, protocols or procedures) to prevent and mitigate said risks.

Along these lines, the Iberdrola group has approved (as an integral part of its Governance and Sustainability 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 Governance and Sustainability 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 the group 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. It establishes a number of specific analyses in the process of selection and contracting thereof for this purpose.

   This protocol was initially approved by the Compliance Unit in 2018 and was last amended on 28 July 2020. 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 on 28 July 2020.

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 on 28 July 2020.

4. **Donations, sponsorships and social welfare activities.** The Protocol for Social Contributions, Donations and Sponsorships is intended to evaluate any related compliance risks 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 on 28 July 2020.

5. **Competition.** On 22 June 2020, the Unit approved a *Competition Protocol*, which is intended to further develop the standards of the Code of Ethics relating to conduct required of professionals with third parties in order to engage in fair competition that is aligned with the principles of business ethics. It also establishes certain main principles of conduct and controls in order for the Compliance function to be able to oversee the implementation and monitoring of said principles.

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.

Communication

The Unit and the compliance divisions define certain internal and external communication initiatives 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:

Training related to anti-corruption rules

205-2

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.

Training for governance bodies

In 2020, as part of the training programme for directors of Iberdrola, S.A., training materials relating to the Compliance function and its control and reaction mechanisms 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:

- A new online training course regarding Iberdrola's Compliance System was made available to all employees of the Group's Spanish companies in 2020.
- Various on-site training and awareness-raising sessions on the *Code of Ethics* and anti-corruption provisions were given by the various compliance directors of the group's Spanish companies.
- In November, a training session on trade secrets was provided for employees from the Sales area of Iberdrola Generación y Clientes, S.A.U., together with the law firm Uría Menéndez. The course focused on those employees who might be affected by these types of risks due to the nature of the duties they perform.
- In November 2020 there were three training sessions in Bilbao and two in Madrid with the law firm Uría Menéndez regarding the *Internal Regulations for Conduct in the Securities Markets* in order to report on the most important changes in these regulations after the latest revision and update thereof.
- The members of the compliance function in Spain received specific training given by the professional services firm Deloitte in 2020 on processing investigations in the context of grievances received through the ethics mailboxes.
- The main specific local training initiatives in 2020 include:
    - In the United Kingdom, there was an introductory course on ethics, onsite sessions on compliance risks, and training relating to the separation of activities.
    - In the United States, a new online course was developed regarding the *Code of Ethics* as well as a new training initiative regarding OFAC regulations.
    - In Brazil there have also been onsite sessions about the *Code of Ethics* for new hires, as well as an online training course on ethics for employees of the regulated business. In Mexico there have been onsite training sessions to reinforce knowledge on compliance and the *Code of Ethics*.
    - At Iberdrola Renovables International, there have been virtual training sessions on key aspects of the *Code of Ethics.*

Employee anti-corruption training in 2020

	2020		2019	
	Number of employees trained	Percentage of total workforce	Number of employees trained	Percentage of total workforce
Spain	6,163	64.2 %	2,669	27.8 %
United Kingdom [91]	4,446	79.9 %	15	0.3 %
United States [92]	7,099	101.0 %	6,755	102.4 %
Brazil	12,131	94.7 %	96	0.8 %
Mexico	218	16.7 %	528	40.9 %
IEI	198	24.2 %	60	11.6 %
Iberdrola total	**30,255**	**81.5 %**	**10,123**	**28.6 %**

There have been on-site training sessions in all countries except the United States, where training was virtual.

Monitoring

The main activities performed by the Compliance function are monitored quarterly by the 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.

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*

[91] The 2019 figure is low due to the training campaign carried out in 2018.
[92] The percentage is above 100% because the employees trained exceed the workforce total at year-end.

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 Governance and Sustainability 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 section of the *Code of Ethics* applicable to suppliers within the framework of their business relations with the group. These mailboxes are available in the purchasing portal of the website.

The group also has a shareholders' ethics mailbox. This mailbox represents a channel of communication through which shareholders can report conduct that night involve a breach of the company's Governance and Sustainability System or the commission by any professional of the group of an act contrary to the law or to the rules of conduct of the *Code of Ethics*. This mailbox is available on the group's corporate website, specifically within the interactive system provided for the shareholders known as "OLS – On-Line Shareholders".

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 codigoeticoiberdrolainfraestructuras@iberdrola.es codigoeticoiberdrolaespana@iberdrola.es codigoeticoingenieria@iberdrola.es codigoetico@iberdrolainmobiliar com	Available on the Employee Portal of the Iberdrola group	Available in the supplier section of the Iberdrola group's corporate website	Ethics Mailbox available in the OLS On-Line Shareholders section of the Iberdrola group's corporate website.	Not applicable
United States	corporatecompliance@avangrid.com				Internet: avangrid.com/speakup Helpline: Help Line: 1-877-606-9171
United Kingdom	compliancedivision@scottishpower.com				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				Iberdrola Clienti Italia: complianceitalia@iberdrola.com Iberdrola Solutions: .- Internet: txwind.com/speakup .- Helpline: 1-877-606-9171 Infigen: .- Internet: www.yourcall.com.au/report .-Whitleblower helpline: 1300790228
IEI	Iberdrola Clienti Italia: complianceitalia@iberdrola.com Iberdrola Solutions: compliance@iberdrolausa.com Other companies:ETHICS.INTERNATIONAL@IBERDROLA.COM				

Internal reviews of the compliance system

In financial year 2020, the Internal Audit area performed audits of the Compliance System, including a review of certain crimes within the *Crime Prevention Programme* of the companies of the Iberdrola España subgroup, and as a result thereof has issued a number of recommendations that are being implemented or in the process of implementation by the areas involved.

Internal 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 obtained 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 seventh consecutive year as one of the most ethical companies in the world, according to the World's Most Ethical Companies 2020 ranking. Iberdrola is once again the only Spanish company with this classification.
- After the annual audit in 2020, Aenor has evaluated Iberdrola's system and has renewed the certifications according to (1) the UNE-ISO 37001 standard regarding anti-bribery management systems, and (2) the UNE19601 standard regarding criminal management systems.
- Also in 2020, (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.
- During financial year 2020, 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 2019, 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.

Response and remediation plans

205-3

As laid down in the Regulations of the Compliance Unit, the Compliance Unit or the various Compliance Divisions of the country subholding companies and head of business companies are responsible for handling communications made through the ethics mailboxes. In addition to the work of investigation, in view of the results of the investigations made, the Unit or the Compliance Divisions identify potential corrective actions and make recommendations to the corresponding areas or departments in order to improve the control, prevention and mitigation systems.

As regards the communications received through the ethics mailboxes, a total of 1,899 communications were received in financial year 2020, of which 1070 were queries and 829 were complaints. Of the 829 complaints received, 442 were accepted for processing. In 15% of the cases of complaints allowed to proceed, some type of disciplinary measure was taken upon a showing that there had been improper conduct or conduct contrary to the *Code of Ethics.* Regarding the total of 442 complaints that were accepted for processing, 28 were classified as having a potential impact on human rights.

The right to confidentiality, to a defence and to the presumption of innocence of the persons under investigation are guaranteed in all investigations.

Information regarding the existence of cases of corruption during the financial year

The company has not been informed through the ethics mailboxes of any confirmed cases of corruption during the year. Nor is the company aware through the corresponding legal channels of its Legal Services of any court rulings on this matter during the reporting period. There have also been no incidents recorded through the mailboxes available for this purpose resulting in the cancellation of orders or of contracts with group suppliers due to negative social impacts.

The Iberdrola group is working with the courts to clarify the circumstances relating to the hiring of the company Cenyt in order to enforce any liabilities that arise and to defend its good name and reputation. The corresponding court proceedings are being heard before Central Investigating Court no. 6 and neither Iberdrola, S.A. nor any other group company are under investigation. However, among other individuals and entities, two executives and three former executives of Iberdrola, S.A. are under investigation for different alleged offences, according to the cases.

A review and analysis of the internal processes performed with the help of independent experts and pursuant to the group's Governance and Sustainability System has not revealed any violation of the internal control systems or of the *Code of Ethics* or of any other rules or procedures. Therefore, the impact of these cases on Iberdrola, S.A. or its group companies, if any, would be limited to reputational matters.

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. The parties have agreed to extent this period for an additional year. Within this context, the company has performed approximately 84% of the agreed activities during 2020.

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.

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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	Nuclear Industry Association (NIA)
	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 of Nuclear Operators (WANO)
	Agência para a Energia en 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 Cybersecurity Network (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
	AGN - Associação Portuguesa de Empresas de Gás Natural	Associazione Italiana di Grossisti di Energia e Trade (AIGET)
	Associaçao de Gás Natural (AGN) in Portugal	Associação Portugesa de Energia (APE) in Portugal
	Agencia para a Energia (ADENE) in Portugal	Gas Networks Ireland, in Ireland
	Electricity Supply Board, in Ireland	Commission for Regulation of Utilities, in Ireland
	European Technology and Innovation Platform on Wind Energy (ETIP Wind)	
Spain	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)
	Sociedad Española de Presas y Embalses (SEPREM)	Consejo Internacional de Grandes Redes Eléctricas (CIGRE)
	Asociación Eólica de Galicia (EGA)	Asociación Canaria de Energías Renovables (ACER)
	Asociación de Promotores de Energía de CyL (Apecyl)	Plataforma Tecnológica del Sector Eólico (Reoltec)

Domestic and international associations

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
	National Infraestructure (NIPA)	REGEN (The Electricity Storage Network)
	Suffolk Chamber of Commerce	East of England Energy Group (EEEGR)
	Dumfries and Galloway Chamber of Commerce	CIGRE UK
	BSI Management Systems	Environment Agency

Domestic and international associations

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
	Maine & Company	Maine Audubon Society
	Maine State Chamber of Commerce (MSCC)	American National Standards Institute (ANSI)
	Industrial Asset Management Council (IAMC)	Brunswick-Topsham Land Trust
	Northeast Gas Assn	Putnam County Economic Development Council
	Institute of Electrical and Electronics Engineers	Saratoga Economic Development corp
	CIGRE (International Council on Large Electric Systems)	Visit Rochester
	Northeast Gas Assn.	Operations Technology Development (OTD)
	Kennebec Valley Chamber of Commerce	Rochester Business Alliance
	Portland Regional Chamber	Northeastern Economic Development Assn
	Electric Power Research Institute	Androscoggin County Chamber of Commerce
	Association for Advancement of Cost Engineering - International	Penobscot Bay Regional Chamber
	Buffalo-Niagara Parntership	Tompkins County Area Development Corp
	Three Rivers Development Corp	Rochester Hispanic Business Assn.

Domestic and international associations

Brazil	Associação Brasileira de Distribuidoras de Energia Elétrica (ABRADEE)	Associação Brasileira da Infraestrutura e Indústrias de Base (ABDIB)
	Associação Brasileira dos Comercializadores de Energia (ABRACEEL)	Federação das Indústrias do Estado da Bahia (FIEB)
	Associação Brasileira dos Contadores do Setor de Energia Elétrica (ABRACONE)	Associação Brasileira das Empresas Geradoras de Energia Elétrica (ABRAGE)
	Associação Brasileira de Energia Solar (ABSOLAR)	Câmara Americana de Comèrcio (AMCHAM)
	Associação Brasileira de Geradoras Termelétricas (ABRAGET)	Associação Brasileira de Energia Eólica (ABEEOLICA)
	Associação Brasileira das Empresas de Transmissão de Energia Elétrica (ABRATE)	Associação Brasileira de Relações Institucionais e Governamentais (ABRIG)
	Instituto Acende Brasil	Centro de Pesquisas de Energia Elétrica (CEPEL)
	Associação brasileira de Comunicação Empresarial (ABERJE	Associação Brasileira dos Produtores Independentes de Energia Elétrica (APINE)
	Câmara Americana de Comércio -Amcham	
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 (AMPIP)
	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	Cámara de la Industria de Transformación Ensenada

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.

External initiatives to which the organisation subscribes or which it endorses

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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.
- 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 III.3 "Iberdrola and the Global Compact".

Iberdrola has participated in the preparation of the Wind Europe and ETIP Wind publications on recycling wind turbine blades.

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. An agreement has been signed with the Renewable Energies Research Institute (*Instituto de Investigación en Energías Renovables*) (IER) at the Universidad de Castilla-La Mancha to jointly investigate the positive environmental impacts on fauna and flora associated with building photovoltaic plants in the region. This information is described in more detail in chapter III.1 "Workplace safety and employee development".

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 30 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*, 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 76,000 customers have already joined to collect funds in 2020. 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. It also chairs the SafetyOn association (an onshore wind power prevention, health and safety organisation) and has signed an agreement with the Glasgow Science Centre to establish a visitor centre at Whitelee wind farm.

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)* 2020 to contribute to the fight against climate change.

Lobbying activities and contributions to political parties or to related institutions

As regards lobbying activities, Iberdrola is registered with the Transparency Register created by European institutions to provide adequate transparency to the relations of such institutions with companies, NGOs, citizens' associations, think tanks, etc. The register was created by the European Parliament and the European Commission, and the Council of the European Union supports the initiative. Iberdrola's record in such register can be found on the EU's website. In its activities to influence public policies, Avangrid has made the financial contributions shown in the US register.

Iberdrola has a neutral position from a political standpoint. In 2020 none of the group's companies contributed to the funding of political parties, except in the United States, in the state of Virginia, where contributions of €3,942 ($4,500) were made to Democratic senatorial candidates and groups.

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Contribution to political parties (€)

	2020	2019	2018
United Kingdom	0	44,412	27,696
United States	3,942	32,153 [93]	35,129
Federal level	0	0	0
State level	3,942	32,153	35,129
Other countries	0	0	0
Total	**3,942**	**76,565**	**62,825**

[93] Data reported by the United States included employee contributions.

Fiscal responsibility

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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.

The values guiding that guide the corporate policies, the internal rules and other internal codes and procedures are the ethical principles, good corporate governance, and transparency and institutional loyalty.

In 2010 the Board of Directors approved a *Corporate Tax Policy*, which was last updated on 15 December 2020. 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 *Corporate 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 group's business for the sole purpose of reducing its tax burden nor, in particular, enter into transactions with related entities solely to erode the tax basis or to transfer profits to low-tax territories.
- Avoid opaque structures for tax purposes, which are understood as structures calculated to prevent knowledge by the competent tax authorities of the party ultimately responsible for the activities or of the ultimate owner of the assets or rights involved.

- Not to create or acquire companies resident in 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.

The application of the *Corporate Tax Policy* is integrated within the group as follows:

With respect to Iberdrola, S.A.

The Board of Directors of Iberdrola, S.A. is responsible for the coordination, within legal limits, of the overall management strategies and guidelines of the Group, acting in furtherance of the interests of each and every one of the companies forming part thereof, while the chairman of the Board of Directors & chief executive officer and the senior officers of the Company are responsible for the organisation and coordination of the Group, by means of the dissemination and implementation of and compliance with the general strategies and policies established by the Board of Directors.

In accordance with the foregoing, the Board of Directors of Iberdrola, S.A., through its chairman & CEO and its management team, promotes due observance of the principles and good tax practices contained in the *Corporate Tax Policy* by the companies forming part of the Group with significant activities in the tax area

With respect to the country subholding companies

As regards the principles and good tax practices set out in the *Corporate Tax Policy*, the country subholding companies shall assume the responsibilities of determining, coordinating and supervising compliance, in the respective countries in which they operate, with the standards that must be followed in the application of those taxes that, due to the nature thereof, affect more than one company of the Group.

Specifically, the boards of directors of the country subholding companies ensure compliance with the *Corporate Tax Policy* at the country level, specifying its content based on the laws applicable in each jurisdiction.

With respect to the head of business companies

The head of business companies are responsible for complying with their tax obligations, in all events respecting the principles and good tax practices set out in the *Corporate Tax Policy* and the standards established by the country subholding companies.

In particular, the boards of directors of the head of business companies shall be responsible for ensuring compliance with the *Corporate Tax Policy* by the entities of the Group through which they carry out their respective businesses.

Without prejudice to the provisions of law and the preceding paragraphs, the management body of each company of the Group shall be responsible for ensuring that the information such company provides to complies with the tax obligations of the tax group to which it belongs complies with applicable tax provisions as well as the principles and rules set forth in the *Corporate Tax Policy*.

The companies of the Iberdrola group are required to adopt the control mechanisms necessary to ensure compliance with the tax laws and regulations and the principles and good practices set forth in the *Corporate Tax Policy*, as part of proper business management.

This oversight and control occurs at the following levels:

- The *Global Tax Division* approves and periodically reviews guidelines for the evaluation and management of tax risk applicable to all companies of the Group, which include objective standards to classify transactions based on the tax risk thereof, as well as different procedures for the approval thereof, and acts as the body responsible for tax compliance within Iberdrola, in coordination with the *Compliance Unit,* proactively and independently endeavouring to ensure compliance with tax provisions as well as with the principles and good practices contained in the *Corporate Tax Policy.*
- The head of business companies report to the country subholding companies on an annual basis regarding the level of compliance with the *Corporate Tax Policy*.
- The audit and compliance committees of the country subholding companies report to Iberdrola's Audit and Risk Supervision Committee on the level of compliance with the *Corporate Tax Policy.*
- Iberdrola's Audit and Risk Supervision Committee, in accordance with the provisions of its Regulations, provides to the Board of Directors information on the tax policies and standards applied during the financial year and, in particular, on the degree of compliance by the Group with the *Corporate Tax Policy.*

Taxation is not static and is subject to continuous revision, which requires the Iberdrola group to be completely up-to-date on the changes that occur. Therefore, and like the rest of the Governance and Sustainability System, the *Corporate Tax Policy* is being constantly updated to continually include best practices in this area, adjusting to the constant changes of the environment.

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 2015.

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 2021.

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 blacklist 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, you are 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 once again ranked 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 addition, in 2019 Iberdrola, S.A. 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, and also received a satisfactory audit in 2020.

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)

	2020	2019	2018
Company contributions	2,938	2,941	3,096
Contributions due to third-party payments	4,537	5,215	4,843
Iberdrola consolidated total	**7,475**	**8,156**	**7,939**

More than 95% of the 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

GRI 206

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 in accordance with legal provisions, 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 Governance and Sustainability 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 Regulation of the European Parliament and of the Council 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.

Pending cases

206-1

In 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. Subsequently, 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 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 2020, the Company and Eversource filed a joint motion in opposition and on 23 January 2020 the plaintiffs filed a reply brief. On 9 April 2020, the U.S. Court of Appeals for the First Circuit cancelled oral arguments of the appeal and ordered that case be decided on the briefs without oral argument. On 9 September 2020 the First Circuit denied the appeal and affirmed the District Court’s dismissal of PNE’s complaint.

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.

Cybersecurity and information privacy

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

The crisis caused by the coronavirus pandemic has further accelerated the digitalisation of society, highlighting the enormous dependence on a stable internet structure and a reliable supply of energy. It has also increased the exposure of the energy sector to cybersecurity risks. Within this context, cyber-resiliency has become a key priority for the sector.

As a listed company and operator of an essential service, the Iberdrola group is subject to strict security regulations in the various countries in which it operates and undergoes regular external audits, which include the evaluation of cybersecurity controls on critical systems and assets.

Iberdrola, as a leading company in innovation and smart grids, places strategic importance on the management of cybersecurity risks that could compromise the achievement of its goals, the integrity of its assets and information, and the continuity of electricity supply, which is essential for its customers and for society.

In order to mitigate these risks, Iberdrola has a *Cybersecurity Risk Policy*, approved by the Board of Directors, which provides the framework for the control and management of cybersecurity risks throughout the Group, promoting a strong cybersecurity culture for all levels of the organisation and assigning specific responsibilities at all businesses and corporate areas regarding the identification, protection, detection and response to cyberattacks and cybersecurity threats.

Its scope of application includes not only information and IT and communications and technologies, but also the protection of industrial control systems and smart grids, whether operated by its own personnel or supported by third-party operations and services.

To lead the deployment of this policy throughout the Group, Iberdrola has a chief information security officer (CISO) to define, lead and supervise the cybersecurity strategy and global framework, 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 global CISO and the CISOs of each country subholding company regularly report to the audit and risk supervision committees of their respective boards of directors.

The defined strategy and global framework are focused on integrating cybersecurity in all strategic and operational decisions of the company and on taking it into account beginning with the design of new projects and processes, and is supported by the following pillars:

- **Governance** – Establish and maintain a governance system with a clear assignment of roles and responsibilities and effective coordination mechanisms that integrates cybersecurity into the decision-making processes of the businesses.
- **Human Capital** – Identify and develop the cybersecurity skills and knowledge required in the various areas and encourage a cybersecurity culture within all levels of the organisation.
- **Risk Management** – Implement and prioritise cybersecurity measures based on an analysis of the risks and threats and focusing on systems that support critical infrastructure and essential services.
- **Resilience** – Equip itself with strong abilities to detect and confront cybersecurity threats and incidents, minimising any impact on the business or the continuity of essential services.
- **Assurance** – Establish mechanisms to oversee cybersecurity status in the various areas of the company and ensure compliance with applicable internal and external rules.
- **Collaboration** - with suppliers of products and services, regulators and governmental bodies as well as other companies and agents of the ecosystem, in order to strengthen systemic resiliency.

Iberdrola believes it is essential to promote a strong cybersecurity culture throughout the Group, ensuring that all employees at all levels of the organisation have the training and knowledge necessary to minimise exposure to cybersecurity risks, including an understanding of risks, internal regulations and security recommendations, as well as access to tools that allow for proper protection. The cybersecurity training programme covers the entire workforce, and includes annual training initiatives, quarterly simulated phishing campaigns and ad-hoc or one-off training for technical groups or those exposed to specific risks. The Board of Directors also receives specific annual cybersecurity training, which is also included in the orientation programme for new directors.

The cybersecurity measures deployed also extend to the protection of our customers, suppliers and other Stakeholders against possible risks of fraud by means of social engineering attacks that impersonate our brand.

As a complementary measure, the Iberdrola group has a global cyber-insurance programme to mitigate the financial risks of a possible incident or security breach.

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 (GDPR). 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.

Iberdrola has chosen to handle privacy with a holistic focus, the goal of which is to integrate privacy and data protection within the management system and the culture of the company. Responsibility for the protection of personal data lies with the businesses and corporate functions, organisations that process this data, under the coordination and supervision of the **Data Protection Officer**, with the support of the Legal Services.

During financial years 2018 and 2019 the Iberdrola group developed and implemented a **data protection management** system in order to ensure systematic compliance over time with both the GDPR and the personal data protection laws of each of the EU countries in which the Group is present. During financial year 2020, this management system is being reviewed within the framework of continuous improvement, including the development of an external evaluation plan. This 3-year plan began during the last quarter of financial year 2019 and covers all of the countries of the European Union in which the retail business is present[94], as well as the United States and Mexico. The only country not included in the scope is Brazil, which is currently immersed in the implementation of its plan to conform to the new Brazilian data protection law for which reason the external evaluation process will not take place until later.

As regards the United Kingdom it should be noted that all measures have already been taken to ensure compliance as from 31 December with both British law (Data Protection Act 2018) and the European law on international transfers.

The Iberdrola group deals with a large volume of personal data in its day-to-day activities, and given its international nature, international transfers of data among its various companies occur on a daily basis. On 15 December 2020, the Spanish Data Protection Agency issued a decision approving[95] the Binding Corporate Rules of the Iberdrola Group, one of the mechanisms established in the GDPR to make such international transfers of personal data within a group of companies.

The approval of these rules has been the culmination of another of the steps implemented by the Group to ensure full respect for the fundamental rights to privacy of data subjects in all of the countries in which it operates, not limited to European companies directly subject to the GDPR, but also to all other territories.

The table below shows substantiated complaints regarding breaches of violations of privacy and losses of customer data.

[94] Spain, United Kingdom, Italy, Portugal, France, Germany and Ireland.
[95] Resolution of the Director of the Spanish Data Protection Agency dated 15 December 2020.

418-1

Incidents relating to privacy (No.)

	2020[96]	2019	2018
From regulatory entities	100	106	173
From other sources, substantiated	54	109	191
Total substantiated complaints	**154**	**215**	**364**

Of the complaints received from regulatory bodies, 42 occurred in Spain, 37 in the United Kingdom, 20 in Portugal, 4 in France and 2 in Italy. Of those having another origin, there were 35 in the United Kingdom and 19 in Spain.

During 2020 there have been 2 cases of leakage or loss of information, 1 in Spain and 1 in France, both of a minor nature.

[96] Does not include data from France, Germany or Ireland, where commercial activity was just beginning in 2020.

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 Governance and Sustainability System, but also to generally accepted ethical and sustainable development principles. In this regard, the Iberdrola group's *Code of Ethics* 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 Governance and Sustainability System and the basic procedures governing the activities of the group and of the company at 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, but reserves the right to appeal them if it believes that they do not conform to the law and are contrary to its interests.

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

Significant fines and non-monetary sanctions in the social and economic area[97]

	2020	2019	2018
Fines imposed (€)	33,091,180	107,589,713	59,544,962
Non-monetary sanctions (No.)	1	0	17
Cases being resolved through arbitration or similar mechanisms (No.)	217	636	297

[97] Arbitration mechanisms are not included in the labour area.

Of the total amount, fines of 424,700.00 euros have been imposed in Spain, of which 103,412 euros correspond to 13 fines imposed in relation to advertising and marketing due to non-compliance with the regulations applicable to sales of electricity and gas and related products and services, 157,288 euros relating to unauthorised installations, and 164,000 euros for violations of personal data protection regulations.

Of the cases handled through arbitration, there were a total of 217 arbitral awards, of which 151 were in Spain (Retail Spain) (42% in favour of Iberdrola) relating to proceedings under the consumer arbitration system covering Iberdrola Clientes S.A.U. and Curenergía Comercializador de Último Recurso. The remaining 66 arbitration awards were in Portugal (Retail Portugal) and relate to customer complaints regarding supply, with 68% of the awards being in favour of Iberdrola.

In Brazil, fines of 30,371,936 euros have been received, of which 31,199 euros correspond to Networks Brazil and are related to electricity and gas distribution and sales activities, and fines of 30,340,737 euros relating to the payment of taxes and duties.

There were also 11[98] labour-related fines in 2020, with a value of 2,222,710.7 euros, of which one corresponds to Ascó - Vandellós (for a sanction deriving from a report issued by the Tarragona Labour Inspectorate), two to Cogeneration as a result of a contract and 9 to Neoenergia relating to occupational health and safety conditions, working conditions and an employee complaint.

In Portugal, 2 fines relating to advertising and marketing in the amount of 71,834 euros have been imposed due to sanctions by the regulator for supply contracts.

No fines were imposed during 2020 in the other countries in which the company operates.

One non-monetary sanction has been received in Cogeneration as a result of a contract.

Labour practices grievance mechanismsrales

Using the standard that class actions on the same matter are deemed to be a single grievance, the companies of the group received 802 grievances about labour practices in 2020[99], of which 81 were resolved during that period. 1,168 other grievances pending from previous years have also been resolved.

[98] As the percentage interests in certain companies may not be 100%, the sums added may not correspond to the total presented due to rounding.
[99] The grievances were received in Spain, the United Kingdom, the United States, Brazil and Other Countries. In Spain, the United Kingdom, Brazil, Mexico and Other Countries, this includes 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.

IV.2. 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

SDGs	Description	Goal	ESG
	Promote sustainable practices in the supply chain	70% of suppliers with sustainability policies by 2022 and 75% by 2025	G
	New supplier risk and sustainability assessment model.	Implement a new system for 100% centralised purchasing.	G
	Expand individual improvement plans for suppliers	Implement plans for 80% of suppliers identified as in need of improvement	G
	Promote Iberdrola's values through human rights awareness-raising campaigns	Human rights awareness-raising campaigns on the Iberdrola group's various purchasing websites.	G
	Promote SDGs in the supply chain	Launch of conceptual capsules and information aligned with the group's sustainability strategy that target suppliers	G
	Supplier of the Year Award	Holding of corporate in-person or virtual event highlighting the activities of our supply chain in Spain, the United Kingdom, the United States, Mexico and Brazil.	G

Description of the supply chain

102-9

The Iberdrola group's supply chain consists of two different processes:

- The procurement of material and equipment and the contracting of works and services 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 established in the Corporate Policies and the *Code of Ethics*. However, each of them has specific characteristics in their various phases: registration and classification of suppliers, bidding process, execution of contracts, monitoring of contractual terms, and quality control.

Procurement of material and equipment and contracting of works and services

The mission of the group's Purchasing and Insurance Division is to establish the strategy and procedures for and to supervise the purchasing of equipment and material (other than fuel), as well as works and services contracts and insurance programmes (other than life and casualty, health and pension insurance) for the entire Iberdrola group, meeting the strategic goals established by the Board of Directors and respecting at all times the company's Corporate Governance System:

"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 suppliers and contractors and their auxiliary industries.

Iberdrola placed orders with approximately 20,000 suppliers during 2020. A breakdown of the economic and geographic volume is set out in the following table:

General supply of equipment, materials, works and services (€ millions)

	2020[100]	2019	2018
Spain	2,070	1,815	1,564
United Kingdom	1,484	2,014	1,775
United States	2,790	2,583	1,945
Brazil	1,283	1,622	1,335
Mexico	507	510	957
IEI	360	173	177
Total	**8,494**	**8,717**	**7,753**

In 2020 the volumes billed by suppliers related to onshore wind projects in the United States, photovoltaic solar in Spain and offshore wind in the United Kingdom are noteworthy.

Procurement of fuel

Iberdrola dedicated more than 2,259 million euros to the procurement of natural gas (including both natural gas and liquefied natural gas) and uranium in 2020 . Uranium is procured in Spain and only through Empresa Nacional del Uranio (Enusa). Natural gas is procured on the international market, mainly through long-term commercial relationships with approximately 9 large domestic and international suppliers and market operators (producers and traders). There were no purchases of coal during 2020 , as the facilities are in the process of closure.

Procurement of fuel (millions of euros)

	2020	2019	2018
Coal	0	0	44
Natural Gas	2,204	3,210	3,249
Uranium	55	70	36
Total	**2,259**	**3,280**	**3,329**

[100] Volume billed during the financial year. Amount awarded in 2020: 14,071.1 M€

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 suppliers (%)[101]

	2020	2019	2018
Spain	82	79	85
United Kingdom	91	84	71
United States	97	98	97
Brazil	100	99	100
Mexico	63	76	69
IEI	65	50	65
Total	**89**	**89**	**85**

[101] 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.

Highest level commitment to the sustainability of our supply chain

The objective of Iberdrola's Purchasing Division's, linked to the team's variable remuneration, has been to improve the sustainability of the suppliers it has been working with for over 15 years. . In 2020 this objective translates into a corporate sustainability objective organised around three key sustainability pillars, summarised in the acronym ESG: Environmental, Social and Governance.

Iberdrola's commitment to ESG standards and their expansion to cover its main suppliers is embodied in the ambitious goal of ensuring that at least 70% of the group's main suppliers are subject to sustainable development policies and standards by 2022.

This objective is directly reflected in the inclusion of this scale in the evaluation of the 2020-2022 Strategic Bonus approved by the shareholders at the last General Shareholders' Meeting.

Specifically, the remuneration plan is linked to increasing the number of key suppliers covered by sustainable development policies and standards, such as having a human rights strategy, a code of conduct for their suppliers, health and safety standards (SDG 3) and a global environmental sustainability strategy, including strategies on water (SDG 6), energy (SDG 7) and biodiversity (SDGs 14 and 15).

The objective is based on a specific model of evaluation for the supply chain and has been integrated into the new systems implemented by the Purchasing Department, both in the supplier classification system and in the purchasing management system itself, including sustainability within decision-making.

New supplier sustainability evaluation model:

During 2020, the Purchasing Division broadened the use of the new supplier sustainability evaluation model, which is conformed to the international reality of the Iberdrola group and organised around three core pillars of sustainability, summarised with the initials ESG: Environmental, Social and Governance.

The evaluation of a supplier includes the supplier's performance in highly significant attributes: identification of objectives linked to the Sustainable Development Goals (SDGs), management of climate change risk, circular economy strategy, human rights due diligence, etc.

The supplier must provide supporting evidence and documentation for its statements and performance.

The model is agreed upon with internal stakeholders: Social Responsibility, Compliance, Sustainability and Environment Divisions, as well as having been confirmed with Forética, a specialist external entity with expertise in the area.

The following information is assessed as part of the three dimensions analysed:

After the analysis, the suppliers are rated at two levels: "adequate" if their score exceeds 51 of 100 points (and at least 30% of the points on each of the ESG pillars), and "inadequate" otherwise.

In 2020 12,376 million euros, 89.8% of the total amount awarded, was allocated to suppliers that had been evaluated on the basis of this ESG model.

Furthermore, goals have been established in 2020 relating to the increase in purchases from analysed suppliers and the introduction and monitoring of improvement plans for those suppliers not achieving the minimum scores established by Iberdrola. To meet these objectives, improvement plans have been sent to 172 suppliers of the group and, of those contacted in the first half of the year, 61% have improved their level of sustainability.

Thus, not only is the supplier motivated to improve its profile by taking actions that promote excellence in business management, but the Purchasing Division is also incentivised through quantifiable objectives to choose those companies showing good performance in social responsibility or making a commitment to improve.

New systems to support the activities of the Purchasing Division

2020 has been a key year for the improvement and digitisation of Iberdrola's Purchasing Division. At the end of 2019, and in line with the Purchasing digitalisation plan, two platforms were launched in parallel that have revolutionised the purchasing and supplier management processes.

On the other is *GoSupply*, the new Supplier Management platform using a global tool managed by the Spanish startup *GoSupply*. This system allows for the rating of current and potential suppliers, as well as the assessment and monitoring of their sustainability. *GoSupply* is fully integrated with the *IBuy* application and allows for monitoring the ESG 2022 objectives.

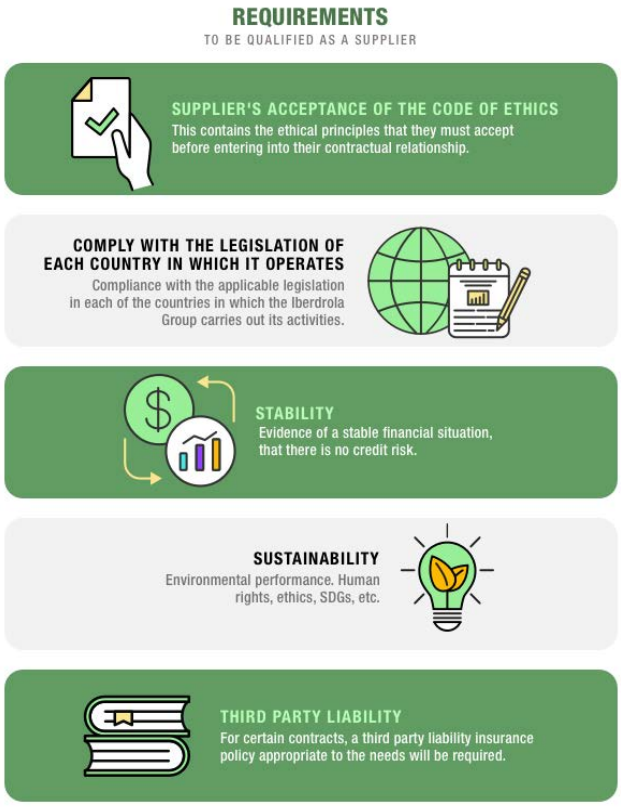
The *IBuy-GoSupply* project has been recognised as one of the most innovative uses of SAP technology in projects developed in Spain and Portugal at the 2020 SAP Quality Awards for, among other reasons, its inclusion of disruptive functionalities such as robotic process automation (RPA) using robots that replicate human actions to reduce the need for direct human intervention, and the inclusion of 360º supplier risk assessment systems.

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:



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 CO_2 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.

The company received no external complaints through authorised channels with respect to its supply chain during 2020, 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	
Purchasing Policy	Sets out principles on the environment that suppliers must follow and sustainable and responsible management in the Iberdrola group's supply chain
Supplier Registration and Classification	Environmental certification weighted in the overall assessment of the supplier Must accept Iberdrola's Environmental Policy
Bid Process	The environmental assessment of the supplier is included during the ITEO (offer evaluation) phase and in the PA (proposed award) for purposes of the contract.
Annual Improvement Goals	Innovative aspect: annual improvement goals directly relating to improvement in sustainability of suppliers established for the Purchasing team and linked to variable remuneration
Global Environmental System	The Procurement Division is part of Iberdrola's Global Environmental System Committee: monitoring of environmental guidelines, established goals and related indicators. Audits.
Reporting	*Contribution to Sustainability* infographic and *Annual Procurement and Supplier Management Report* published on the corporate website

External Supplier Mechanisms	
Code of Ethics	Includes environmental principles Must be accepted by the Group's suppliers and is attached to orders and contracts
Specific T&Cs	Environmental clauses that suppliers must comply with during the term of the contract
Stimulus Campaigns	As a business driver, we proactively promote the environmental certification of the suppliers, supporting them in the search for excellence and generating a multiplier effect
Carbon Footprint Measurement	Regular supplier greenhouse gas measurement campaign
Sustainability Evaluation Model	Includes environmental aspects: biodiversity, circular economy, risks of climate change, etc. Evaluation of suppliers, quantifying their relative position based on their management
Supplier of the Year Award	Environmental category: this promotes the environmental responsibility of suppliers and publicly recognises those who stand out in this area

At the end of 2020, purchases from suppliers with an environmental management system represented around 63.9% of all procurement orders issued (general suppliers).

Fuel purchasing is subject to the general principles of Iberdrola's sustainable development policies, which require that suppliers be encouraged to engage in conduct that is socially responsible, respectful of the environment and preventive of occupational risks. Fuel suppliers with an environmental management system represented 67% 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 goods and equipment (new and existing) and relevant suppliers of fuels (as most of them are long-term closed contracts still in effect) are assessed under this management approach and their material risks in relation to human rights and negative social impacts are managed through the quality processes in place and the regular audits carried out.

According to the sources consulted, there could be a risk of:

- human rights violations in connection with child labour and forced labour for 5% of the total volume of purchases made in 2020 and
- risk to freedom of association and collective bargaining in 17% of the total volume of purchases made in 2020.

The percentage of fuel supply purchases in countries at risk of child and forced labour was 44%, and of freedom of association and collective bargaining was 5 %. Although, 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 countries with these risks would decrease the total purchase volume by up to 0.5 %. The standards used to identify countries at risk are the same as those described in the "Protection of human rights" section of chapter III.3. – Iberdrola's commitment.

There was no identification in 2020 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 the Code of Ethics. Weighting of 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
Sustainable Development Committee and Plan	The Purchasing Division is part of the group's Sustainable Development 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 Contribution to Sustainability infographic and Annual Purchasing and Supplier Management Report 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 authorise the award proposal*".
- **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 Risk** "*[…] priority will be given to Suppliers who have advanced, third party-certified* **management systems**, *and particularly the following: (i) Environmental Management System; (ii) Quality Management System; (iii) Occupational Risk Prevention System; (iv) Corporate Social Responsibility Action Plan; (v) Internal Code of Ethics; (vi) adherence to codes of conduct, acquisition of privacy seals and personal data protection certifications; and (vii) Carbon Footprint Reduction Strategy.*
- **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)*[102] 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[103]	% of 2020 general supply purchases in countries on the CPI Index 2019
Purchasing in countries classified as low-risk	78.9
Purchasing in countries classified as medium-risk	0.3
Purchasing in countries classified as high-risk	20.8

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 2020:

Corruption risk[104]	% provisions of fuel in 2020 in countries included in the CPI 2019 index
Provisions of fuel in countries classified as low-risk	51.0 %
Provisions of fuel in countries classified as medium-risk	0 %
Provisions of fuel in countries classified as high-risk	49.0 %

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

[102] Latest available at the date of preparation of this report.
[103] 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).
[104] 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).

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

	7th Survey (2020)	6th Survey (2018)	5th Survey (2016)	4th Survey (2014)	3rd Survey (2012)	2nd Survey (2009)
Rating (out of 10)	**8.45**	**8.18**	**8.06**	**8.00**	**7.74**	**7.57**

The 7th survey was carried out in 2020 in order to gather 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. The survey, in which over two thousand suppliers participated, shows an increasing improvement of the satisfaction level among our suppliers over the years. Several questions were also included in this survey to assess the impact of the COVID-19 crisis on our suppliers.

Main initiatives with suppliers of materials, equipment, works and services during 2020

Supplier of the Year Awards: Joined by our Values

The Global Awards were scheduled to be delivered to the group's suppliers in 2020; however, due to the exceptional global situation caused by the COVID-19 pandemic, these prizes have been postponed until 2021.

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 seeks to provide all its suppliers, including suppliers from diverse groups, with equal opportunities in purchasing processes. Avangrid promotes the participation of its suppliers in favour of economic development that reflects the diversity of its business communities, which include:

- Minority-Owned Business Enterprises (MBE)
- Women-Owned Business Enterprises (WBE)
- Lesbian, Gay, Bisexual and/or Transgender-Owned Business Enterprises (LGBTBE)
- Veteran-Owned Business Enterprises (VBE)
- Service-Disabled Veteran-Owned Business Enterprises (SDVET)
- Small Disadvantaged Businesses (SDB)
- Historically Underutilized Business Zone Enterprises (HUBZone)
- Alaska Native Corporation
- Indian tribes

There was approximately 141 million euros of contracting volume with these groups in 2020.

On the other hand, during 2020 the contracting volume with Special Employment Centres in Spain (in order to assist and work with persons with disabilities) totalled 2.4 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.

COVID-19: Advancing purchases from suppliers

Countries	Main actions
GLOBAL ACTIONS	• The Iberdrola group has made an effort to keep the supply chain operational during the health emergency, advancing the award of orders to more than 10,000 suppliers worth 7,000 million euros in the first half of the year. • Suppliers rated very positively the actions taken by the Iberdrola group in response to the COVID-19 crisis, according to the Supplier Survey 2020, thanks to the efforts made by the Purchasing Department during the first months of the pandemic in the management of advance payments relating to orders, together with prior meetings with subcontractors and suppliers to confirm the maintenance of business activities. • In this way, the company gives visibility to a supply chain that generates 400,000 jobs worldwide. The high volume of purchases made by the Iberdrola group are a driver of growth in those countries in which the company makes purchases, favouring their business, industrial and social development through the creation of jobs. • It should be noted that in 2020, 90% of the amount awarded went to suppliers with a sustainability rating.

V. Financial

V.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

SDGs	Description	Goal	ESG
	Adopt best practices and market standards for issue of debt to ESG investors.	Annual review and update (if applicable) of company's green finance framework	G
	Support and strengthen market for financing targeting ESG investors.	Maximise the volume of these types of financial transactions.	G
	Increase scope of ISO 2012 Sustainable Events Management System.	Increase number of annual events under certification scheme to five by 2022	G

Economic/financial impact

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

GRI 201

The electricity sector is an essential player in successfully tackling several of the most important and urgent challenges facing humanity: climate change and the protection of biodiversity.

According to the *World Economic Forum's* Global Risks 2020 Report, climate change is seen as the main risk to the global economy in the next decade. Society is increasingly aware of the need to transform the energy and production model in order to limit the rise in temperatures to below 1.5°C by the end of the century. Based on the IPCC report[105], this will require a 45% reduction in emissions by 2030 compared to 2010 and net zero emissions by 2050.

These ambitious targets place electricity at the epicentre of decarbonisation. According to the World Energy Outlook *2020*[106] (WEO 2020), electricity will increase its share in the total consumption of final energy from 19% in 2019 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 STEPS). These growth values are driven by the significant decrease in their production costs[107], which since 2010 have decreased by 49 % for onshore wind, 84 % for solar photovoltaic and 56 % for offshore wind.

The COVID-19 pandemic has once again highlighted the link between the status of ecosystems and human health. There are studies showing how in areas of significant human use (e.g. agricultural and urban systems), human pathogen hosts in wildlife represent a greater proportion of total species abundance than in nearby undisturbed ecosystems (Gibb et al., 2020). In addition to this pandemic, there are more examples of zoonotic diseases that have caused serious health crises, such as Ebola, avian influenza, sudden acute respiratory syndrome (SARS), Middle East respiratory syndrome (MERS) and human immunodeficiency virus (HIV). It is a fact that human pressure on biodiversity increases the risk of infectious diseases.

[105] Special Report of the Intergovernmental Panel on Climate Change (IPCC) on Global Warming of 1.5 ºC.
[106] World Energy Outlook 2020 – International Energy Agency.
[107] Levelized cost of electricity (LCOE) - Bloomberg New Energy Finance (BNEF) (2020). New Energy Outlook.

Electrification of the economy allows us to confront the challenges of climate change, biodiversity protection and economic recovery thanks to the abandonment of fossil fuels, avoiding the impacts caused by the extraction, refining, transport and burning thereof, while offering opportunities for investment and growth in renewable generation, storage, and efficient, intelligent and flexible transport and distribution activities, which allow the integration of renewables and respond to the new demands of connectivity, digitalisation and demand management. Along these lines, the central scenario of the WEO 2020 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.

The European Commission has included in the EU's long-term budget, along with NextGenerationEU, the largest stimulus package ever funded through its budget. It is a total of 1.8 trillion euros for a greener, more digital and more resilient Europe. Among the main items in the package are fair climate and digital transitions, and fighting climate change, with 30% of the EU funds, the highest share ever of the European budget.

For all of the reasons above, the electricity industry is and will be a significant driver of the economy, to which it contributes by means of high investments and the creation of both direct and indirect high-quality jobs. 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. After more than 100,000 million of investment during this period, it has been able to generate a total annual employment impact of some 400,000 direct, indirect and induced jobs worldwide, contribute annually more than 31,000 million euros to global GDP, and make an annual tax contribution of more than 14,000 million euros.[108]

Iberdrola continues to engage in a process of growth and internationalisation that has made it one of the leading electric companies in the world. 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 Capital Markets Day 2020 (or in the document superseding it in a subsequent period), 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. Together with these results, society also demands that companies explain how they are achieved and their valuation in terms of sustainability, with the understanding that proper disclosure of non-financial information is an essential element for allowing the sustainability of financial activity. To this end, the company has established a number of medium-term objectives, the main ones being those presented at *Capital Market Days* in the Sustainable Development Plan "Energy to Thrive" (see additional details in the "Leaders in ESG+F: "Energy to thrive" section).

[108] PwC study "Economic, social and environmental impact of Iberdrola worldwide" (based on 2019 data).

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Direct economic value generated, distributed and retained (€ millions)

Consolidated Iberdrola total	2020	2019	2018
Direct economic value generated			
Revenue (sales and other income)	34,947	37,673	36,273 [109]
Economic value distributed			
Operating costs	19,866	23,027	22,433
Employee remuneration (excluding company social security costs)	2,505	2,532	2,387
Payments to providers of capital	2,958	2,916	2,402
Payments to government administrations	2,939	2,941	3,096
Community investments (verified according to the LBG Model)	84	52	54
Economic value retained			
Economic value retained	6,595	6,205	5,901

Furthermore, in 2020 Iberdrola has made gross investments for a total value of 9,246 million euros[110]

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)

	2020	2019	2018
Capital subsidies	8	12	6
Operating subsidies	3	3	3
Investment tax credits[111]	0	0	8
Production tax credits[112]	135	84	91
Assistance for other items included in the GRI Protocol	0	0	0
Iberdrola total	**146**	**99**	**108**

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

[109] Sales in the amount of 33,145, 36,438 y 31,263 million € and other revenues of 1,802, 1,235 y 1,451 million € in 2020, 2019 and 2018 respectively.
Operational costs include external supplies and services, essentially.
Payments to capital suppliers: financial expenses and dividend payments to shareholders and minority interest.
Payments to public administrations: own tax contribution.
[110] The total value includes all investments with cash outflow or debt increase.
[111] ITC
[112] PTC

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

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:

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. For example, in Spain, the electricity distributor subsidiary i-De has submitted projects to the European Union to aid the economic recovery that contemplate various activities regarding the distribution network to repower and electrify rural and urban zones to create industrial land promoting the establishment of businesses, social cohesion and rural population growth in towns lacking development vectors.
- 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 IV.1) 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:

- 91 million euros worth of purchases have been made in Spain during 2020, to companies with less than 5 years of existence, which is a clear support for entrepreneurship.
- 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 III.2., as well as the "Innovation" section of the corporate website.
- There have also been carried two initiatives in Spain: in wind technology, with a search for monitoring sensors for the early detection of faults in wind turbines; and in photovoltaic technology, with the challenge of dry cleaning panels, the result of which is already being trialled at the Núñez de Balboa plant.
- Numerous innovation projects are being carried out through the new Global SmartGrid Innovation Hub of the networks business, whose international lines of work will allow for the development and deployment of innovative solutions for Iberdrola's electricity grid activities throughout the world. These projects, within various areas and services, seek to drive the mutual collaboration and growth of the company's usual suppliers as well as new entrepreneurs and start-ups. Iberdrola has already identified more than 120 innovation projects with a value of 110 million euros in this area.
- ScottishPower Energy Networks is an active member of the Energy Innovation Centre (EIC). This initiative, focused on speeding up the discovery, development and deployment of innovation among transmission and distribution network operators, bridges the gap between the industry and over 1,500 small and medium-sized enterprises and innovators with the technologies that can help make this dream a reality. It is also a founding partner of *The Energy Loop*, a collaborative project with other utilities to create a digital platform that enables customers to improve their energy consumption and offers energy solutions.
- In Mexico, we have participated in an entrepreneurial support programme seeking to stimulate the participation of young people to work on resolving sustainable development challenges in their communities, and in a robotics programs for

children aged between 6 and 18, aiming to inspire young people to become technology leaders.

- In France, the Saint Brieuc offshore wind project has strengthened the team that 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.

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Also, 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 2020, is provided below:

- Reinforcement of infrastructure and supply of generators, to ensure electricity supply to critical facilities such as hospitals, health centers, residences, etc., during the COVID-19 pandemic.
- Support for professional education and training in areas near Iberdrola's facilities. In 2020, there were 122 visits to 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. To support clean transport, ScottishPower Energy Networks has provided bikes and electric minibuses in different parts of Scotland. Moreover, urban heating plans have been developed and battery storage technologies and sustainable, low-carbon energy systems have been installed to support communities.
- In Brazil, there has been maintenance work on the Praça do Cachorro, in Recife (PE) and illumination of the Memorial Câmara Cascudo (Natal, RN), as part of the Cultural Illumination Programme. We, have also participated in the refurbishment of a rural education centre and delivered food baskets in areas close to the Chafariz wind complex.
- In Mexico, we have participated in the construction and/or improvement of education and play centres, health centres and infrastructure to the benefit of the communities located near 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 by various companies of the group. 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, expansion and digitalisation of electricity transmission and distribution grids, researching new, more efficient technologies, and intelligent mobility projects. The company also commits to regularly report the environmental return that its investments in these projects have yielded during the respective period.

The Group has signed new green trades totalling 4,543[113] million euros (including 2 billion euros from the hybrid bond issued in February 2021). As a consequence, he total amount of green financing amounts to 15,689[114] million euros.

In addition, the Group has formalized sustainable credit lines from Corporación and Avangrid, amounting to 8.84 billion euros, reaching the total *green and sustainable financing* figure of €24.529 million.

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* and Neoenergia *green debentures*).

Iberdrola has issued a total of 13 green bonds from the Corporation[115] by the end of 2020. The issue dates, as well as the principal characteristics thereof, are as follows:

[113] Including 100% green funding in which Iberdrola participates with partners.
[114] Including 100% green funding in which Iberdrola participates with partners, and green TEI of Avangrid.
[115] It does not include green bonds issued by Avangrid or green debentures issued by Neoenergia, which are subject to specific Frameworks, and whose returns will be reported in the respective *Sustainability Reports* of these companies.

Green bonds

ISIN	Issue date	Emisor	Public / Private	Senior / Subordinate	Face value (€ millions)	Maturity	Coupon
XS1057055060	24/4/2014	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	7/12/2016	Iberdrola Finanzas	Public	Senior	750	Mar-24	1%
XS1564443759	20-Feb-2017 (expanded 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[116]	Oct-25	3.724%
XS1890845875	05-Feb-19	Iberdrola International	Public	Subordinate	800	Perpetual	3.25%
XS2153405118	14-Apr-20	Iberdrola Finanzas	Public	Senior	750	Jun-25	0.875%

As of publication of this report, Iberdrola has issued the largest green hybrid bond in history, amounting to 2 billion euros (9 February 2021). The transaction was structured into 2 tranches, both perpetual and amounting to 1 billion euros, with coupons of 1.45% and 1.825%. The funds will be used to finance the marine wind farms in St. Brieuc (France) and Baltic Eagle (Germany).

In November 2017, May 2019 and April 2020 Iberdrola also issued *green* bonds in the U.S. market through its subsidiary Avangrid in the amounts of 600, 750 and 750 million U.S. dollars, respectively, to finance renewable energy and transmission projects in the United States. Information on these transactions is described in the *Avangrid 2020 Sustainability Report.*

In June 2019 and February 2020 Neoenergia also issued *green* infrastructure debentures in the amount of 1,296 and 300 million Brazilian reais, respectively, to finance renewable energy and transmission projects in Brazil. Information on these transactions is described in the *Neoenergia 2020 Sustainability Report.*

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

[116] USD 50 million nominal value.

México, a wholly-owned subsidiary of Iberdrola, executed the first *green* corporate loan in Latin America for 400 million US dollars, which was used to refinance the company's renewables assets in Mexico. In 2020 Iberdrola signed its first *green* Project Financing through its 63.5%-owned subsidiary Iberdrola Renovables de la Rioja, S.A., provided by BBVA in the amount of 23.3 million euros, to refinance 12 wind farms in La Rioja.

Green Bank Loans

Date	Borrower	Type	Amount (€M)
20-April-18	Iberdrola México	Syndicated	325[117]
3-December-20	Iberdrola Renovables de la Rioja	Project Finance	15[118]

With regard to green loans with development entities, In May 2019 Iberdrola obtained its first loan from a development institution and since then it has continued to execute a series of green corporate loans with development banks for assets under construction in 2020, specifically: i) with the multilateral 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 of the assets financed by these institutions are included as projects capable of green financing within the framework of Iberdrola's green financing.

Green loans with Development Institutions

Lender	Project	Date	Borrower	Type	Amount (€M)
ICO	Tâmega	30 –May-19	Iberdrola Financiación	Corporate	400
ICO	Núñez de Balboa	11-July-19	Iberdrola Financiación	Corporate	140
BEI	Núñez de Balboa	11-July-19	Iberdrola Financiación	Corporate	145
BEI	Cavar	4-November-19	Renovables de la Ribera[119]	Corporate	25
BEI	Portfolio of Renewables Projects	6 –July-20	Iberdrola Financiación	Corporate	600
ICO	Portfolio of Renewables Projects	7-July-20	Iberdrola Financiación	Corporate	200
ICO [120]	Public network of fast-charging and ultra-fast-charging stations for electric vehicles	22-July-20	Iberdrola Financiación	Corporate	59

In July 2020 Neoenergia received green loan classification from the EIB for a financing signed in December 2019 in the amount of 250 million euros to finance wind projects in

[117] 400 million U.S. dollars nominal value.
[118] The Iberioja loan had a Second Party Opinion from G-Advisory. Iberdrola Renovables de la Rioja is an entity in which Iberdrola owns a 63.55%.
[119] Renovables de la Ribera is a company 50% owned by Iberdrola The obtained financing has an Iberdrola warranty for the value of its share.
[120] The ICO loan of chargers for electric mobility a Second Party Opinion from G- Advisory.

Brazil. Information on this transaction is described in the *Neoenergia 2020 Sustainability Report*.

The funds obtained through all these transactions have been used to finance or refinance investments in projects meeting certain environmental and sustainable development criteria, described in the *Iberdrola Framework for Green Financing* (the "Framework"), which is aligned with the *Green Bond Principles* established by the International Capital Markets Association (ICMA) and the Loan Market Association's *Green Loan Principles.* These projects are mainly within the area of renewable energy. Also, PricewaterhouseCoopers Auditores verifies the Green Funding Returns Report, for which the Framework has previously analyzed.

In accordance with the *Framework*, most of the transactions are also certified by an independent expert entity with regard to the eligibility of the (re)financed assets and their conformance to the *Framework* and the *Green Bond / Loan Principles*[121].

For public bond issues, Iberdrola has used VigeoEiris to validate 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.

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 bonds[122], this information is available in the Information related to green finance section of the corporate website.

[121] 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. This is not restrictive, however, and a *Second Party Opinion* can also be issued in private transactions.
[122] Excludes the loans, as they are private contracts between a small number of parties.

The table below summarises the environmental benefits in 2020 related to investments financed or refinanced with outstanding *green* financings signed at year end by Iberdrola[123].

Related environmental benefits

Financing (ISIN code for bonds)	Area of investment	Installed capacity attributable to the financing (MW)	2020 production attributable to the financing (GWh)	CO_2 avoided in 2020 due to the financing (Tm)
XS1057055060	Renewables[124]	480	944	137,631
XS1398476793	Renewables	736	1,284	222,415
XS1490726590	Renewables	403	776	180,833
XS1527758145	Renewables	540	1,079	155,419
XS1564443759	Renewables	164	396	129,296
XS1575444622	Renewables	338	990	327,869
XS1682538183	Renewables	278	661	219,595
XS1721244371	Renewables	650	1,244	289,845
XS1797138960	Renewables	519	801	140,863
XS1847692636	Renewables	228	727	169,385
XS1924319301	Renewables	23	64	32,223
XS1890845875	Renewables	231	761	209,234
XS2153405118	Renewables	655	730	368,441
IBE México loan	Renewables	188	425	214,592
Tâmega ICO loan	Renewables	310	N/A [125]	N/A
Núñez de Balboa ICO loan	Renewables	241	238	34,210
Núñez de Balboa EIB loan	Renewables	250	246	35,431
Renovables de la Ribera EIB loan	Renewables	27	9	1,296
EIB Renewables Portfolio Loan	Renewables	881	41	5,898
ICO Renewables Portfolio Loan	Renewables	300	12	1,732
ICO Chargers Loan	Electric mobility	5	0.07[126]	76
Iberioja Project Finance	Renewables	15	21	3,009

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 further information, see the Green Financing section of the corporate website

[123] 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.
[124] Among others.
[125] Projects in construction phase.
[126] Power supplied at charging points in service.

Energy transition

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 CO_2 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

i-DE continues to improve and develop smart grids that enable active consumer demand management (residential, commercial and industrial) and improved system energy efficiency. In addition, it has an impact on increased safety and improved quality, as well as reliability of supply.

With the smart meter, the customer can display the hourly consumption and maximum power through the Clients Area and also with the "I-DE Clients" app.

The i-DE Clients application allows any type of customer to manage and control their installation load curve and adapt it to their needs.

In addition, Iberdrola markets a wide range of products and services that promote efficiency, energy saving and environmental care, all within its Smart Solutions:

- Energy efficiency: capacitor batteries, efficient air conditioning and lighting systems, frequency inverters for motor control, shome automation systems and other solutions.
- Renewable energy installations: solar photovoltaic energy.
- Comprehensive management of energy supplies.
- Electric mobility.

Iberdrola has installed around 10,000 electric vehicle charging stations, by the end of 2020 and Iberdrola plans to install 150,000 electric vehicle charging stations by 2025. The company provides its customers with 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, smart LED lights and sprinklers that can be programmed by mobile phone.

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

Other activities to promote energy efficiency are also carried out through the website, social media (Twitter and Facebook), campaigns, customer invoices, etc.

In addition, Iberdrola's contribution in 2020 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 16.0 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 measures for improving insulation and energy efficiency. It also provides energy consultancy and support services through a range of channels, with a team of accredited consultants.

For 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.

United States

Several projects have been launched for the renewal of the network, improving key substations and infrastructure, in order to meet growing energy needs and demands, as well as improving service reliability.

There are programs to assist in improving the energy efficiency of homes, in their construction or for major renovations, as well as for the renovation of household appliances.

For over a decade, New York State Electric & Gas Corporation (NYSEG) and Rochester Gas and Electric Corporation (RG&E) have offered energy efficiency programs to their customers. In 2019, companies, in addition to offering their usual programs, accelerated the deployment of new programs that promote energy-efficient technologies and equipment and comprehensive building design. In 2020, enterprises have continued to expand and adopt the programmes needed to achieve the state's clean energy targets, with particular emphasis on reducing the energy burden of low-income customers.

Brasil

The Neoenergia group companies develop different energy efficiency programs for residential customers. For example, the Vale Luz program promotes the safe and efficient use of electric energy, the Energía con Ciudadanía project aims to promote the reduction of consumption by saving and replacing inefficient equipment and the use of solar photovoltaic installations. There is also a training programme in the efficient and safe use of energy aimed at educators and students.

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

In general, most of the programs seek to promote energy efficiency in different customers' buildings and help in the control of their electricity consumption through different tools that allow monitoring this consumption.

In addition, a loss reduction plan is being implemented that results in a reduction in the cost of service to the customer, thanks to improved efficiency.

Availability and reliability

EU10

In the countries where they operate, Iberdrola Group companies do not have direct responsibility for the electrical planning processes of the long-term production capacity of the corresponding electrical systems.

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 government is responsible for planning generation in Spain, which is indicative in nature, as players make investment decisions in a liberalised environment.

The short-term reliability of the electricity supply term is analysed by the System Operator (a role played by Red Eléctrica de España, S.A.), which periodically carries out studies of different operating scenarios to check the robustness of the system. Iberdrola makes a significant contribution to increasing reliability in system operation by providing great flexibility through hydroelectric generation and pumping capacity, as well as a pioneering renewable energy control centre.

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

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 CO_2 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.

It is important to point out that the operation of the 850 km Western Link submarine cable brings renewable energy from Scotland to homes and businesses in Wales and England. This link has increased transmission capacity between Scotland and Wales by 2,000 MW, enough capacity to supply more than 4 million homes all year round.

ScottishPower Energy Networks has defined four Energy Scenarios for the network. These scenarios provide a framework for testing the necessary range of flexibility and subsequently verifying that investment plans meet the requirements of potential future scenarios. These scenarios also examine the interaction between the gas and electricity systems, as well as other changes in the transport and heating sectors, which could impact the grid. The planning and development of the network is based on these scenarios together with a cost-benefit analysis (CBA) to ensure that the network can competitively adjust to future needs.

ScottishPower's Networks Business currently operates an active network management (ANM) scheme at the Dunbar and Berwick Grid Supply Points, with longer term plans to implement ANM schemes in its two licence areas, in Southern Scotland in 2021 and in the Merseyside and North Wales area in 2022. This innovative scheme (the first of its kind in the United Kingdom) will facilitate the use of assets connected to Distribution in order to resolve Transmission constraints, providing greater safety for our network. ANM can be an important enabler of flexible services, while providing other benefits to the wider network, such as significantly reduced connection times and reduced connection costs. The ANM system will also likely be used to implement Transmission Generation Export Management System (GEMS) instructions in South West Scotland.

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 U.S. companies operate in accordance with the regulations of the states in which they operate. In New York State, the companies are involved in planning activities through government agencies, ensuring that they can meet demand in the short and long term with sufficient 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 reserve margin, as well as the level of generation capacity required, so that there is no more than one loss of load event in the New York every ten years. In New England, ISO-NE sets installed capacity requirements (ICR) using similar criteria.

In the State of Maine, transmission and distribution companies do not have energy planning powers, but work with government agencies on operational aspects as required.

Avangrid's Networks Business is developing the *Transforming Energy* resilience plan to address the impact of severe storms on infrastructure throughout its service territories across the Northeast, with an initial focus on NYSEG, RG&E and Central Maine Power, in order to research and implement solutions that reduce the difficulties that storms can impose. The *Transforming Energy* plan, with an investment of 2,500 million dollars (approximately 2,200 million euros) over the next 10 years, includes measures that will strengthen the grid to better withstand storms and help mitigate power outages and use technology to help customers better manage their energy consumption. With this Plan, Avangrid strives to keep its impact on the environment to a minimum and will continue to maintain this mission for the duration of this project.

Avangrid also continues to advance on acquiring the principal permits for the *New England Clean Energy Connect (NECEC)* project, awarded in 2018, with 950 million dollars of expected investments, for the construction of a 233 kilometre transmission line between Canada and New England, which will supply 1,200 MW of 100% hydroelectric power to Massachusetts beginning in 2023.

The *Rochester Area Reliability Project (RARP)* to improve grid reliability in the Rochester area, which was completed in December, will accommodate demand and economic growth in the region and improve the reliability of supply.

Brazil

The group's companies in Brazil manage major electricity distribution areas and electricity generation plants. They operate in close cooperation with local governments to develop systems that facilitate compliance with energy planning, achieving the desired balance between available resources, quality and reliability of electricity supply.

The Networks Business contributes to guaranteeing the reliability of the electricity supply by making investments to meet the rapid increase in electricity demand in its distribution areas, ensuring a more operational and reliable network. It also invests in electricity transmission projects that will promote robustness by improving the backbone of the system. One transmission project was awarded in December 2020 involving the construction of more than 1,000 kilometre of transmission lines. Since 2017 Neoenergia has been awarded a total of 12 projects in auctions, three of which are already in operation, and is advancing with the licensing and construction of the others. In sum, these projects will expand the transmission network by more than 6,000 kilometres.

Other examples of activities to improve the quality of supply in Brazil during 2020 are:

- Improved prioritisation of incidents based on scope (number of customers affected and duration of the interruption) and creation of a new contingency plan to deal with crises.
- Update and expansion of network automation, improving the coordination of safeguards and expanding line automation.
- Placement of 19 substations into operation.

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 has secured a global portfolio of flexible gas contracts and a low-risk and long-term stable nuclear fuel supply.

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

EU30

Average availability factor of generation technologies (%)

	2020	2019	2018
Combined cycle	87.2	91.6	90.3
Conventional thermal	N/A	96.0	94.3
Cogeneration	95.7	97.1	92.2
Nuclear	91.9	90.1	89.3
Hydroelectric	90.6	89.3	86.9
Wind	95.7	94.0	96.3
Total [127]	90.7	90.4	91.6

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

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 VI.1.

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, in accordance with the agreement to the sixth General Radioactive Waste Plan (*Plan General de Residuos Radiactivos*) (PGRR) currently in effect, 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.

[127] Weighted average with the installed capacity.

Enresa prepares the 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.

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. Respect for diversity, equal opportunity and non-discrimination, and the interests of our professionals are all part of Iberdrola's strategy.

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 established a *Human Resources Framework Policy* the purpose of which is to define, design and disseminate a human resources management model for the group, to acquire, foster and retain talent and drive the personal and professional growth of all the individuals belonging to the group's workforce, making them participants in its successful business enterprise and guaranteeing them a dignified and safe job.

This policy is further developed in the following specific policies:

- *Diversity and Inclusion Policy*
- *Recruitment and Selection Policy*
- *Knowledge Management Policy*
- *Equal Opportunity and Reconciliation Policy*
- *Occupational Safety and Health Risk Policy*[128]
- *Senior Management Remuneration 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.

[128] Policy included as a section within the corporate risks Policies

- 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

		2020		2019		2018	
		Nº	%	Nº	%	Nº	%
By gender	Men	28,487	77	27,125	77	26,117	77
	Women	8,641	23	8,249	23	7,961	23
By age group	Up to 30 years old	6,432	17	6,080	17	5,378	16
	Between 31 and 50 years old	21,958	59	20,638	58	19,512	57
	Over 51 years old	8,738	24	8,656	24	9,188	27
By professional category	Management team	836	2	824	2	830	2
	Middle managers and skilled technicians	16,057	43	15,074	43	14,240	42
	Skilled workers and support personnel	20,234	54	19,475	55	19,008	56
Number of employees		**37,127**	**100**	**35,374**	**100**	**34,078**	**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 executing services 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 the Supply Chain" section of this report, which takes into account both their technical performance and their labour, environmental and social practices.
- 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 103,686,300 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

Recruitment and selection

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

The group has specific policies approved by the Board of Directors regulating the selection activity like the *Recruitment and Selection Policy*, *Equal Opportunity and Reconciliation Policy* and *Diversity and Inclusion Policy*), as well as a framework recruitment and selection process that applies globally. It also relies on local practices in order to ensure that the best talent is attracted and selected in line with the needs of each specific territory and legal system.

In 2020 Iberdrola undertook various actions to adjust to the global social context we have been facing due to the COVID-19 pandemic, with the aim of attracting, selecting and retaining the best and most diverse talent pool across its various territories, including the following:

- We implemented various measures to improve the process of welcoming and onboarding our new employees, implementing several measures: a global review of the recruitment process and the implementation of technical functionalities to support the recruitment process, thus creating a better experience for new employees, and the creation of a global guide that focuses on the role of a buddy (a person who assumes the role of informal guide for new employees to help and guide them on aspects of day-to-day life in the company), which is available to all employees, in order to emphasise the significance of this role within the process of hiring a new employee.

- Attending job forums and holding talks and conferences with students to share the values of our company with young people and encourage them to take part in company selection processes. Due to the ongoing COVID-19 pandemic, we reacted quickly during the year and worked together with various universities in responding to the situation, maintaining a virtual presence at events organised for students at various prestigious universities in the countries in which Iberdrola is located, allowing us to reach a target audience of more than 16,000 students.
- The recruitment and selection teams have also adjusted to the situation and have continued to carry out the various phases of the selection processes (group dynamics, assessment of digital skills, interviews, etc.), though now in virtual format, to continue supporting the businesses. For example, Iberdrola España has relied on gamification to carry out the selection processes and improve the candidate's experience while ensuring an objective outcome.
- Onboarding processes have been adjusted in all countries to a virtual format with the participation of the various areas of the company, which also participated in person.

Aside from our new projects, we have continued with those on which we were already working last year and before that, including:

- Agreements with prestigious universities at both the global and local level, including:
  - Comillas Pontifical University
  - University of Salamanca
  - Massachusetts Institute of Technology (MIT)
  - Yale University
  - University of Strathclyde
  - Monterrey Technology Institute
  - Federal University of Pernambuco
  - Hamad Bin Khalifa University

- Training programmes at the company directed towards vocational students, as well as university students, in order to complete their education within the professional environment. A combined total of 288 vocational students and 596 university students from all over the world have begun their training at Iberdrola España, ScottishPower, Avangrid, Neoenergia, Iberdrola Mexico and Iberdrola Energía Internacional.
- International scholarship programmes for master's studies, in which students obtain financial support to complete their studies. In 2020 Iberdrola granted 48 scholarships for Master's studies, with students from Brazil, Spain, Mexico and the United Kingdom having had the opportunity to study in different countries. Programme participants also have access to various initiatives through which they can develop skills and abilities relevant to the professional environment while pursuing their career goals.

- 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. Professionals have a certain period of time in which to request feedback on their application process in order to improve their prospects in future selection processes, and the human resources team and hiring manager meet with the person to give them this feedback.
- At ScottishPower, there is a training course for the hiring managers who participate in the selection process, divided into four modules: the selection process, impartiality in the process, labour law and regulations and skills-based interviews. With this training, we increase knowledge and awareness of the process and strengthen our policy of always selecting the best candidate while respecting equal opportunity and fostering non-discrimination on the grounds of race, colour, age, sex, marital status, ideology, political opinions, nationality, religion or any other personal, physical or social circumstance.

The company continued to encourage the use of a global Internal Employment Portal in 2020, as it did the year before, in order to promote opportunities for internal promotion and international mobility. In 2020, 55% of published vacancies were filled internally, given the need to hire more professionals from outside the company with the aim of:

- Developing business in new countries, with the resulting need to fill vacancies with external personnel.
- Hiring of professionals with a specialisation in a particular field of knowledge.

All of these initiatives form part of the actions that Iberdrola has undertaken to attract and select talent. The scarcity in the market of the profiles that Iberdrola requires makes it difficult to achieve numerical equality between men and women in the hirings that take place within the industry. This is something that the company is actively working to improve and it takes action at all of its subsidiaries to encourage more women to pursue technical careers and thus increase the critical mass of available talent, which is also enshrined in the Diversity and Inclusion Report we have launched this year.

Presence in local communities

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 2020, 97.6% of executive officers at the companies of the group were local officers, defined as anyone with management responsibilities in a particular geographic area who comes from the local community, thus excluding professionals of other nationalities who are assigned there temporarily under an international mobility programme.

202-2

New hires

		2020		2019		2018	
		Men	Women	Men	Women	Men	Women
By age, in numbers	Up to 30 years old	1,308	387	1,333	406	1,351	377
	Between 31 and 50 years old	1,462	412	1,207	375	1,235	328
	Over 51 years old	99	54	99	61	87	35
Total number		**2,869**	**854**	**2,639**	**842**	**2,673**	**740**
By age, in %[129]	Up to 30 years old	26.19	26.95	28.17	30.14	32.16	32.07
	Between 31 and 50 years old	8.72	7.92	7.74	7.46	8.44	6.73
	Over 51 years old	1.47	2.71	1.45	3.26	1.19	1.84
Total as a %[130]		**10.07**	**9.88**	**9.73**	**10.21**	**10.24**	**9.30**

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.

202-1

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

	2020	2019	2018
Spain	107.7	112.6	136.5
United Kingdom	101.8	107.8	113.0
United States	128.7	128.2	146.0
Brazil	141.7	128.8	128.7
Mexico[131]	399.3	466.0	449.1

[129] Of the headcount of this group at year end.
[130] Of the headcount of this group at year end.
[131] 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.

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

Iberdrola (EUR)[132]	Remuneration men/Remuneration women			(Remuneration men – Remuneration women) / Remuneration men		
	2020	2019	2018	2020	2019	2018
Up to 30 years old	92.0	92.7	92.7	-8.7	-7.8	-7.9
Between 31 and 50 years old	85.0	86.1	89.1	-17.7	-16.2	-12.2
More than 51 years old	111.7	112.1	111.0	10.5	10.8	9.9
Total average remuneration	**93.2**	**95.1**	**97.3**	**-7.3**	**-5.2**	**-2.8**

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

Iberdrola (EUR)[132]	Men			Women			Total		
	2020	2019	2018	2020	2019	2018	2020	2019	2018
Up to 30 years old	23,994	23,357	22,208	26,093	25,183	23,953	24,451	23,758	22,591
Between 31 and 50 years old	43,650	43,458	42,685	51,371	50,487	47,882	45,509	45,179	43,991
More than 51 years old	77,943	75,089	67,787	69,766	66,993	61,064	76,054	73,292	66,378
Total average remuneration	**47,232**	**47,614**	**45,990**	**50,679**	**50,086**	**47,278**	**48,038**	**48,195**	**46,293**

Average remuneration (base plus variable salary) by professional category

Iberdrola (EUR)[132]	2020	2019	2018
Management team [133]	120,891	124,742	119,185
Middle managers and skilled technicians	55,863	56,109	53,798
Skilled workers and support personnel	32,773	32,883	32,008
Total average remuneration	**48,038**	**48,195**	**46,293**

[132] Companies included: Iberdrola S.A., subsidiaries of: Iberdrola España, Iberdrola Energia Internacional (does not include Infigen nor Aalto Power), ScottishPower, Avangrid, Neonergia and Iberdrola Mexico.
[133] The management team includes up to the level of team leaders.

Employee turnover

Personnel leaving the company[134]		2020		2019[135]		2018	
		Men	Women	Men	Women	Men	Women
By age, in numbers	Up to 30 years old	262	115	254	106	293	117
	Between 31 and 50 years old	731	258	618	252	839	317
	More than 51 years old	712	176	901	212	1,693	382
By age, as a %[136]	Up to 30 years old	5.25	8.00	5.37	7.87	6.97	9.95
	Between 31 and 50 years old	4.36	4.96	3.96	5.00	5.73	6.49
	More than 51 years old	10.57	8.79	13.28	11.33	23.26	20.03
By seniority in numbers	Up to 10 years	905	309	779	322	925	320
	Between 11 and 20 years	223	130	223	109	386	165
	Over 21 years	576	110	772	139	1,515	331
By seniority, as a %[136]	Up to 10 years	5.55	6.45	5.60	7.71	7.59	8.05
	Between 11 and 20 years	3.49	5.58	3.14	4.20	6.85	7.66
	Over 21 years	9.99	7.24	12.64	9.33	18.27	18.01
Total number		**1,705**	**549**	**1,773**	**569**	**2,826**	**816**
Total as a % [136]		**5.98**	**6.35**	**6.54**	**6.90**	**10.82**	**10.25**

Dismissals at the company

		2020		2019 [135]		2018	
		Men	Women	Men	Women	Men	Women
By age, in numbers	Up to 30 years old	85	26	84	25	93	24
	Between 31 and 50 years old	289	67	250	58	270	74
	More than 51 years old	90	15	131	28	309	70
By age, as a %[136]	Up to 30 years old	1.70	1.81	1.78	1.86	2.21	2.04
	Between 31 and 50 years old	1.72	1.29	1.60	1.15	1.84	1.52
	More than 51 years old	1.34	0.75	1.93	1.50	4.24	3.67
By seniority in numbers	Up to 10 years	348	79	276	81	248	70
	Between 11 and 20 years	60	20	71	18	46	17
	Over 21 years	56	9	118	12	378	81
By seniority, as a %[136]	Up to 10 years	2.13	1.65	1.98	1.94	2.03	1.76
	Between 11 and 20 years	0.94	0.86	1.00	0.70	0.82	0.79
	Over 21 years	0.97	0.59	1.93	0.81	4.55	4.41
Total number		**464**	**108**	**465**	**111**	**672**	**168**
Total[136] as a %		**1.63**	**1.25**	**1.71**	**1.35**	**2.57**	**2.11**

[134] Information by geographic area can be found in Annex 1 Supplementary Information.
[135] Recalculated data for those published in 2019.
[136] Of the headcount of this group at year end.

Average seniority of workforce (years)

	2020			2019			2018		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Spain	18.33	13.97	17.43	18.30	13.83	17.44	20.28	15.78	19.42
United Kingdom	16.88	15.65	16.47	15.96	14.56	15.49	16.54	14.65	15.90
United States	12.37	13.01	12.55	13.32	13.60	13.40	14.16	13.85	14.07
Brazil	7.30	7.50	7.34	7.75	6.85	7.59	7.90	7.27	7.78
Mexico	6.50	4.50	6.10	5.65	4.02	5.34	6.38	4.55	6.05
IEI	5.00	4.00	4.67	6.07	5.64	5.95	6.65	5.50	6.31
Average overall seniority of workforce	**13.62**	**12.21**	**13.30**	**12.94**	**11.74**	**12.67**	**14.16**	**12.62**	**13.80**

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.

The "Early Career" programme, which began in 2016, was launched once again in 2020, sThe 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 2020, 370 employees participated in the group's international mobility programmes in their various forms.

The company continued to encourage the use of a global Internal Employment Channel in 2020 as it did the year before, in order to promote opportunities for internal promotion and international mobility. 55% of published vacancies were filled internally during 2020, 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 775 people at year-end 2020 with a voluntary turnover rate of 7%.

Stable labour environment. Commitment to quality employment

Collective bargaining agreements

102-41

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

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 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, executive officers 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

	2020	2019	2018
Number of employees	28,912	27,829	26,900
Percentage of employees	77.87	78.67	78.94

There are 6[137] collective bargaining agreements in Spain, 2 in the United Kingdom, 11 ein the United States, 36 in Braxil, 10 in Mexico, and 4 in the other countries of Iberdrola Energía Internacional. A breakdown by geographic area can be found in Appendix 1 – Supplementary Information.

These conventions or agreements contain specific monitoring mechanisms, like the Collective Bargaining Agreement committees and sub-committees in Spain, *The ScottishPower Company* Consultative and Negotiating Machinery Constitution in the United Kingdom, the Union/Labor Management Committee, Skilled Safety Panels and the Annual Business Forum in the United States, the training and coaching committees as well as the health and safety committees in Mexico, and Iberdrola Energía Internacional

[137] Includes collective bargaining agreements at investees.

has the CSE in France for renewables and retail, while there is a Works Council for Renewables Berlin in Germany.

402-1

The different organisational changes and significant events that occur are formally reported in compliance with the various legal provisions that apply at both the global and local level within the labour relations of the group companies. 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 2 weeks' 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.
- In Brazil, organisational changes are officially communicated in compliance with global and local regulations. 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 countries of Iberdrola Energía Internacional, 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 among others:

- 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

99% 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 Network Business has twelve business plans of defined benefit, for employees in and out of agreement, where the contribution is provided by the company, and benefits are defined according to salary, years of service and/or a fixed "multiplier". With effect from 1 January 2014, all Defined Benefit Business Plans are closed to new participants, with the exception of The Berkshire Gas Company Pension Plan, Connecticut Natural Gas Corporation Pension Plan, and Southern Connecticut Gas Company Pension Plan for Salayed and Certain Other Employees. These plans were closed to new participants with effect January 1, 2018. On the other hand, with effect from 1 January 2021, the rights accredited for the participants under the agreement of the United Illuminating Company Pension Plan are frozen.

The Renewable Business has a defined business plan, where the contribution is provided by the company, and benefits are defined according to salary and years of service. The rights credited for this plan were frozen with effect from 30 April 2011.

Both the Network Business and the Renewables Business have defined business plans ("401 (k)") with distinct and separate operations, for welcomed and out of agreement employees. With effect from January 1, 2020, all 401 (k) out-of-agreement plans were merged into the new Avangrid 401 (k) Plan. In addition, effective January 1, 2021, there are only two company contribution formulas for out-of-agreement employees — those who earn pension receive 50% of 8% and those who do not credit pension receive 150% of 8%. There are seven 401 (k) plans with different contribution formulas depending on negotiation. Employees can make gross wage contributions as a percentage of their pensionable compensation, between 50 and 75 per cent. Almost 100% of the staff is eligible to participate in a 401 (k) plan. As of 30 September 2020, the percentage of adherence to 401 (k) plans ranges from 80% to 96%.

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). 82% of the workforce are members of both plans.
- The distributors Coelba, Celpe and Cosern have various defined-benefit plans and defined-contribution plans. 97% 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 74% 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 (%)		
	2020	2019	2018	2020	2019	2018
Iberdrola total	**11.38**	**13.05**	**12.59**	**19.99**	**22.06**	**21.70**

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

VI. About this report

VI.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.

All companies in which Iberdrola owns a direct or indirect equity interest are listed in the *Consolidated Annual Financial Statements, Consolidated Management Report and Audit Report* for financial year 2020.

Information boundaries of this report

Time scope

102-50 **102-51** **102-52**

2020. 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)

Relates to all group companies, their subsidiaries and investees.

The financial information included in this *Statement of Non-Financial Information. Sustainability Report 2020* is taken from the Annual Financial Report for 2020.

Report boundary

Comprising Iberdrola, S.A. and the consolidated subsidiaries under its control[138], which operate in the countries and carry out the activities shown in the table below.

Significant countries and activities for the Iberdrola group in terms of sustainability(1) and included in the 2020 reporting boundary 2020

	Group office	Electricity production		Transmission and/or Distribution of electricity or gas	Electricity and/or gas supply (2) (3)		Gas storage	Real estate
		Conven-tional	Renewable (4)		Wholesale market	Retail market		
Spain(5)	X	X	X	X	LIB	LIB /REG		X
United Kingdom	X		X	X	LIB	LIB	X	
United States	X	X	X	X	LIB	REG		
Brazil	X	X	X	X	LIB	REG		
Mexico	X	X	X		LIB	LIB		X
Germany	X		X		LIB	LIB		
Australia(10)	X	X	X					
Canada	X						X(6)	
France	X		X(7)		LIB	LIB		
Greece	X		X(8)					
Hungary	X		X					
Italy	X				LIB	LIB		
Portugal	X		X		LIB	LIB		
Republic of Ireland	X		X		LIB	LIB		
Romania	X		X					
Other countries (9)	X							X

[138] For minority-owned nuclear plants, in addition to reporting on indicators regarding installed capacity and production, other indicators are reported where relevant.

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 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. It 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, Mexico, Brazil or the United States. Environmental information on construction projects is not included, except in the area of biodiversity.
5. Any reference to the 7th Collective Bargaining Agreement includes the following companies at 31 de diciembre de 2020: 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. : 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. e Iberdrola Ingeniería y Construcción, S.A.U.
6. Activities are not significant from the environmental standpoint. Labour information is included in the information for the United States.
7. Activities relating to the Saint Brieuc offshore wind farm, which is currently under development, and in the final phase for purchasing the various main packages, as well as the assets of Aalto Power.
8. Renewables activities in Cyprus are included in Greece.
9. Other countries: Bulgaria, Qatar, Costa Rica, the Netherlands, Japan, Luxembourg, Malta, Poland, South Africa. Belgium, Bulgaria, Qatar, Japan, Latvia, Montenegro are reported in the social information on people (except for Japan, which is only included in the workforce data and breakdowns), as well as in the safety and health data. These countries are not included in the environmental information or the other social information as the activities are not considered relevant in terms of sustainability
10. In social information relating to people, only included in the workforce data and breakdowns, as well as in the safety and health data.

At affiliate nuclear plants, the percentage interest held by Iberdrola in each of them is used to consolidate environmental performance data: Vandellós (28%), Almaraz (52.69%); Trillo (49%) and Ascó (15%). For social information, on the other hand, because of the structure of the available information systems, nuclear plants are consolidated according to the percentage interest held by Iberdrola in the economic interest grouping created for that purpose; such interest is 51.44% in the case of Trillo-Almaraz and 14.59% in the case of Ascó-Vandellós. A 50% share of the environmental and social data corresponding to the activities of Nuclenor, S.A. is applied according to consolidation by the equity method.

Summary of the information boundaries by country

Following the GRI recommendation, the information in this report is structured by country. The table below shows the structure of information by country applied to the boundaries described above:

Structure of information by country in this report

Report boundary (Iberdrola Total) = Iberdrola, S.A., subsidiaries and affiliates considered to be significant for sustainability purposes.	Spain United Kingdom United States Brazil Mexico IEI: Australia, France, Germany, Greece (incl. Cyprus), Hungary, Ireland, Italy, Portugal, Romania (*) IEI also includes Belgium, Bulgaria, Canada, Qatar, Latvia, Montenegro, and Japan in the social information relating to people (see footnotes 9 and 10)
Global boundary (consolidated Iberdrola Total) = report boundary plus the information of affiliates consolidated by the equity method that are not considered significant for purposes of this report.	Iberdrola Total + Other countries (minority-owned companies accounted for by the equity method) = consolidated Iberdrola Total

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 2020, including the following:

- In the Wholesale and Retail Business, the Iberdrola *Smart Solutions* global unit has been created to manage comprehensive (smart) solutions that cover all customer energy needs, reaching a portfolio of 9.3 million customer contracts. Retail expansion continues with a presence in Portugal, Italy, Germany, France, Ireland and the United States, reaching a portfolio of 1.8 million customer contracts. A specific business unit has also been created for green hydrogen in order to position the group as a world leader in this technology, using renewable energy to electrify and decarbonise sectors like industry and heavy transport. Construction of the Topolobampo III combined cycle plant (779 MW) in Mexico has also been completed.

- There were five corporate transactions in the Renewables Business during the year. In Australia, the company Infigen has been acquired, with 695 MW in operation and a project portfolio of 1.1 GW. In Australia, the company Aalto Power has been acquired, with 118 MW in operation and a project portfolio of 636 GW. Iberdrola enters Japan with the acquisition of local developer Acacia Renewables and enters into a joint venture with Macquarie's Green Investment Group (GIG) to develop its 3.3 GW offshore wind portfolio. It also enters Sweden by signing a option to acquire a majority interest in eight offshore wind projects from SVO in order to develop 9 GW of offshore wind capacity. Finally, ScottishPower acquired a 165 megawatt onshore wind energy development in South Lanarkshire, south of Glasgow, Scotland, from 3R Energy and Mitchell Energy Ltd.
- Organic growth in the Renewables Business includes the installation of the East Anglia One offshore wind farm (714 MW), the Halsary (30 MW) and Beinn An Tuirc (50 MW) onshore wind farms and the Whitelee battery storage project (50 MW) in the United Kingdom; the La Joya (165 MW), Tatanka (155 MW) and Roaring Brook (80 MW) wind farms in the United States; the Cuyoaco solar PV plant (276 MW) in Mexico; and the Cavar onshore wind farm (111 MW) and the Campo Arañuelo solar photovoltaic plants (140 MW) in Spain.

There were also two corporate transactions by two subsidiaries of the group during 2020:

- Avangrid's Board of Directors approved the acquisition of PNM Resources, through a merger process expected to be completed during 2021. At year-end 2019, the new company, through its regulated subsidiaries PNM and TNMP, had 2.8 GW of installed capacity, supplied electricity to approximately 790,000 supply points and distributed a total of 14.9 TWh in New Mexico and Texas.
- On 12 December Neoenergia reached an agreement for acquired CEB Distribuição, the distribution company for the capital of Brazil. This company supplies energy to a population of approximately 3 million customers.

Changes in capital structure

The shareholders acting at the General Shareholders' Meeting of Iberdrola held on 2 April 2020 approved two increases in capital by means of a scrip issue in order to once again implement the *Iberdrola Flexible Remuneration* optional dividend system, implementing the first increase in capital in July 2020 and the second in February 2021.

Changes in supply chain

There were no significant changes in the company's supply chain during the financial year.

VI.2. Defining report content.

Materiality analysis

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, which, although initially based on the AA1000 Stakeholder Engagement Standard (AA1000SES, 2015) in its process of implementation already includes the four requirements of the AA1000 AccountAbility Principles 2018 (AA1000AP, 2018), i.e. inclusiveness, materiality, responsiveness and impact[139], as described in the "Stakeholder engagement", section of chapter IV.2.

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 reports on an annual basis through its Statement of Non-Financial Information Sustainability Report regarding these issues, adhering to the materiality requirements, following macro-trends in sustainable development and generally meeting Stakeholder expectations.

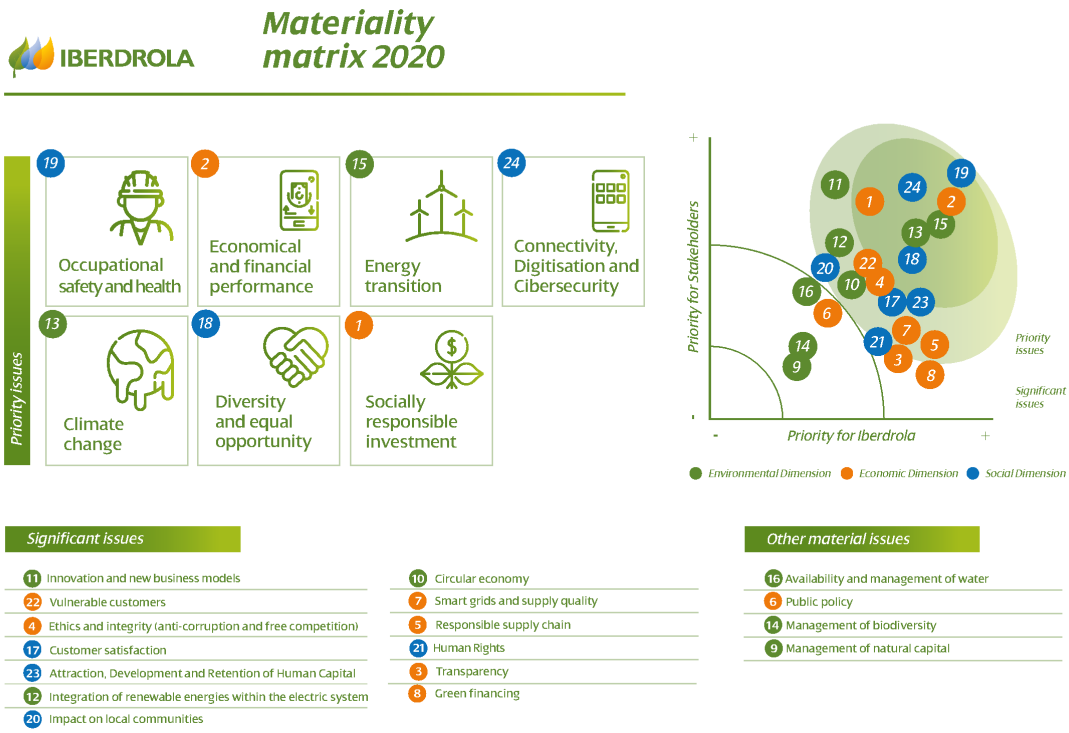
The company considers that the combination of external sources (sustainability standards, specialised media, stakeholder expectations, sector analysis, regulatory environment, etc.) and internal sources (governance and sustainability system, including corporate By Laws and policies, corporate strategy, stakeholder engagement model, etc.) give the materiality analysis more than sufficient scope and depth to guide the contents of this report.

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 2020 prioritises those topics of interest identified through the analysis in accordance with their significance both to Stakeholders as well as to the company's strategy. 24 material topics have been identified in this way, of which 7 topics are considered "priority", 13 considered "relevant" and 4 considered "other material topics".

[139] 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.

The following image shows the result of the analysis:



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

Main material topics 2020

Priority topics	Description	Iberdrola's response
Occupational health and safety	'- Management of health and safety of employees and contractors, prevention policies and plans. -Workplace management and individual and collective protection of workers. This management activity was particularly important during the year as a result of the COVID-19 pandemic. -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 III.1..
Economic and financial performance	'-Action plans to guarantee results in uncertain environments. -Development of resilience mechanisms and crisis management systems. -Economic value generated and distributed. Tax policy and strategy, cooperation with the tax authorities, tax contributions. -Indirect economic impacts and creation	"Business model" section of chapter I.3 "Economic/financial impact" section of chapter V.I. "Fiscal responsibility" section of chapter IV.1.
Energy transition	'- Transition towards a low-carbon economy. Regulatory changes to encourage greater inclusion of renewable energies in the mix. -Energy efficiency to reduce the industry's energy requirements. -Improvements in the systems for inclusion of renewable production within the grid. - Nuclear plant decommissioning. Nuclear waste safety and management plans.	"Key operating figures" section of chapter I.1. "Business model" section of chapter I.3. "Energy transition" section of chapter V.1. "Efficiency in energy consumption" section of chapter II.1.
Connectivity, Digitalisation and Cybersecurity	- Stepping up teleworking and improving digital performance. -Cybersecurity action plans and strategies, cyber-attack prevention. -Customer-centric digitalisation (products and services arranged digitally, customer service, etc.)	"Cybersecurity and information privacy" section of chapter IV.1. "Innovation and digital transformation projects" section of chapter III.2.
Climate change	'- Recognised as a global emergency, the focus is now on setting science-based emission reduction targets through various mechanisms: carbon footprinting, emissions trading, CO_2 storage systems, available adaptation and mitigation mechanisms, economic impacts of climate change, assessment of risks and opportunities, awareness raising, etc.	"Business model" section of chapter I.3. "Economic/financial impact"section of chapter V.I. "Climate action at Iberdrola"section of chapter I.3 "Iberdrola and the TCFD" section of chapter I.3 "Reduction in emissions" and "Efficiency in energy consumption" section of chapter II.1. "Innovation and digital transformation projects" section of chapter III.2.

Main material topics 2020

Priority topics	Description	Iberdrola's response
Diversity and equal opportunity	'- Non-discrimination against women in the labour market and especially in management positions and governing bodies. - Merit- and skill-based selection, salary and promotion equality.	"Diversity and equal opportunity section of chapter III.1. "Protection of human rights" section of chapter III.3.
Socially responsible investment	'- Sustainable dimension in investments. - New financial regulatory mechanisms that require the inclusion of sustainability criteria when making investment decisions.	"Green financing" section of chapter V.I

VI.3. Disclosures from the *Statement of Non-Financial Information*

The table below sets out the pages of this document in which you can find the information required by *Law 11/2018 of 28 December on non-financial information and diversity*:

Disclosures from the Statement of Non-Financial Information

	GRI Disclosures[140]	SNFI pages
Description of the group's business model		
business environment	102-1 102-2 102-3 102-4 102-6 102-7 102-14	7-11, 20, 19-22, 24, 26-28, 425-428
organisation and structure		
markets in which it does business		
objectives and strategies		
main factors and trends that might affect its future progress		
Description of policies that the group applies regarding such issues		
due diligence procedures applied to identify, evaluate, prevent and mitigate significant risks and impacts and for verification and control	103	60-71
Measures adopted		
Results of policies		
key indicators of relevant non-financial results that allow for monitoring and evaluation of progress and that favour comparability among companies and industries, in accordance with the domestic, European or international reference frameworks used for each topic	103-2 103-3	17, 63-71
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	70, 72, 262-265, 277-283, 337
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, 82-85, 108-109, 114-117, 378
environmental evaluation or certification procedures		
resources dedicated to the prevention of environmental risks		
application of the precautionary principle		
amount of reserves and coverage for environmental risks		
Specifically:		
– Pollution:		
measures to prevent, reduce or repair carbon emissions that seriously affect the environ; taking into account any form of atmospheric pollution specific to an activity	305-5 305-6 305-7	127-135, 477-479
including noise and light pollution.	Non-material indicator for the company, as described in the Materiality Analysis 2020 (page 432).	
– 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 (2020) 306-3 (2020) 306-4 (2020) 306-5 (2020)	118, 142-145, 480
actions to combat food waste.	Non-material indicator for the company, as described in the Materiality Analysis 2020 (page 432).	
– Sustainable use of resources:		

[140] The GRI indicators correspond to the latest version of the GRI Standards in all cases.

Disclosures from the Statement of Non-Financial Information

	GRI Disclosures[140]	SNFI pages
water consumption and supply in accordance with local limitations	303-2 (2018) 303-5 (2018) 301-1 301-2 302-1 302-2 302-3 302-4	118-126, 138-140, 473, 475
consumption of raw materials and measures adopted to improve the efficient use thereof		
direct and indirect consumption of energy		
measures taken to improve energy efficiency and the use of renewable energy		
– Climate change:		
On important elements of greenhouse gas emissions generated as a result of the company's activities, including the use of property and services that produce it	305-1 305-2 305-3 305-4 305-5 201-2	75-89, 127-136, 477-478
measures adopted to adapt to the consequences of climate change		
voluntarily established medium- and long-term targets established to reduce greenhouse gas emissions and the means implemented to such end		
– Protection of biodiversity:		
measures taken to preserve or restore biodiversity	304-1 304-2 304-3 306-5	146-147, 152-158
impacts cause by activities or operations in protected areas		
II. Information regarding social issues and personnel		
– Employment:		
total number and distribution of employees by gender, age, country and professional classification	102-8 405-1	26, 31, 482-495, 516-520
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	417, 500-503
average remuneration and evolution thereof broken down by gender, age and professional or similar classification;	103	221, 416
salary gap	405-2	221
remuneration of same or average job positions of the company	103	416
average remuneration of directors and officers, including variable remuneration, attendance fees, severance pay, payment into long-term savings benefit systems and any other remuneration broken down by gender	102-35 102-36 102-38 102-39	Note 49 of the *Annual Financial Report 2020*
implementation of labour disengagement policies	103	216-218
employees with disabilities	405-1	216
– Organisation of work:		
organisation of work time	103	216-218
number of hours of absenteeism	103	195, 513
measures to facilitate enjoyment of reconciliation and encouragement of the responsible co-exercise of responsibility by both parents	103	216-218
– Health and safety:		
occupational health and safety conditions	403-1 (2018) 403-2 (2018) 403-3 (2018) 403-7 (2018)	176-186, 191-192
occupational accidents, particularly the frequency and seriousness thereof broken down by gender	403-9 (2018)	196, 507-513
occupational diseases; broken down by gender	403-10 (2018)	196-197
– Social relations:		
organisation of social dialogue, including procedures to inform and consult with staff and negotiate with them	407-1	263-266, 380-386
percentage of employees covered by collective bargaining agreements by country	102-41	419, 495
balance of collective bargaining agreements, particularly in the field of workplace health and safety	403-4 (2018)	187-188, 507
– Training:		

Disclosures from the Statement of Non-Financial Information

	GRI Disclosures[140]	SNFI pages
policies implemented in the field of training	404-2	203-208
total hours of training by professional category	404-1	207,514-515
– Universal accessibility of disabled persons	103	210-216
– Equality:		
measures adopted to promote equality of treatment and opportunities between women and men	405	210-216
equality plans (Chapter III of Organic Law 3/2007, of 22 March, for the effective equality of women and men)	405	210-216
protocols against sexual and gender-based harassment	405	210-216
measures adopted to promote the employment, integration and universal accessibility of disabled persons	405	210-216
policy against all types of discrimination and, if applicable, management of diversity	406-1	266-267
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	17-18, 263-266, 274-275, 337
prevention of the risks of violating human rights and, if applicable, measures to mitigate, manage and repair possible abuses	412	261
complaints of human rights violations	406-1, 411-1	267, 268
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	262-265, 380
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	17-18, 337-348
measures to combat money laundering	205-2	338, 341-346
contributions to non-profit foundations and entities	103	284
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	277-283, 394, 396-401
impact of the company's operations on local communities and on the land	203-1 203-2 411-1 413-1	268-272, 277-283, 394, 396-401
relations with local players and types of dialogue therewith	102-43 413-1	277-283, 328-329
association or sponsorship activities	102-12 102-13	298, 348-353
– Subcontracting and suppliers:		
inclusion of social, gender equality and environmental issues in the purchasing policy	102-9 308-1 414-1	*Purchasing Policy* 372-380
consideration of social and environmental responsibility of suppliers and subcontractors in relations with them	414-1 308-1	379-383, 522
supervision and auditing systems and results thereof	308-2 414-2	379-383, 522
– Consumers:		
consumer health and safety measures	416-1	236-239
grievance systems, complaints received and resolution thereof	416-2 418-1	237, 366
– Tax information:		
profits per country	207-4 (2019)	472
taxes on profit paid	207-4 (2019)	471, 472
public subsidies received	201-4	393, 470-471

VI.4. 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 engages in an audit of its annual information, the annual financial statements and management reports (individual and consolidated with those of its subsidiaries) through KPMG Auditores, S.L., and the Statement of Non-Financial Information. Sustainability Report through KPMG Asesores, S.L. The External Independent Assurance Report is included at the beginning of this document.

Supplement for electricity sector companies

This index includes the topics and disclosures required by said supplement, published by GRI in 2014. The symbol * indicates those general standard disclosures and topics of the of GRI Standards where specific sector information is requested.

GRI Content Index

GRI Standard	Description	SNFI page	Omissions	External assurance	Relation to SDGs
GRI 100 UNIVERSAL STANDARDS					
GRI 101 Foundation 2016 (Note: does not require disclosure of information)					
GRI 102 General disclosures 2016					
1.- Organisational profile *					
102-1	Name of the organisation	Iberdrola S.A.		✓	
102-2	Primary activities, brands, products and services	20		✓	
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	19		✓	
102-5	Ownership and legal form	34		✓	
102-6	Markets served	20, 24, 425		✓	
102-7	Scale of the organisation	26, 28, 466		✓	
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	371, 374		✓	

GRI Standard	Description	SNFI page	Omissions	External assurance	Relation to SDGs
102-10	Significant changes to the organisation and its supply chain	425		✓	
102-11	Precautionary Principle or approach	108, 114, 149		✓	
102-12	External initiatives to which the organisation subscribes or which it endorses	352		✓	
102-13	Main memberships of associations	348		✓	
EU1*	Installed capacity	22, 461		✓	7
EU2*	Energy output	23, 463		✓	7, 14
EU3*	Electricity users and producers	24, 465		✓	
EU4*	Transmission and distribution lines	25, 466		✓	
EU5*	Allocation of CO2 emissions allowances or equivalent	133		✓	14, 15
2.- Strategy					
102-14	Statement from senior decision-maker	6		✓	
102-15	Key impacts, risks and opportunities	58, 70, 72		✓	
3.-Ethics and integrity					
102-16	Values, principles, standards and norms of behaviour	17, 61, 64		✓	16
102-17	Mechanisms for advice and concerns about ethics	336		✓	16
4.- Governance					
102-18	Governance structure	29		✓	
102-19	Delegating authority	32		✓	
102-20	Executive-level positions with responsibility for economic, social and environmental topics	68		✓	
102-21	Processes for consultation between Stakeholders and the Board of Directors	318		✓	16
102-22	Composition of the highest governance body and its committees	31, 33		✓	5, 16
102-23	Chair of the highest governance body	31		✓	16
102-24	Selection and nomination of the members of the highest governance body	316		✓	5, 16
102-25	Processes for the highest governance body to avoid conflicts of interest	Section D.6 of the *Annual Corporate Governance Report* for financial year 2020 describes the mechanisms used to detect, determine and resolve potential conflicts of interest between Iberdrola and its directors, senior officers and significant shareholders		✓	16

GRI Standard	Description	SNFI page	Omissions	External assurance	Relation to SDGs
102-26	Role of highest governance body in setting purpose, values and strategy	17, 61		✓	
102-27	Collective knowledge of highest governance body	318		✓	4
102-28	Evaluating the highest governance body's performance	320		✓	
102-29	Identifying and managing economic, environmental and social impacts	318		✓	16
102-30	Effectiveness of risk management processes	74		✓	
102-31	Review of economic, environmental and social topics	320		✓	
102-32	Highest governance body's role in sustainability reporting	Iberdrola's Board of Directors is the body responsible for approval of the *Statement of Non-Financial Information. Sustainability Report. 2020*, which was approved on 23 February 2021 (following a report from the Sustainable Development Committee), the date of authorisation for issue of the company's annual financial statements for financial year 2020. This report will be submitted to the shareholders for approval at the General Shareholders' Meeting,		✓	
102-33	Communicating critical concerns	67		✓	
102-34	Nature and total number of critical concerns	316		✓	
102-35	Remuneration policies	321		✓	
102-36	Process for determining remuneration	321		✓	
102-37	Stakeholders' involvement in remuneration	322		✓	16
102-38	Annual total compensation ratio	323		✓	
102-39	Percentage increase in annual total compensation ratio	323		✓	
5.-Stakeholder engagement					
102-40	Stakeholder groups engaged by the organisation	327		✓	
102-41	Collective bargaining agreements	419, 495 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	328		✓	
102-43	Approach to stakeholder engagement	328		✓	
102-44	Key topics and concerns raised	330		✓	
6.-Reporting practice					

GRI Standard	Description	SNFI page	Omissions	External assurance	Relation to SDGs
102-45	Entities included in the consolidated financial statements and in the boundary of this report	425		✓	
102-46	Defining report content and scope and topic boundaries	431		✓	
102-47	List of material topics	433		✓	
102-48	Restatements of information provided in previous reports	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 2020, keeping the ability to compare the group's key figures with those of prior years.		✓	
102-50	Reporting period	425		✓	
102-51	Date of most recent report	425		✓	
102-52	Reporting cycle	425		✓	
102-53	Contact point for questions regarding the report	543		✓	
102-54	Claims of reporting in accordance with the GRI Standards	440		✓	
102-55	GRI content index	440		✓	
102-56	External assurance	440		✓	
GRI 103 Management approach 2016					
General management approach, applicable to all aspects of this report.		16, 62, 63, 65, 67, 68, 69, 70		✓	1,5, 8, 12, 13, 14, 15, 16

GRI Standard	Description	SNFI page	Omissions	External assurance	Relation to SDGs
GRI 200 ECONOMIC DIMENSION					
A. Topics of the GRI Standards					
– GRI 201 Economic performance 2016	Management approach (103-1, 103-2 and 103-3)	390		✓	2, 5, 7, 8, 9, 13
	201-1	392, 468		✓	
	201-2	75, 81		✓	
	201-3	421		✓	
	201-4	391, 469-470 En Iberdrola, S.A. no se tiene constancia de la participación de Administraciones Públicas en su accionariado.		✓	
– GRI 202 Market presence 2016	Management approach (103-1, 103-2 and 103-3)	405		✓	1, 5, 8
	202-1	415		✓	
	202-2	415		✓	
– GRI 203 Indirect economic impacts 2016	Management approach (103-1, 103-2 and 103-3)	367		✓	1, 2, 3, 5, 7, 8, 9, 10, 11, 17
	203-1	395		✓	
	203-2	393		✓	
– GRI 204 Procurement practices 2016	Management approach (103-1, 103-2 and 103-3)	368		✓	12
	204-1	373		✓	
– GRI 205 Anti-corruption 2016	Management approach (103-1, 103-2 and 103-3)	336		✓	16
	205-1	337		✓	
	205-2	340		✓	
	205-3	345		✓	
– GRI 206 Anti-competitive behavior 2016	Management approach (103-1, 103-2 and 103-3)	360		✓	16
	206-1	361		✓	

GRI Standard	Description	SNFI page	Omissions	External assurance	Relation to SDGs
– GRI 207 Tax 2019	Management approach (103-1, 103-2 and 103-3)	355		✓	
	207-1	355		✓	
	207-2	255		✓	
	207-3	255		✓	
	207-4	472		✓	
B. Specific topics of the electric utilities sector supplement					
– Availability and reliability	Management approach (103-1, 103-2 and 103-3)	404		✓	7
	EU10	404		✓	
– System efficiency	Management approach (103-1, 103-2 and 103-3)	474		✓	7, 8, 12, 13, 14
	EU11	125, 474		✓	
	EU12	124		✓	
– Demand-side management	Management approach (103-1, 103-2 and 103-3)	402		✓	
– Research and development	Management approach (103-1, 103-2 and 103-3)	246		✓	
– Nuclear plant decommissioning	Management approach (103-1, 103-2 and 103-3)	408		✓	
C. Specific topics of the Iberdrola group					
– Green finance	Management approach (103-1, 103-2 and 103-3)	397		✓	
– Fiscal responsibility	Management approach (103-1, 103-2 and 103-3)	355		✓	
– Cybersecurity	Management approach (103-1, 103-2 and 103-3)	362		✓	
– Privacy of the personal information of Stakeholders	Management approach (103-1, 103-2 and 103-3)	363		✓	

GRI Standard	Description	SNFI page	Omissions	External assurance	Relation to SDGs
GRI 300 ENVIRONMENTAL DIMENSION					
A. Topics of the GRI Standards					
– GRI 301 Materials * 2016	Management approach (103-1, 103-2 and 103-3)	118		✓	8, 12
	301-1	118		✓	
	301-2	118		✓	
	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)	120		✓	7, 8, 12, 13
	302-1	121, 122, 473		✓	
	302-2	126		✓	
	302-3	120		✓	
	302-4	123		✓	
	302-5	126		✓	
– GRI 303 Water* 2018	Management approach (103-1, 103-2 and 103-3)	137		✓	6, 8, 12
	303-1	137		✓	
	303-2	137		✓	
	303-3	138, 475		✓	
	303-4	139		✓	
	303-5	140		✓	
– GRI 304 Biodiversity * 2016	Management approach (103-1, 103-2 and 103-3)	146		✓	6, 14, 15
	304-1	155		✓	
	304-2	149		✓	
	304-3	158		✓	
	304-4	157, 476		✓	
	EU13	151		✓	

GRI Standard	Description	SNFI page	Omissions	External assurance	Relation to SDGs
– GRI 305 Emissions * 2016	Management approach (103-1, 103-2 and 103-3)	127		✓	3, 12, 13, 14, 15
	305-1	129, 477		✓	
	305-2	131, 478		✓	
	305-3	132		✓	
	305-4	128		✓	
	305-5	132		✓	
	305-6	134		✓	
	305-7	134, 478		✓	
– GRI 306 Waste * 2020	Management approach (103-1, 103-2 and 103-3)	142		✓	3, 6, 12, 13, 14, 15
	306-1	139		✓	
	306-2	145		✓	
	306-3	142		✓	
	306-4	144		✓	
	306-5	145		✓	
– GRI 307 Environmental compliance 2016	Management approach (103-1, 103-2 and 103-3)	169		✓	12, 13, 14, 15, 16
	307-1	170		✓	

GRI Standard	Description	SNFI page	Omissions	External assurance	Relation to SDGs
– GRI 308 Supplier environmental assessment 2016	Management approach (103-1, 103-2 and 103-3)	375		✓	
	308-1	375		✓	
	308-2	378		✓	
GRI 400 SOCIAL DIMENSION					
A. Topics of the GRI Standards					
– GRI 401 Employment * 2016	Management approach (103-1, 103-2 and 103-3)	410		✓	5, 8
	401-1	412, 496		✓	
	401-2	420, 520		✓	
	401-3	504		✓	
– GRI 402 Labour/ management relations * 2016	Management approach (103-1, 103-2 and 103-3)	410		✓	8
	402-1	420		✓	
	EU15	421, 506		✓	
	EU17	411		✓	
	EU18	The group's terms of contract, which can be found in the section of the website containing the group's terms and conditions, set out the specific contractual requirements that apply in each country. The company is confident that 100% of its subcontractors' employees, regardless of type or category, have received appropriate health and safety training.		✓	

GRI Standard	Description	SNFI page	Omissions	External assurance	Relation to SDGs
– GRI 403 Occupational health and safety * 2018	Management approach (103-1, 103-2 and 103-3)	176		✓	3, 8
	403-1	176		✓	
	403-2	181		✓	
	403-3	185		✓	
	403-4	186, 507		✓	
	403-5	188		✓	
	403-6	189		✓	
	403-7	191		✓	
	403-8	192		✓	
	403-9	194, 196, 507		✓	
	403-10	196		✓	
– GRI 404 Training and education 2016	Management approach (103-1, 103-2 and 103-3)	199		✓	4, 5, 8
	404-1	514- 515		✓	
	404-2	203		✓	
	404-3	208, 521		✓	
– GRI 405 Diversity and equal opportunity 2016	Management approach (103-1, 103-2 and 103-3)	210		✓	5, 8, 10
	405-1	31, 411, 516-518, 520, 520		✓	
	405-2	221		✓	
– GRI 406 Non-discrimination 2016	Management approach (103-1, 103-2 and 103-3)	266		✓	5, 8, 16
	406-1	267		✓	
– GRI 407 Freedom of association and collective bargaining* 2016	Management approach (103-1, 103-2 and 103-3)	260		✓	8
	407-1	262, 379		✓	
– GRI 408 Child labour 2016	Management approach (103-1, 103-2 and 103-3)	260		✓	8, 16
	408-1	262, 379		✓	
– GRI 409 Forced or compulsory labour 2016	Management approach (103-1, 103-2 and 103-3)	260		✓	8
	409-1	262, 379		✓	
– GRI 410 Security practices 2016	Management approach (103-1, 103-2 and 103-3)	271		✓	16
	410-1	272		✓	

GRI Standard	Description	SNFI page	Omissions	External assurance	Relation to SDGs
– GRI 411 Rights of indigenous peoples 2016	Management approach (103-1, 103-2 and 103-3)	267		✓	2
	411-1	267		✓	
– GRI 412 Human rights assessment 2016	Management approach (103-1, 103-2 and 103-3)	260		✓	
	412-1	262		✓	
	412-2	273		✓	
	412-3	273		✓	
– GRI 413 Local communities * 2016	Management approach (103-1, 103-2 and 103-3)	275		✓	1
	413-1	276		✓	
	413-2	276		✓	
	EU22	282		✓	
– GRI 414 Supplier social assessment 2016	Management approach (103-1, 103-2 and 103-3)	379		✓	5, 8, 16
	414-1	379, 522		✓	
	414-2	379, 522		✓	
– GRI 415 Public policy 2016	Management approach (103-1, 103-2 and 103-3)	347		✓	16
	415-1	354		✓	
– GRI 416 Customer health and safety *2016	Management approach (103-1, 103-2 and 103-3)	236		✓	16
	416-1	237		✓	
	416-2	237		✓	
	EU25	237		✓	
– GRI 417 Marketing and labelling 2016	Management approach (103-1, 103-2 and 103-3)	231, 232		✓	12, 16
	417-1	232		✓	
	417-2	233		✓	
	417-3	232		✓	
– GRI 418 Customer privacy 2016	Management approach (103-1, 103-2 and 103-3)	363		✓	16
	418-1	365		✓	
– GRI 419 Socioeconomic compliance 2016	Management approach (103-1, 103-2 and 103-3)	366		✓	16
	419-1	366		✓	

GRI Standard	Description	SNFI page	Omissions	External assurance	Relation to SDGs
B. Specific topics of the electric utilities sector supplement					
– Disaster/ emergency planning and response	Management approach (103-1, 103-2 and 103-3)	168		✓	
– Access to electricity	Management approach (103-1, 103-2 and 103-3)	255		✓	1, 7
	EU26	255		✓	
	EU27	258, 523		✓	
	EU28	229		✓	
	EU29	230		✓	
	EU30	408, 480		✓	
– Access to adequate information	Management approach (103-1, 103-2 and 103-3)	240		✓	
C. Specific topics of the Iberdrola group					
– Iberdrola and the Global Compact		309		✓	
– Iberdrola's contribution to the community		284		✓	

VI.5. SASB content index

SASB content index

Dimension	Material Topics	Metric - Code	Metric	GRI Indicator
Environment	GHH Emissions	IF-EU-110a.1	(1) Gross global Scope 1 emissions	305-1
		IF-EU-110a.1	(2) emissions-limiting regulations	305-1
		IF-EU-110a.1	(3) emissions-reporting regulations	305-1
		IF-EU-110a.2	Greenhouse gas (GHG) emissions associated with power deliveries	305-2
		IF-EU-110a.3	Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	305-4
		IF-EU-110a.4	(1) Number of customers served in markets subject to renewable portfolio standards (RPS)	Applies to USA only. Will be reported in SNFI 2021
		IF-EU-110a.4	(2) percentage fulfillment of RPS target by market **1**	Applies to USA only. Will be reported in SNFI 2021
	Air Quality	IF-EU-120a.1	Air emissions of the following pollutants - percentage of each in or near areas of dense population-: (1) NOx (excluding N2O)	305-7
		IF-EU-120a.1	Air emissions of the following pollutants - percentage of each in or near areas of dense population-: (2) Sox	305-7
		IF-EU-120a.1	Air emissions of the following pollutants - percentage of each in or near areas of dense population-: (3) particulate matter (PM10)	305-7
		IF-EU-120a.1	Air emissions of the following pollutants - percentage of each in or near areas of dense population-: (4) lead (Pb)	305-7
		IF-EU-120a.1	Air emissions of the following pollutants - percentage of each in or near areas of dense population-: (5) mercury (Hg)	305-7
	Water & Wastewater Management	IF-EU-140a.1	(1) Total water withdrawn, percentage in regions with High or Extremely High Baseline Water Stress	GRI 303 Water
		IF-EU-140a.1	(2) total water consumed, percentage h in regions with High or Extremely High Baseline Water Stress	GRI 303 Water
		IF-EU-140a.2	Number of incidents of non-compliance associated with water quantity and/or quality permits, standards, and regulations	GRI 303 Water
		IF-EU-140a.3	Description of water management risks and discussion of strategies and practices to mitigate those risks	GRI 303 Water

SASB content index

Dimension	Material Topics	Metric - Code	Metric	GRI Indicator
Environment	Coal Ash Management	IF-EU-150a.1	Amount of coal combustion residuals (CCR) generated, percentage recycled	GRI 306 Waste
		IF-EU-150a.2	Total number of coal combustion residual (CCR) impoundments, broken down by hazard potential classification and structural integrity assessment	Iberdrola has closed all its coal-fired power plants in 2020.
	Energy affordability	IF-EU-240a.1	Average retail electric rate for (1) residential	Will be reported in SNFI 2021
		IF-EU-240a.1	Average retail electric rate for (2) commercial	Will be reported in SNFI 2021
		IF-EU-240a.1	Average retail electric rate for (3) industrial customers	Will be reported in SNFI 2021
		IF-EU-240a.2	Typical monthly electric bill for residential customers for (1) 500 kWh	Will be reported in SNFI 2021
		IF-EU-240a.2	Typical monthly electric bill for residential customers for (2) 1,000 kWh of electricity delivered per month	Will be reported in SNFI 2021
		IF-EU-240a.3	Number of residential customer electric disconnections for non-payment, percentage reconnected within 30 days **2**	EU27
		IF-EU-240a.4	Discussion of impact of external factors on customer affordability of electricity, including the economic conditions of the service territory	102-15
Human Capital	Employee Health & Safety	IF-EU-320a.1	(1) Total recordable incident rate (TRIR)	GRI 403 Health and Safety
		IF-EU-320a.1	(2) fatality rate	GRI 403 Health and Safety
		IF-EU-320a.1	(3) near miss frequency rate (NMFR)	Will be reported in SNFI 2021
Business Model & Innovation	End-Use Efficiency & Demand	IF-EU-420a.1	Percentage of electric utility revenues from rate structures that (1) are decoupled and (2) contain a lost revenue adjustment mechanism (LRAM)	Applies to USA only. Will be reported in SNFI 2021
		IF-EU-420a.1	Percentage of electric utility revenues from rate structures that (1) are decoupled and (2) contain a lost revenue adjustment mechanism (LRAM)	Applies to USA only. Will be reported in SNFI 2021
		IF-EU-420a.2	Percentage of electric load served by smart grid technology **3**	Will be reported in SNFI 2021
		IF-EU-420a.3	Customer electricity savings from efficiency measures, by market **4**	GRI 302 Energy

SASB content index

Dimension	Material Topics	Metric - Code	Metric	GRI Indicator
Leadership & Governance	Nuclear Safety & Emergency Management	IF-EU-540a.1	Total number of nuclear power units, broken down by U.S. Nuclear Regulatory Commission (NRC) Action Matrix Column	EUSS -Nuclear plant decommissioning
		IF-EU-540a.2	Description of efforts to manage nuclear safety and emergency preparedness	EUSS -Nuclear plant decommissioning
	Grid Resiliency	IF-EU-550a.1	Number of incidents of non-compliance with physical and/or cybersecurity standards or regulations	Not within the GRI standard, but it is material for Iberdrola and is reported.
		IF-EU-550a.2	(1) System Average Interruption Duration Index (SAIDI) **5**	Applies to USA only. Will be reported in SNFI 2021
		IF-EU-550a.2	(2) System Average Interruption Frequency Index (SAIFI)	EU28, EU29
		IF-EU-550a.2	(3) Customer Average Interruption Duration Index (CAIDI), inclusive of major event days6	EU28, EU29
Activity metrics		IF-EU-000.A	Number of: (1) residential customers served	Will be reported in SNFI 2021
		IF-EU-000.A	Number of: ((2) commercial customers served	Will be reported in SNFI 2021
		IF-EU-000.A	Number of: (3) industrial customers served	Will be reported in SNFI 2021
		IF-EU-000.B	Total electricity delivered to: (1) residential customers	Will be reported in SNFI 2021
		IF-EU-000.B	Total electricity delivered to: (2) commercial customers	Will be reported in SNFI 2021
		IF-EU-000.B	Total electricity delivered to: (3) industrial customers	Will be reported in SNFI 2021
		IF-EU-000.B	Total electricity delivered to: (4) all other retail customers	Will be reported in SNFI 2021
		IF-EU-000.B	Total electricity delivered to: (5) wholesale customers	Will be reported in SNFI 2021
		IF-EU-000.C	Length of transmission and distribution lines	EU-4
		IF-EU-000.D	Total electricity generated, percentage by major energy source, percentage in regulated markets	Will be reported in SNFI 2021
		IF-EU-000.E	Total wholesale electricity purchased	Will be reported in SNFI 2021

1 Note to IF-EU-110a.4 – The entity shall discuss its operations in markets with renewable portfolio standards (RPS) regulations or where regulations are emerging, including whether it is meeting its regulatory obligations, whether regulations require future increases or changes to the entity's renewable energy portfolio, and strategies to maintain compliance with emerging regulations.
2 Note to IF-EU-240a.3 – The entity shall discuss how policies, programs, and regulations impact the number and duration of residential customer disconnections.
3 Note to IF-EU-420a.2 – The entity shall discuss the opportunities and challenges associated with the development and operations of a smart grid.
4 Note to IF-EU-420a.3 – The entity shall discuss customer efficiency regulations relevant to each market in which it operates.
5 Note to IF-EU-550a.2 – The entity shall discuss notable service disruptions such as those that affected a significant number of customers or disruptions of extended duration.

VI.6. Content index in relation to the principles of the Global Compact

The table below shows the GRI indicators of this report that offer more relevant information on compliance with the 10 Principles of the Global Compact, as well as the content of the management approaches to each GRI aspect. Using the table's index, each Stakeholder can assess the level of Iberdrola's advancement with respect to each of such principles:

Global Compact content index

Issue	Global Compact Principles	Most relevant GRI Indicators	Related SDGs
Human rights	Principle 1. Businesses should support and respect the protection of internationally proclaimed human rights.	410-1 a 412-1, 412-2, 413-1, 413-2	
	Principle 2. Businesses should make sure they are not complicit in human rights abuses.	412-3, 414-1, 414-2	

Global Compact content index

Issue	Global Compact Principles	Most relevant GRI Indicators	Related SDGs
Labour Rules	Principle 3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.	102-41, 407-1, 402-1	
	Principle 4. Businesses should uphold the elimination of all forms of forced and compulsory labour.	409-1	
	Principle 5. Businesses should uphold the effective abolition of child labour.	408-1	
	Principle 6. Businesses should uphold the elimination of discrimination in respect of employment and occupation.	102-8 202-1, 202-2 401-1, 401-3, 404-1, 404-3, 405-2, 406-1	
Environment	Principle 7. Businesses should support a precautionary approach to environmental challenges.	201-2, 301-1, 302-1, 303-1, 305-1 a 305-3, 305-6, 305-7	
	Principle 8. Businesses should undertake initiatives to promote greater environmental responsibility.	301-1 a 308-2	
	Principle 9. Businesses should encourage the development and diffusion of environmentally friendly technologies.	302-4, 302-5, 305-5	
Anti-corruption	Principle 10. Businesses should work against corruption in all its forms, including extortion and bribery.	102-16, 102-17 205-1 a 205-3, 415-1	

VII. Annexes

- Annex 1: Information supplementary to the *2020 Statement of Non-Financial Information. Sustainability Report 2020*
- Annex 2: Iberdrola's contribution to the SDGs and targets of the 2030 Agenda

VII.1. Information Supplementary to the *Statement of Non-Financial Information - Sustainability Report 2020*

Key figures[141]

EU1

Installed capacity by region and energy source (MW)

		2020	2019
Spain	Renewables	17,411	16,526
	Onshore wind	*6,292*	*6,005*
	Offshore wind	*0*	*0*
	Hydroelectric	*9,715*	*9,715*
	Mini-hydro	*303*	*306*
	Solar and others	*1,100*	*500*
	Nuclear	3,177	3,177
	Gas combined cycle	5,695	5,695
	Cogeneration	353	353
	Coal	0	874
	Total	**26,635**	**26,624**
United Kingdom	Renewables	2,864	2,520
	Onshore wind	*1,950*	*1,906*
	Offshore wind	*908*	*614*
	Hydroelectric	*0*	*0*
	Mini-hydro	*0*	*0*
	Solar and others	*6*	*0*
	Nuclear	0	0
	Gas combined cycle	0	0
	Cogeneration	0	0
	Coal	0	0
	Total	**2,864**	**2,520**
United States	Renewables	7,982	7,521
	Onshore wind	*7,721*	*7,259*
	Offshore wind	*0*	*0*
	Hydroelectric	*118*	*118*
	Mini-hydro	*0*	*0*
	Solar and others	*143*	*143*
	Nuclear	0	0
	Gas combined cycle	204	204
	Cogeneration	636	636
	Coal	0	0
	Total	**8,822**	**8,361**
Brazil	Renewables	3,546	3,546
	Onshore wind	*516*	*516*
	Offshore wind	*0*	*0*
	Hydroelectric	*3031*	*3031*
	Mini-hydro	*0*	*0*
	Solar and others	*0*	*0*
	Nuclear	0	0
	Gas combined cycle	533	533
	Cogeneration	0	0
	Coal	0	0
	Total	**4,079**	**4,079**

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

Installed capacity by region and energy source (MW)

		2020	2019
Mexico	Renewables	1,222	860
	Onshore wind	*579*	*492*
	Offshore wind	*0*	*0*
	Hydroelectric	*0*	*0*
	Mini-hydro	*0*	*0*
	Solar and others	*642*	*368*
	Nuclear	0	0
	Gas combined cycle	2,103	1,946
	Cogeneration	202	346
	Coal	0	0
	Total own installed	**3,527**	**3,152**
	Renewables	103	103
	Onshore wind	103	103
	Gas combined cycle	7,043	6,277
	Total installed capacity for third parties	**7,146**	**6,380**
	Total	**10,673**	**9,532**
IEI	Renewables	1,795	965
	Onshore wind	*1,414*	*609*
	Offshore wind	*350*	*350*
	Hydroelectric	*0*	*0*
	Mini-hydro	*0*	*0*
	Solar and others	*31*	*6*
	Nuclear	0	0
	Gas combined cycle	243	0
	Cogeneration	0	0
	Coal	0	0
	Total	**2,038**	**965**
Iberdrola total	Renewables	34,820	31,939
	Onshore wind	*18,471*	*16,787*
	Offshore wind	*1,258*	*964*
	Hydroelectric	*12,864*	*12,864*
	Mini-hydro	*303*	*306*
	Solar and others	1,923	1,018
	Nuclear	3,177	3,177
	Gas combined cycle	8,777	8,377
	Cogeneration	1,191	1,335
	Coal	—	874
	Total own installed	**47,965**	**45,702**
	Renewables	103	103
	Onshore wind	*103*	*103*
	Gas combined cycle	7,043	6,277
	Total installed capacity for third parties	**7,146**	**6,380**
	Total	**55,111**	**52,082**

EU2

Net energy output, by region and source of energy (GWh)

		2020	2019
Spain	Renewables	25,919	22,190
	Onshore wind	11,617	12,491
	Offshore wind	N/A	N/A
	Hydroelectric	13,111	9,082
	Mini-hydro	682	618
	Solar and others	509	0
	Nuclear	24,316	23,738
	Gas combined cycle	7,216	9,697
	Cogeneration	2,166	2,500
	Coal	237	349
	Total	**59,854**	**58,560**
United Kingdom	Renewables	6,677	4,640
	Onshore wind	3,581	3,706
	Offshore wind	3,097	934
	Hydroelectric	N/A	N/A
	Mini-hydro	N/A	N/A
	Solar and others	N/A	N/A
	Nuclear	N/A	N/A
	Gas combined cycle	N/A	N/A
	Cogeneration	N/A	N/A
	Coal	N/A	N/A
	Total	**6,677**	**4,640**
United States	Renewables	19,371	17,480
	Onshore wind	18,930	16,953
	Offshore wind	N/A	N/A
	Hydroelectric	120	179
	Mini-hydro	N/A	N/A
	Solar and others	321	348
	Nuclear	N/A	N/A
	Gas combined cycle	6	3
	Cogeneration	2,745	3,477
	Coal	N/A	N/A
	Total	**22,122**	**20,960**
Brazil	Renewables	10,681	10,674
	Onshore wind	1,878	1,993
	Offshore wind	N/A	N/A
	Hydroelectric	8,803	8,680
	Mini-hydro	N/A	N/A
	Solar and others	N/A	N/A
	Nuclear	N/A	N/A
	Gas combined cycle	2,440	3,334
	Cogeneration	N/A	N/A
	Coal	N/A	N/A
	Total	**13,122**	**14,007**

Net energy output, by region and source of energy (GWh)

		2020	2019
Mexico	Renewables	1,658	1,424
	Onshore wind	929	693
	Offshore wind	N/A	N/A
	Hydroelectric	N/A	N/A
	Mini-hydro	N/A	N/A
	Solar and others	729	731
	Nuclear	N/A	N/A
	Gas combined cycle	14,841	9,233
	Cogeneration	1,640	2,848
	Coal	N/A	N/A
	Total own installed	**18,138**	**13,505**
	Renewables	218	227
	Onshore wind	218	227
	Gas combined cycle	39,160	37,281
	Total installed capacity for third parties	**39,378**	**37,508**
	Total	**57,517**	**51,013**
IEI	Renewables	3,540	2,665
	Onshore wind	2,249	1,379
	Offshore wind	1,283	1,277
	Hydroelectric	N/A	N/A
	Mini-hydro	N/A	N/A
	Solar and others	8	9
	Nuclear	N/A	N/A
	Gas combined cycle	10	0
	Cogeneration	N/A	N/A
	Coal	N/A	N/A
	Total	**3,550**	**2,665**
Iberdrola Total	Renewables	67,846	59,072
	Onshore wind	39,183	37,216
	Offshore wind	4,380	2,211
	Hydroelectric	22,034	17,941
	Mini-hydro	682	618
	Solar and others	1,568	1,086
	Nuclear	24,316	23,738
	Gas combined cycle	24,513	22,266
	Cogeneration	6,550	8,825
	Coal	237	349
	Total own installed	**123,463**	**114,250**
	Renewables	218	227
	Onshore wind	218	227
	Gas combined cycle	39,160	37,281
	Total installed capacity for third parties	**39,378**	**37,508**
	Total	**162,842**	**151,758**

EU3

Electricity users (%)

		2020	2019	2018
Spain[142]	Residential	79.6	79.2	93.0
	Industrial	2.0	2.0	1.5
	Commercial	17.2	17.7	4.4
	Institutional	1.2	1.1	1.1
	Other	0.0	0.0	0.0
	Total users (millions)	**10.0**	**10.1**	**10.4**
	Users that are producers of electricity (No.)	**7,020**	**0**	**0**
United Kingdom	Residential	94.2	94.0	93.8
	Industrial	2.0	2.0	2.0
	Commercial	3.8	3.9	4.2
	Institutional	0.1	0.1	0.1
	Other	0.0	0.0	0.0
	Total users (millions)	**2.8**	**2.8**	**3.0**
	Users that are producers of electricity (No.)	**69,749**	**66,847**	**67,913**
United States	Residential	88.1	88.1	88.3
	Industrial	0.3	0.3	0.3
	Commercial	11.4	10.8	10.6
	Institutional	0.0	0.0	0.0
	Other	0.2	0.9	0.9
	Total users (millions)	**2.3**	**2.3**	**2.2**
	Users that are producers of electricity (No.)	**38,328**	**12,268**	**12,268**
Brazil	Residential	88.2	87.9	87.6
	Industrial	0.3	0.3	0.3
	Commercial	6.5	7.0	6.6
	Institutional	1.1	1.2	1.2
	Other	3.9	3.6	4.3
	Total users (millions)	**14.3**	**14.0**	**13.8**
	Users that are producers of electricity (No.)	**25,714**	**16,481**	**6,900**
IEI	Residential	85.0	86.1	0.0
	Industrial	1.1	0.5	0.0
	Commercial	12.1	11.3	0.0
	Institutional	1.8	2.1	0.0
	Other	0.0	0.0	0.0
	Total users (millions)	**0.7**	**0.6**	**0.0**
	Users that are producers of electricity (No.)	**672**	**869**	**0.0**
Iberdrola Total	Residential	85.8	85.5	90.2
	Industrial	1.0	1.0	0.9
	Commercial	10.3	10.7	5.9
	Institutional	1.0	1.0	0.9
	Other	1.9	1.8	2.1
	Total users (millions)	**30.2**	**29.8**	**29.5**
	Users that are producers of electricity (No.)	**141,483**	**96,465**	**87,081**

[142] In 2019 there was a change in Spain in the classification between residential, commercial and industrial users.

EU4

Power lines (Km)

		Transmission			Distribution		
		2020	2019	2018	2020	2019	2018
Spain	Overhead	0	0	0	162,284	162,062	161,754
	Underground	0	0	0	107,845	108,196	107,885
	Total	0	0	0	270,129	270,258	269,639
United Kingdom	Overhead	3,709	3,759	3,752	38,478	38,553	38,599
	Underground	636	690	642	67,441	67,081	66,964
	Total	4,345	4,449	4,394	105,919	105,634	105,563
United States[143]	Overhead	13,483	13,403	13,334	140,074	140,065	139,962
	Underground	598	602	602	16,666	16,460	16,185
	Total	14,081	14,005	13,936	156,740	156,525	156,147
Brazil	Overhead	679	679	679	654,135	639,023	622,625
	Underground	0	0	0	755	715	689
	Total	679	679	679	654,890	639,738	623,314
Iberdrola Total	**Overhead**	**17,871**	**17,841**	**17,765**	**994,971**	**979,703**	**962,940**
	Underground	**1,234**	**1,292**	**1,244**	**192,707**	**192,452**	**191,723**
	Total	**19,105**	**19,133**	**19,009**	**1,187,678**	**1,172,155**	**1,154,663**

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

[143] The 2019 figures for the United States in this report were recalculated with respect to those published in the 2019 report.

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 2020, by business and by country, are reflected in the following tables:

Significant locations of operation 2020 by country	
Spain	35
United Kingdom	21
United States	38
Brazil	53
Mexico	25
IEI	11
Iberdrola total	**183**

Significant locations of operation 2020 by business	
Corporate	17
Wholesale and Retail Business	36
Networks Business	91
Renewables Business	39
Iberdrola total	**183**

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 III.3. of this report.

Economic dimension

The main figures relating to turnover, value of assets and liabilities and composition of consolidated property, plant and equipment can be seen in the 2020 Annual Financial Report.

201-1

Economic value generated, distributed and retained (€ millions)[144]

		2020	2019	2018
Spain	Revenue (sales and other income)	13,236	15,079	15,310
	Operating costs	6,758	8,944	9,510
	Employee remuneration (excluding company social security costs)	808	858	806
	Payments to providers of capital	1,368	1,235	861
	Payments to government administrations	1,478	1,500	1,770
	Investments to the benefit of the community (verified according to the LBG Model)	42	22	16
	Economic value retained	2,782	2,520	2,347
United Kingdom	Revenue (sales and other income)	5,858	5,881	6,351
	Operating costs	3,296	3,695	4,022
	Employee remuneration (excluding company social security costs)	404	398	427
	Payments to providers of capital	296	247	198
	Payments to government administrations	372	357	377
	Investments to the benefit of the community (verified according to the LBG Model)	21	20	15
	Economic value retained	1,469	1,164	1,312
United States	Revenue (sales and other income)	5,303	5,540	5,381
	Operating costs	2,394	2,387	2,534
	Employee remuneration (excluding company social security costs)	936	873	812
	Payments to providers of capital	460	505	349
	Payments to government administrations	661	665	627
	Investments to the benefit of the community (verified according to the LBG Model)	6	5	4
	Economic value retained	846	1,105	1,055
Brazil	Revenue (sales and other income)	5,912	7,099	6,003
	Operating costs	4,295	5,257	4,371
	Employee remuneration (excluding company social security costs)	261	326	291
	Payments to providers of capital	529	708	584
	Payments to government administrations	202	177	164
	Investments to the benefit of the community (verified according to the LBG Model)	13	3	18
	Economic value retained	612	628	587

[144] The grouping by country corresponds to the registered office of each company and does not necessarily coincide with the segmentation of the information for management.

Economic value generated, distributed and retained (€ millions)[145]

		2020	2019	2018
Mexico	Revenue (sales and other income)	2,959	2,564	2,709
	Operating costs	1,837	1,567	1,790
	Employee remuneration (excluding company social security costs)	49	52	36
	Payments to providers of capital	276	201	268
	Payments to government administrations	129	221	136
	Investments to the benefit of the community (verified according to the LBG Model)	2	1	1
	Economic value retained	666	522	478
Other countries	Revenue (sales and other income)	1,679	1,510	1,338
	Operating costs	1,286	1,176	206
	Employee remuneration (excluding company social security costs)	47	26	15
	Payments to providers of capital	29	20	142
	Payments to government administrations	97	21	22
	Investments to the benefit of the community (verified according to the LBG Model)	0	1	0
	Economic value retained	220	266	134
Iberdrola consolidated total	Revenue (sales and other income)	34,947	37,673	36,273
	Operating costs	19,866	23,027	22,433
	Employee remuneration (excluding company social security costs)	2,505	2,532	2,387
	Payments to providers of capital	2,958	2,916	2,402
	Payments to government administrations	2,939	2,941	3,096
	Investments to the benefit of the community (verified according to the LBG Model)	84	52	54
	Economic value retained	6,595	6,205	5,901

Pre-tax profit (millions of euros)[146]

	2020	2019	2018
Spain	2,223	2,203	1,716
United Kingdom	957	566	846
United States	461	667	717
Brazil	624	555	398
Mexico	639	647	550
Other countries	150	156	70
Iberdrola consolidated total	**5,053**	**4,794**	**4,297**

[145] 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.
[146] Includes consolidated results from continuing and discontinued activities.

201-4

Financial assistance received (€ millions)

		2020	2019	2018
Spain	Capital subsidies	8	12	2
	Operating subsidies	3	3	3
	Investment tax credits[147]	0	0	0
	Production tax credits[148]	0	0	0
	Assistance for other items included in the GRI Protocol	0	0	0
	Total	**11**	**15**	**5**
United Kingdom	Capital subsidies	0	0	0
	Operating subsidies	0	0	0
	Investment tax credits[148]	0	0	0
	Production tax credits[149]	0	0	0
	Assistance for other items included in the GRI Protocol	0	0	0
	Total	**0**	**0**	**0**
United States	Capital subsidies	0	0	4
	Operating subsidies	0	0	0
	Investment tax credits[148]	0	0	8
	Production tax credits[149]	135	84	91
	Assistance for other items included in the GRI Protocol	0	0	0
	Total	**135**	**84**	**103**
Brazil	Capital subsidies	0	0	0
	Operating subsidies	0	0	0
	Investment tax credits[148]	0	0	0
	Production tax credits[149]	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[148]	0	0	0
	Production tax credits[149]	0	0	0
	Assistance for other items included in the GRI Protocol	0	0	0
	Total	0	0	0
IEI	Capital subsidies	0	0	0
	Operating subsidies	0	0	0
	Investment tax credits[148]	0	0	0
	Production tax credits[149]	0	0	0
	Assistance for other items included in the GRI Protocol	0	0	0
	Total	0	0	0
Iberdrola consolidated total	Capital subsidies	8	12	6
	Operating subsidies	3	3	3
	Investment tax credits[148]	0	0	8
	Production tax credits[149]	135	84	91
	Assistance for other items included in the GRI Protocol	0	0	0
	Total	**146**	**99**	**108**

[147] *Investment tax credits.*
[148] *Production tax credits.*

Tax contribution (€ millions)

Corporate income tax paid	2020	2019	2018
Spain	361	367	589[149]
United Kingdom	135	101	74
United States	7	2	-13
Brazil	143	102	93
Mexico	121	214	130
Germany	68	0	0
Argelia	1	0	0
Canada	0	1	0
Costa Rica	0	0	0
Greece	4	10	7
Hungary	2	1	1
Italy	0	0	0
Netherlands	-2	2	1
Portugal	1	-3	5
Romania	1	0	0
Iberdrola consolidated total	**843**	**797**	**887**

Contribución fiscal global (millones €)

	2020	2019	2018
Spain	3,380	3,529	3,642
Company contributions	1,478	1,500	1,770
Contributions due to third-party payments	1,902	2,029	1,872
United Kingdom	630	639	612
Company contributions	372	357	377
Contributions due to third-party payments	258	282	235
United States	935	963	904
Company contributions	661	665	627
Contributions due to third-party payments	274	298	277
Brazil	1,984	2,570	2,433
Company contributions	202	177	164
Contributions due to third-party payments	1,782	2,393	2,269
Mexico	243	258	159
Company contributions	128	221	136
Contributions due to third-party payments	115	37	23
Other	303	197	189
Company contributions	97	21	22
Contributions due to third-party payments	206	176	167
Iberdrola consolidated total	**7,475**	**8,156**	**7,939**
Company contributions	**2,938**	**2,941**	**3,096**
Contributions due to third-party payments	**4,537**	**5,215**	**4,843**

[149] 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.

207-4

Total tax contribution by country (€ millions)

Tax jurisdiction	Income - Third Parties[150]	Income - Related party	Income - Total	Pre-tax profit	Corporate income tax - paid	Corporate income tax - accrued (total)	Corporate income tax - accrued (current)	Stated capital + Undistributed results[151]	Number of professionals (FTEs) [152]	Tangible assets[153]
Germany	364	27	392	144	68	49	39	634	85	1,503
Argelia	0	0	0	0	2	0	0	0	0	0
Australia	58	0	58	-17	0	-4	-9	341	105	719
Brazil	5,912	0	5,912	624	143	142	87	1,825	12,833	6,601
Bulgaria	0	0	0	-1	0	0	0	13	0	0
Canada	7	0	7	3	0	1	0	-133	5	15
Cyprus	5	0	5	2	0	0	0	2	1	20
Costa Rica	0	0	0	0	0	0	0	-8	0	0
Spain	12,697	920	13,618	2,222	361	230	127	15,578	9,626	24,236
United States	5,370	5	5,374	461	7	103	35	7,886	7,059	22,163
France	103	3	106	-35	0	14	-1	-108	110	426
Greece	55	0	55	29	4	8	7	132	93	183
Hungary	33	0	33	17	2	2	1	159	10	153
Ireland	19	-1	18	-7	0	0	0	2	6	3
Italy	228	-7	221	-59	0	16	0	66	100	8
Japan	0	0	0	0	0	0	0	1	12	0
Latvia	0	4	4	1	0	0	0	0	1	0
Luxembourg	0	0	0	4	0	1	0	87	0	0
Mexico	2,751	22	2,773	639	121	240	131	2,299	1,307	5,091
Netherlands	0	446	446	35	-2	-14	-2	5,626	0	0
Portugal	776	2	779	21	1	3	2	225	124	1,029
Qatar	0	0	0	-2	0	0	0	1	10	0
United Kingdom	5,872	23	5,894	957	135	292	87	6,217	5,423	15,330
Romania	12	0	12	15	1	0	0	68	5	57
South Africa	0	0	0	0	0	0	0	-3	0	5
Total	**34,261**	**1,446**	**35,708**	**5,053**	**843**	**1,083**	**505**	**40,913**	**36,915**	**77,543**

Spain: the deviation from the nominal rate is mainly due to application of the exemption on income from the transfer of equity securities in respect of the capital gain obtained from the sale of the stake in Siemens Gamesa Renewable Energy, S.A.

United Kingdom: the differential between the nominal and effective rate is due to the deferred tax adjustment resulting from the decision to maintain the nominal tax rate at 19% (from April 2020), when it was approved to be reduced to 17%

United States: the effective rate is very similar to the nominal rate (federal plus state). The deviation is due to tax credits associated with the renewable business.

Brazil: the effective rate is below the nominal rate mainly due to the (optional) application of the presumptive profit regime in the taxation of some of the companies, the payment of interest on equity and the existence of the SUDENE tax incentive.

Mexico: changes in exchange rates, considering that dollarised accounts are presented, and the existence of certain accounting and tax differences (provisions and deferred income) justify the difference between the nominal and effective rate.

Other countries: the differential compared to nominal rates is due to accounting standards for capitalisation of tax loss carryforwards and their subsequent utilisation, considering that the tax consolidation regime does not apply in all cases

[150] Includes the net amount of turnover, other operating income and financial income, mainly.
[151] It includes the equity of the parent company and the amount associated with the subordinate perpetual obligations.
[152] Number of Full Time Equivalents (FTEs).
[153] Incorporates tangible assets and amounts associated with distribution and transmission concessions in Brazil, mainly.

Environmental dimension

Energy

Energy consumption within the organization

302-1

Energy consumption within the organisation (GJ)[154]

	2020	2019	2018
Spain	350,446,450	366,430,905	345,134,015
United Kingdom	200,806	188,285	39,282,105
United States	21,481,078	26,273,592	20,854,813
Brazil	18,176,870	25,852,853	26,208,637
Mexico	380,397,695	345,662,766	275,349,891
IEI	165,058	0	6,019
Total	**770,867,957**	**764,408,401**	**706,835,480**

Energy consumption in buildings (GJ)[155]

	2020	2019	2018
Spain	128,906	190,684	192,311
United Kingdom	70,309	78,002	89,280
United States	164,251	385,477	416,507
Brazil	77,122	216,171	166,255
Mexico	7,592	N/Av.	748
IEI[156]	N/Av.	N/Av.	1,309
Total	**448,180**	**870,335**	**866,411**

[154] Some of the figures for 2018 and 2019 in this table have been recalculated in respect of those published in 2019.
[155] Some of the figures for 2018 and 2019 in this table have been recalculated in respect of those published in 2019.
[156] Includes data from Greece, Romania and Hungary.

System efficiency

EU11

Average efficiency at thermal generation facilities (%)[157]

	2020	2019	2018
Spain			
Combined cycle	51.09	52.07	49.67
Conventional thermal	32.84	34.34	34.28
Cogeneration	68.14	69.48	63.24
United Kingdom			
Combined cycle	N/A	N/A	52.19
Conventional thermal	N/A	N/A	N/A
Cogeneration	N/A	N/A	N/A
United States			
Combined cycle	N/A	N/A	N/A
Conventional thermal	N/A	N/A	N/A
Cogeneration	47.53	47.23	47.70
Brazil			
Combined cycle	54.88	54.53	54.99
Conventional thermal	N/A	N/A	N/A
Cogeneration	N/A	N/A	N/A
Mexico			
Combined cycle	56.17	55.79	54.95
Conventional thermal	N/A	N/A	N/A
Cogeneration	58.45	53.67	56.54
IEI			
Combined cycle	N/Av.	N/A	N/A
Conventional thermal	N/A	N/A	N/A
Cogeneration	N/Av.	N/A	N/A
Total			
Combined cycle	***55.54***	***55.11***	***54.22***
Conventional thermal	***32.84***	***34.34***	***34.28***
Cogeneration	***57.72***	***56.24***	***55.62***

[157] Average of efficiencies weighted by the annual production of each thermal power plant. Some of the figures for 2018 and 2019 in this table have been recalculated in respect of those published in 2019.

Water

Total water withdrawal by source

303-3

Use of water in thermal generation 2020 (hm^3)[158]

	Withdrawal				Discharge	
	Total withdrawal	Water withdrawal from offices	Withdrawal process and standby services	Withdrawal for cooling	Evaporation of water used for cooling	Discharge into receptor environment
Spain	1,451,143	75	4,695	1,446,373	55,660	1,401,716
United Kingdom[159]	59	55	4	0	0	0
United States	3,833	531	14	3,288[160]	2,010	158
Brazil	238,776	92	167	238,518	N/Av.	12,416
Mexico	191,697	7	236	191,455	23,155	161,496
IEI	4	1	3	N/Av.	N/Av.	N/Av.
Total	**1,885,512**	**760**	**5,118**	**1,879,633**	**80,825**	**1,575,786**

Water consumption in offices and monitoring facilities (m^3)[161]

	2020	2019	2018
Spain	76,670	61,170	83,500
United Kingdom	54,880	68,017	46,070
United States	531,000	66,797	100,930
Brazil	92,000	8,656	8,400
Mexico	6,590	N/Av.	1,670
IEI	1,400	N/Av.	1,230
Total	**762,540**	**204,640**	**241,800**

[158] Withdrawal of water at the thermal generation facilities (coal, combined cycle, nuclear and cogeneration).
[159] United Kingdom does not have thermal generation.
[160] Water for cooling is not broken down, included in water from services.
[161] Includes offices, substations and control buildings at wind farms.

Biodiversity

Threatened species included in the UICN 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	7	13	24	28	270
United Kingdom	1	1	2	5	39
United States - Canada	1	11	6	10	22
Brazil	6	23	41	23	363
Mexico	1	3	2	5	58
IEI	0	1	5	7	71

Emissions

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

305-1

CO_2 emissions at production facilities (t) Scope 1 [162]

	2020	2019	2018
Spain	4,642,910	5,782,303	4,945,680
Generating plants	3,309,926	4,282,819	3,471,167
Cogeneration	1,329,735	1,494,201	1,463,263
Other emissions	3,249	5,284	11,250
United Kingdom	N/A	N/A	2,174,583
Generating plants	N/A	N/A	2,157,270
Cogeneration	N/A	N/A	17,313
United States	1,146,051	1,541,422	1,092,022
Generating plants	4,465	0	0
Cogeneration	1,141,586	1,541,422	1,092,022
Brazil	701,202	988,661	997,841
Generating plants	701,202	988,661	997,841
Cogeneration	0	0	0
Mexico	5,968,099	4,654,591	4,247,315
Generating plants	5,210,591	3,173,973	2,731,726
Cogeneration	757,507	1,480,618	1,515,589
IEI	10,056	N/A	N/A
Generating plants	8,560	N/A	N/A
Cogeneration	0	N/A	N/A
Other emissions	1,496	N/A	N/A
Total	**12,468,317**	**12,966,978**	**13,457,441**
Generating plants	***9,234,744***	***8,445,453***	***9,358,004***
Cogeneration	***3,228,828***	***4,516,241***	***4,088,188***
Other emissions	***4,745***	***5,284***	***11,250***

[162] Part of the data for 2018 and 2019 was updated during the verification of the GHGs

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

305-2

CO_2 Emissions associated with the consumption of energy at offices (t)

	2020
Spain	3,667
United Kingdom	15,403
United States	79,991
Brazil	6,807
Mexico	4,515
IEI[163]	N/A
Total	**110,384**

NOx, SOx and other significant air emissions[164]

305-7

NO_X emissions (t)

	2020	2019	2018
Spain	5,125	6,131	7,148
Generating plants	1,198	2,136	2,622
Cogeneration	3,927	3,995	4,526
United Kingdom	0	0	1,141
Generating plants	0	0	1,141
Cogeneration	0	0	0
United States	149	187	159
Generating plants	0	0	0
Cogeneration	149	187	159
Brazil	141	205	221
Generating plants	141	205	221
Cogeneration	0	0	0
Mexico	57,102	49,939	3,612
Generating plants	54,893	45,848	2,565
Cogeneration	2,209	4,091	1,047
Total	**62,517**	**56,462**	**12,281**
Generating plants	**56,232**	**48,189**	**6,549**
Cogeneration	**6,285**	**8,273**	**5,732**

[163] Not taken into account to calculate the Carbon Footprint as it entails less than 0.1% of the internal energy consumption of the group.
[164] Own and third-party plants have been included in the calculation of emissions of NOx, SOx and particulates.

Sulphur dioxide (SO_2) emissions (t)

	2020	2019	2018
Spain	735	1,229	3,058
Generating plants	282	487	2,327
Cogeneration	453	742	731
United Kingdom	0	0	2
Generating plants	0	0	2
Cogeneration	0	0	0
United States	6	7	6
Generating plants	0	0	0
Cogeneration	6	7	6
Brazil	4	10	11
Generating plants	4	10	11
Cogeneration	0	0	0
Mexico	607	529	438
Generating plants	584	486	393
Cogeneration	23	43	45
Total	**1,352**	**1,775**	**3,515**
Generating plants	**870**	**983**	**2,733**
Cogeneration	**482**	**792**	**782**

Particulate emissions (t)

	2020	2019	2018
Spain	71	118	174
Generating plants	29	96	141
Cogeneration	42	22	33
United Kingdom	0	0	1
Generating plants	0	0	1
Cogeneration	0	0	0
United States	19	24	20
Generating plants	0	0	0
Cogeneration	19	24	20
Brazil	0	0	0
Generating plants	0	0	0
Cogeneration	0	0	0
Mexico	1,181	1,032	691
Generating plants	1,135	948	603
Cogeneration	46	84	88
Total	**1,271**	**1,174**	**886**
Generating plants	**1,164**	**1,044**	**745**
Cogeneration	**107**	**130**	**141**

Effluents and waste

Total weight of waste by type and disposal method

306-3[165,166]

Total waste generated (t)

	2020	2019	2018
Non-hazardous	511,785	655,694	581,936
Hazardous	15,706	19,555	20,061
Total	529,511	677,268	604,015

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:

[165] Liquid waste has been converted into kg using a density of 1.3 kg/m^3

[166] 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 availability factor (%)

		2020	2019	2018
Spain	Combined cycle	84.98	87.47	91.94
	Conventional thermal	0.00	96.04	94.28
	Cogeneration	92.95	96.07	96.28
	Nuclear	91.87	90.12	89.31
	Hydroelectric	82.43	79.44	83.00
	Wind	96.67	97.30	97.30
United Kingdom	Combined cycle	N/A	N/A	N/A
	Conventional thermal	N/A	N/A	N/A
	Cogeneration	N/A	N/A	N/A
	Nuclear	N/A	N/A	N/A
	Hydroelectric	N/A	N/A	N/A
	Wind	96.47	79.98	95.80
United Stated	Combined cycle	N/A	N/A	N/A
	Conventional thermal	N/A	N/A	N/A
	Cogeneration	97.34	98.67	88.05
	Nuclear	N/A	N/A	N/A
	Hydroelectric	0.00	0.00	36.17
	Wind	95.50	96.00	95.40
Brazil	Combined cycle	94.18	91.76	90.95
	Conventional thermal	N/A	N/A	N/A
	Cogeneration	N/A	N/A	N/A
	Nuclear	N/A	N/A	N/A
	Hydroelectric	97.10	96.86	94.75
	Wind	98.30	97.75	97.60
Mexico	Combined cycle	88.12	94.52	91.94
	Conventional thermal	N/A	N/A	N/A
	Cogeneration	95.97	95.28	95.56
	Nuclear	N/A	N/A	N/A
	Hydroelectric	N/A	N/A	N/A
	Wind	98.00	97.01	97.10
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	97.81	94.34	97.50
Iberdrola total	**Combined cycle**	**87.17**	**91.64**	**90.28**
	Conventional thermal	**0.00**	**96.04**	**94.28**
	Cogeneration	**95.69**	**97.07**	**92.17**
	Nuclear	**91.87**	**90.12**	**89.31**
	Hydroelectric	**90.63**	**89.27**	**83.40**
	Wind	**96.32**	**94.01**	**96.32**

Social dimension

Employment[167]

102-8

Total workforce by employment type, region and gender at year-end

		Full-time			Part-time		
		2020	2019	2018	2020	2019	2018
Spain	Men	7,586	7,633	7,852	1	0	0
	Women	2,007	1,954	1,970	0	0	0
	Total	**9,593**	**9,587**	**9,822**	**1**	**0**	**0**
United Kingdom	Men	3,671	3,692	3,670	43	53	51
	Women	1,362	1,325	1,306	487	567	584
	Total	**5,033**	**5,017**	**4,976**	**530**	**620**	**635**
United States	Men	5,052	4,723	4,601	1	1	1
	Women	1,969	1,862	1,838	9	11	9
	Total	**7,021**	**6,585**	**6,439**	**10**	**12**	**10**
Brasil	Men	9,396	9,615	7,746	1,144	0	1,050
	Women	2,074	2,131	1,924	200	0	29
	Total	**11,470**	**11,746**	**9,670**	**1,344**	**0**	**1,079**
Mexico	Men	1,045	1,043	909	0	0	0
	Women	262	248	203	0	0	0
	Total	**1,307**	**1,291**	**1,112**	**0**	**0**	**0**
IEI	Men	548	365	237	0	0	0
	Women	270	151	98	0	0	0
	Total	**818**	**516**	**335**	**0**	**0**	**0**
Iberdrola total	**Men**	**27,298**	**27,071**	**25,015**	**1,189**	**54**	**1,102**
	Women	**7,944**	**7,671**	**7,339**	**696**	**578**	**622**
	Total	**35,242**	**34,742**	**32,354**	**1,885**	**632**	**1,724**

[167] 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		
		2020	2019	2018	2020	2019	2018
Spain	Men	7,576	7,614	7,830	11	19	22
	Women	2,004	1,950	1,964	3	4	5
	Total	**9,580**	**9,563**	**9,795**	**14**	**23**	**27**
United Kingdom	Men	3,707	3,730	3,704	7	15	17
	Women	1,837	1,877	1,874	12	15	16
	Total	**5,544**	**5,607**	**5,578**	**19**	**30**	**33**
United States	Men	5,051	4,714	4,594	2	10	8
	Women	1,978	1,871	1,845	0	2	2
	Total	**7,029**	**6,585**	**6,439**	**2**	**12**	**10**
Brazil	Men	10,537	9,609	8,790	3	6	6
	Women	2,272	2,128	1,951	2	3	2
	Total	**12,809**	**11,737**	**10,741**	**5**	**9**	**8**
Mexico	Men	973	880	690	72	163	219
	Women	248	211	158	14	37	45
	Total	**1,221**	**1,091**	**848**	**86**	**200**	**264**
IEI	Men	521	343	232	27	22	5
	Women	260	143	98	10	8	0
	Total	**781**	**486**	**330**	**37**	**30**	**5**
Iberdrola total	**Men**	**28,365**	**26,890**	**25,840**	**122**	**235**	**277**
	Women	**8,599**	**8,180**	**7,890**	**41**	**69**	**70**
	Total	**36,964**	**35,069**	**33,731**	**163**	**304**	**347**

Total workforce by employment type, gender, age and region at year-end

		Full-time			Part-time		
		2020	2019	2018	2020	2019	2018
Spain	Men	7,586	7,633	7,852	1 [168]	0	0
	Up to 30 years old	438	448	341	0	0	0
	Between 31 and 50 years old	4,340	4,343	4,298	0	0	0
	More than 51 years old	2,807	2,842	3,213	0	0	0
	Women	2,007	1,954	1,970	0	0	0
	Up to 30 years old	133	124	100	0	0	0
	Between 31 and 50 years old	1,342	1,341	1,332	0	0	0
	More than 51 years old	532	489	538	0	0	0
	Total	**9,593**	**9,587**	**9,822**	**1**	**0**	**0**
	Up to 30 years old	571	572	441	0	0	0
	Between 31 and 50 years old	5,683	5,684	5,629	1	0	0
	More than 51 years old	3,340	3,331	3,752	0	0	0
United Kingdom	Men	3,671	3,692	3,670	43	53	51
	Up to 30 years old	640	673	590	2	3	2
	Between 31 and 50 years old	1,927	1,950	1,942	16	22	23
	More than 51 years old	1,104	1,069	1,138	25	28	26
	Women	1,362	1,325	1,306	487	567	584
	Up to 30 years old	199	197	173	13	23	19
	Between 31 and 50 years old	800	804	800	385	456	472
	More than 51 years old	363	324	333	89	88	93
	Total	**5,033**	**5,017**	**4,976**	**530**	**620**	**635**
	Up to 30 years old	839	870	763	15	26	21
	Between 31 and 50 years old	2,727	2,754	2,742	401	478	495
	More than 51 years old	1,467	1,393	1,471	114	116	119
United States	Men	5,052	4,723	4,601	1	1	1
	Up to 30 years old	743	623	515	0	0	0
	Between 31 and 50 years old	2,408	2,192	2,136	0	0	0
	More than 51 years old	1,901	1,908	1,950	1	1	1
	Women	1,969	1,862	1,838	9	11	9
	Up to 30 years old	215	178	155	0	0	0
	Between 31 and 50 years old	893	857	875	6	7	6
	More than 51 years old	861	827	808	3	4	3
	Total	**7,021**	**6,585**	**6,439**	**10**	**12**	**10**
	Up to 30 years old	958	801	670	0	0	0
	Between 31 and 50 years old	3,301	3,049	3,011	6	7	6
	More than 51 years old	2,762	2,735	2,758	4	5	4

[168] As the percentage interests in certain companies may not be 100%, the sums added may not correspond to the total presented due to rounding.

Brazil[169]	Men	9,396	9,615	7,746	1,144	0	1,050
	Up to 30 years old	2,601	2,644	2,187	243	0	301
	Between 31 and 50 years old	6,104	6,147	4,782	837	0	676
	More than 51 years old	691	824	777	64	0	73
	Women	2,074	2,131	1,924	200	0	29
	Up to 30 years old	653	688	611	62	0	19
	Between 31 and 50 years old	1,316	1,323	1,194	119	0	9
	More than 51 years old	105	120	119	19	0	1
	Total	**11,470**	**11,746**	**9,670**	**1,344**	**0**	**1,079**
	Up to 30 years old	3,254	3,332	2,798	305	0	320
	Between 31 and 50 years old	7,420	7,470	5,976	956	0	685
	More than 51 years old	796	944	896	83	0	74
México	Men	1,045	1,043	909	0	0	0
	Up to 30 years old	247	292	247	0	0	0
	Between 31 and 50 years old	712	669	587	0	0	0
	More than 51 years old	86	82	75	0	0	0
	Women	262	248	203	0	0	0
	Up to 30 years old	107	108	82	0	0	0
	Between 31 and 50 years old	149	136	117	0	0	0
	More than 51 years old	6	4	4	0	0	0
	Total	**1,307**	**1,291**	**1,112**	**0**	**0**	**0**
	Up to 30 years old	354	400	329	0	0	0
	Between 31 and 50 years old	861	805	704	0	0	0
	More than 51 years old	92	86	79	0	0	0
IEI	Men	548	365	232	0	0	5
	Up to 30 years old	80	49	16	0	0	3
	Between 31 and 50 years old	410	283	190	0	0	1
	More than 51 years old	58	33	26	0	0	1
	Women	270	151	98	0	0	0
	Up to 30 years old	56	30	17	0	0	0
	Between 31 and 50 years old	192	108	73	0	0	0
	More than 51 years old	22	13	8	0	0	0
	Total	**818**	**516**	**330**	**0**	**0**	**5**
	Up to 30 years old	136	79	33	0	0	3
	Between 31 and 50 years old	602	391	263	0	0	1
	More than 51 years old	80	46	34	0	0	1

[169] In Brazil, part-time is considered to be less than 200 hours.

Iberdrola total	Men	27,298	27,071	25,010	1,189	54	1,107
	Up to 30 years old	4,749	4,729	3,896	245	3	306
	Between 31 and 50 years old	15,901	15,584	13,935	853	22	700
	More than 51 years old	6,647	6,758	7,179	90	29	101
	Women	7,944	7,671	7,339	696	578	622
	Up to 30 years old	1,363	1,325	1,138	75	23	38
	Between 31 and 50 years old	4,692	4,569	4,391	510	463	487
	More than 51 years old	1,889	1,777	1,810	111	92	97
	Total	**35,242**	**34,742**	**32,349**	**1,885**	**632**	**1,729**
	Up to 30 years old	6,112	6,054	5,034	320	26	344
	Between 31 and 50 years old	20,594	20,153	18,325	1,364	485	1,187
	More than 51 years old	8,537	8,535	8,990	201	121	198

Total workforce by employment type, gender, professional category and region at year-end

		Full-time			Part-time		
		2020	2019	2018	2020	2019	2018
Spain	Men	7,586	7,633	7,852	1	0	0
	Management team	382	389	405	0	0	0
	Middle managers and skilled technicians	3,370	3,312	3,348	1	0	0
	Skilled workers and support personnel	3,833	3,933	4,099	0	0	0
	Women	2,007	1,954	1,970	0	0	0
	Management team	97	96	94	0	0	0
	Middle managers and skilled technicians	1,424	1,374	1,348	0	0	0
	Skilled workers and support personnel	486	484	528	0	0	0
	Total	**9,593**	**9,587**	**9,822**	**1**	**0**	**0**
	Management team	479	484	499	0	0	0
	Middle managers and skilled technicians	4,794	4,686	4,696	1	0	0
	Skilled workers and support personnel	4,320	4,416	4,627	0	0	0
United Kingdom	Men	3,671	3,692	3,670	43	53	51
	Management team	100	102	108	0	0	0
	Middle managers and skilled technicians	2,521	2,426	2,361	30	34	27
	Skilled workers and support personnel	1,050	1,164	1,201	13	19	24
	Women	1,362	1,325	1,306	487	567	584
	Management team	33	29	30	3	3	3
	Middle managers and skilled technicians	979	891	835	250	260	236
	Skilled workers and support personnel	350	405	441	234	304	345
	Total	**5,033**	**5,017**	**4,976**	**530**	**620**	**635**
	Management team	133	131	138	3	3	3
	Middle managers and skilled technicians	3,500	3,317	3,196	280	294	263
	Skilled workers and support personnel	1,400	1,569	1,642	247	323	369
United States	Men	5,052	4,723	4,601	1	1	1
	Management team	40	41	41	0	0	0
	Middle managers and skilled technicians	1,884	1,718	1,660	1	1	1
	Skilled workers and support personnel	3,128	2,964	2,900	0	0	0
	Women	1,969	1,862	1,838	9	11	9
	Management team	11	11	13	0	0	0
	Middle managers and skilled technicians	915	838	757	6	8	6
	Skilled workers and support personnel	1,043	1,013	1,068	3	3	3
	Total	**7,021**	**6,585**	**6,439**	**10**	**12**	**10**
	Management team	51	52	54	0	0	0
	Middle managers and skilled technicians	2,799	2,556	2,417	7	9	7
	Skilled workers and support personnel	4,171	3,977	3,968	3	3	3

Total workforce by employment type, gender, professional category and region at year-end

		Full-time			Part-time		
		2020	2019	2018	2020	2019	2018
Brazil[170]	Men	9,396	9,615	7,746	1,144	0	1,050
	Management team	77	79	75	0	0	0
	Middle managers and skilled technicians	1,872	1,804	1,641	13	0	11
	Skilled workers and support personnel	7,447	7,732	6,030	1,131	0	1,039
	Women	2,074	2,131	1,924	200	0	29
	Management team	22	19	21	0	0	0
	Middle managers and skilled technicians	1,264	1,187	1,094	5	0	3
	Skilled workers and support personnel	788	925	809	195	0	26
	Total	**11,470**	**11,746**	**9,670**	**1,344**	**0**	**1,079**
	Management team	99	98	96	0	0	0
	Middle managers and skilled technicians	3,136	2,991	2,735	18	0	14
	Skilled workers and support personnel	8,235	8,657	6,839	1,326	0	1,065
México	Men	1,045	1,043	909	0	0	0
	Management team	31	25	21	0	0	0
	Middle managers and skilled technicians	597	590	488	0	0	0
	Skilled workers and support personnel	417	428	400	0	0	0
	Women	262	248	203	0	0	0
	Management team	7	5	6	0	0	0
	Middle managers and skilled technicians	233	215	173	0	0	0
	Skilled workers and support personnel	22	28	24	0	0	0
	Total	**1,307**	**1,291**	**1,112**	**0**	**0**	**0**
	Management team	38	30	27	0	0	0
	Middle managers and skilled technicians	830	805	661	0	0	0
	Skilled workers and support personnel	439	456	424	0	0	0
IEI	Men	548	365	237	0	0	0
	Management team	26	21	10	0	0	0
	Middle managers and skilled technicians	436	279	164	0	0	0
	Skilled workers and support personnel	86	65	63	0	0	0
	Women	270	151	98	0	0	0
	Management team	7	5	3	0	0	0
	Middle managers and skilled technicians	256	137	87	0	0	0
	Skilled workers and support personnel	7	9	8	0	0	0
	Total	**818**	**516**	**335**	**0**	**0**	**0**
	Management team	33	26	13	0	0	0
	Middle managers and skilled technicians	692	416	251	0	0	0
	Skilled workers and support personnel	93	74	71	0	0	0

[170] In Brazil, part-time is considered to be less than 200 hours.

Total workforce by employment type, gender, professional category and region at year-end

		Full-time			Part-time		
		2020	2019	2018	2020	2019	2018
Iberdrola total	Men	27,298	27,071	25,015	1,189	54	1,102
	Management team	656	657	660	0	0	0
	Middle managers and skilled technicians	10,680	10,129	9,662	45	35	39
	Skilled workers and support personnel	15,961	16,286	14,693	1,144	19	1,063
	Women	7,944	7,671	7,339	696	578	622
	Management team	177	165	167	3	3	3
	Middle managers and skilled technicians	5,071	4,642	4,294	261	268	245
	Skilled workers and support personnel	2,696	2,864	2,878	432	307	374
	Total	**35,242**	**34,742**	**32,354**	**1,885**	**632**	**1,724**
	Management team	833	821	827	3	3	3
	Middle managers and skilled technicians	15,751	14,771	13,956	306	303	284
	Skilled workers and support personnel	18,658	19,149	17,571	1,576	326	1,437

Total workforce by contract type, gender, age and region at year-end

		Permanent contract			Temporary contract		
		2020	2019	2018	2020	2019	2018
Spain	Men	7,576	7,614	7,830	11	19	22
	Up to 30 years old	436	444	336	2	4	5
	Between 31 and 50 years old	4,332	4,328	4,281	9	15	16
	More than 51 years old	2,807	2,842	3,213	0	0	0
	Women	2,004	1,950	1,964	3	4	5
	Up to 30 years old	132	123	98	0	1	2
	Between 31 and 50 years old	1,340	1,338	1,329	3	3	3
	More than 51 years old	532	489	538	0	0	0
	Total	**9,580**	**9,563**	**9,795**	**14**	**23**	**27**
	Up to 30 years old	568	567	434	2	5	7
	Between 31 and 50 years old	5,672	5,666	5,610	12	18	20
	More than 51 years old	3,340	3,331	3,751	1	0	0
United Kingdom	Men	3,707	3,730	3,704	7	15	17
	Up to 30 years old	642	672	586	0	4	6
	Between 31 and 50 years old	1,937	1,963	1,955	6	9	10
	More than 51 years old	1,128	1,095	1,163	1	2	1
	Women	1,837	1,877	1,874	12	15	16
	Up to 30 years old	209	212	189	3	8	3
	Between 31 and 50 years old	1,177	1,255	1,261	8	5	11
	More than 51 years old	451	410	424	1	2	2
	Total	**5,544**	**5,607**	**5,578**	**19**	**30**	**33**
	Up to 30 years old	851	884	775	3	12	9
	Between 31 and 50 years old	3,114	3,218	3,216	14	14	21
	More than 51 years old	1,579	1,505	1,587	2	4	3
United States	Men	5,051	4,714	4,594	2	10	8
	Up to 30 years old	743	618	509	0	5	6
	Between 31 and 50 years old	2,407	2,188	2,134	1	4	2
	More than 51 years old	1,901	1,908	1,951	1	1	0
	Women	1,978	1,871	1,845	0	2	2
	Up to 30 years old	215	177	154	0	1	1
	Between 31 and 50 years old	899	863	880	0	1	1
	More than 51 years old	864	831	811	0	0	0
	Total	**7,029**	**6,585**	**6,439**	**2**	**12**	**10**
	Up to 30 years old	958	795	663	0	6	7
	Between 31 and 50 years old	3,306	3,051	3,014	1	5	3
	More than 51 years old	2,765	2,739	2,762	1	1	0

Total workforce by contract type, gender, age and region at year-end

		Permanent contract			Temporary contract		
		2020	2019	2018	2020	2019	2018
Brazil	Men	10,537	9,609	8,790	3	6	6
	Up to 30 years old	2,842	2,642	2,486	2	2	2
	Between 31 and 50 years old	6,940	6,144	5,455	1	3	3
	More than 51 years old	755	823	849	0	1	1
	Women	2,272	2,128	1,951	2	3	2
	Up to 30 years old	713	685	628	2	3	2
	Between 31 and 50 years old	1,435	1,323	1,203	0	0	0
	More than 51 years old	124	120	120	0	0	0
	Total	**12,809**	**11,737**	**10,741**	**5**	**9**	**8**
	Up to 30 years old	3,555	3,327	3,114	4	5	4
	Between 31 and 50 years old	8,375	7,467	6,658	1	3	3
	More than 51 years old	879	943	969	0	1	1
México	Men	973	880	690	72	163	219
	Up to 30 years old	216	216	141	31	76	105
	Between 31 and 50 years old	674	589	485	38	80	103
	More than 51 years old	83	75	64	3	7	11
	Women	248	211	158	14	37	45
	Up to 30 years old	98	81	54	9	27	28
	Between 31 and 50 years old	144	126	100	5	10	17
	More than 51 years old	6	4	4	0	0	0
	Total	**1,221**	**1,091**	**848**	**86**	**200**	**264**
	Up to 30 years old	314	297	195	40	103	133
	Between 31 and 50 years old	818	715	585	43	90	120
	More than 51 years old	89	79	68	3	7	11
IEI	Men	523	343	232	25	22	5
	Up to 30 years old	75	41	16	5	8	3
	Between 31 and 50 years old	392	273	190	18	10	1
	More than 51 years old	56	29	26	2	4	1
	Women	260	143	98	10	8	0
	Up to 30 years old	56	27	17	0	3	0
	Between 31 and 50 years old	183	105	73	9	3	0
	More than 51 years old	21	11	8	1	2	0
	Total	**783**	**486**	**330**	**35**	**30**	**5**
	Up to 30 years old	131	68	33	5	11	3
	Between 31 and 50 years old	575	378	263	27	13	1
	More than 51 years old	77	40	34	3	6	1

Total workforce by contract type, gender, age and region at year-end

		Permanent contract			Temporary contract		
		2020	2019	2018	2020	2019	2018
Iberdrola total	Men	28,367	26,890	25,840	120	235	277
	Up to 30 years old	4,954	4,633	4,074	40	99	127
	Between 31 and 50 years old	16,682	15,485	14,500	73	121	135
	More than 51 years old	6,730	6,772	7,266	7	15	14
	Women	8,599	8,180	7,890	41	69	70
	Up to 30 years old	1,423	1,305	1,140	14	43	36
	Between 31 and 50 years old	5,178	5,010	4,846	25	22	32
	More than 51 years old	1,998	1,865	1,905	2	4	2
	Total	**36,966**	**35,069**	**33,731**	**161**	**304**	**347**
	Up to 30 years old	6,377	5,938	5,214	54	142	163
	Between 31 and 50 years old	21,860	20,495	19,346	98	143	168
	More than 51 years old	8,729	8,637	9,171	10	19	16

Total workforce by contract type, gender, professional category and region

		Permanent contract			Temporary contract		
		2020	2019	2018	2020	2019	2018
Spain	Men	7,576	7,614	7,830	11	19	22
	Management team	382	389	405	0	0	0
	Middle managers and skilled technicians	3,364	3,304	3,338	7	8	10
	Skilled workers and support personnel	3,829	3,921	4,088	4	11	12
	Women	2,004	1,950	1,964	3	4	5
	Management team	97	96	94	0	0	0
	Middle managers and skilled technicians	1,422	1,372	1,343	3	2	4
	Skilled workers and support personnel	486	482	527	1	2	1
	Total	**9,580**	**9,563**	**9,795**	**14**	**23**	**27**
	Management team	479	484	499	0	0	0
	Middle managers and skilled technicians	4,786	4,676	4,681	9	10	15
	Skilled workers and support personnel	4,315	4,403	4,615	5	13	13
United Kingdom	Men	3,707	3,730	3,704	7	15	17
	Management team	100	101	108	0	1	0
	Middle managers and skilled technicians	2,544	2,446	2,371	7	14	17
	Skilled workers and support personnel	1,063	1,183	1,225	0	0	0
	Women	1,837	1,877	1,874	12	15	16
	Management team	36	32	33	0	0	0
	Middle managers and skilled technicians	1,218	1,140	1,058	11	11	13
	Skilled workers and support personnel	583	705	783	1	4	3
	Total	**5,544**	**5,607**	**5,578**	**19**	**30**	**33**
	Management team	136	133	141	0	1	0
	Middle managers and skilled technicians	3,762	3,586	3,429	18	25	30
	Skilled workers and support personnel	1,646	1,888	2,008	1	4	3
United States	Men	5,051	4,714	4,594	2	10	8
	Management team	40	41	41	0	0	0
	Middle managers and skilled technicians	1,885	1,719	1,661	0	0	0
	Skilled workers and support personnel	3,126	2,954	2,892	2	10	8
	Women	1,978	1,871	1,845	0	2	2
	Management team	11	11	13	0	0	0
	Middle managers and skilled technicians	921	846	762	0	0	1
	Skilled workers and support personnel	1,046	1,014	1,070	0	2	1
	Total	**7,029**	**6,585**	**6,439**	**2**	**12**	**10**
	Management team	51	52	54	0	0	0
	Middle managers and skilled technicians	2,806	2,565	2,423	0	0	1
	Skilled workers and support personnel	4,172	3,968	3,962	2	12	9

Total workforce by contract type, gender, professional category and region

		Contrato indefinido			Contrato temporal		
		2020	2019	2018	2020	2019	2018
Brazil	Men	10,537	9,609	8,790	3	6	6
	Management team	77	78	75	0	1	0
	Middle managers and skilled technicians	1,884	1,803	1,650	1	1	2
	Skilled workers and support personnel	8,576	7,728	7,065	2	4	4
	Women	2,272	2,128	1,951	2	3	2
	Management team	22	19	21	0	0	0
	Middle managers and skilled technicians	1,268	1,186	1,096	1	1	1
	Skilled workers and support personnel	982	923	834	1	2	1
	Total	**12,809**	**11,737**	**10,741**	**5**	**9**	**8**
	Management team	99	97	96	0	1	0
	Middle managers and skilled technicians	3,152	2,989	2,746	2	2	3
	Skilled workers and support personnel	9,558	8,651	7,899	3	6	5
Mexico	Men	973	880	690	72	163	219
	Management team	31	25	21	0	0	0
	Middle managers and skilled technicians	567	498	381	30	92	107
	Skilled workers and support personnel	375	357	288	42	71	112
	Women	248	211	158	14	37	45
	Management team	7	5	6	0	0	0
	Middle managers and skilled technicians	219	185	140	14	30	33
	Skilled workers and support personnel	22	21	12	0	7	12
	Total	**1,221**	**1,091**	**848**	**86**	**200**	**264**
	Management team	38	30	27	0	0	0
	Middle managers and skilled technicians	786	683	521	44	122	140
	Skilled workers and support personnel	397	378	300	42	78	124
IEI	Men	523	343	232	25	22	5
	Management team	26	21	10	0	0	0
	Middle managers and skilled technicians	411	257	159	25	22	5
	Skilled workers and support personnel	86	65	63	0	0	0
	Women	260	143	98	10	8	0
	Management team	7	5	3	0	0	0
	Middle managers and skilled technicians	246	131	87	10	6	0
	Skilled workers and support personnel	7	7	8	0	2	0
	Total	**783**	**486**	**330**	**35**	**30**	**5**
	Management team	33	26	13	0	0	0
	Middle managers and skilled technicians	657	388	246	35	28	5
	Skilled workers and support personnel	93	72	71	0	2	0

Total workforce by contract type, gender, professional category and region

		Contrato indefinido			Contrato temporal		
		2020	2019	2018	2020	2019	2018
Iberdrola total	Men	28,367	26,890	25,840	120	235	277
	Management team	656	655	660	0	2	0
	Middle managers and skilled technicians	10,655	10,027	9,560	70	137	141
	Skilled workers and support personnel	17,055	16,208	15,621	50	96	136
	Women	8,599	8,180	7,890	41	69	70
	Management team	180	168	170	0	0	0
	Middle managers and skilled technicians	5,294	4,860	4,486	39	50	52
	Skilled workers and support personnel	3,126	3,152	3,234	3	19	18
	Total	**36,966**	**35,069**	**33,731**	**161**	**304**	**347**
	Management team	836	822	830	0	2	0
	Middle managers and skilled technicians	15,949	14,887	14,046	108	187	194
	Skilled workers and support personnel	20,181	19,360	18,855	53	115	154

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Personnel covered by a collective bargaining agreement, by region

	2020		2019		2018	
	No. of Employees	%	No. of Employees	%	No. of Employees	%
Spain	8,383	87.4	8,380	87.4	8,582	87.4
United Kingdom	3,674	66.0	3,934	69.8	4,149	73.9
United States	3,438	48.9	3,234	49.0	3,112	48.3
Brazil	12,808	100.0	11,730	99.9	10,735	99.9
Mexico	348	26.6	323	25.0	294	26.4
IEI	261	31.9	228	44.2	28	8.4
Iberdrola total	**28,912**	**77.9**	**27,829**	**78.7**	**26,900**	**78.9**

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New hires by region, gender and age group[171]

		Men			Women		
		2020	2019	2018	2020	2019	2018
Spain	**By age group**	**215**	**278**	**221**	**102**	**101**	**114**
	Up to 30 years old	85	134	104	44	32	45
	Between 31 and 50 years old	124	130	106	55	66	68
	More than 51 years old	6	14	11	2	3	1
	By age group (%)	**2.83**	**3.64**	**2.82**	**5.07**	**5.19**	**5.81**
	Up to 30 years old	19.37	29.91	30.55	33.54	26.03	45.12
	Between 31 and 50 years old	2.85	3.00	2.47	4.11	4.94	5.14
	More than 51 years old	0.21	0.48	0.34	0.40	0.61	0.19
	Total workforce	**7,587**	**7,633**	**7,852**	**2,008**	**1,954**	**1,970**
United Kingdom	**By age group**	**262**	**307**	**270**	**116**	**125**	**138**
	Up to 30 years old	108	163	135	52	70	69
	Between 31 and 50 years old	134	126	120	58	46	56
	More than 51 years old	20	18	15	6	9	13
	By age group (%)	**7.05**	**8.20**	**7.26**	**6.27**	**6.61**	**7.30**
	Up to 30 years old	16.82	24.11	22.80	24.53	31.82	35.94
	Between 31 and 50 years old	6.90	6.39	6.11	4.89	3.65	4.40
	More than 51 years old	1.77	1.64	1.29	1.33	2.18	3.05
	Total workforce	**3,714**	**3,745**	**3,721**	**1,849**	**1,892**	**1,890**
United States	**By age group**	**669**	**566**	**380**	**238**	**204**	**137**
	Up to 30 years old	288	265	149	91	74	44
	Between 31 and 50 years old	326	254	187	109	96	74
	More than 51 years old	55	47	44	38	34	19
	By age group (%)	**13.24**	**11.98**	**8.26**	**12.03**	**10.89**	**7.42**
	Up to 30 years old	38.76	42.54	28.93	42.33	41.57	28.39
	Between 31 and 50 years old	13.54	11.59	8.75	12.12	11.11	8.40
	More than 51 years old	2.89	2.46	2.26	4.40	4.09	2.34
	Total workforce	**5,053**	**4,724**	**4,602**	**1,978**	**1,873**	**1,847**

[171] Percentage calculated on headcount at year-end for each of the categories.

Brazil	**By age group**	**1,508**	**1,222**	**1,583**	**278**	**324**	**272**
	Up to 30 years old	754	643	840	153	177	169
	Between 31 and 50 years old	745	563	731	122	132	101
	More than 51 years old	9	16	12	3	15	2
	By age group (%)	**14.31**	**12.71**	**18.00**	**12.23**	**15.20**	**13.93**
	Up to 30 years old	26.51	24.32	33.76	21.40	25.73	26.83
	Between 31 and 50 years old	10.73	9.16	13.39	8.50	9.98	8.40
	More than 51 years old	1.19	1.94	1.41	2.42	12.50	1.67
	Total workforce	**10,540**	**9,615**	**8,796**	**2,274**	**2,131**	**1,953**
Mexico	**By age group**	**75**	**181**	**184**	**34**	**59**	**51**
	Up to 30 years old	36	101	114	18	38	39
	Between 31 and 50 years old	35	79	68	16	21	12
	More than 51 years old	4	1	2	0	0	0
	By age group (%)	**7.18**	**17.35**	**20.24**	**12.98**	**23.79**	**25.12**
	Up to 30 years old	14.57	34.59	46.15	16.82	35.19	47.56
	Between 31 and 50 years old	4.92	11.81	11.58	10.74	15.44	10.26
	More than 51 years old	4.65	1.22	2.67	0.00	0.00	0.00
	Total workforce	**1,045**	**1,043**	**909**	**262**	**248**	**203**
IEI	**By age group**	**140**	**85**	**35**	**86**	**29**	**28**
	Up to 30 years old	37	27	9	29	15	11
	Between 31 and 50 years old	98	55	23	52	14	17
	More than 51 years old	5	3	3	5	0	0
	By age group (%)	**25.55**	**23.29**	**14.77**	**31.85**	**19.21**	**28.57**
	Up to 30 years old	46.25	55.10	47.37	51.79	50.00	64.71
	Between 31 and 50 years old	23.90	19.43	12.04	27.08	12.96	23.29
	More than 51 years old	8.62	9.09	11.11	22.73	0.00	0.00
	Total workforce	**548**	**365**	**237**	**270**	**151**	**98**
Iberdrola total	**By age group**	**2,869**	**2,639**	**2,673**	**854**	**842**	**740**
	Up to 30 years old	1,308	1,333	1,351	387	406	377
	Between 31 and 50 years old	1,462	1,207	1,235	412	375	328
	More than 51 years old	99	99	87	54	61	35
	By age group (%)	**10.07**	**9.73**	**10.24**	**9.88**	**10.21**	**9.30**
	Up to 30 years old	26.19	28.17	32.16	26.95	30.14	32.07
	Between 31 and 50 years old	8.72	7.74	8.44	7.92	7.46	6.73
	More than 51 years old	1.47	1.45	1.19	2.71	3.26	1.84
	Total workforce	**28,487**	**27,125**	**26,117**	**8,641**	**8,249**	**7,961**

Persons leaving the company by region, gender and age group

		Men			Women		
		2020	2019	2018	2020	2019	2018
Spain	**By age group**	**244**	**442**	**682**	**47**	**88**	**130**
	Up to 30 years old	3	10	11	5	2	5
	Between 31 and 50 years old	40	47	48	21	36	31
	More than 51 years old	201	385	622	21	51	94
	By age group (%)	**3.21**	**5.80**	**8.68**	**2.34**	**4.52**	**6.58**
	Up to 30 years old	0.68	2.24	3.22	3.77	1.62	5.01
	Between 31 and 50 years old	0.91	1.08	1.12	1.57	2.66	2.30
	More than 51 years old	7.17	13.55	19.37	3.90	10.37	17.46
	Total workforce	**7,587**	**7,633**	**7,852**	**2,008**	**1,954**	**1,970**
United Kingdom	**By age group**	**299**	**281**	**643**	**162**	**122**	**220**
	Up to 30 years old	29	38	61	11	15	24
	Between 31 and 50 years old	75	91	194	69	48	86
	More than 51 years old	195	152	388	82	59	110
	By age group (%)	**8.05**	**7.50**	**17.28**	**8.76**	**6.45**	**11.64**
	Up to 30 years old	4.52	5.62	10.30	5.19	6.82	12.50
	Between 31 and 50 years old	3.86	4.61	9.87	5.82	3.81	6.76
	More than 51 years old	17.27	13.86	33.33	18.14	14.32	25.82
	Total workforce	**3,714**	**3,745**	**3,721**	**1,849**	**1,892**	**1,890**
United States	**By age group**	**340**	**442**	**453**	**132**	**176**	**186**
	Up to 30 years old	45	62	38	14	26	20
	Between 31 and 50 years old	113	162	127	53	72	60
	More than 51 years old	182	218	288	65	78	106
	By age group (%)	**6.73**	**9.36**	**9.84**	**6.67**	**9.40**	**10.07**
	Up to 30 years old	6.06	9.95	7.38	6.51	14.61	12.90
	Between 31 and 50 years old	4.69	7.39	5.95	5.90	8.33	6.81
	More than 51 years old	9.57	11.42	14.76	7.52	9.39	13.07
	Total workforce	**5,053**	**4,724**	**4,602**	**1,978**	**1,873**	**1,847**
Brazil	**By age group**	**718**	**526**	**941**	**179**	**157**	**247**
	Up to 30 years old	165	127	165	74	55	59
	Between 31 and 50 years old	437	266	403	97	79	119
	More than 51 years old	116	133	373	8	23	69
	By age group (%)	**6.81**	**5.47**	**10.70**	**7.87**	**7.37**	**12.65**
	Up to 30 years old	5.80	4.80	6.63	10.35	7.99	9.37
	Between 31 and 50 years old	6.30	4.33	7.38	6.76	5.97	9.89
	More than 51 years old	15.36	16.14	43.88	6.45	19.17	57.50
	Total workforce	**10,540**	**9,615**	**8,796**	**2,274**	**2,131**	**1,953**

Persons leaving the company by region, gender and age group

		Men			Women		
		2020	2019	2018	2020	2019	2018
Mexico	**By age group**	**76**	**59**	**62**	**20**	**16**	**13**
	Up to 30 years old	19	15	14	8	7	6
	Between 31 and 50 years old	41	37	38	12	9	6
	More than 51 years old	16	7	10	0	0	1
	By age group (%)	**7.27**	**5.66**	**6.82**	**7.63**	**6.45**	**6.40**
	Up to 30 years old	7.69	5.14	5.67	7.48	6.48	7.32
	Between 31 and 50 years old	5.76	5.53	6.47	8.05	6.62	5.13
	More than 51 years old	18.60	8.54	13.33	0.00	0.00	25.00
	Total workforce	**1,045**	**1,043**	**909**	**262**	**248**	**203**
IEI	**By age group**	**28**	**23**	**45**	**9**	**10**	**20**
	Up to 30 years old	1	2	4	3	1	3
	Between 31 and 50 years old	25	15	29	6	8	15
	More than 51 years old	2	6	12	0	1	2
	By age group (%)	**5.11**	**6.30**	**18.99**	**3.33**	**6.62**	**20.41**
	Up to 30 years old	1.25	4.08	21.05	5.36	3.33	17.65
	Between 31 and 50 years old	6.10	5.30	15.18	3.13	7.41	20.55
	More than 51 years old	3.45	18.18	44.44	0.00	7.69	25.00
	Total workforce	**548**	**365**	**237**	**270**	**151**	**98**
Iberdrola total	**By age group**	**1,705**	**1,773**	**2,826**	**549**	**569**	**816**
	Up to 30 years old	262	254	293	115	106	117
	Between 31 and 50 years old	731	618	839	258	252	317
	More than 51 years old	712	901	1,693	176	212	382
	By age group (%)	**5.98**	**6.54**	**10.82**	**6.35**	**6.90**	**10.25**
	Up to 30 years old	5.25	5.37	6.97	8.00	7.87	9.95
	Between 31 and 50 years old	4.36	3.96	5.73	4.96	5.00	6.49
	More than 51 years old	10.57	13.28	23.26	8.79	11.33	20.03
	Total workforce	**28,487**	**27,125**	**26,117**	**8,641**	**8,249**	**7,961**

Redundancies by region, gender and age group

		Men			Women		
		2020	2019	2018	2020	2019	2018
Spain	**By age group**	**10**	**17**	**13**	**8**	**3**	**2**
	Up to 30 years old	2	2	0	1	0	1
	Between 31 and 50 years old	5	6	7	6	2	0
	More than 51 years old	3	9	6	1	1	1
	By age group (%)	**0.13**	**0.22**	**0.16**	**0.40**	**0.15**	**0.10**
	Up to 30 years old	0.46	0.45	0.00	0.75	0.00	1.00
	Between 31 and 50 years old	0.12	0.14	0.16	0.45	0.15	0.00
	More than 51 years old	0.11	0.32	0.17	0.19	0.21	0.19
United Kingdom	**By age group**	**6**	**10**	**8**	**1**	**4**	**1**
	Up to 30 years old	3	0	4	0	0	1
	Between 31 and 50 years old	3	8	2	0	3	0
	More than 51 years old	0	2	2	1	1	0
	By age group (%)	**0.16**	**0.27**	**0.22**	**0.05**	**0.21**	**0.05**
	Up to 30 years old	0.47	0.00	0.68	0.00	0.00	0.52
	Between 31 and 50 years old	0.15	0.41	0.10	0.00	0.24	0.00
	More than 51 years old	0.00	0.18	0.17	0.22	0.24	0.00
United States	**By age group**	**42**	**79**	**23**	**19**	**33**	**22**
	Up to 30 years old	9	19	5	2	9	2
	Between 31 and 50 years old	20	45	12	12	13	15
	More than 51 years old	13	15	6	5	11	5
	By age group (%)	**0.83**	**1.67**	**0.50**	**0.96**	**1.76**	**1.19**
	Up to 30 years old	1.21	3.05	0.97	0.93	5.06	1.29
	Between 31 and 50 years old	0.83	2.05	0.56	1.34	1.51	1.70
	More than 51 years old	0.68	0.79	0.31	0.58	1.32	0.62
Brazil	**By age group**	**370**	**345**	**617**	**73**	**67**	**141**
	Up to 30 years old	68	61	81	21	16	20
	Between 31 and 50 years old	239	182	241	44	36	57
	More than 51 years old	63	102	295	8	15	64
	By age group (%)	**3.51**	**3.59**	**7.02**	**3.21**	**3.14**	**7.22**
	Up to 30 years old	2.39	2.31	3.26	2.94	2.33	3.18
	Between 31 and 50 years old	3.44	2.96	4.42	3.07	2.72	4.74
	More than 51 years old	8.34	12.38	34.71	6.45	12.50	53.33
Mexico	**By age group**	**32**	**10**	**11**	**5**	**2**	**2**
	Up to 30 years old	3	2	3	1	0	0
	Between 31 and 50 years old	19	6	8	4	2	2
	More than 51 years old	10	2	0	0	0	0
	By age group (%)	**3.06**	**0.96**	**1.21**	**1.91**	**0.81**	**0.99**
	Up to 30 years old	1.22	0.69	1.22	0.94	0.00	0.00
	Between 31 and 50 years old	2.67	0.90	1.36	2.69	1.47	1.71
	More than 51 years old	11.63	2.44	0.00	0.00	0.00	0.00

Redundancies by region, gender and age group

		Hombres			Mujeres		
		2020	2019	2018	2020	2019	2018
IEI	**By age group**	**4**	**4**	**0**	**2**	**2**	**0**
	Up to 30 years old	0	0	0	1	0	0
	Between 31 and 50 years old	3	3	0	1	2	0
	More than 51 years old	1	1	0	0	0	0
	By age group (%)	**0.73**	**1.10**	**0.00**	**0.74**	**1.33**	**0.00**
	Up to 30 years old	0.00	0.00	0.00	1.79	0.00	0.00
	Between 31 and 50 years old	0.73	1.06	0.00	0.52	1.85	0.00
	More than 51 years old	1.72	3.03	0.00	0.00	0.00	0.00
Iberdrola total	**By age group**	**464**	**465**	**672**	**108**	**111**	**168**
	Up to 30 years old	85	84	93	26	25	24
	Between 31 and 50 years old	289	250	270	67	58	74
	More than 51 years old	90	131	309	15	28	70
	By age group (%)	**1.63**	**1.71**	**2.57**	**1.25**	**1.35**	**2.11**
	Up to 30 years old	1.70	1.78	2.21	1.81	1.86	2.04
	Between 31 and 50 years old	1.73	1.60	1.85	1.29	1.15	1.52
	More than 51 years old	1.34	1.93	4.24	0.75	1.50	3.67

Redundancies by region, gender and professional category

		Men			Women		
		2020	2019	2018	2020	2019	2018
Spain	**By professional category**	**10**	**17**	**13**	**8**	**3**	**2**
	Management team	4	4	3	1	1	1
	Middle managers and skilled technicians	3	8	8	7	1	1
	Skilled workers and support personnel	3	5	2	0	1	0
	By professional category (%)	**0.07**	**0.11**	**0.16**	**0.20**	**0.08**	**0.10**
	Management team	0.52	0.51	0.71	0.52	0.52	1.03
	Middle managers and skilled technicians	0.05	0.12	0.24	0.25	0.04	0.07
	Skilled workers and support personnel	0.04	0.06	0.04	0.00	0.10	0.00
United Kingdom	**By professional category**	**6**	**10**	**8**	**1**	**4**	**1**
	Management team	0	0	0	0	0	0
	Middle managers and skilled technicians	2	5	2	0	1	0
	Skilled workers and support personnel	4	5	6	1	3	1
	By professional category (%)	**0.08**	**0.13**	**0.22**	**0.03**	**0.11**	**0.05**
	Management team	0.00	0.00	0.00	0.00	0.00	0.00
	Middle managers and skilled technicians	0.04	0.10	0.08	0.00	0.04	0.00
	Skilled workers and support personnel	0.18	0.21	0.49	0.08	0.21	0.13
United States	**By professional category**	**42**	**79**	**23**	**19**	**33**	**22**
	Management team	2	1	1	3	0	0
	Middle managers and skilled technicians	9	17	9	3	8	14
	Skilled workers and support personnel	31	61	13	13	25	8
	By professional category (%)	**0.42**	**1.67**	**0.50**	**0.49**	**1.76**	**1.19**
	Management team	2.48	2.44	2.44	13.64	0.00	0.00
	Middle managers and skilled technicians	0.24	0.99	0.54	0.17	0.95	1.84
	Skilled workers and support personnel	0.50	2.06	0.45	0.63	2.46	0.75
Brazil	**By professional category**	**370**	**345**	**617**	**73**	**67**	**141**
	Management team	3	4	9	0	3	1
	Middle managers and skilled technicians	57	78	142	37	32	78
	Skilled workers and support personnel	310	263	466	36	32	62
	By professional category (%)	**1.82**	**1.79**	**7.02**	**1.64**	**1.57**	**7.22**
	Management team	1.95	2.53	12.00	0.00	7.90	4.76
	Middle managers and skilled technicians	1.53	2.16	8.60	1.49	1.35	7.11
	Skilled workers and support personnel	1.88	1.70	6.59	1.89	1.73	7.43
Mexico	**By professional category**	**32**	**10**	**11**	**5**	**2**	**2**
	Management team	1	0	0	0	0	0
	Middle managers and skilled technicians	29	8	10	5	2	2
	Skilled workers and support personnel	2	2	1	0	0	0
	By professional category (%)	**1.53**	**0.96**	**1.21**	**0.97**	**0.81**	**0.99**
	Management team	1.71	0.00	0.00	0.00	0.00	0.00
	Middle managers and skilled technicians	2.43	1.36	2.05	1.10	0.93	1.16
	Skilled workers and support personnel	0.24	0.47	0.25	0.00	0.00	0.00

Redundancies by region, gender and professional category

		Men			Women		
		2020	2019	2018	2020	2019	2018
IEI	**By professional category**	**4**	**4**	**0**	**2**	**2**	**0**
	Management team	0	0	0	0	0	0
	Middle managers and skilled technicians	4	4	0	2	2	0
	Skilled workers and support personnel	0	0	0	0	0	0
	By professional category (%)	**0.40**	**0.62**	**0.00**	**0.42**	**0.75**	**0.00**
	Management team	0.00	0.00	0.00	0.00	0.00	0.00
	Middle managers and skilled technicians	0.50	0.81	0.00	0.44	0.82	0.00
	Skilled workers and support personnel	0.00	0.00	0.00	0.00	0.00	0.00
Iberdrola total	**By professional category**	**464**	**465**	**672**	**108**	**111**	**168**
	Management team	10	9	13	4	4	2
	Middle managers and skilled technicians	104	120	171	54	46	95
	Skilled workers and support personnel	350	336	488	50	61	71
	By professional category (%)	**0.83**	**0.96**	**2.57**	**0.63**	**0.77**	**2.10**
	Management team	0.76	0.72	1.92	1.13	1.26	1.16
	Middle managers and skilled technicians	0.49	0.67	1.76	0.52	0.53	2.08
	Skilled workers and support personnel	1.04	1.15	3.09	0.80	1.14	2.18

Average seniority of workforce by region (years)

	2020	2019	2018
Spain	17.43	17.44	19.42
United Kingdom	16.47	15.49	15.90
United States	12.55	13.40	14.07
Brazil	7.34	7.59	7.78
Mexico	6.10	5.34	6.05
IEI	4.67	5.95	6.31
Iberdrola total	**13.30**	**12.67**	**13.80**

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Leaves from and returns to work due to maternity/paternity, by region and gender

	Men			Women			Total		
	2020	2019	2018	2020	2019	2018	2020	2019	2018
Employees entitled to parental leave									
Spain	7,587	7,633	7,853	2,007	1,953	1,969	9,594	9,587	9,822
United Kingdom	3,714	3,745	3,721	1,849	1,892	1,890	5,563	5,637	5,611
United States	5,053	4,724	4,602	1,978	1,873	1,847	7,031	6,597	6,449
Brazil	10,540	9,615	8,796	2,274	2,131	1,953	12,814	11,746	10,749
Mexico	1,045	1,043	909	262	248	203	1,307	1,291	1,112
IEI	548	365	237	270	151	98	818	516	335
Iberdrola total	28,487	27,125	26,118	8,640	8,248	7,960	37,127	35,374	34,078
Employees taking parental leave									
Spain	346	301	21	81	115	130	426	416	151
United Kingdom	41	46	36	102	125	147	143	171	183
United States	0	0	0	55	68	53	55	68	53
Brazil	316	426	370	75	100	98	391	526	468
Mexico	22	15	10	4	10	12	26	25	22
IEI	18	1	4	15	6	4	33	7	8
Iberdrola total	743	789	441	332	424	444	1,074	1,213	885
Employees who returned to work after parental leave ended									
Spain	325	297	21	64	116	126	388	413	147
United Kingdom	41	46	36	58	72	73	99	118	109
United States	108	93	76	48	63	53	156	156	129
Brazil	316	426	369	75	100	97	391	526	466
Mexico	22	15	10	4	9	12	26	24	22
IEI	18	1	4	15	5	4	33	6	8
Iberdrola total	830	878	516	264	365	365	1,093	1,243	881
Employees who returned to work after parental leave ended and who were still employed 12 months after returning to work.									
Spain	324	296	20	61	110	132	384	406	152
United Kingdom	45	33	40	69	73	68	114	106	108
United States	106	91	73	50	63	49	156	154	122
Brazil	310	421	230	73	94	76	383	515	306
Mexico	22	15	10	4	9	12	26	24	22
IEI	18	0	0	15	1	0	33	1	0
Iberdrola total	825	856	373	272	350	337	1,096	1,206	710
Return to work rate									
Spain	93.9	98.6	100.0	78.9	100.0	97.4	91.1	99.1	97.8
United Kingdom	100.0	100.0	100.0	56.9	57.6	49.7	69.2	69.0	59.6
United States[172]	N/A	N/A	N/A	87.3	92.7	100.0	87.3	92.7	100.0
Brazil	100.0	100.0	99.7	100.0	100.0	99.0	100.0	100.0	99.6
Mexico	100.0	100.0	100.0	100.0	90.0	100.0	100.0	96.0	100.0
IEI	100.0	100.0	100.0	100.0	83.3	100.0	100.0	85.7	100.0
Iberdrola total	97.2	99.5	99.8	79.5	86.0	82.3	91.7	94.8	91.0

[172] Recalculated rate excluding parental leave information from the United States

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Employees eligible to retire in the next 5 years

		By professional category (No.)			By professional category (%)		
		2020	2019	2018	2020	2019	2018
Spain	Management team	55	50	55	11.55	10.29	11.06
	Middle managers and skilled technicians	346	314	344	7.22	6.69	7.33
	Skilled workers and support personnel	619	599	658	14.32	13.56	14.22
	Total	**1,020**	**962**	**1,057**	**10.63**	**10.04**	**10.76**
United Kingdom	Management team	8	6	2	5.88	4.48	1.42
	Middle managers and skilled technicians	174	181	173	4.60	5.01	5.00
	Skilled workers and support personnel	188	220	224	11.41	11.63	11.14
	Total	**370**	**407**	**399**	**6.65**	**7.22**	**7.11**
United States	Management team	18	15	14	35.29	28.85	25.93
	Middle managers and skilled technicians	1,020	958	834	36.35	37.35	34.41
	Skilled workers and support personnel	1,573	1,580	1,573	37.69	39.70	39.61
	Total	**2,611**	**2,553**	**2,421**	**37.14**	**38.70**	**37.54**
Brazil	Management team	11	9	7	11.11	9.18	7.29
	Middle managers and skilled technicians	72	269	153	2.28	8.99	5.57
	Skilled workers and support personnel	85	377	222	0.89	4.35	2.81
	Total	**168**	**655**	**382**	**1.31**	**5.58**	**3.55**
México	Management team	1	2	1	2.63	6.67	3.70
	Middle managers and skilled technicians	30	25	21	3.61	3.11	3.18
	Skilled workers and support personnel	10	5	5	2.28	1.10	1.18
	Total	**41**	**32**	**27**	**3.14**	**2.48**	**2.43**
IEI	Management team	4	2	2	12.12	7.69	15.38
	Middle managers and skilled technicians	7	5	2	1.01	1.20	0.80
	Skilled workers and support personnel	2	0	0	2.15	0.00	0.00
	Total	**13**	**7**	**4**	**1.59**	**1.36**	**1.19**
Iberdrola total	Management team	97	84	81	11.64	10.17	9.78
	Middle managers and skilled technicians	1,649	1,752	1,527	10.27	11.62	10.72
	Skilled workers and support personnel	2,477	2,781	2,682	12.24	14.28	14.11
	Total	**4,223**	**4,616**	**4,290**	**11.38**	**13.05**	**12.59**

Employees eligible to retire in the next 10 years

		By professional category (No.)			By professional category (%)		
		2020	2019	2018	2020	2019	2018
Spain	Management team	161	139	135	33.70	28.65	27.11
	Middle managers and skilled technicians	876	824	823	18.26	17.58	17.54
	Skilled workers and support personnel	1,483	1,481	1,607	34.33	33.53	34.73
	Total	**2,520**	**2,443**	**2,566**	**26.27**	**25.49**	**26.12**
United Kingdom	Management team	31	28	29	22.79	20.90	20.57
	Middle managers and skilled technicians	606	608	611	16.03	16.84	17.66
	Skilled workers and support personnel	415	498	518	25.20	26.32	25.76
	Total	**1,052**	**1,134**	**1,158**	**18.91**	**20.12**	**20.64**
United States	Management team	24	21	15	47.06	40.38	27.78
	Middle managers and skilled technicians	1,302	1,264	1,027	46.40	49.28	42.37
	Skilled workers and support personnel	1,955	2,008	1,984	46.84	50.45	49.96
	Total	**3,281**	**3,293**	**3,026**	**46.66**	**49.92**	**46.92**
Brazil	Management team	13	10	8	13.13	10.20	8.33
	Middle managers and skilled technicians	154	370	212	4.88	12.37	7.71
	Skilled workers and support personnel	254	444	318	2.66	5.13	4.02
	Total	**421**	**824**	**538**	**3.29**	**7.02**	**5.01**
Mexico	Management team	11	9	6	28.95	30.00	22.22
	Middle managers and skilled technicians	63	55	61	7.59	6.83	9.23
	Skilled workers and support personnel	36	25	22	8.20	5.48	5.19
	Total	**110**	**89**	**89**	**8.42**	**6.89**	**8.00**
IEI	Management team	8	5	4	24.24	19.23	30.77
	Middle managers and skilled technicians	23	12	10	3.32	2.88	3.98
	Skilled workers and support personnel	7	3	3	7.53	4.05	4.23
	Total	**38**	**20**	**17**	**4.65**	**3.88**	**5.07**
Iberdrola total	Management team	248	212	197	29.72	25.69	23.77
	Middle managers and skilled technicians	3,024	3,133	2,744	18.83	20.78	19.27
	Skilled workers and support personnel	4,150	4,459	4,452	20.51	22.89	23.42
	Total	**7,422**	**7,803**	**7,394**	**19.99**	**22.06**	**21.70**

Occupational Health and Safety

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Employees represented on health and safety committees, by region (%)

	2020	2019	2018
Spain	97.09	98.52	97.50
United Kingdom	100.00	100.00	100.00
United States	100.00	99.86	100.00
Brazil	95.11	100.00	100.00
Mexico	85.85	99.77	100.00
IEI	12.35	43.22	31.94
Iberdrola total	**95.24**	**98.80**	**98.61**

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Number of accidents by region and gender

		2020	2019	2018
Spain	Men	46	89	88
	Women	2	10	5
	Total	**48**	**99**	**93**
United Kingdom	Men	23	41	47
	Women	0	5	11
	Total	**23**	**46**	**58**
United States	Men	152	188	161
	Women	20	19	13
	Total	**172**	**207**	**174**
Brazil	Men	94	54	69
	Women	9	3	7
	Total	**103**	**57**	**76**
Mexico	Men	4	3	1
	Women	1	0	0
	Total	**5**	**3**	**1**
IEI	Men	0	3	0
	Women	0	0	0
	Total	**0**	**3**	**0**
Iberdrola total	Men	319	378	366
	Women	32	37	36
	Total	**351**	**415**	**402**

Number of accidents by type, region and gender (own personnel)

		Men			Women			Total		
	Accident types[173]	2020	2019	2018	2020	2019	2018	2020	2019	2018
Spain	Fatal	0	0	0	0	0	0	0	0	0
	With leave	16	28	23	0	3	1	16	31	24
	With major consequences	1	0	N/A	0	0	N/A	1	0	N/A
	Without leave	30	61	65	2	7	4	32	68	69
Reino Unido	Fatal	1	0	0	0	0	0	1	0	0
	With leave	6	9	6	0	0	0	6	9	6
	With major consequences	0	1	N/A	0	0	N/A	0	1	N/A
	Without leave	17	32	41	0	5	11	17	37	52
United Kingdom	Fatal	0	0	0	0	1	0	0	1	0
	With leave	41	30	35	5	3	3	46	33	38
	With major consequences	1	0	N/A	0	0	N/A	1	0	N/A
	Without leave	111	158	126	15	16	10	126	174	136
Brazil	Fatal	2	0	0	0	0	0	2	0	0
	With leave	8	8	11	1	0	1	9	8	12
	With major consequences	1	0	N/A	0	0	N/A	1	0	N/A
	Without leave	86	46	58	8	3	6	94	49	64
Mexico	Fatal	1	0	0	0	0	0	1	0	0
	With leave	1	0	0	0	0	0	1	0	0
	With major consequences	0	0	N/A	0	0	N/A	0	0	N/A
	Without leave	3	3	1	1	0	0	4	3	1
IEI	Fatal	0	0	0	0	0	0	0	0	0
	With leave	0	2	0	0	0	0	0	2	0
	With major consequences	0	0	N/A	0	0	N/A	0	0	N/A
	Without leave	0	1	0	0	0	0	0	1	0
Iberdrola total	**Fatal**	**4**	**0**	**0**	**0**	**1**	**0**	**4**	**1**	**0**
	With leave	**72**	**77**	**75**	**6**	**6**	**5**	**78**	**83**	**80**
	With major consequences	**3**	**1**	**N/A**	**0**	**0**	**N/A**	**3**	**1**	**N/A**
	Without leave	**247**	**301**	**291**	**26**	**31**	**31**	**273**	**332**	**322**

[173] The breakdown of accidents with major consequences was not requested in the GRI 403 Standard (2016) applied in 2018.

Accident rate by region[174]

		2020	2019	2018
Spain	Number of fatalities - company	0.00	0.00	0.00
	Number of fatalities - subcontractor	2.00	0.00	0.00
	Number of lost days	1,984	1,963	1,788
	Injury rate	1.10	2.09	1.63
	Severity index	0.14	0.13	0.12
United Kingdom	Number of fatalities - company	1.00	0.00	0.00
	Number of fatalities - subcontractor	0.00	1.00	0.00
	Number of lost days	339	560	154
	Injury rate	0.63	0.94	0.60
	Severity index	0.04	0.06	0.02
United States	Number of fatalities - company	0.00	1.00	0.00
	Number of fatalities - subcontractor	0.00	0.00	0.00
	Number of lost days	1,533	1,213	1,518
	Injury rate	3.31	2.57	2.97
	Severity index	0.11	0.10	0.12
Brazil	Number of fatalities - company	2.00	0.00	0.00
	Number of fatalities - subcontractor	1.00	3.00	3.00
	Number of lost days	214	102	466
	Injury rate	0.38	0.37	0.58
	Severity index	0.01	0.01	0.02
Mexico	Number of fatalities - company	1.00	0.00	0.00
	Number of fatalities - subcontractor	1.00	0.00	0.00
	Number of lost days	0	0	0
	Injury rate	0.43	0.00	0.00
	Severity index	0.00	0.00	0.00
IEI	Number of fatalities - company	0.00	0.00	0.00
	Number of fatalities - subcontractor	0.00	0.00	0.00
	Number of lost days	0	58	1
	Injury rate	0.00	2.03	0.00
	Severity index	0.00	0.06	0.00
Iberdrola total	**Number of fatalities - company**	**4.00**	**1.00**	**0.00**
	Number of fatalities - subcontractor	**4.00**	**4.00**	**3.00**
	Number of lost days	**4,070**	**3,896**	**3,927[175]**
	Injury rate	**1.19**	**1.33**	**1.34**
	Severity index	**0.06**	**0.06**	**0.07**

[174] Methodology used for calculating the indicators:

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

As the percentage interests in certain companies may not be 100%, the sums added may not correspond to the total presented due to rounding.

[175] In 2018 there was a lower number of accidents with leave but a higher number of lost days.

Occupational diseases

		2020		2019		2018	
		Own personnel	Subcontracted personnel	Own personnel	Subcontracted personnel	Own personnel	Subcontracted personnel
Spain	Number of occupational diseases	0	0	1	0	1	N/A
	Death due to occupational diseases	0	0	0	0	0	0
United Kingdom	Number of occupational diseases	0	0	0	0	0	N/A
	Death due to occupational diseases	0	0	0	0	0	0
United States	Number of occupational diseases	0	0	0	0	0	N/A
	Death due to occupational diseases	0	0	0	0	0	0
Brazil	Number of occupational diseases	1	0	0	0	1	N/A
	Death due to occupational diseases	0	0	0	0	0	0
Mexico	Number of occupational diseases	0	0	0	0	0	N/A
	Death due to occupational diseases	0	0	0	0	0	0
IEI	Number of occupational diseases	0	0	0	0	0	N/A
	Death due to occupational diseases	0	0	0	0	0	0
Iberdrola total	**Number of occupational diseases**	**1**	**0**	**1**	**0**	**2**	**N/A**
	Death due to occupational diseases	**0**	**0**	**0**	**0**	**0**	**0**

There were no deaths from occupational diseases in 2020.

Work-related injuries (own personnel)[176]

		2020			2019		
		Men	Women	Total	Men	Women	Total
Spain	Rate of fatalities	0	0	0	0	0	0
	Rate of major-consequence work-related injuries	0.02	0.00	0.01	0.00	0.00	0.00
	Rate of work-related injuries	0.62	0.14	0.52	1.10	0.35	0.95
United Kingdom	Rate of fatalities	0.03	0.00	0.02	0.00	0.00	0.00
	Rate of major-consequence work-related injuries	0.00	0.00	0.00	0.03	0.00	0.02
	Rate of work-related injuries	0.19	0.00	0.13	0.45	0.00	0.31
United States	Rate of fatalities	0.00	0.00	0.00	0.00	0.05	0.02
	Rate of major-consequence work-related injuries	0.02	0.00	0.01	0.00	0.00	0.00
	Rate of work-related injuries	3.04	1.03	2.47	4.18	0.99	3.23
Brazil	Rate of fatalities	0.02	0.00	0.02	0.00	0.00	0.00
	Rate of major-consequence work-related injuries	0.01	0.00	0.01	0.00	0.00	0.00
	Rate of work-related injuries	0.69	0.30	0.61	0.58	0.14	0.49
Mexico	Rate of fatalities	0.11	0.00	0.09	0.00	0.00	0.00
	Rate of major-consequence work-related injuries	0.00	0.00	0.00	0.00	0.00	0.00
	Rate of work-related injuries	0.11	0.00	0.09	0.00	0.00	0.00
IEI	Rate of fatalities	0.00	0.00	0.00	0.00	0.00	0.00
	Rate of major-consequence work-related injuries	0.00	0.00	0.00	0.00	0.00	0.00
	Rate of work-related injuries	0.00	0.00	0.00	0.57	0.00	0.41
Iberdrola total	**Rate of fatalities**	**0.02**	**0.00**	**0.01**	**0.00**	**0.01**	**0.00**
	Rate of major-consequence work-related injuries	**0.01**	**0.00**	**0.01**	**0.00**	**0.00**	**0.00**
	Rate of work-related injuries	**1.05**	**0.37**	**0.89**	**1.34**	**0.36**	**1.11**

[176] Rate of fatalities = Number of fatalities as a result of work-related injury / Number of hours worked x [200,000]

Rate of major-consequence work-related injuries (excluding fatalities) = Number of major-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 (other than first aid) / Number of hours worked x [200,000]

Work-related injuries (subcontracted personnel)[177]

		2020	2019	2018
Spain	Rate of fatalities	0.02	0.00	0.00
	Rate of major-consequence work-related injuries	0.02	0.03	0.00
	Rate of work-related injuries	2.02	1.20	2.04
United Kingdom	Rate of fatalities	0.00	0.02	0.00
	Rate of major-consequence work-related injuries	0.00	0.00	0.00
	Rate of work-related injuries	0.77	0.64	1.87
United States	Rate of fatalities	0.00	0.00	0.00
	Rate of major-consequence work-related injuries	0.08	0.06	0.00
	Rate of work-related injuries	1.20	1.45	0.91
Brazil	Rate of fatalities	0.00	0.01	0.01
	Rate of major-consequence work-related injuries	0.00	0.01	0.00
	Rate of work-related injuries	0.80	0.61	0.72
Mexico	Rate of fatalities	0.04	0.00	0.00
	Rate of major-consequence work-related injuries	0.00	0.02	0.00
	Rate of work-related injuries	0.08	0.02	0.12
IEI	Rate of fatalities	0.00	0.00	0.00
	Rate of major-consequence work-related injuries	0.00	0.95	0.00
	Rate of work-related injuries	0.28	6.62	5.80
Iberdrola total	**Rate of fatalities**	**0.01**	**0.01**	**0.01**
	Rate of major-consequence work-related injuries	**0.01**	**0.02**	**0.00**
	Rate of work-related injuries	**1.04**	**0.74**	**1.11**

[177] Rate of fatalities = Number of fatalities as a result of work-related injury / Number of hours worked x [200,000]

Rate of major-consequence work-related injuries (excluding fatalities) = Number of major-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 (other than first aid) / Number of hours worked x [200,000]

Absenteeism by region (hours lost)[178]

		2020	2019	2018
Spain	Occupational injury and illness	24,381	N/Av.	N/Av.
	Common illness and COVID-19	483,852	467,390	554,995
	Total	**508,233**	**467,390**	**554,995**
United Kingdom	Occupational injury and illness	1,776	N/Av.	N/Av.
	Common illness and COVID-19	288,312	291,217	319,931
	Total	**290,088**	**291,217**	**319,931**
United States[179]	Occupational injury and illness	10,576	N/Av.	N/Av.
	Common illness and COVID-19	274,245	252,365	281,860
	Total	**284,821**	**252,365**	**281,860**
Brazil	Occupational injury and illness	1,264	N/Av.	N/Av.
	Common illness and COVID-19	129,094	160,468	496,128
	Total	**130,358**	**160,468**	**496,128**
Mexico	Occupational injury and illness	0	N/Av.	N/Av.
	Common illness and COVID-19	90,360	14,532	10,550
	Total	**90,360**	**14,532**	**10,550**
IEI	Occupational injury and illness	0	N/Av.	N/Av.
	Common illness and COVID-19	23,488	1,559	0
	Total	**23,488**	**1,559**	**0**
Iberdrola total	**Occupational injury and illness**	**37,997**	N/Av.	N/Av.
	Common illness and COVID-19	**1,289,351**	**1,187,531**	**1,663,464**
	Total	**1,327,348**	**1,187,531**	**1,663,464**

[178] The increase in the number of hours of absenteeism due to common illness is due to the impact of COVID-19.

[179] The calculation of hours lost due to absenteeism includes leave arising from maternity in the United States. In previous years, hours lost due to accidents at work and occupational illnesses are included in 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		
		2020	2019	2018	2020	2019	2018	2020	2019	2018
Spain	Management team	12,162	11,805	11,875	3,657	4,776	3,165	15,819	16,582	15,039
	Middle managers and skilled technicians	200,068	192,021	171,725	87,372	84,556	69,776	287,440	276,576	241,500
	Skilled workers and support personnel	182,063	204,805	190,787	17,866	11,081	10,065	199,929	215,886	200,852
	Total workforce	**394,292**	**408,630**	**374,386**	**108,895**	**100,414**	**83,005**	**503,187**	**509,044**	**457,391**
United Kingdom	Management team	2,293	1,944	1,981	1,398	916	786	3,692	2,859	2,767
	Middle managers and skilled technicians	51,174	47,021	49,282	14,211	11,176	12,702	65,385	58,197	61,984
	Skilled workers and support personnel	90,472	101,012	93,238	6,628	7,801	2,683	97,100	108,813	95,922
	Total workforce	**143,940**	**149,976**	**144,501**	**22,237**	**19,893**	**16,171**	**166,177**	**169,869**	**160,672**
United States	Management team	466	582	574	209	153	269	676	735	843
	Middle managers and skilled technicians	30,019	41,090	31,256	13,507	16,716	14,169	43,526	57,807	45,425
	Skilled workers and support personnel	107,604	127,352	107,581	42,966	41,584	35,164	150,570	168,936	142,745
	Total workforce	**138,090**	**169,025**	**139,411**	**56,682**	**58,454**	**49,601**	**194,772**	**227,478**	**189,012**
Brazil	Management team	4,587	149	2,534	1,459	29	766	6,046	178	3,300
	Middle managers and skilled technicians	94,447	13,705	75,946	65,336	19,829	51,748	159,784	33,534	127,694
	Skilled workers and support personnel	766,494	613,016	481,863	91,598	92,796	63,551	858,092	705,812	545,414
	Total workforce	**865,528**	**626,870**	**560,343**	**158,394**	**112,654**	**116,065**	**1,023,922**	**739,524**	**676,408**
Mexico	Management team	2,852	1,113	2,434	686	132	883	3,538	1,245	3,316
	Middle managers and skilled technicians	23,749	50,321	42,641	9,943	17,672	15,619	33,692	67,993	58,261
	Skilled workers and support personnel	29,144	43,758	40,204	846	1,362	552	29,990	45,120	40,755
	Total workforce	**55,745**	**95,192**	**85,278**	**11,475**	**19,166**	**17,054**	**67,220**	**114,358**	**102,332**
IEI	Management team	392	664	107	141	20	2	533	684	108
	Middle managers and skilled technicians	7,426	8,465	1,077	4,045	5,281	237	11,471	13,746	1,314
	Skilled workers and support personnel	2,240	1,180	363	131	197	62	2,371	1,377	426
	Total workforce	**10,058**	**10,309**	**1,547**	**4,317**	**5,498**	**301**	**14,375**	**15,807**	**1,848**
Iberdrola total	**Management team**	**22,752**	**16,257**	**19,503**	**7,551**	**6,026**	**5,870**	**30,303**	**22,284**	**25,374**
	Middle managers and skilled technicians	**406,883**	**352,623**	**371,927**	**194,414**	**155,230**	**164,251**	**601,297**	**507,853**	**536,177**
	Skilled workers and support personnel	**1,178,017**	**1,091,122**	**914,036**	**160,035**	**154,821**	**112,077**	**1,338,052**	**1,245,944**	**1,026,113**
	Total workforce	**1,607,653**	**1,460,002**	**1,305,466**	**362,000**	**316,078**	**282,198**	**1,969,653**	**1,776,080**	**1,587,664**

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Average hours of training per employee trained, broken down by professional category, region and gender

Professional category		Men			Women			Total		
		2020	2019	2018	2020	2019	2018	2020	2019	2018
Spain	Management team	34.23	33.09	29.98	39.05	52.69	34.78	35.23	37.06	30.88
	Middle managers and skilled technicians	59.79	57.55	51.80	62.38	62.72	52.26	60.55	59.04	51.93
	Skilled workers and support personnel	47.97	50.80	45.88	37.12	21.93	19.31	46.75	47.58	42.92
	Total workforce	**52.59**	**52.90**	**47.57**	**55.12**	**51.65**	**42.63**	**53.12**	**52.65**	**46.59**
United Kingdom	Management team	19.94	25.92	17.38	24.97	39.81	24.57	21.59	29.18	18.95
	Middle managers and skilled technicians	20.35	25.25	18.74	11.93	18.57	11.69	17.64	23.62	16.68
	Skilled workers and support personnel	86.99	98.93	69.89	11.59	27.28	3.40	60.24	83.25	45.18
	Total workforce	**39.22**	**50.70**	**35.43**	**12.23**	**21.84**	**8.48**	**30.28**	**43.91**	**26.84**
United States	Management team	11.10	13.54	12.75	17.45	12.76	14.95	12.51	13.37	13.38
	Middle managers and skilled technicians	15.37	22.42	17.60	14.22	18.29	17.51	14.99	21.04	17.57
	Skilled workers and support personnel	33.63	40.79	35.93	39.64	38.54	31.51	35.15	40.21	34.73
	Total workforce	**26.58**	**33.82**	**28.95**	**27.70**	**29.15**	**25.53**	**26.90**	**32.48**	**27.97**
Brazil	Management team	58.06	2.44	35.69	63.44	1.93	42.56	59.27	2.34	37.08
	Middle managers and skilled technicians	48.81	9.54	44.03	50.30	20.98	45.51	49.41	14.08	44.62
	Skilled workers and support personnel	88.12	87.45	66.17	92.90	125.40	73.39	88.61	91.07	66.94
	Total workforce	**80.80**	**73.68**	**61.73**	**68.63**	**66.27**	**57.43**	**78.64**	**72.45**	**60.94**
Mexico	Management team	98.35	44.52	90.13	114.33	26.40	126.11	101.09	41.50	97.54
	Middle managers and skilled technicians	53.37	91.33	93.72	59.54	84.56	94.66	55.05	89.46	93.97
	Skilled workers and support personnel	74.54	117.00	126.43	47.00	68.10	32.45	73.33	114.52	121.66
	Total workforce	**64.45**	**100.20**	**106.60**	**60.08**	**81.91**	**90.23**	**63.66**	**96.59**	**103.47**
IEI	Management team	21.78	41.50	6.66	23.50	10.00	0.51	22.21	38.00	5.69
	Middle managers and skilled technicians	23.43	34.69	4.66	20.85	44.01	2.67	22.45	37.76	4.11
	Skilled workers and support personnel	33.43	21.07	3.91	21.83	39.40	4.80	32.48	22.57	4.02
	Total workforce	**25.02**	**32.62**	**4.55**	**20.96**	**43.29**	**2.87**	**23.64**	**35.68**	**4.15**
Iberdrola total	**Management team**	**35.64**	**28.19**	**29.15**	**38.40**	**40.81**	**34.74**	**36.29**	**30.76**	**30.28**
	Middle managers and skilled technicians	**38.71**	**38.07**	**36.71**	**37.38**	**37.51**	**35.54**	**38.27**	**37.90**	**36.34**
	Skilled workers and support personnel	**68.52**	**69.88**	**56.49**	**50.85**	**58.75**	**33.74**	**65.79**	**68.27**	**52.62**
	Total workforce	**56.73**	**57.36**	**48.39**	**42.36**	**45.67**	**34.78**	**53.40**	**54.86**	**45.24**

Diversity and equal opportunity

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Total workforce by region, gender and professional category

		Hombres			Mujeres			Total		
		2020	2019	2018	2020	2019	2018	2020	2019	2018
Spain	Management team	382	389	405	97	96	94	479	484	499
	Middle managers and skilled technicians	3,371	3,312	3,348	1,425	1,374	1,348	4,795	4,686	4,696
	Skilled workers and support personnel	3,833	3,933	4,099	486	484	528	4,320	4,416	4,627
	Total	**7,587**	**7,633**	**7,852**	**2,008**	**1,954**	**1,970**	**9,594**	**9,587**	**9,822**
United Kingdom	Management team	100	102	108	36	32	33	136	134	141
	Middle managers and skilled technicians	2,551	2,460	2,388	1,229	1,151	1,071	3,780	3,611	3,459
	Skilled workers and support personnel	1,063	1,183	1,225	584	709	786	1,647	1,892	2,011
	Total	**3,714**	**3,745**	**3,721**	**1,849**	**1,892**	**1,890**	**5,563**	**5,637**	**5,611**
United States	Management team	40	41	41	11	11	13	51	52	54
	Middle managers and skilled technicians	1,885	1,719	1,661	921	846	763	2,806	2,565	2,424
	Skilled workers and support personnel	3,128	2,964	2,900	1,046	1,016	1,071	4,174	3,980	3,971
	Total	**5,053**	**4,724**	**4,602**	**1,978**	**1,873**	**1,847**	**7,031**	**6,597**	**6,449**
Brazil	Management team	77	79	75	22	19	21	99	98	96
	Middle managers and skilled technicians	1,885	1,804	1,652	1,269	1,187	1,097	3,154	2,991	2,749
	Skilled workers and support personnel	8,578	7,732	7,069	983	925	835	9,561	8,657	7,904
	Total	**10,540**	**9,615**	**8,796**	**2,274**	**2,131**	**1,953**	**12,814**	**11,746**	**10,749**
Mexico	Management team	31	25	21	7	5	6	38	30	27
	Middle managers and skilled technicians	597	590	488	233	215	173	830	805	661
	Skilled workers and support personnel	417	428	400	22	28	24	439	456	424
	Total	**1,045**	**1,043**	**909**	**262**	**248**	**203**	**1,307**	**1,291**	**1,112**
IEI	Management team	26	21	10	7	5	3	33	26	13
	Middle managers and skilled technicians	436	279	164	256	137	87	692	416	251
	Skilled workers and support personnel	86	65	63	7	9	8	93	74	71
	Total	**548**	**365**	**237**	**270**	**151**	**98**	**818**	**516**	**335**
Iberdrola total	Management team	656	657	660	180	168	170	836	824	830
	Middle managers and skilled technicians	10,725	10,164	9,701	5,333	4,910	4,539	16,057	15,074	14,240
	Skilled workers and support personnel	17,105	16,305	15,756	3,128	3,171	3,252	20,234	19,475	19,008
	Total	**28,487**	**27,125**	**26,117**	**8,641**	**8,249**	**7,961**	**37,127**	**35,374**	**34,078**

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Total workforce by region, gender and professional category (%)

		Men			Women			Total		
	Professional category	2020	2019	2018	2020	2019	2018	2020	2019	2018
Spain	Management team	4%	4%	4%	1%	1%	1%	5%	5%	5%
	Middle managers and skilled technicians	35%	35%	34%	15%	14%	14%	50%	49%	48%
	Skilled workers and support personnel	40%	41%	42%	5%	5%	5%	45%	46%	47%
	Total	**79%**	**80%**	**80%**	**21%**	**20%**	**20%**	**100%**	**100%**	**100%**
United Kingdom	Management team	2%	2%	2%	1%	1%	1%	2%	2%	3%
	Middle managers and skilled technicians	46%	44%	43%	22%	20%	19%	68%	64%	62%
	Skilled workers and support personnel	19%	21%	22%	10%	13%	14%	30%	34%	36%
	Total	**67%**	**66%**	**66%**	**33%**	**34%**	**34%**	**100%**	**100%**	**100%**
United States	Management team	1%	1%	1%	0%	0%	0%	1%	1%	1%
	Middle managers and skilled technicians	27%	26%	26%	13%	13%	12%	40%	39%	38%
	Skilled workers and support personnel	44%	45%	45%	15%	15%	17%	59%	60%	62%
	Total	**72%**	**72%**	**71%**	**28%**	**28%**	**29%**	**100%**	**100%**	**100%**
Brazil	Management team	1%	1%	1%	0%	0%	0%	1%	1%	1%
	Middle managers and skilled technicians	15%	15%	15%	10%	10%	10%	25%	25%	26%
	Skilled workers and support personnel	67%	66%	66%	8%	8%	8%	75%	74%	74%
	Total	**82%**	**82%**	**82%**	**18%**	**18%**	**18%**	**100%**	**100%**	**100%**
Mexico	Management team	2%	2%	2%	1%	0%	1%	3%	2%	2%
	Middle managers and skilled technicians	46%	46%	44%	18%	17%	16%	64%	62%	59%
	Skilled workers and support personnel	32%	33%	36%	2%	2%	2%	34%	35%	38%
	Total	**80%**	**81%**	**82%**	**20%**	**19%**	**18%**	**100%**	**100%**	**100%**
IEI	Management team	3%	4%	3%	1%	1%	1%	4%	5%	4%
	Middle managers and skilled technicians	53%	54%	49%	31%	27%	26%	85%	81%	75%
	Skilled workers and support personnel	11%	13%	19%	1%	2%	2%	11%	14%	21%
	Total	**67%**	**71%**	**71%**	**33%**	**29%**	**29%**	**100%**	**100%**	**100%**
Iberdrola total	Management team	2%	2%	2%	0%	0%	0%	2%	2%	2%
	Middle managers and skilled technicians	29%	29%	28%	14%	14%	13%	43%	43%	42%
	Skilled workers and support personnel	46%	46%	46%	8%	9%	10%	54%	55%	56%
	Total	**77%**	**77%**	**77%**	**23%**	**23%**	**23%**	**100%**	**100%**	**100%**

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Total workforce by region, gender and age

		Men			Women			Total		
	Age groups	2020	2019	2018	2020	2019	2018	2020	2019	2018
Spain	Up to 30 years old	438	448	341	133	124	100	571	572	441
	Between 31 and 50 years old	4,341	4,343	4,298	1,343	1,341	1,332	5,684	5,684	5,629
	More than 51 years old	2,808	2,842	3,213	532	489	538	3,340	3,331	3,752
	Total	7,587	7,633	7,852	2,008	1,954	1,970	9,594	9,587	9,822
United Kingdom	Up to 30 years old	642	676	592	212	220	192	854	896	784
	Between 31 and 50 years old	1,943	1,972	1,965	1,185	1,260	1,272	3,128	3,232	3,237
	More than 51 years old	1,129	1,097	1,164	452	412	426	1,581	1,509	1,590
	Total	3,714	3,745	3,721	1,849	1,892	1,890	5,563	5,637	5,611
United States	Up to 30 years old	743	623	515	215	178	155	958	801	670
	Between 31 and 50 years old	2,408	2,192	2,136	899	864	881	3,307	3,056	3,017
	More than 51 years old	1,902	1,909	1,951	864	831	811	2,766	2,740	2,762
	Total	5,053	4,724	4,602	1,978	1,873	1,847	7,031	6,597	6,449
Brasil	Up to 30 years old	2,844	2,644	2,488	715	688	630	3,559	3,332	3,118
	Between 31 and 50 years old	6,941	6,147	5,458	1,435	1,323	1,203	8,376	7,470	6,661
	More than 51 years old	755	824	850	124	120	120	879	944	970
	Total	10,540	9,615	8,796	2,274	2,131	1,953	12,814	11,746	10,749
Mexico	Up to 30 years old	247	292	247	107	108	82	354	400	329
	Between 31 and 50 years old	712	669	587	149	136	117	861	805	704
	More than 51 years old	86	82	75	6	4	4	92	86	79
	Total	1,045	1,043	909	262	248	203	1,307	1,291	1,112
IEI	Up to 30 years old	80	49	19	56	30	17	136	79	36
	Between 31 and 50 years old	410	283	191	192	108	73	602	391	264
	More than 51 years old	58	33	27	22	13	8	80	46	35
	Total	548	365	237	270	151	98	818	516	335
Iberdrola total	Up to 30 years old	4,994	4,732	4,202	1,438	1,348	1,176	6,432	6,080	5,378
	Between 31 and 50 years old	16,755	15,606	14,635	5,203	5,032	4,878	21,958	20,638	19,512
	More than 51 years old	6,738	6,787	7,280	2,000	1,869	1,907	8,738	8,656	9,188
	Total	28,487	27,125	26,117	8,641	8,249	7,961	37,127	35,374	34,078

405-1

Total workforce by region, gender and age (%)

		Men			Women			Total		
Age groups		2020	2019	2018	2020	2019	2018	2020	2019	2018
Spain	Up to 30 years old	5%	5%	3%	1%	1%	1%	6%	6%	4%
	Between 31 and 50 years old	45%	45%	44%	14%	14%	14%	59%	59%	57%
	More than 51 years old	29%	30%	33%	6%	5%	5%	35%	35%	38%
	Total	79%	80%	80%	21%	20%	20%	100%	100%	100%
United Kingdom	Up to 30 years old	12%	12%	11%	4%	4%	3%	15%	16%	14%
	Between 31 and 50 years old	35%	35%	35%	21%	22%	23%	56%	57%	58%
	More than 51 years old	20%	19%	21%	8%	7%	8%	28%	27%	28%
	Total	67%	66%	66%	33%	34%	34%	100%	100%	100%
United States	Up to 30 years old	11%	9%	8%	3%	3%	2%	14%	12%	10%
	Between 31 and 50 years old	34%	33%	33%	13%	13%	14%	47%	46%	47%
	More than 51 years old	27%	29%	30%	12%	13%	13%	39%	42%	43%
	Total	72%	72%	71%	28%	28%	29%	100%	100%	100%
Brazil	Up to 30 years old	22%	23%	23%	6%	6%	6%	28%	28%	29%
	Between 31 and 50 years old	54%	52%	51%	11%	11%	11%	65%	64%	62%
	More than 51 years old	6%	7%	8%	1%	1%	1%	7%	8%	9%
	Total	82%	82%	82%	18%	18%	18%	100%	100%	100%
Mexico	Up to 30 years old	19%	23%	22%	8%	8%	7%	27%	31%	30%
	Between 31 and 50 years old	54%	52%	53%	11%	11%	11%	66%	62%	63%
	More than 51 years old	7%	6%	7%	0 %	0 %	0 %	7%	7%	7%
	Total	80%	81%	82%	20%	19%	18%	100%	100%	100%
IEI	Up to 30 years old	10%	9%	6%	7%	6%	5%	17%	15%	11%
	Between 31 and 50 years old	50%	55%	57%	23%	21%	22%	74%	76%	79%
	More than 51 years old	7%	6%	8%	3%	3%	2%	10%	9%	10%
	Total	67%	71%	71%	33%	29%	29%	100%	100%	100%
Iberdrola total	Up to 30 years old	13%	13%	12%	4%	4%	3%	17%	17%	16%
	Between 31 and 50 years old	45%	44%	43%	14%	14%	14%	59%	58%	57%
	More than 51 years old	18%	19%	21%	5%	5%	6%	24%	24%	27%
	Total	77%	77%	77%	23%	23%	23%	100%	100%	100%

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Breakdown of Board of Directors by gender and age group

Number of members of the Board	2020		2019		2018	
	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	8	57 %	7	50 %	8	57 %
Women						
Up to 30 years old	0	0 %	0	0 %	0	0 %
Between 31 and 50 years old	0	0 %	1	7 %	1	7 %
More than 51 years old	5	36 %	5	36 %	4	29 %

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Benefits offered 2020[180]

	Life insurance	Medical insurance	Disability insurance	Maternity/ paternity leave	Pension fund	Shares
Spain	All	All	All	All	All	N/Av.
United Kingdom	All	All	N/A	All	All	All
United States	All	All	Full-time	All	All	N/Av.
Brazil	All[181]	All	All	All	All	N/Av.
Mexico	All	All	All	All	All	N/Av.

[180] All: Applies to both full-time and part-time employees.
[181] Valid for all employees (excluding non-executive employees of Elektro), including statutory executives.

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Employees receiving performance reviews by region, professional category and gender (%)[182]

Professional category		Men			Women			Total		
		2020	2019	2018	2020	2019	2018	2020	2019	2018
Spain	Management team	95.1	96.9	87.7	96.8	96.8	85.0	95.5	96.9	87.2
	Middle managers and skilled technicians	94.2	94.7	87.6	92.4	91.2	84.6	93.7	93.6	86.7
	Skilled workers and support personnel	96.2	95.3	96.1	96.0	96.2	96.4	96.2	95.4	96.2
	Total	**95.3**	**95.1**	**92.1**	**93.5**	**96.8**	**87.8**	**94.9**	**94.6**	**91.2**
United Kingdom	Management team	99.0	98.0	100.0	100.0	93.8	97.0	99.3	97.0	99.3
	Middle managers and skilled technicians	99.6	91.7	99.8	99.6	93.0	100.0	99.6	92.1	99.9
	Skilled workers and support personnel	93.0	83.8	99.8	98.5	93.8	99.6	95.0	87.5	99.7
	Total	**97.7**	**89.4**	**99.8**	**99.2**	**93.3**	**99.9**	**98.2**	**90.7**	**99.8**
United States	Management team	82.5	87.8	97.6	63.6	81.8	100.0	78.4	86.5	98.2
	Middle managers and skilled technicians	84.1	87.4	97.1	88.0	84.9	97.1	85.4	86.6	97.1
	Skilled workers and support personnel	11.8	12.3	16.1	25.6	28.2	34.1	15.3	16.4	21.0
	Total	**39.4**	**40.3**	**46.1**	**54.9**	**54.1**	**60.6**	**43.7**	**44.2**	**50.2**
Brazil	Management team	92.7	88.4	77.3	94.4	80.0	52.4	93.0	86.9	71.9
	Middle managers and skilled technicians	88.8	86.2	89.4	88.5	87.1	88.3	88.7	86.6	88.9
	Skilled workers and support personnel	80.3	80.3	75.7	80.2	74.9	75.2	80.3	79.7	75.7
	Total	**81.9**	**81.4**	**78.3**	**84.9**	**81.8**	**82.3**	**82.5**	**81.5**	**79.0**
Mexico[183]	Management team	78.1	95.8	100.0	100.0	100.0	100.0	82.1	96.6	100.0
	Middle managers and skilled technicians	64.2	67.1	100.0	61.2	68.0	100.0	63.4	67.3	100.0
	Skilled workers and support personnel	15.3	19.2	100.0	13.6	29.2	100.0	15.2	19.8	100.0
	Total	**45.1**	**49.3**	**100.0**	**58.2**	**64.9**	**100.0**	**47.7**	**52.3**	**100.0**

[182] Country composition:
Spain: Iberdrola, S.A.; Iberdrola España, IEI.
United Kingdom: ScottishPower.
United States: Avangrid.
Brazil: Neoenergia.
Mexico: Iberdrola México.
IEI: Subsidiaries of IEI not located in Spain. Aalto Power is not considered.
[183] The performance evaluation process does not apply to unionised staff.

Employees receiving performance reviews by region, professional category and gender (%)[182]

Professional category		Men			Women			Total		
		2020	2019	2018	2020	2019	2018	2020	2019	2018
IEI	Management team	85.7	70.0	80.0	83.3	100.0	100.0	85.0	78.6	84.6
	Middle managers and skilled technicians	64.8	59.6	90.9	59.9	57.1	82.8	63.0	58.8	88.1
	Skilled workers and support personnel	74.4	90.8	98.4	100.0	100.0	100.0	75.3	91.7	98.6
	Total	**67.3**	**66.6**	**92.4**	**61.1**	**61.0**	**84.7**	**65.3**	**65.0**	**90.2**
Iberdrola total	**Management team**	**93.5**	**95.0**	**89.4**	**94.7**	**93.8**	**85.2**	**93.8**	**94.7**	**88.6**
	Middle managers and skilled technicians	**90.0**	**88.6**	**93.2**	**89.8**	**87.7**	**91.8**	**90.0**	**88.3**	**92.8**
	Skilled workers and support personnel	**70.0**	**69.8**	**72.6**	**67.0**	**66.9**	**71.3**	**69.6**	**69.3**	**72.4**
	Total	**78.0**	**77.4**	**80.7**	**81.6**	**79.8**	**83.3**	**78.8**	**77.9**	**81.3**

Supplier social assessment

414-1 **414-2**

Volume of purchases of general supplies in countries considered to be at risk of human rights violations (%)

	2020
Brazil	15
Mexico	4
China	2

Volume of purchases of fuel in countries considered to be at risk of human rights violations (%)

	2020
Brazil	4
Mexico	44
Other (Dominican Republic + Trinidad and Tobago)	1

The standards used to identify countries at risk are the same as those described in the "Protection of human rights" section of chapter III.3.

Access to electricity

EU27

Supply suspension in the residential sector by region (No.)

		2020	2019	2018
Spain	Paid up to 48 h after disconnection	14,429	40,597	37,428
	Paid between 48 h and one week after disconnection	1,097	3,200	3,166
	Paid between one week and one month after disconnection	1,402	4,151	4,146
	Paid between one month and one year	435	2,184	2,131
	Paid after more than one year	0	0	0
	Outstanding and unclassified	0	0	0
	Total	**17,363**	**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**	**0**
United States	Paid up to 48 h after disconnection	2,886	35,285	62,878
	Paid between 48 h and one week after disconnection	436	3,528	35,675
	Paid between one week and one month after disconnection	94	1,531	3,181
	Paid between one month and one year	11	784	1,805
	Paid after more than one year	0	0	0
	Outstanding and unclassified	17,267	107,337	0
	Total	**20,694**	**148,465**	**103,539**
Brazil	Paid up to 48 h after disconnection	755,348	1,099,444	1,170,543
	Paid between 48 h and one week after disconnection	117,778	204,030	214,718
	Paid between one week and one month after disconnection	162,100	222,138	231,919
	Paid between one month and one year	129,890	191,153	193,486
	Paid after more than one year	91	26	8
	Outstanding and unclassified	0	0	0
	Total	**1,165,207**	**1,716,791**	**1,810,674**

Supply suspension in the residential sector by region (No.)

		2020	2019	2018
IEI	Paid up to 48 h after disconnection	7,188	10,030	0
	Paid between 48 h and one week after disconnection	946	1,101	0
	Paid between one week and one month after disconnection	1,093	1,353	0
	Paid between one month and one year	980	950	0
	Paid after more than one year	0	0	0
	Outstanding and unclassified	0	0	0
	Total	**10,207**	**13,434**	**0**
Iberdrola total	**Paid up to 48 h after disconnection**	**779,851**	**1,185,356**	**1,270,849**
	Paid between 48 h and one week after disconnection	**120,257**	**211,859**	**253,559**
	Paid between one week and one month after disconnection	**164,689**	**229,173**	**239,246**
	Paid between one month and one year	**131,316**	**195,071**	**197,422**
	Paid after more than one year	**91**	**26**	**8**
	Outstanding and unclassified	**17,267**	**107,337**	**0**
	Total	**1,213,471**	**1,928,822**	**1,961,084**

Residential reconnections of electricity following payment of unpaid bills, by region (No.)

		2020	2019	2018
Spain	Less than 24 h after payment	17,233	49,585	46,234
	Between 24 h and one week after payment	193	514	760
	More than one week after payment	23	89	141
	Unclassified	0	0	0
	Total	**17,449**	**50,188**	**47,135**
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	2,576	30,969	38,322
	Between 24 h and one week after payment	746	7,844	3,324
	More than one week after payment	105	2,315	6,794
	Unclassified	14,020	84,719	0
	Total	**17,447**	**125,847**	**48,440**
Brazil	Less than 24 h after payment	967,833	1,481,957	1,555,944
	Between 24 h and one week after payment	108,919	137,434	158,660
	More than one week after payment	96,792	123,478	117,787
	Unclassified	0	0	0
	Total	**1,173,544**	**1,742,869**	**1,832,391**
IEI	Less than 24 h after payment	9,058	12,528	N/A
	Between 24 h and one week after payment	1,525	838	N/A
	More than one week after payment	158	43	N/A
	Unclassified	0	0	N/A
	Total	**10,741**	**13,409**	**N/A**
Iberdrola total	**Less than 24 h after payment**	**996,700**	**1,575,039**	**1,640,500**
	Between 24 h and one week after payment	**111,383**	**146,630**	**162,744**
	More than one week after payment	**97,078**	**125,925**	**124,722**
	Unclassified	**14,020**	**84,719**	**0**
	Total	**1,219,181**	**1,932,313**	**1,927,966**

Iberdrola's contribution to the community. Outputs and impacts

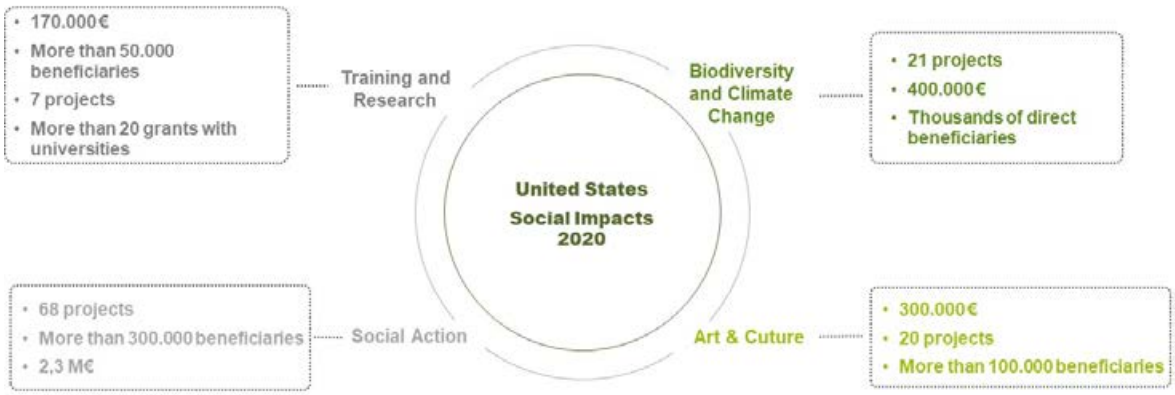
Iberdrola uses various parameters to measure the results achieved by its community support programmes. Iberdrola's foundations are applying a methodology adapted from LBG to measure outputs and impacts for its most important programmes and projects.

The charts below show the results and achievements by country during 2020:

FUNDACION IBERDROLA ESPAÑA- Results in the areas of performance in 2020 (€)

SCOTTISHPOWER FOUNDATION: Results in the areas of performance in 2020 (€)

AVANDGRID FOUNDATION - Results in the areas of performance in 2020 (€)



INSTITUTO NEOENERGIA BRASIL- Results in the areas of performance in 2020 (€)

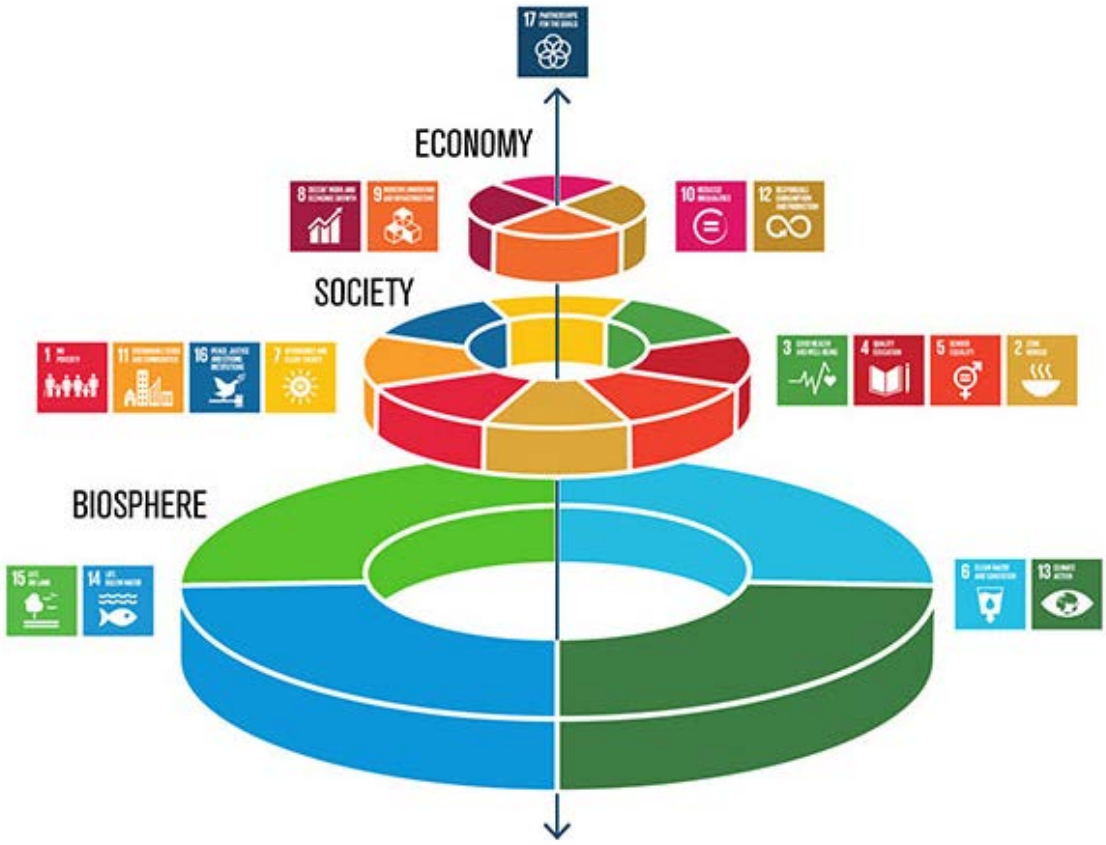
FUNDACION IBERDROLA MEXICO- Results in the areas of performance in 2020 (€)

VII.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: SDGs7 and 13" section of chapter I.2.

Economic and social development is strongly linked to the use of natural resources, affecting not only their availability but also the integrity of the ecosystems and their biological diversity. The Iberdrola group is aware that the preservation of the ecosystem is an essential condition for global sustainability, and this development must therefore be fully compatible with the environment.

During 2020 we have been able to tangibly see and experience a phenomenon that has been occurring at a faster rate in recent years (the scientific community unanimously agrees), which is a serious decline in biodiversity and the degradation of ecosystems. This loss of biodiversity, a direct consequence of the impact of human activities, is occurring at an increasingly rapid and widespread rate, which involves serious environmental, economic and social risks.



Source: Stockholm Resilience Centre

As regards the company, the group's contribution of value through the Social Dividend is noteworthy.

The Iberdrola group sees the social dividend as the contribution of sustainable value (direct, indirect or induced) that its activities represent for all Stakeholders, as well as its contribution to the achievement of the Sustainable Development Goals (SDGs).

Given the crisis generated by the COVID-19 pandemic, many voices are emerging from all parts of society proposing to seize this moment of recovery as an opportunity to drive the transition towards a new socioeconomic model that is climate neutral, resilient,

sustainable and inclusive. This is what is known as Green Recovery, a vision to which the Iberdrola group is fully committed and the horizon towards which it has been working for more than two decades. The Group supports the concept of the company's social contract as a key element in re-founding an economic model that, while based on market rules, is capable of building a sustainable society and pays particular attention to the care of common assets.

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

This reform, which was accompanied by a corresponding reform of the various governance policies and standards (which are regularly updated), has shown that businesses that have dealt best with the social, economic and, above all, health crisis, caused by COVID-19, have been those with the most robust and stable Corporate Governance System.

In December 2020 Iberdrola reformulated its governance and sustainability system around environmental, social and corporate governance (ESG) standards aligned with its sustainable development strategy and its social dividend, which cemented the company's position at the forefront of best international corporate governance practices, while the impact of COVID-19 has underlined the need to base the recovery from the crisis on social and sustainability parameters.

Biosphere

UN Goal	GRI Indicator	Description	Pag.
 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. 15.5.- Take urgent and significant action to reduce the degradation of natural habitats, halt the loss of biological diversity and, by 2020, protect endangered species and prevent their extinction.	304-1	Operational sites owned, leased, managed in or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	156
	304-2	Significant impacts of activities, products and services on biodiversity.	150
	304-3	Habitats protected or restored	159
	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.	477
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	287
 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.	303-2	Management of water discharge-related impacts	138
	303-4	Water discharge	140
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.	156
	304-2	Significant impacts of activities, products and services on biodiversity.	150
	304-3	Habitats protected or restored	159
14.3.- Minimize and address the impacts of ocean acidification, including through enhanced scientific cooperation at all levels.	305-1	Direct greenhouse gas emissions. Scope 1 (per GHG Protocol)	130
	305-2	Indirect greenhouse gas emissions. Scope 2 (per GHG Protocol)	130.478
	305-4	Intensity of GHG emissions.	129
	305-5	Reduction of GHG emissions.	133
	305-7	NOx, SOx and other significant air emissions	135.479

Biosphere

UN Goal	GRI Indicator	Description	Pag.
 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.	303-1	Interactions with water as a shared resource	138
	303-2	Management of water discharge-related impacts	138
	303-4	Water withdrawal	140
	303-4	Water discharge	140
	303-5	Water consumption	141
	306-1	Waste generation and significant waste related impacts	140
	306-2	Management of significant waste-related impacts	146
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.	303-4 Transfer from indicator C060402 (water stress level)	Total water withdrawal by source (use and source of water)	140
	303-4	Water withdrawal	140
	303-5	Water consumption	141
6.6.- By 2021, **protect and restore water-related ecosystems**, including forests, mountains, wetlands, rivers, aquifers and lakes.	306-5	Total waste directed to disposal	146

Society

UN Goal	GRI Indicator	Description	Pag.
 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	416
	203-2	Significant indirect economic impacts	394
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.	277
 2.3.- By 2030, , 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.	411-1	Total number of incidents of violations involving rights of indigenous people.	268
2.a.- **Increase investments, 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.	LBG	LBG contribution	285
	203-1	Development and impact of infrastructure investments and services supported	396
	203-2	Significant indirect economic impacts	394
 16.5 Substantially reduce corruption and bribery in all their forms	205-1	Business units assessed for risks related to corruption	338
	205-2	Training and communication on anti-corruption policies and procedures	341
	205-3	Incidents of corruption	346
	415-1	Contributions to political parties or to related institutions	355

Society

UN Goal	GRI Indicator	Description	Pag.
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.	32
	102-25	Processes for the highest governance body to avoid conflicts of interest	319
16.7.- Ensure responsive, inclusive, participatory and representative decision-making at all levels.	102-21	Consulting stakeholders on economic, environmental and social topics	318
	102-24	Selection and nomination of the members of the highest governance body	317
	102-29	Identifying and managing economic, environmental and social impacts	319
	102-37	Stakeholders' involvement in remuneration	323
16.b.- Promote and enforce non-discriminatory laws and policies for sustainable development.	406-1 Shift indicator C200204 from SDG	Incidents of discrimination	268
 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.	403-1	Employees represented on health and safety committees, by region (%)	177
	Indicador propio	Programmes and projects relating to healthy living habits, balanced meals	190
3.9.- By 2030, substantially reduce the number of deaths and illnesses from hazardous chemicals and air, water and soil pollution and contamination.	305-1	Direct greenhouse gas emissions. Scope 1 (per GHG Protocol)	130, 478
	305-2	Indirect greenhouse gas emissions. Scope 2 (per GHG Protocol)	132, 479
	305-6	Emissions of ozone-depleting substances	135
	305-7	NOx, SOx and other significant air emissions	135, 479
	306-3	Waste generated	143
 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 by employee trained by gender	515,516.
	Own indicator	Iberdrola U programme	49
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 by employee trained	515, 516
	404-2	Programmes for skills management and lifelong learning	204
 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	218

Society

UN Goal	GRI Indicator	Description	Pag.
 5.1.- End all forms of discrimination against all women and girls everywhere	404-1	Average hours of training by employee trained by gender	505
	405-1	Composition of governance bodies and employees	32
	405-2	Ratio of basic salary and remuneration of women to men	222
	406-1	Incidents of (gender) discrimination	268
5.4.- **Recognise and value unpaid care and unpaid domestic work** through the provision of public services, infrastructure and social protection policies, as well as through 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	505
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 OD	Composition of the highest governance body and its committees	32
	102-24	Selection and nomination of the members of the highest governance body	317
 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.	Own indicator	Promotion of the electric vehicle	137
11.4.- Strengthen efforts to protect and safeguard the world's cultural and natural heritage.	Shift indicator C110401 from SDG	LBG contribution to SDG 11	286
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.	305-1	Direct greenhouse gas emissions. Scope 1 (per GHG Protocol)	130, 479
	305-2	Indirect greenhouse gas emissions. Scope 2 (per GHG Protocol)	132, 479
	305-6	Emissions of ozone-depleting substances	135
	305-7	NOx, SOx and other significant air emissions	135, 479

Society

UN Goal	GRI Indicator	Description	Pag.
 8.1.- Sustain per capita economic growth in accordance with national circumstances and, in particular, at least 7 per cent gross domestic	201-1	Direct economic value generated and distributed	393
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	246
	Own indicator	Research agreements with universities, technology centres, etc.	414
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	374
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.	301-1	Materials used for power generation	119
	301-2	Percentage of materials used that are recycled	119
	302-4	Reduction of energy consumption (efficiency).	124
	302-5	Energy savings of green products and services	127
	303-3	Water withdrawal	139
	303-5	Water consumption	139
	Own indicator	Corporate Environmental Footprint	116
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	484
	202-1 Shift of indicator C080501 from SDG.	Ratios of entry level wage to local minimum wage	416
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)	413, 497

Society

UN Goal	GRI Indicator	Description	Pag.
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	263, 380
	409-1	Operations and suppliers identified as having significant risk for incidents of forced or compulsory labour	263, 380
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.	102-41 Shift of indicator C080802 from SDG.	Employees covered by collective bargaining agreements	420, 496
	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	263, 380
	403-1	Employees represented on formal health and safety committees (management/employees).	177
	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.	182

Economy

UN Goal	GRI Indicator	Description	Pag.
 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.	203-1	Development and impact of infrastructure investments and services supported	393
	EU4	Transmission and distribution lines Annual evolution.	467
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.	Own indicator	Installed capacity from renewable energy sources (MW)	23
	305-4 Shift indicator C090401 from SDG	CO2 emissions by MWh	129
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.	Own indicator	Amount dedicated to R&D+i activities	247
	Own indicator	Agreements with universities and with scientific and technical organisations to improve facilities.	414
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.	Own indicator	Subsidies for the electrification of underdeveloped or developing countries ("Electricity for All" programme).	257
 Target 10.2. By 2030, to enhance and promote social and economic inclusion and policy for everyone, regardless of age, sex, disability, race, ethnicity, origin, religion or economic or other status.	Own indicator	Inclusion of people with disabilities in the workforce (No.)	305
	Own indicator	Volunteer activities to reduce inequality	291

Economy

UN Goal	GRI Indicator	Description	Pag.
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).	483
	401-1	New employee hires and employee turnover (by age and region) Evolution of the workforce.	413, 497
	404-3	Employees receiving regular performance and career development reviews	209.522
	405-2	Ratio of basic salary and remuneration of women to men	412
	406-1	Incidents of discrimination	268
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)	394
	204-1	Spending on local suppliers	374
 12.2.- By 2030, achieve the sustainable management and efficient use of natural resources.	302-3	Energy intensity	121
	302-4	Reduction of energy consumption	124
	302-5	Reductions in energy requirements of products and services	127
	303-3	Water recycled and reused	
	Traslación indicador C120201	Corporate environmental footprint	116
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.	303-2	Management of water discharge-related impacts	138
	303-4	Water discharge	140
12.5.- By 2030, **substantially reduce waste generation** through prevention, reduction, recycling and reuse.	301-2	Level of reuse and recycling of materials	119
	306-3	Waste generated	146
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	

Economy

UN Goal	GRI Indicator	Description	Pag.
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.	76

Partnerships

UN Goal	GRI Indicator	Description	Pag.
 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	360
17.3.- Mobilize additional financial resources for developing countries from multiple sources.	203-2	Significant indirect economic impacts	4
	204-1	Spending on local suppliers	374
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	327
	Own indicator	Carrying out international cooperation projects jointly with other agents	291
	Own indicator	SDG training and awareness-raising activities for employees, suppliers and other Stakeholders	274
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	291
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	

Contact point for questions regarding the report

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General questions regarding this report may be mailed to Iberdrola's Social Responsibility Division at Plaza Euskadi número 5 48009 Bilbao, Bizkaia – Spain, or via *responsabilidad_social@iberdrola.es.*

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The addresses and telephone numbers of all of Iberdrola's centres around the world and all available contact channels, customer service departments and query mailboxes can be found in the Contact section of the website.

Statement of Non-Financial Information.
Sustainability Report. Financial Year 2019
Publisher: IBERDROLA, S.A.