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

Financial Year 2022

IBERDROLA

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

IBERDROLA

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

Independent Assurance Report on the Statement of Non-Financial Information/Sustainability Report of Iberdrola, S.A. and subsidiaries for 2022

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

To the shareholders of Iberdrola, S.A.

We have been engaged by Iberdrola, S.A. management to perform a limited assurance review of the accompanying Statement of Non-Financial Information/Sustainability Report for the year ended 31 December 2022 of Iberdrola, S.A. (hereinafter, the Parent) and subsidiaries (hereinafter, the Group), prepared in accordance with the Sustainability Reporting Standards of the Global Reporting Initiative (hereinafter GRI Standards), and the disclosures specified for the purposes of the Sustainability Accounting Standards Board (SASB) for the "Electric Utilities & Power Generators" sector (hereinafter, the Report).

In addition, pursuant to article 49 of the Spanish Code of Commerce, we have performed a limited assurance review to evaluate whether the Consolidated Non-Financial Information Statement (hereinafter NFIS) of the Group for the year ended 31 December 2022, included in the accompanying Report which forms part of the Group's consolidated Directors' Report for 2022, has been prepared in accordance with prevailing mercantile legislation and selected GRI Standards, based on each subject area in the "Disclosures from the Statement of Non-Financial Information" of the Report.

The Report includes additional information to that required by the GRI Standards, the disclosures specified for the purposes of the SASB for the "Electric Utilities & Power Generators" sector, and by the prevailing mercantile legislation concerning non-financial information, which has not been the subject of our assurance work. In this respect, our work was limited exclusively to providing assurance on the information contained in the "GRI content Index", "SASB content Index" and "Disclosures from the Statement of Non-Financial Information" included in the accompanying Report.

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

Responsibility of the Parent's Directors and Management

Management of the Parent is responsible for the preparation and presentation of the Report in accordance with the GRI Standards and with the disclosures specified for the purposes of the SASB for the "Electric Utilities & Power Generators" sector, in accordance with each subject area in the "GRI content Index" and the "SASB content Index" of the Report.

The Directors of the Parent are responsible for the content and authorisation for issue of the NFIS included in the Report. The NFIS has been prepared in accordance with prevailing mercantile legislation and selected GRI Standards based on each subject area in the "Disclosures from the Statement of Non-Financial Information" of the aforementioned Report.

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

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

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

Our Independence and Quality Management

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 prevailing international quality standards and accordingly maintains a quality system including policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

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

Our Responsibility

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

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

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

- Meetings with the Group's personnel to gain an understanding of the business model, policies and management approaches applied, the principal risks related to these matters and to obtain the information necessary for the external review.
- Analysis of the scope, relevance and completeness of the content of the Report based on the materiality analysis performed by the Group and described in the "About this report" section, considering the content required by prevailing mercantile legislation.
- Analysis of the processes for compiling and validating the data presented in the Report for 2022.
- Review of the information relative to the risks, policies and management approaches applied in relation to the material aspects presented in the Report for 2022.
- Review through meetings with Group personnel responsible for implementing the Stakeholder Relations Model and reviewing the internal documentation on the deployment of the model, and the nature and scope of the processes defined in order to comply with the AA1000AP AccountAbility Principles (2018), and evaluating the reliability of the information on performance indicated in the aforementioned scope.
- Corroboration, through sample testing, of the information relative to the content of the Report for 2022 and whether it has been adequately compiled based on data provided by the information sources.
- Review of information on the Taxonomy of activities in accordance with Regulation (EU) 2020/852 on the establishment of a framework to facilitate sustainable investment.
- Procurement of a representation letter from the Directors and management.

Conclusion

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

a) The Statement of Non-Financial Information/Sustainability Report of Iberdrola, S.A. and subsidiaries for the year ended 31 December 2022, has not been prepared, in all material respects, in accordance with the GRI standards and the SASB disclosures for the "Electric Utilities & Power Generators sector included in "GRI Contents Index" and "SASB Contents Index" of the Report.

b) The NFIS of Iberdrola, S.A. and subsidiaries for the year ended 31 December 2022, included in the Report, has not been prepared, in all material respects, in accordance with prevailing mercantile legislation and selected GRI Standards based on each subject area in the "Disclosures from the Statement of Non-Financial Information" of the Report.

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

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

Emphasis of Matter

Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment stipulates the obligation to disclose information on how and to what extent the undertaking's activities are associated with economic activities aligned to the objectives of climate change mitigation and climate change adaptation, in addition to the information related to eligible activities. The Directors of the Parent have included information on the criteria that, in their opinion, best allow them to comply with the aforementioned obligations, which are defined in the "Taxonomy" section of the NFIS included in the accompanying Report. Our conclusion is not modified in respect of this matter.

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:

On the principle of Inclusivity

In 2016 Iberdrola approved its Stakeholder Relations Model, based mainly on standard AA1000, to develop its stakeholder relations policies, last revised in December 2022, provide a system for relations with Iberdrola Group's stakeholders and create a corporate culture in this respect. Since then, improvements have been progressively made to the Model in accordance with the benchmarks applicable in this regard, with the main aim of achieving greater decentralisation at local level in the five countries where the Group is present. Specifically, in 2022, relations with local stakeholders continued to be promoted and the Model was implemented in new facilities.

With regard to this principle, we recommend that the decentralisation efforts continue, uploading this new global segmentation and local prioritisation into the available stakeholder management tool. We also recommend that the Stakeholder Relations Model be implemented in the new facilities planned for 2023.

On the principle of Materiality

For the eight stakeholder categories defined, the Stakeholder Relations Model enables the identification of material topics, as well as risks and opportunities in corporate areas and three businesses in the five countries where the Group in present, and also provides a reputational and human rights perspective. In 2022 the material topics identified were further analysed, and a report was prepared for each of the five countries where the Group is present, which were presented to the Company's various governing and management bodies.

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

On the principle of Responsiveness

Once the main material topics have been identified, implementation of the Stakeholder Relations Model enables responses to local stakeholder expectations to be designed and subsequently monitored. These topics are also taken into account when establishing the Group's ESG objectives, and in the Company's materiality analysis process.

With regard to this principle, we recommend that Iberdrola continue to work on designing action plans that take into account the most significant material topics identified.

On the principle of Impact

The Statement of Non-Financial Information/Sustainability Report includes Iberdrola's main impacts on the various stakeholders, in line with the concept of 'social dividend' enshrined in Iberdrola's governance and sustainability system and which is understood to be "the creation of value, whether direct, indirect or induced, through its activities, for all stakeholders". The Stakeholder Relations Model also covers the impact on the stakeholders from two different perspectives: the impact of the action plans on stakeholders; and the impact of the material topics on stakeholders, which was recently included in the Model, taking into account the latest reporting trends and standards.

With regard to this principle, we recommend that Iberdrola continue to make progress in aligning the model with the ESRS reporting standards, so that the tool serves as a source of information in the double materiality process in future years.

Use and Distribution

In accordance with the terms of our engagement letter, this report has been prepared for Iberdrola, S.A. in relation to its Statement of Non-Financial Information/Sustainability Report for 2022 and for no other purpose or in any other context.

In relation to the Consolidated NFIS, 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

24 February 2023

AA1000
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Statement of Non-Financial Information. Sustainability Report

Financial Year 2022

IBERDROLA

Content index

Letter from the chairman

■ **GRI 2-22**

Ignacio S. Galán
Chairman

"In 2022, a year characterised by a complex and uncertain environment, Iberdrola has continued to accelerate the electrification of energy uses with the development of more renewables, grids and storage, and also with the drive for green hydrogen. With these investments, we are making possible structural improvements in energy costs, efficiency, security of service and emissions. Our activity is also generating industrial infrastructure and jobs, and we contribute to promoting education, innovation, tax revenues to pay for public services, and improvement in the balance of payments through the reduction of fossil fuel imports. All of the foregoing, together with numerous activities relating to the protection of the most vulnerable communities and other social causes, shows Iberdrola's commitment to the creation of prosperity and the protection of the environment, today and for future generations."

In 2022, which was characterised by a highly uncertain and unstable economic, political, and social environment, Iberdrola's workforce continued to work and innovate to provide efficient, high-quality service to the 100 million people who trust us all over the world. To ensure that we can continue to build a better future for all, we have also made every effort to speed up the transformation of the energy sector in terms of guarantee of supply, competitiveness and environmental impact.

Both tasks, which are strongly intertwined, have guided our activities in dozens of countries, including Spain, the United Kingdom, the United States, Brazil, Mexico, France, Germany, Australia and Japan.

The €11,000 million invested last year firstly allowed us to implement new electricity transmission and distribution, as well as to strengthen and digitalise existing ones. These include, for example, the projects carried out in the United States, which will enable us to continue to improve the grids in New England and New York in coming years; and the new investments in transmission in Brazil, like the Rio Formoso line and the eight new infrastructure projects under development that will placed into service over the next three years.

The networks team also engaged in major projects to maintain and restore service in emergency situations, like the Celia storm in Spain, the Dudley, Eunice and Franklin storms in the United Kingdom, and the Elliot storm in the United States. The investments made and the optimisation of grid management made possible by digitalisation have allowed the group's supply quality parameters to continue to progress despite these incidents.

Our investment effort has also led to the creation of more than 2,000 new MW of clean energy and to progress in the construction of approximately 7,700 additional MW. We have already invested approximately €6,000 million in this new capacity under construction, with the allocation of 60% of this amount to 3,500 MW in offshore wind farms in the United States, the United Kingdom, France and Germany. This cements our leadership in this technology, in which, in addition to these projects, we have 1,300 MW in operation.

Our position at the forefront of energy storage has been strengthened by the launch of the Tâmega gigabattery, the largest clean energy project in Portugal. This pumped hydroelectric storage, one of the largest in Europe with a capacity of 1,200 MW, is already capable of storing 40 million kWh in energy, equivalent to the needs of 11 million people for 24 hours.

Iberdrola's contribution to the transition from a fossil fuel-based model to a fully decarbonised model in 2022 has been especially visible through two highly meaningful milestones. Firstly, definitive abandonment of coal, with the demolition of the chimney of our last facilities of this kind in the world, in Palencia (Spain), which plant was closed in 2017.

Secondly, the completion of the Puertollano (Spain) green hydrogen plant, the largest for industrial use in Europe at the time, which is part of the portfolio of more than 60 projects under development in eight countries to help to decarbonise sectors like the chemical industry and heavy-duty transport.

As a result of all this activity, which increases the investments made by Iberdrola in the last 20 years to €140,000 million, net profit earned in 2022 reached €4,339 million, 11.7% more than last year. The decision to grow in countries like the United States and Brazil has allowed us to offset the results of Iberdrola España, which shrank by 16% in an environment strongly affected by the high energy prices.

The Group's results in 2022 enabled us to propose to the shareholders an approximately 10% increase in shareholder remuneration, in line with the increase in net profit, to €0.49 per share, which is equivalent to dividend yield of 4.5%.

In accordance with our current strategy, last year's growth was achieved by maintaining our financial strength, rating and full access to the capital markets, as shown by the issue of more than €9,500 million in green and sustainable financing instruments during the year.

Financial markets rated the Group's performance in 2022 very highly. Iberdrola registered a total shareholder return of 9.8%, beating the IBEX 35 (-5.5%) and the European sector index, Eurostoxx Utilities (-14.4%).

Contributing to a more prosperous, fair and sustainable society

Iberdrola's growth in terms of size and strength has gone hand in hand with the reinforcement of our commitment to the social dividend.

Just last year we made 4,700 new hires within the Group, and support 400,000 jobs at thousands of suppliers across the world through our purchases, which exceeded €17,800 million this year. And we have continued to contribute to support public services for all citizens with taxes in the total amount of €7,500 million, €2,600 million of which were paid to the Spanish public treasury.

We continue to promote the talent and professional development of our workforce – with more than 68 hours of training per employee per year – as well as future professionals through scholarships, grants and technical training provided to thousands of young people every year. And we continue to be fully committed to our responsibility to contribute to full equality between men and women, through actions to foster scientific and technological careers among women and facilitate their access to professions traditionally dominated by men, including the *Escola de Electricistas* electricians' school for women in Brazil.

We have also proven our leadership in caring for the environment by reducing our emissions to just 59 g/kWh, one fourth of those of our competitors in Europe, aspiring to achieve zero net emissions at our generation plants and our own consumption by 2030, and across our entire business by 2040; and of having zero or a positive impact on biodiversity by 2030. We are convinced that this aspiration is achievable and compatible with the generation of value for our shareholders, employees, suppliers and other stakeholders.

We have also further strengthened the wager on innovation as a strategic key factor that spans all our businesses and activities: We have allocated more than €360 million to cutting-edge initiatives to promote electrification, which led the European Commission to consider us again as the private utility that invests the most in this concept in the world.

In these turbulent times, support for disadvantaged groups must be ever more present in the decision-making of all economic and social players. For this reason, in 2022 we engaged in various activities to protect our vulnerable customers: we offered work integration opportunities to impoverished young people in partnership with institutions like Unicef and the Red Cross; we promoted social action through the group's foundations across the world, which allocate more than €20 million to these tasks; and, of course, we continued to support our nearly 17,000 volunteers, who have continued to contribute their free time to help those most in need.

This report shows, once again, our Group's industrial and economic success. But, above all, it shows that Iberdrola is an enterprise of long-term responsible social transformation, the continuation of which is reflected in the new strategic plan presented in November, which establishes a record investment of €47,000 million up to 2025 in order to continue to promote a sustainable energy model based on electrification, which generates wealth and opportunities for all.

We are proud of what we have built in the last twenty years, in accordance with our century-old history. And we know that, by continuing to make our history, we will achieve a society that is more fair, equitable, sustainable and prosperous, as well as a more inhabitable planet for future generations.

Ignacio S. Galán

Chairman of Iberdrola

Recognitions/awards, presence on sustainability indices and ESG ratings

The only European utility included for the past 23 years, it is considered one of the most sustainable electric utilities in the world. DJSI World & DJSI Europe	Member of Dow Jones Sustainability Indices Powered by the S&P Global CSA	Only Spanish utility selected in all years. Selected in recognition of its equal opportunity and gender policies.	Bloomberg Gender-Equality Index 2022
Selected in 2022	Global 100	Classified as Prime	Corporate Responsibility Prime rated by ISS-oekom
Selected for the index since 2009	FTSE4Good	Selected in Forbes 2022 GLOBAL 2000: WORLD'S LARGEST PUBLIC COMPANIES	*Forbes 2022 Global 2000 World Largest Public companies*
A LIST rating in the CDP Climate Change Index 2022	CDP A LIST 2022 CLIMATE	Included in the leading indices	ECPI Sense in sustainability
Chosen as CDP Supplier Engagement Leader	CDP SUPPLIER ENGAGEMENT LEADER 2021	In the top 5 of the EI Green Utilities Report 2022 ranking	Energy Intelligence EI NEW ENERGY GREEN UTILITIES REPORT
Selected AAA	MSCI ESG RATINGS AAA	Gold EcoVadis Medal, Iberdrola as one of the best performing companies	ecovadis
Selected in several Euronext Vigeo Eiris indices	EURONEXT	Among the 500 most valuable brands globally	Brand Finance®
Classified as "Silver Class" in the electricity sector	Sustainability Award Silver Class 2021 S&P Global	Among the highest-rated utilities	SUSTAINALYTICS a Morningstar company
Merco ESG Spain 2022: among the 15 best-positioned companies	merco	Among the world's most influential utilities	*WBA Electric Utilities Benchmark*
Only Spanish company included. Selected for the ninth consecutive year as one of the most ethical companies in the world	ETHISPHERE WORLD'S MOST ETHICAL COMPANIES 2014 - 2022	Included in the index	standard ethics
Fortune Global 500: Selected	FORTUNE GLOBAL 500	2022 disclosure score above the average	WDI 2021 RESPONDER
Included in the STOXX Global ESG Leaders index and in the most important indices	STOXX Global ESG Leaders Indices	Ranked first in 2022	opencorporation
Ranked first in the Climate Policy Engagement Ranking	InfluenceMap	Leading Spanish company in the ranking due to its investment in clean energies	Carbon Clear 200 You Sow & Corporate Knights

I. Iberdrola, the utility of the future

I.1. About Iberdrola

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

Purpose and values

GRI 2-23

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

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

This purpose, which is in line with the creation of shared value, social dividend and corporate social responsibility, expresses:

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

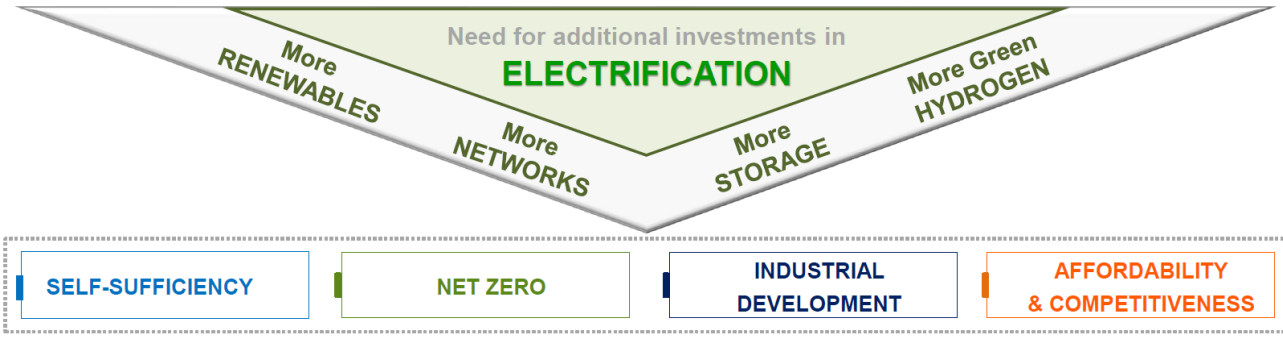
To attain this Purpose, the Iberdrola group has condensed its corporate values into the following three concepts:

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

A successful and well-established business

Iberdrola firmly believes that the transition to a carbon neutral economy by 2050 is technologically possible, economically viable and socially necessary. The energy transition to a low-emissions economy is a great opportunity to create independence and wealth, generate employment and improve the state of the planet and people's health. The group is therefore committed to leading the way, a path it embarked on more than 20 years ago with a firm commitment to renewable energies and that has led it to invest more than €140,000 million since then. And it will continue with an ambitious investment plan of €47,000 million between 2023 and 2025, focused on increasing its installed renewable, onshore and offshore wind, photovoltaic, battery and hydroelectric capacity, plus electricity grids. This plan aspires to achieve carbon neutrality for Scopes 1 and 2 by 2030, offsetting any residual emissions after 2030. The ultimate aspiration of this commitment is to achieve Net Zero emissions by 2040. Iberdrola is therefore making a decisive contribution to the development of an autonomous, safe, clean and competitive energy model, supporting industry and employment in the communities where it operates.

This commitment will be fulfilled by promoting:



A business model with characteristics that accelerate value creation for all

1. **Aimed at satisfying the expectations of its stakeholders by incorporating ESG+F factors into the company's strategy and management**.

2. **Investment** is particularly focused on the **networks** business, which has predictable **regulatory frameworks** with investment incentives, and constitutes essential infrastructure to handle the transition of the energy model.

3. It is supplemented by **selective investments in renewables,** thus optimising the risk-return profile. This mainly includes offshore wind, photovoltaic, onshore wind, hydroelectric, battery and green hydrogen production projects, all of which are necessary to achieve a decarbonised energy and economic model.

4. **Geographical diversification**, with a focus on countries with high credit ratings.

5. Historical commitment to a **robust financial position** that preferentially relies on **green finance** instruments thanks to the fact that the investment plan is highly aligned **with the EU Taxonomy**.
6. Dividend policy establishes a **strong and growing dividend** in line with the increase in the company's profits.

Presence and areas of activity

After more than 170 years of history, the Iberdrola group today is a global energy leader, the world's leading wind energy producer, and one of the largest electricity companies by market capitalisation.[1] Iberdrola was two decades ahead of the energy transition to meet the challenges of climate change and offer a sustainable and competitive business model that creates value for society.

The group supplies energy to almost 100 million people in dozens of countries, with over 600,000 shareholders, a workforce of close to 40,721 and assets valued at more than €155,000 million[1].

GRI 2-1

Iberdrola's leadership is underpinned by its smart grid and renewables businesses, and by a diversified portfolio of projects and markets, with a presence in countries with high credit ratings. The company and its subsidiaries and investees carry out their activities in almost thirty countries. A significant portion of the group's activities are concentrated in Spain, the United Kingdom, the United States, Brazil and Mexico; and also in Portugal, Australia, Germany, Greece, France, Ireland, Italy, Hungary and Poland. It has also entered into several agreements to begin the development of various offshore wind projects in new markets: Sweden, Poland, Japan, Taiwan, Vietnam, etc.

The following infographic shows the group's principal areas of activity. The countries in which it operates, the activities performed in each of them and the criteria used to define their significance are indicated in chapter "VI.1. Scope of information" of this report.

For more detailed information, see the About us section on the corporate website.

[1] At year-end 2022.

Main products and services

GRI 2-6 EU3

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

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

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

- The Networks Business manages distribution activities in Spain and transmission and distribution activities in the United Kingdom, the United States and Brazil, as well as the regulated sale of energy in the United States and Brazil and any other regulated activities of the group in these four countries
- The Electricity Production and Customers Business manages electricity generation assets with one of the lowest emissions levels in the sector and sells energy and energy solutions that drive the decarbonisation of industrial and domestic customers in Spain, the United Kingdom, the United States, Mexico, Brazil, Australia and continental Europe

At year-end 2022, the group companies, as a whole, supplied energy to a total of 36.4 million users. Of this total, 32.1 million are electricity users, and the rest are gas users (4.3 million users). 85.7% of users are residential.

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

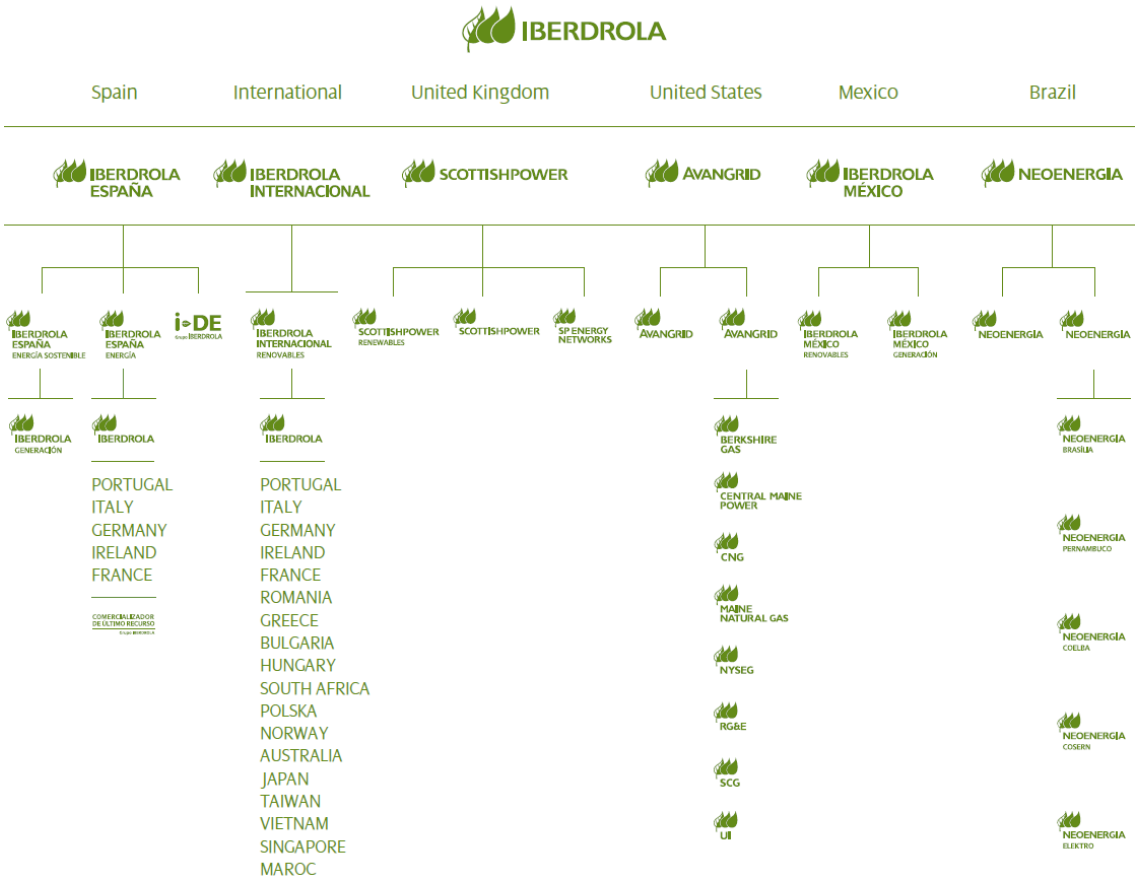
The "Iberdrola" brand

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

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

Two new brands were created in 2022 for the following companies in Spain: Iberdrola Energía España, the head of business company for selling and supplying electricity and natural gas to end users, both in Spain and abroad; and Iberdrola Energía Sostenible España, which is responsible for the businesses arising from the deregulated activities of electricity generation and the sale of electricity through sustainable energy sources in Spain. Work is also being carried out in the United States to make the energy transition to renewable energy a reality, for which purpose AVANGRID has been consolidated as the main brand, as the link to the Iberdrola group.

The global architecture in 2022 is as follows:



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

Key operating figures[2]

Installed capacity, output, networks and users

At year-end 2022, the Iberdrola group had 60,761MW of total installed capacity, of which 40,066 is renewable.

■ GRI EU1

Installed capacity by energy source (MW)

	Spain		United Kingdom		United States		Brazil		México				IEI		Total	
									Own		Third-party					
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Renewables	19,796	19,210	3,008	3,008	8,702	8,309	4,568	4,014	1,232	1,232	103	103	2,657	2,262	40,066	38,138
Onshore wind	6,209	6,124	1,986	1,986	8,061	7,945	1,394	984	590	590	103	103	1,885	1,749	20,228	19,479
Offshore wind	0	0	908	908	0	0	0	0	0	0	0	0	350	350	1,258	1,258
Hydroelectric	10,700	10,700	0	0	118	118	3,031	3,031	0	0	0	0	0	0	13,849	13,849
Mini-hydro	255	285	0	0	0	0	0	0	0	0	0	0	0	0	255	285
Solar and other	2,631	2,100	114	114	522	246	143	0	642	642	0	0	423	164	4,475	3,266
Nuclear	3,177	3,177	0	0	0	0	0	0	0	0	0	0	0	0	3,177	3,177
Combined cycle	5,695	5,695	0	0	204	204	533	533	2,617	2,103	7,043	7,043	243	243	16,334	15,820
Cogeneration	347	347	0	0	636	636	0	0	202	202	0	0	0	0	1,185	1,185
Coal	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	**29,013**	**28,427**	**3,008**	**3,008**	**9,542**	**9,149**	**5,100**	**4,547**	**4,051**	**3,537**	**7,146**	**7,146**	**2,900**	**2,505**	**60,761**	**58,320**

80% of total own installed capacity is associated with emission-free technologies

■ GRI EU2 ■ SASB IF-EU-000.D

Net electricity output by energy source (GWh)

	Spain		United Kingdom		United States		Brazil		Mexico				IEI		Total	
									Own		Third-party					
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Renewables	23,826	28,420	7,823	6,717	20,188	19,400	14,737	11,935	2,899	2,716	222	231	5,053	4,531	74,747	73,950
Onshore wind	11,744	11,937	4,424	3,284	19,612	18,943	3,843	2,313	1,662	1,528	222	231	3,910	3,339	45,417	41,574
Offshore wind	0	0	3,392	3,433	0	0	0	0	0	0	0	0	1,105	1,184	4,497	4,617
Hydroelectric	9,511	14,620	0	0	188	132	10,803	9,622	0	0	0	0	0	0	20,502	24,374
Mini-hydro	420	630	0	0	0	0	0	0	0	0	0	0	0	0	420	630
Solar and other	2,150	1,233	7	0	388	325	91	0	1,237	1,188	0	0	38	8	3,910	2,754
Nuclear	23,886	23,193	0	0	0	0	0	0	0	0	0	0	0	0	23,886	23,193
Combined cycle	7,082	7,023	0	0	7	7	14	3,194	14,145	15,001	37,269	34,704	58	34	58,574	59,963
Cogeneration	1,904	2,331	0	0	2,516	3,184	0	0	1,403	1,644	0	0	0	0	5,823	7,159
Coal	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	**56,698**	**60,968**	**7,823**	**6,717**	**22,711**	**22,591**	**14,751**	**15,129**	**18,447**	**19,361**	**37,491**	**34,935**	**5,111**	**4,565**	**163,031**	**164,266**

Approximately 78% of own production is associated with emission-free technologies.

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

In 2022, 50.5%of production was achieved using local sources of energy, as shown in the following table:

2022 production with local energy sources (%)	
Spain	86.1%
United Kingdom	100%
United States	88.9%
Brazil	100%
Mexico	9.7%
IEI	100%
Media	**50.5%**

■ GRI EU4

The group operates about 1.3 million kilometres of electricity transmission and distribution lines.

The table below shows the details by type of line.[3]

Power lines (Km)[4]			
	2022	**2021**	**2020**
Transmission			
Overhead	19,536	19,489	17,871
Underground	1,392	1,342	1,234
Total	**20,928**	**20,831**	**19,105**
Distribution			
Overhead	1,041,936	1,022,113	994,971
Underground	201,777	197,193	192,707
Total	**1,243,713**	**1,219,306**	**1,187,678**
Total	**1,264,641**	**1,240,137**	**1,206,783**

■ GRI 2-6 EU3

At year-end 2022, the companies of the group, as a whole, handled a total of 36.4 million users (36.1million in 2021). Of this total, 32.1 million are electricity users, and the rest are gas users (4.3million users). 85.7 % of users are residential.

[3] Due to the nature of the electricity systems in each country, the voltage levels used to classify lines as transmission or distribution are different.
[4] Lengths of lines are calculated by circuit, regardless of the number of circuits for each power line. A double-circuit 5-km line is considered to be 10 km.

Electricity users (Millions)			
	2022	2021	2020
Residential	27.5	27.2	25.9
Industrial	0.4	0.3	0.3
Institutional	0.3	0.3	0.3
Commercial	3.4	3.3	3.1
Other	0.5	0.6	0.6
Total	**32.1**	**31.7**	**30.2**

Users who are producers (No.)			
	2022	2021	2020
Users that are also producers of electricity	653,502	249,286	141,483

In Brazil, producing users have increased by more than 300,000 in 2022, driven by distributed generation incentives.

Operations (locations of operation)

■ GRI 2-6

The Iberdrola group has identified more than 1,300 sites at which the company operates. Streamlining criteria have been used in order to properly report on such a large number from the viewpoint of the disclosures required by the GRI Standards; accordingly, the number of Iberdrola's locations of operation at year-end 2022 is deemed to be 259 for the purposes of this report.

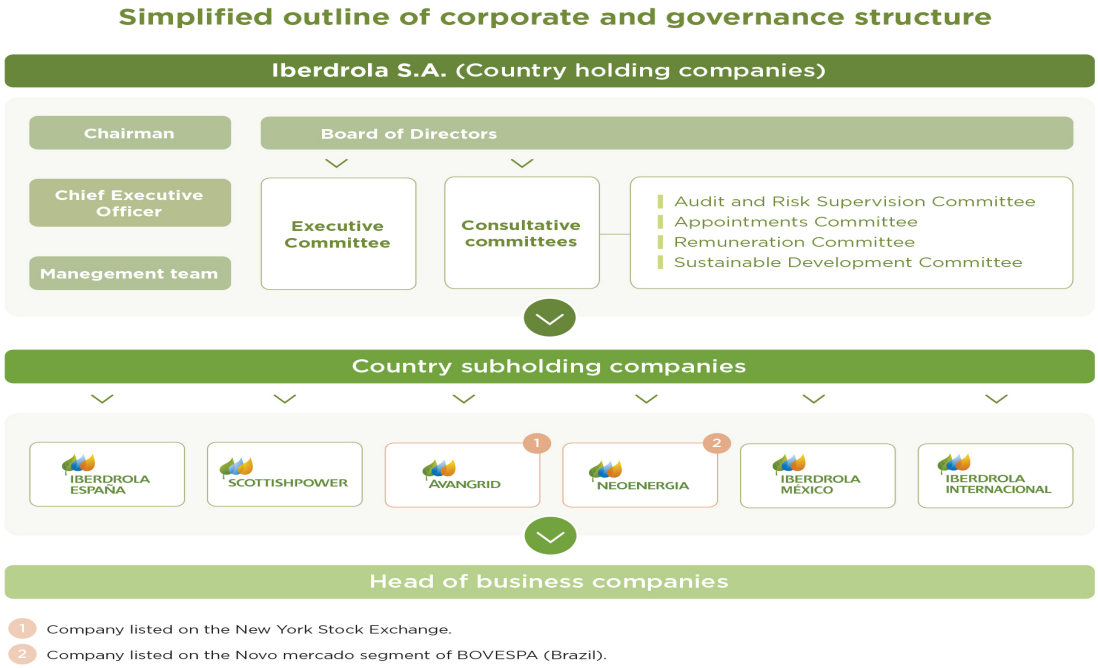
Corporate and governance structure, ownership and legal form

■ GRI 2-1 2-12 2-24

Iberdrola is an independent public company (sociedad anónima) with a registered office in Bilbao (Plaza Euskadi, 5), organised under Spanish law and listed on the stock market, and is configured as the **holding company** for an international group with a presence in Spain, the United Kingdom, the United States of America, Brazil, Mexico, and other EU member states and Australia, among other countries.

Using **country subholding companies and head of business companies**, the group combines a decentralised structure and management model with coordination mechanisms that ensure the global integration of all businesses and an effective system for separation of functions, checks and balances, and controls. In addition, the *Governance and Sustainability System* provides for a number of measures that give listed country subholding companies a special framework of enhanced autonomy.

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



The company's governance structure is based upon this corporate configuration, which duly differentiates between strategic definition and supervision, on the one hand, and day-to-day and effective management, on the other:

a. The Board of Directors of Iberdrola (**holding company**) is vested with powers relating to strategic definition and the governance model, as well as strategic supervision, organisation and coordination.

a. The chairman of the Board of Directors and the chief executive officer, with the technical support of the Operating Committee and the rest of the management team, are responsible for the supervision, organisation and strategic coordination of the group.

b. The **country subholding companies** strengthen strategic organisation and coordination through the dissemination, implementation and supervision of overall strategy and basic management guidelines at the country level, for which they have non-executive directors and audit and compliance committees, in addition to their own internal audit and compliance units or divisions. These entities group together the shareholdings in the head of business companies and one of their main functions is to centralise the provision of common services to these companies.

d. The **listed country subholding companies** (AVANGRID, Inc. and Neoenergia, S.A.) have a special framework of enhanced autonomy in regulatory matters, related party transactions and management.

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

Governance structure

Composition of the Board of Directors

■ GRI 2-9

As at 31 December 2022, Iberdrola's Board of Directors is made up of the following 14 members:

Board members

Position	Director	Status	Nationality	Date of first appointment	Date of last appointment	Membership on Board Committees
Chairman	José Ignacio Sánchez Galán	Executive	Spain	21-05-2001	29-03-2019	Chair of the Executive Committee
Chief Executive Officer	Armando Martínez Martínez	Executive	Spain	25-10-2022	25-10-2022	Member of the Executive Committee
First Vice-Chair and Lead Independent Director	Juan Manuel González Serna	Independent	Spain	31-03-2017	18-06-2021	Member of the Executive Committee Chair of the Remuneration Committee
Second Vice-Chair	Anthony L. Gardner	Independent	United States of America - Italy	13-04-2018	17-06-2022	Member of the Executive Committee, Member of the Appointments Committee
Member	Íñigo Víctor de Oriol Ibarra	Other external	Spain	26-04-2006	02-04-2020	Member of the Remuneration Committee
Member	María Helena Antolín Raybaud	Other external	Spain - France	26-03-2010	29-03-2019	Member of the Appointments Committee
Member	Manuel Moreu Munaiz	Independent	Spain	17-02-2015	29-03-2019	Member of the Executive Committee Member of the Remuneration Committee
Member	Xabier Sagredo Ormaza	Independent	Spain	08-04-2016	29-03-2019	Chair of the Audit and Risk Supervision Committee
Member	Sara de la Rica Goiricelaya	Independent	Spain	29-03-2019	29-03-2019	Chair of the Sustainable Development Committee
Member	Nicola Mary Brewer	Independent	United Kingdom	02-04-2020	02-04-2020	Member of the Sustainable Development Committee
Member	Regina Helena Jorge Nunes	Independent	Brazil	02-04-2020	02-04-2020	Member of the Audit and Risk Supervision Committee
Member	Ángel Jesús Acebes Paniagua[5]	Independent	Spain	20-10-2020	18-06-2021	Member of the Executive Committee Chair of the Appointments Committee
Member	María Ángeles Alcalá Díaz	Independent	Spain	26-10-2021	17-06-2022	Member of the Audit and Risk Supervision Committee
Member	Isabel García Tejerina	Independent	Spain	16-12-2021	17-06-2022	Member of the Sustainable Development Committee

Secretary (non-member): Julián Martínez-Simancas Sánchez[6]

First Deputy Secretary (non-member): *Santiago Martínez Garrido* [6]

Second Deputy Secretary (non-member): Ainara de Elejoste Echebarría[6]

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

[5] Mr Ángel Jesús Acebes Paniagua was appointed for the first time on 24 April 2012, and he remained in the post until 28 March 2019. On 20 October 2020, he was reappointed as a member of the Board of Directors on an interim basis.
[6] On 1 January 2023, Santiago Martínez Garrido and Ainara de Elejoste Echebarría were appointed to the positions of non-director secretary and non-director deputy secretary, respectively.

The Board of Directors is composed of two executive members (14%) and twelve non-executive members (86%).

Independent directors make up 71% of total members, including the two deputy chairmen, the lead independent director and the chairmen of all the consultative committees.

The Board of Directors is characterised by its independence (86% non-executive directors and 71% independent directors), gender balance (each gender representing 50% of non-executive directors and no gender with a representation of less than 43% of all directors), and the diversity of skills, experience and nationalities of its members.

The gender and age diversity of the members of the Board of Directors are shown below:

■ **GRI 405-1 2-9**

Diversity on the Board of Directors

		2022		2021		2020	
		Nº	%	Nº	%	Nº	%
By gender	Men	8	57 %	8	57 %	9	64 %
	Women	6	43 %	6	43 %	5	36 %
By age group	Between 31 and 50 years old	1	7 %	1	7 %	1	7 %
	Over 51 years old	13	93 %	13	93 %	13	93 %
Total		**14**	**100 %**	**14**	**100 %**	**14**	**100 %**

The balanced presence of women and men is reflected in the fact that each gender represents 50% of non-executive directors since 2021, surpassing the percentages envisaged in Directive (EU) 2022/2381 for 2026

Separation of functions, checks and balances, and controls

■ **GRI 2-11 2-13**

The chairman of the Board of Directors is considered the executive chairman and reports to the Board of Directors.

He exercises the power to represent the Company individually, its senior management, the leadership of the Board of Directors (moderating debates and ensuring that the Board and the Executive Committee, which he also chairs, are functioning properly), and the other powers granted by the Board of Directors, the *Governance and Sustainability System*, and by law.

In his capacity as executive chairman, he also assumes all duties not expressly assigned by the Board of Directors to the chief executive officer. The areas, divisions and positions that do not report to the chief executive officer or other specific bodies report to him.

The company has had a chief executive officer, as a separate position from the executive chairman, since 25 October 2022. The chief executive officer coordinates the businesses of the group's companies as the person in overall charge of all of them.

The chief executive officer strengthens and facilitates the exercise of the powers attributed to the chairman of the Board of Directors, to whom he is subordinate. He therefore reports to the executive chairman. He also reports to the Board of Directors and regularly reports to the Board on his management, making any necessary proposals for decisions on matters within the scope of its powers.

Subordinate in turn to the chief executive officer are the directors of the global businesses of the Group's companies, along with the chief executive officers of the country subholding companies, among others, who are hierarchically subordinate to their boards of directors and, in the case of listed country subholding companies, with full respect for the special framework of enhanced autonomy given to them by the *Governance and Sustainability System.*

In addition, the company has a structure of executives and professionals authorised to implement its strategy and basic management guidelines, with powers provided according to two operating principles: (i) the principle of joint action, which governs the exercise of powers of a decision-making or organisational nature; and (ii) the principle of joint and several action, which governs the exercise of powers of mere representation.

The management team regularly reports to the Board of Directors, the Executive Committee and the consultative committees as described in the *Annual Activities Report* of the Board of Directors and the Committees thereof.

The structure of the Board of Directors —with a large majority of independent directors—, the configuration of its positions, and the existence of consultative committees, provide the structure for a system of checks and balances that ensures that neither the executive chairman, the chief executive officer nor the Executive Committee have decision-making powers that are not subject to the appropriate checks and balances, thus ensuring that they are under the effective supervision of the Board of Directors.

In particular, the first deputy chair and lead independent director and the second deputy chair, both of whom are independent Board members, serve as a counterbalance to the executive chairman, ensuring that his actions are subject to the appropriate controls.

Similarly, the group's corporate and governance structure is designed in such a way that management power is not centralised in a single governing body or in a single person, but rather is decentralised among the boards of directors of the head of business companies, with the Company's main function being supervision, organisation and strategic coordination at the group level.

Committees of the Board of Directors

Executive Committee

■ GRI 2-9 2-11 2-24

The Executive Committee has all the powers inherent in the Board of Directors other than those that cannot be delegated pursuant to law or the *Governance and Sustainability System.*

The main activities of this Committee consist of continuously monitoring the implementation of the strategy, meeting objectives, the governance model, and submitting proposals to the Board of Directors or making decisions regarding strategic issues in cases of urgency. In particular, this includes investments and divestments that are significant for the Company or its group, assessing whether they are in line with the Company's budget and strategy, analysing and monitoring business risks, and taking into consideration any environmental and social aspects.

Consultative committees

■ GRI 2-9

Consultative committees are permanent, internal, informational and consultative bodies within the Board of Directors, without executive powers, with informational, advisory, control and proposal-making powers within their respective scopes of activity, which focus on the following:

- **Audit and Risk Supervision Committee:** internal audit, internal control and risk monitoring systems, preparation of financial and non-financial information, the audit of the financial statements, and compliance in accordance with the terms set out in its *Regulations*.
- **Appointments Committee:** selection, appointment, re-election and removal of the members of the Board of Directors and of the Company's Senior Management as provided for in its *Regulations.*
- **Remuneration Committee:** remuneration of the members of the Board of Directors and of senior management as provided in its *Regulations.*
- **Sustainable Development Committee:** review and update of the *Governance and Sustainability System*, preparation of the *Statement of non-financial information*, and supervision of the policies on sustainable development, people management, inclusion and diversity, equal opportunity, occupational health and safety, stakeholder engagement, respect for human rights, sustainability, etc., in accordance with the terms set out in its *Regulations.*

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

Beneficial ownership

GRI 2-1 2-6

At 31 December 2022 the company's share capital totalled €4,771,570,500.00, represented by 6,362,094,000 shares of the same class and series, each with a par value of €0.75. All shares give the holders thereof the same rights. The approximate distribution of equity interests is as follows:

- International investors 71.00%
- Domestic entities 6.80%
- Domestic individual investors 22.20%

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

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

	31/12/2022	31/12/2021	31/12/2020
Qatar Investment Authority	8.69	8.69	8.69
BlackRock, Inc.	5.29	5.16	5.13
Norges Bank	3.65	3.36	3.43

As at the date of preparation of this report, the share capital of Iberdrola, S.A. totals €4,834,773,000.00 and is made up of 6,446,364,000 shares, each with a nominal value of €0.75, which are fully subscribed and paid up.

I.2. Governance and Sustainability System

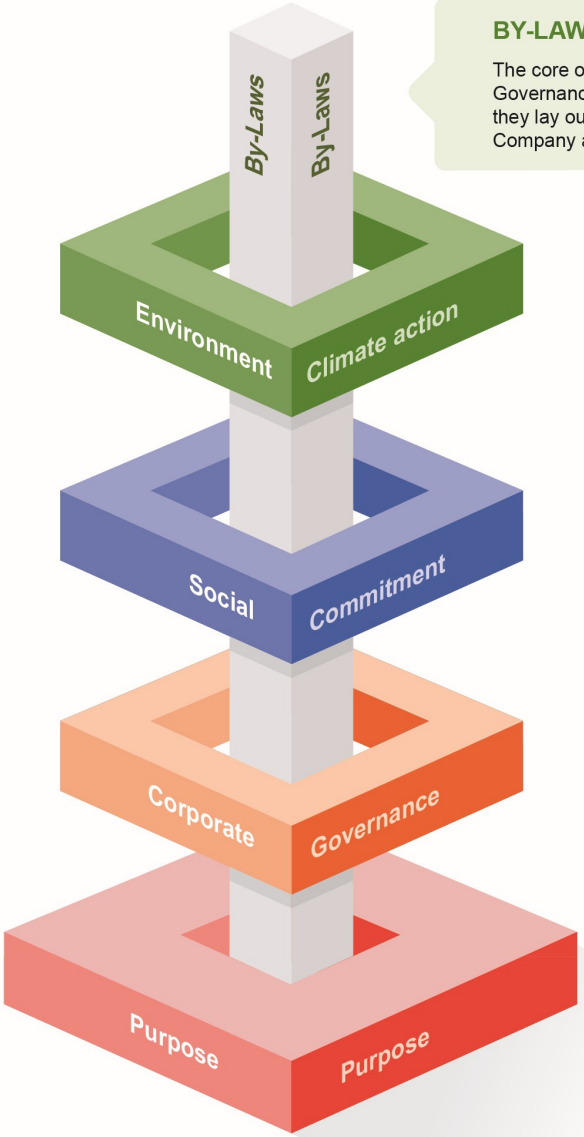
- Introduction to the Governance and Sustainability System
- By-Laws
- *Code of Ethics*
- Policies and commitments
- Long-term risks and opportunities. Comprehensive Risk System

Introduction to the Governance and Sustainability

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

STRUCTURE OF THE GOVERNANCE AND SUSTAINABILITY SYSTEM

The Governance and Sustainability System is the Company's **internal system of rules**. It configures Iberdrola as an integral company that enriches its purely corporate dimension with plural (economic, social, environmental and governance) business activities. Always at the forefront of international best practices, it is structured in **five books**:



BY-LAWS

The core of the internal system of rules, they make up the **backbone** of the Governance and Sustainability System. Based on the ***Purpose and Values***, they lay out the guidelines that define the **identity** and unique aspects of the Company and its business enterprise.

ENVIRONMENT AND CLIMATE ACTION

The policies that make up this book are Iberdrola's response to sustainable management, the challenges of **climate action**, the preservation of the **environment** and the loss of biodiversity, while helping to identify and take advantage of the opportunities arising from the **energy and ecological transition**.

SOCIAL COMMITMENT

The policies that make up this book reflect the Company's commitment to addressing the challenges relating to **human rights**, to recognising and valuing the importance of **human and personal capital, and to promoting diversity, inclusion, equal opportunity and non-discrimination**.

CORPORATE GOVERNANCE

The policies and rules of this book include the best good governance practices, which are reflected in the **guidelines and standards for conduct of the corporate bodies**, establishing the operation thereof and complying with legal requirements and the highest standards in this field.

PURPOSE

This is the **basis** on which the Governance and Sustainability System is built and established. The rules and policies that make up this book embody the Company's **corporate philosophy** and the ideological and axiological bases on which its corporate enterprise is based.

Leadership in sustainable development, social commitment, 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 ensuring that it includes the recommendations and best practices accepted in international markets.

By-Laws

The *By-Laws* at the core of the internal regulations and make up the backbone of the *Governance and Sustainability System*. Based on the *Purpose and Values*, they constitute the guidelines that define the identity and uniqueness of the Company and its business enterprise.

Code of Ethics

■ GRI 2-12 2-23

Iberdrola, S.A. strives for its conduct and that of the people related thereto to comply with and conform not only to current law and its *Governance and Sustainability System*, but also to generally accepted ethical and sustainable development principles.

The Company therefore promotes a preventive culture based on the principle of "zero tolerance" with regard to committing illegal acts and all forms of fraud and corruption

The Board of Directors of Iberdrola, S.A. has approved the Purpose and Values of the Iberdrola group, which sets out the raison d'être and the ideological and axiological basis of the business enterprise of the companies that form part of the Iberdrola group and governs their day-to-day activities. The content of the Purpose and Values of the Iberdrola group is further developed and specified in the *Code of Ethics* of Iberdrola, S.A.

The *Code of Ethics* is intended to serve as a guide for the conduct of directors, professionals and suppliers in a global, complex and changing environment. The code has been prepared taking into account the good governance recommendations generally accepted in international markets and the sustainable development principles accepted by Iberdrola, S.A., which constitute a basic tool for monitoring the activities of the Iberdrola group's companies. It also meets the company's prevention obligations with regard to the criminal liability of legal entities. It includes the commitment made by Iberdrola, S.A. to the principles of business ethics and transparency in all areas of activity, establishing a set of principles and guidelines for conduct intended to ensure ethical and responsible behaviour by all directors, professionals and suppliers of the Iberdrola group's companies.

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

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

The *Code of Ethics* forms part of the *Governance and Sustainability System*, which was approved by the Board of Directors of Iberdrola, S.A. in 2002 and last amended on 20 December 2022.

For more detailed information on the group's Compliance System, see the "Ethics and integrity" section of chapter "IV.1. Good governance, transparency and Stakeholder engagement".

Policies and commitments

GRI 2-23

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

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

- Purpose and Values of the Iberdrola Group (see "Purpose and Values"), Code of Ethics (see the "Code of Ethics" section), General Sustainable Development Policy and Stakeholder Engagement Policy (see "III.2. Stakeholder Engagement" section).
- Environment and Climate Change
- Social Commitment
- Corporate Governance

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

General Sustainable Development Policy

Iberdrola has a *General Sustainable Development Policy* approved by the Board of Directors in 2007 and last revised on 20 December 2022. It sets out the general principles and foundations that govern the group's sustainable development strategy. The goal is to ensure that all its corporate activities and businesses are carried out by fostering the sustainable creation of value for shareholders and taking into consideration other stakeholders related to its business activities and its institutional reality, equitably contributing along with all the groups that play a role in the success of its business enterprise.

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

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

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

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

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

Environment and Climate Change Policies

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

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

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

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

Social Commitment Policies

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

- *Policy on Respect for Human Rights*
- *People Management Policy*
- *Equality, Diversity and Inclusion Policy*
- *Selection and Hiring Policy*
- *Knowledge Management Policy*
- *Innovation Policy*
- *Quality Policy*
- *Corporate Security Policy*
- *Policy on the Responsible Use of Artificial Intelligence Tools and Algorithms*

Corporate Governance Policies

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

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

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

Long-term risks and opportunities. Comprehensive Risk System

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

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

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

Functions of the Risk Committee

Active management

Credit risk

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

Market risk

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

Coordination of second lines / Enterprise Risk Management (ERM)

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

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

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

Comprehensive Risk Control and Management System

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

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

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

Risk policies and limits of the Iberdrola group

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

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

Principal risk factors of the Iberdrola group

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

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

* Operational, technological, environmental, social and legal

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

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

Evaluation of risk management processes

GRI 2-12

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

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

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

I.3. Climate action and TCFD

- Introduction to climate action
- Climate Action Policy
- Climate governance
- Management of climate opportunities and risk
- Objectives and elements of climate action
- Indicators and metrics
- Other aspects associated with the energy transition

Introduction to climate action

■ GRI 201-2 ■ SASB IF-EU-110a.3

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

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

Anchored in its commitment to the Paris Agreement and the energy transition, Iberdrola's climate action Plan reflects the way in which the Group faces the energy transition based on its experience in the renewable energy sector, maximising opportunities arising from climate change and anticipating energy and innovation needs, while optimising resources and reducing the risks posed by climate change in the areas in which the Group does business. Levers are established that drive Iberdrola's strategy towards the decarbonisation of the company and society, including related metrics and targets, as well as potential financial impacts for the climate scenarios under analysis. All of the foregoing is performed in accordance with recommendations of the "VI.7. TFCD content index".

Climate action Plan

Iberdrola's Climate Action Plan establishes an ambitious roadmap aimed at achieving zero net emissions of CO_2 equivalent by 2040. This Plan establishes the levers, actions and associated metrics which in turn contribute to the decarbonisation of the economy as a whole, as well as the values supporting it.

We believe that this aspiration will also promote the sustainable creation of value and is based on the commitment to ensuring a positive contribution to nature and society, contributing to social and economic development through the generation of jobs and wealth. This commitment was presented at COP27, held in Egypt in November 2022.

Climate goals

Iberdrola updated its Strategic Prospects for 2025 and 2030 in 2022. The new investment plan (focusing on renewables, smart grids and efficient storage), together with the investments already made in recent years, has enabled the Group to increase the ambitiousness of its emissions-reduction targets.

The commitment to accelerate the decarbonisation of the economy involves the maximum reduction of each economic player's direct emissions, as quickly as possible. Iberdrola supports immediate action in the main climate forums: the planet cannot wait. For all these reasons, Iberdrola will use its best efforts to achieve the emissions reduction that science demands of the electricity sector (for Scopes 1 and 2) ten years before the required date (2040). In this way, Iberdrola aspires to achieving carbon neutrality for its Scopes 1 and 2 by 2030, offsetting any residual emissions after 2030. Iberdrola follows the current fledgling methodological and market developments on the offset of emissions, and a detailed market survey will be conducted to work under the highest quality standards.

The ultimate aspiration of this commitment of the Iberdrola group is to achieve Net Zero emissions by 2040. If this commitment is achieved, by 2039, the group's absolute emissions will have been reduced by 90% compared to 2020, and residual emissions will be neutralised.

Iberdrola undertakes to use its best efforts to achieve this commitment, for which purpose it will align its strategy, investments, operations and public positioning therewith. In any case, Iberdrola is also committed to facing the energy transition by ensuring the creation of value for its shareholders, employees, customers, suppliers, and the communities in which it does business. The company therefore reserves the ability to adjust its planning to successfully perform in significant material aspects, such as the company value, quality of supply, social/labour conditions, and a fair transition.

Levers of the Action Plan

The actions identified to date to achieve this commitment are grouped into four main levers and one cross-dimensional lever that spans all scopes:

a. Investment in 100% renewable technology generation, increasing storage capacity and promoting new technologies (e.g., hybridisation).
b. Investment in 100% smart and robust grid operation as an essential pillar of a decarbonised and electrified energy system.
c. Designing and offering customers green solutions that contribute to the electrification and gradual decarbonisation of energy demand.
d. Green purchases through the acquisition of renewable energy for own consumption, on the one hand, and the establishment of alliances and partnership agreements for joint reduction of emissions and to speed up and facilitate the development of green products, on the other.
e. The promotion of partnerships in green technologies and decarbonisation.

These levers are supported by an ambitious investment plan and a strong network of partnerships, which drive Iberdrola's strategy towards the decarbonisation of the company and of society.

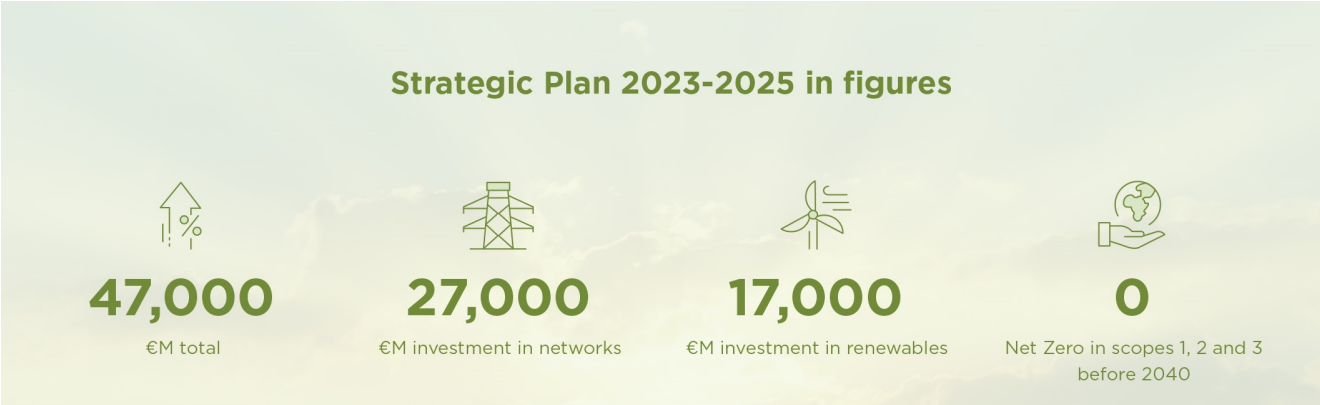
Investment plan

To meet the commitment set out in the Climate Action Plan, Iberdrola will continue to promote and spearhead a business model and an investment plan fully integrated into a decarbonised future.

The 2023-2025 Iberdrola Strategic Plan commits €47,000 million up to 2025 in order to promote the energy transition, with more than €27,000 million allocated to networks and investments and €17,000 million in renewable energy, to deliver 52,000 MW of renewable installed capacity by the end of the period (from ~40 GW in 2022), while increasing storage capacity to 102 GWh. In addition, €3,000 million will be allocated to the development of green products providing added value to customers. For private customers, proposals focus on solar self-consumption, electric mobility, and green climate control. Industrial customers are offered plans for decarbonisation through climate control and green hydrogen.

This plan reasserts the 2030 view driven by growth across all markets and the acceleration of electrification. It is expected that by the end of the decade more than €65,000 million will have been spent in grid assets and 80,000 MW of renewable installed capacity will have been created, thanks to new investments between €65,000 and €75,000 million between 2026 and 2030.

In line with the investment plan, over the next years, €2,000 million euros are expected to be invested through 2025 and €4,000 million through 2030, thus doubling R&D efforts by the end of the decade, which will make it possible to continue to strengthen our model, promoting the development of innovative and sustainable technologies.



Partnerships, global climate agenda, and awareness-raising

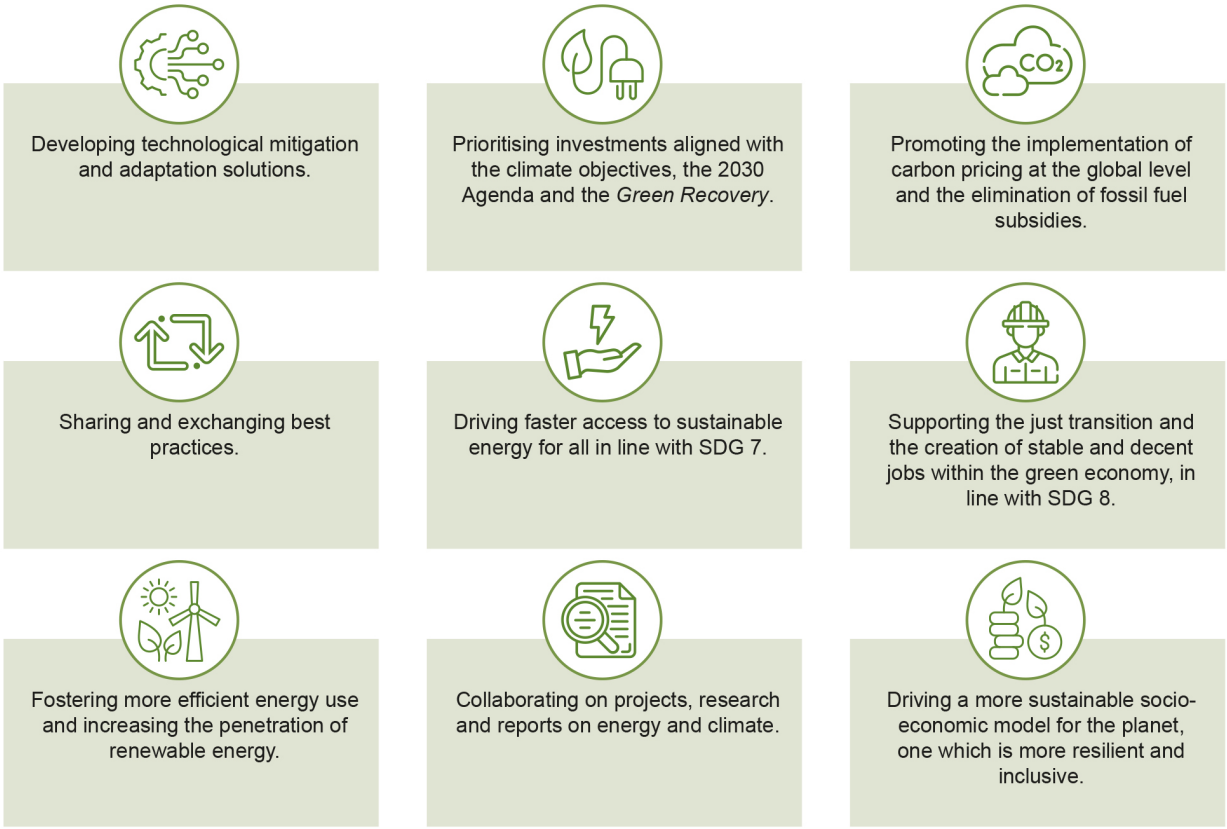
Our aspirations are supported by a strong network of partnerships to promote decarbonisation. In keeping with its strategy, Iberdrola supports ambitious approaches in the framework of its climate policies and the establishment of plans and objectives. Through partnerships, statements and campaigns, Iberdrola also publicly supports ambitious and robust frameworks to face the current challenges as regards climate, energy, environmental and other issues, seeking to generate value and prosperity for society as a whole. In this context, there is a need for all players to be aligned with and committed to the fight against climate change, which makes awareness-raising among society a key.

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

Hence, Iberdrola has played an important role in the inauguration of and parallel events at meetings of the United Nations General Assembly and the various editions of New York Climate Week, climate conferences such as the European Green Growth Summit and the 2022 Green Growth Forum, as well as at the multilateral meetings organised by the United Nations Framework Convention on Climate Change (UNFCCC).

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

IBERDROLA'S CONTRIBUTION WITH THIRD PARTIES, IN THE FIGHT AGAINST CLIMATE CHANGE



Iberdrola has been a member of the UN Global Compact since 2002, and it has belonged to the Red Española del Pacto Mundial since 2004, as a founding member. Through this membership, Iberdrola has assumed, inter alia, the commitment to implement the Ten Principles and to promote the 2030 Agenda, contributing to the attainment and dissemination of the SDGs. The company has been identified as a LEAD company on numerous occasions, owing to its high levels of commitment to the principles of the Global Compact, and it has been at the forefront of the climate action platform since its inception in 2016, and which has focused this year on working on a fair transition thinklab as a forum for collaboration and to drive climate action from an inclusive point of view and create value for society as a whole.

Iberdrola has been one of the companies most intensely involved in the successive Conferences of Parties (CoPs) on Climate Change, organised by the UNFCCC on an annual basis. At COP27 held in Sharm el-Sheikh in November 2022, Iberdrola was an official partner of the main business alliance on climate, We Mean Business, worked with the United Nations on organising a high-level event at its pavilion, and played a leading role, organising more than 10 high-level events with more than 60 impactful presentations at the principal meetings and events.

Iberdrola is very actively involved in the We Mean Business initiative through its support for specific campaigns, including the implementation of initiatives in Spain to promote climate action among small- and medium-sized enterprises (SME Climate Hub). As part of the New York Climate Week, We Mean Business mentioned Iberdrola as a leading company in climate action thanks to its contribution to a more sustainable energy model, placing it at the head of the '4A's' (Ambition, Action, Advocacy y Accountability) campaign.

As part of the coexistence between renewable energy and the preservation of biodiversity, as well as its contribution to social and economic development, Iberdrola forms part of CLEANAction (Coalition Linking Energy and Nature for Action), founded by BirdLife International, WWF, IRENA and The Nature Conservancy, among others.

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

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

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

Iberdrola has also been a member, since its inception, of the Powering Past Coal Alliance (PPCA), a coalition of governments, regions and companies focused on promoting the shutdown of coal within the framework of a fair transition to a clean energy model. Here, with a broader approach to a just transition, it has contributed to the creation of the collaborative platform promoted by BSR and BTEAM called Energy for a Just Transition.

Industry campaigns, which contribute to sending a signal of demand for green products, and which thus have a driving effect on the various players in the supply chain, include its joining the SteelZero initiative of The Climate Group, which brings together organisations committed to speeding up the transition to a net zero steel industry, in 2022.

Along these lines, Iberdrola was the first Spanish company to adhere to the EV100 initiative, intended to accelerate the transition to electric vehicles, as Iberdrola has made a commitment to electrify its entire vehicle fleet and to facilitate recharging by its employees in Spain and the United Kingdom by 2030.

Iberdrola's support for the "Leadership for Net Zero" project of the Madrid Club, to highlight the role of democratic leadership in the fight against climate change, has played an important role in reinforcing multilateral dialogue for climate action.

In 2022, within the framework of COP27 and the main international climate milestones, Iberdrola has joined in important declarations, alliances and campaigns, including the following:

- 1.5°C Business Sign-on Statement at COP27, promoted by the We Mean Business Coalition to reaffirm the commitment and maintain efforts to limit the rise in temperature to 1.5°C, reducing global emissions by half by 2030.
- Global wind energy manifestoGlobal wind energy manifesto for COP27 of GWEC, released beforehand in September, signed by more than 100 leading companies in wind energy, asking the signatories of the Paris Agreement to optimise planning and permits, update grid infrastructure, and develop energy markets to accelerate the deployment of renewable energy.
- World Economic Forum (WEF) letter in support of ambitious frameworks for climate policies: *Open Letter for world* of the Alliance of CEO Climate Leaders at the United Nations Climate Change Conference (COP27).

- COP27 Action Declaration on climate policy engagement promoted by Corporate Knights in support of ambitious climate policy frameworks to reduce emissions by half by 2030 and achieve the net zero global goal by 2050.

Iberdrola also supported the Green Jobs for Youth initiative, promoted in partnership with the International Labour Organization (ILO), the United Nations Children's Fund (UNICEF) and the United Nations Environment Programme (UNEP), seeking to promote the creation of green jobs among young people.

IBERDROLA UNICEF Alliance

Iberdrola has entered into an alliance of great social impact with UNICEF to promote education and employment for vulnerable young people, as part of the opportunities offered by the energy transition and climate action, both in Spain and at the international level.

In Spain, Iberdrola promotes the alliance by contributing our knowledge, experience, innovation, financial resources, human resources and the involvement of our value chain. To this end, Iberdrola designs training itineraries of a high technical quality in the various areas of the green economy and, together with social entities supporting the young people, it develops their abilities to obtain internships and/or employment within our value chain.

At the international level, Iberdrola supports Learning Passport, UNICEF's global education platform, and supports projects in Somalia and Brazil. In Brazil, with the 1 Million Opportunities (1MiO) programme for the inclusion of vulnerable adolescents and young people in the job market, promoting young people's skills, work opportunities, and green jobs, particularly in the Semiarid and Amazon regions. In Somalia, with the UPSHIFT Social Innovation programme, which seeks to train children in innovation and entrepreneurship so that they can develop social-impact projects to help their communities. In the Learning Passport programme, which provides ongoing access to quality education, Iberdrola provides content on climate change to create opportunities for children and young people so they can learn about and become committed to climate action

Climate action values

Due to its cross-dimensional nature, the Climate Action Plan is based on the aspiration of making climate action compatible with the general social interest and contributing to sustainable development, so as to contribute to building an energy model in harmony with nature and human beings.

Iberdrola's "Convive" programme is a clear example of this ambition, as it brings together all initiatives and alliances that create bridges for energy transition in harmony with nature and with people.

Positive for society

In supporting energy transition and the green economy, Iberdrola is committed to a just and inclusive transition, promoting economic and industrial development, as well as universal access to competitive energy.

Thus it becomes an economic and industrial driver, encouraging the creation of new business lines and industries of the future, contributing to the strength of the industrial fabric and to the creation of new jobs connected to the green economy.

The Iberdrola UNICEF alliance described above is an example of an initiative seeking to promote training and employment.

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

On this path, Iberdrola is part of the Agreement for a just transition for coal power plants: jobs, industry and territories, along with the Ministry for Ecological Transition, Ministry of Labour and Social Economy, other companies that own coal-fired thermal power plants in Spain, and union organisations, assuming the commitments established for fulfilling the 2015 Paris Agreement and the Energy and Climate Strategic Framework in its Fair Transition Strategy. This strategy promotes ensuring that workers and territories make the most of the transition opportunities and minimise the negative impacts thereof through support and recovery measures

This year, Iberdrola has continued to work on the open innovation platform launched in 2020 to channel entrepreneurship initiatives that serve as to accelerate the processes for collaboration between citizens, public entities and companies in the regions where Spanish coal plants have been shut down, Lada and Velilla. This innovative tool promotes the generation of knowledge among the parties involved, actively seeking interests and synergies so as to tackle the specific demographic and economic challenges of each area. This initiative follows the principles, methodologies and goals established by the European Commission for a new European "Green Deal", which assign Spain a number of specific objectives and resources. It is based on listening and co-creation methods, which are the basis for the development of a portfolio of social and economic development initiatives at 5 different levels of action: (1) community initiatives, (2) social entrepreneurship projects, (3) large-scale public-private actions, (4) new public services, and (5) experimentation in new regulations.

General objectives

- To accompany the closure of Iberdrola's plants in Lada and Velilla with a process to identify new social and economic opportunities for these areas.
- Promoting new initiatives associated with the SDGs in the area.
- Offering a space for advanced experimentation for the European Commission's Green Deal strategy in Spain

Specific objectives

- Designing, implementing, and assessing an open innovation platform as an instrument of intervention for the closure of first-generation thermal plants.
- Promoting a portfolio of innovation projects directly associated with the aspirations of local citizens.
- Creating a network of public and private players associated with the platform to work as an open innovation platform.
- Identifying a set of principles, criteria and methodologies for the transformation of territories facing the closure of polluting energy plants (fair transition processes).
- Attracting potential financing partners for this type of process.

Work on the Platform is expected to be completed in 2023, when a detailed study of the impact on the area will be conducted.

Iberdrola is also accelerating universal access to competitive energy as a lever for human and economic development. As part of the Electricity for All Programme, the goal is to provide electricity to 16 million persons who currently lack it by 2030. It also attends to customers who are economically disadvantaged or in any other situation of vulnerability, establishing specific procedures of protection and collaborating in providing ongoing access to energy supply in accordance with the policies established by the competent government authorities in each case.

Positive for nature

Climate action is supported by a strong commitment to the protection of nature, jointly tackling the threefold environmental crisis (climate, biodiversity and overexploitation of resources) that we are facing.

Iberdrola interacts with different ecosystems and species in various geographic areas. Aware of the urgent need to stop and reverse the unprecedented loss of biodiversity denounced by the scientific community, Iberdrola has strengthened its commitment to the protection of and action for biodiversity and nature with the 2030 Biodiversity Plan, which applies to the entire Iberdrola group and sets out its commitment to have a net positive impact on biodiversity by 2030. Along these lines, the Iberdrola 2020-2030 Trees Programme has the goal of planting 20 million trees by 2030, and it is estimated that it will contribute to the capture of up to 6 MtCO2eq in 30 years, a clear example of a project that makes it possible to achieve this twofold goal of leading change and generating a positive impact. More information can be found in the "Objectives and Biodiversity Plan 2030".

Iberdrola also supports a circular economy model encompassing the entire value chain within Iberdrola's boundary and including both internal actions (optimisation and improvement) and driving actions, in relation to both suppliers and customers. The greatest lever to promote the circular economy is currently the reduction in the use of fossil fuel thanks to the goals of deploying renewable technology.

For example, in 2022, Iberdrola, through its PERSEO programme and FCC Ámbito, a subsidiary of FCC Servicios Medio Ambiente, launched EnergyLOOP to lead the recycling of components of renewable facilities, one of the greatest medium- and long-term challenges in the sector. This initiative will also contribute to the energy transition and to boost the circular economy in Spain. More information can be found in the "Innovation and digital transformation projects" section.

Climate governance

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

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

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

In line with the need for professionalisation, diversification and qualification on relevant topics, the **Board** has a **training and refresher programme for its members**, the topics of which include decarbonisation and the fight against climate change. In 2022, there were a total of 8 meetings to discuss topics pertaining to climate change within the corporate decision-making of Iberdrola, S.A. In particular, the directors of Innovation and Sustainability and of Climate Change and Alliances met on a recurring basis with the Sustainable Development Committee, and the director of Risk and Internal Assurance met with the Audit and Risk Supervision Committee. Both environmental risks and the risks associated with climate change were discussed at these meetings, as were the corresponding alert mechanisms to properly monitor them. The Sustainable Development Committee was also presented at several meetings with the proposed amendment to the Climate Action Plan, which was ultimately approved by the Board of Directors in October 2022. Finally, the programme for the information and training of the Board of Directors and its committees also considered this matter last year, for these purposes including the preparation of a training document for the Board of Directors in relation to the technologies available in the context of the energy transition, and a physical meeting was held with the Sustainable Development Committee on innovation and major elements for better climate change governance.

In turn, the **remuneration structure for executive directors and the management team takes into account** economic/financial, operational and sustainability aspects. A long-term remuneration plan (2020-2022 Strategic Bonus) was approved in April 2020. This plan sets out parameters relating to the Sustainable Development Goals, such as reducing the average intensity of CO_2 emissions and increasing the number of suppliers subject to sustainable development standards, among others (see additional details in the "Remuneration policy" section under "Corporate Governance").

More detailed information can be found in Section "I.2. Governance and Sustainability System", as well as the following link: *Governance and Sustainability System.*

The group is exposed to various risks inherent in the different countries, industries and markets in which it operates, and the activities it performs, and which may prevent it from achieving its objectives and implementing its strategies. The Company's Board of Directors, being aware of the importance of this aspect, is committed to fully developing its abilities to ensure that the significant risks of all of the group's activities and businesses, including the risks of climate change, are adequately identified, measured, managed, and controlled.

Management of climate opportunities and risks

Climate change is a systemic, global risk, and one of the global crises faced by Humanity. Companies should contribute to the fight against this risk through actions to mitigate climate change, reducing their emissions and decarbonising their business model; as well as acting against the impacts of climate change, improving their adaptation and resilience. Climate change poses various risks, with increasing long-term impacts that, to a greater or lesser degree, may not be considered new risks for the sector. Climate change accelerates the existing risks set out in the Iberdrola group's risk catalogue (see *General Risk Control and Management Policy*)), which are therefore monitored. They may be classified as:

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

The identification, analysis and management of the risks arising from climate change are addressed through a multi-departmental focus, with cooperation between corporate and business functions.

Iberdrola faces climate change risks from a favourable position, as it has:

a. Extensive experience in the management of risks accelerated by climate change, both physical (at the operational level) and transitional (such as regulatory and market risks).
b. Financial strength.
c. A diversified business (from the business, geographic and technological standpoint), with low exposure to gas assets and no coal plants.

For more information on Iberdrola's risks, as well as its governance, identification and monitoring systems, see the "Long-term risks and opportunities. Comprehensive Risk System" of this report, the Climate Change Risks section of the *Management Report of the Consolidated Annual Financial Report 2022,* Section E of the *Annual Corporate Governance Report 2022* and the "Risks" section of the *Integrated Report* March 2023.

Area	2022 improvements identification and reporting of climate change risks
Physical risks	In the process of justifying the alignment of Iberdrola activities and businesses with the DNSH of the EU Taxonomy Adaptation to Climate Change, the vulnerability and adaptation measures of the group's facilities have been fully reviewed.
Climate Change Risks	Creation of a new specific Working Group focusing on the increasing needs for Climate Change risk reporting, with active involvement, in addition to the businesses, of cross-dimensional departments such as Control, Internal Assurance, Risks, Climate Change and ESG.

Identification and evaluation of the opportunities and risks of transition

The main risks of transition, such as regulatory and market risks, require a management approach that is generally national in nature. This is because of the crucial influence of governments and regulators on the structure and operation of markets and public utility sectors. The physical risks to facilities and their operation require global management, applying best practices and selecting the appropriate technologies: Iberdrola's growth, through strong development of renewable energy and flexible and smart grids, is an example of this.

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

	Description	Management/mitigation	Opportunities
Market and Credit	Unfavourable developments in electricity prices, fuel costs and emission allowances, as well as commodity prices Changes in demand Rising cost of insurance Impact of climate change on counterparties (banks, suppliers, etc.)	Promotion of PPAs Green finance Integration of wholesale and retail activities Internal projections of electricity prices by Group's expert area, taking into account national decarbonisation plans Analysis of climate change risks for new investments Electrification of the economy Third party credit analysis Negotiating capacity of the Group	Increased penetration of renewables and storage resulting from the decarbonisation of the economy Increasing significance of networks (increased digitalisation, smart grids and system flexibility) for the electrification process resulting from decarbonisation Increased electrification of end uses, particularly for heating (use of heat pumps) and transport (use of electric vehicles). Also, development of solutions based on electrification for the industrial sector, as well as green hydrogen in combination with renewable energy for certain energy uses Improved energy efficiency and associated consumer benefits and the relationship with consumers Advantages in raising funds in the face of increasing pressure from the financial sector and capital markets
Political and Legal	Regulatory and tax changes Increasing reporting needs Third-party claims	Strong internal governance, in line with best practices Diversification Active participation in partnerships and forums Accumulated experience in the monitoring of key risks	
Technological	Development of new and more efficient technologies Risks associated with non-mature technologies Accelerating distributed generation Exposure to stranded assets	Investment concentrated in grids and mature renewable technologies (hydro, wind, solar) Development of new projects based on emerging technologies Electrification of the economy Human and technical skills Reduced Group presence in gas assets	
Reputational	Stigmatisation of the industry Changes in consumer habits Increased concern with negative stakeholder feedback	The electricity sector is necessary and key to electrification Iberdrola: pioneer in the fight against climate change.	

Analysis of transition scenarios

The new strategic plan for the 2022-2025 period, internally updating forecasts to 2030, was published in 2022. The risks and opportunities of various climate transition scenarios in the short, medium, and long term were analysed within this framework.

Iberdrola has analysed risks and opportunities in different scenarios since 2018. Working groups were expanded in 2022 to increase the involvement of the countries in which the Iberdrola Group has a presence. This has strengthened and homogenised the internal tools that support compliance with national regulations on TCFD reporting.

Benchmark scenarios

During the last year, specific transition scenarios were built, adjusted on the basis of benchmark scenarios, considering the specificities of each geographic area in which the Iberdrola group has a presence. Elements from international and regional public scenarios as well as other internal regional considerations were included. The goal was to formulate them at a scale suitable to the businesses of the Group.

Three transition scenarios were considered for the analysis of risks and opportunities. A baseline scenario, in line with the group's strategic forecasts, and two alternative scenarios, for which the potential risks and opportunities by comparison to the baseline scenario were assessed:

- FOCUS ON ENERGY TRANSITION (FET)_This is the baseline scenario, based mainly on the forecasts made in the *Sustainable Development Scenario* (SDS) published by the International Energy Agency in the Word Energy Outlook (WEO '21), and is in line with the Paris goals. Iberdrola's strategy has been consistent with this scenario in recent years, and it continued to be in force during the work to prepare for Capital Markets Day (held on 9 November 2022). Two more recently published scenarios were also taken into account to establish this baseline scenario: the Announced Pledges Scenario (APS) (WEO '22) and the Consumer Transformation Scenario (CT) published by the National Grid in the Future Energy Scenarios set (FES '22). The APS scenario assumes that all the aspirational goals announced by governments, including energy access and long-term net zero goals, will be met on time and in full. If implemented on time and in full, a temperature increase of about 1.7º C in the APS by 2100 would be maintained. The UK CT scenario is based on a high level of electrification, arising from customers' willingness to change behaviour, high efficiency and improved demand flexibility.

- SLOWER TRANSITION SCENARIO: this scenario considers a slowdown in fulfilling more ambitious commitments or potential breaches of commitments made. As a result, global warming would be limited to less than 2º. This scenario is based on the forecast published by WEO22 for the Stated Policies Scenario (STEPS), which shows the trajectory of the policies currently approved. Regional scenarios like the Falling short Scenario (FS) published by National Grid (FES 2022), which involves not reaching Net Zero in the United Kingdom by 2050, have also been combined.

- FASTER TRANSITION SCENARIO: this third scenario considers more optimistic and ambitious hypotheses, based on the estimates in the Net Zero Scenario (NZ) (WEO2022), which describes a way to globally achieve stabilisation of a 1.5º C increase in global average temperatures, together with universal access to modern energy by 2030. It is also based on the regional projections made by National Grid for its accelerating decarbonisation scenario, combining increased consumer commitment with significant great technological and investment advances, called the Leading the Way Scenario (LW) (FES 2022).

2023 - 2025 period

The short term is described by the period covered by the Strategic Plan published by Iberdrola at *Capital Markets Day 2022*, which updates the group's strategy describing the opportunities for growth identified for the next 3 years. In this Plan, Iberdrola reaffirms its strategy for growth based on smart grids and renewable energy, optimising the implementation of its project portfolio in a complex macroeconomic context. The key risk-inducing variables are inflation, interest rates, economic growth, commodity prices, exchange rates and regulation.

To minimise risks, Iberdrola opts for sustained investment in grids, in predictable frameworks with incentives for investment. It provides for selective investment in renewables, ensuring the projects with the best risk profile are chosen, seeking to build a portfolio with future growth and viable alternatives. Priority is given to investment in financially appealing markets, with a high rating, ambitious electrification goals, and regulatory stability. Iberdrola is committed to maintaining its financial strength, always taking the social, environmental and governance pillars into account.

All of this allows for the affirmation that no significant risks arising from climate transition scenarios other than the basic case in the short term have been observed, thanks to the resilience of the business model and the strategy of the Iberdrola Group.

However, the exceptional situation arising from the invasion of Ukraine by Russia has led to the implementation of various measures by governments, particularly in Europe, that might delay progress towards a low-carbon economy (intervention in electricity markets, rate hikes, etc.) The Iberdrola Group supports measures that provide a "green exit" from the crisis.

2025 - 2030 period

It is in the medium term that climate transition scenarios are a key tool for evaluating the impact of climate change on the company and its current strategy. The analysis of the three scenarios described for the 2025-2030 period is intended to identify the impacts and opportunities offered by variations in key parameters in the energy sector and macroeconomic domain for the businesses and geographic areas in which the Iberdrola Group has a presence. The key parameters in the scenarios are linked to operational business indicators, such that changes therein have both positive and negative impacts on the businesses. The levels of correspondence (medium or high) between the main parameters examined in the climate scenarios and the key parameters of the group's businesses are specified below.

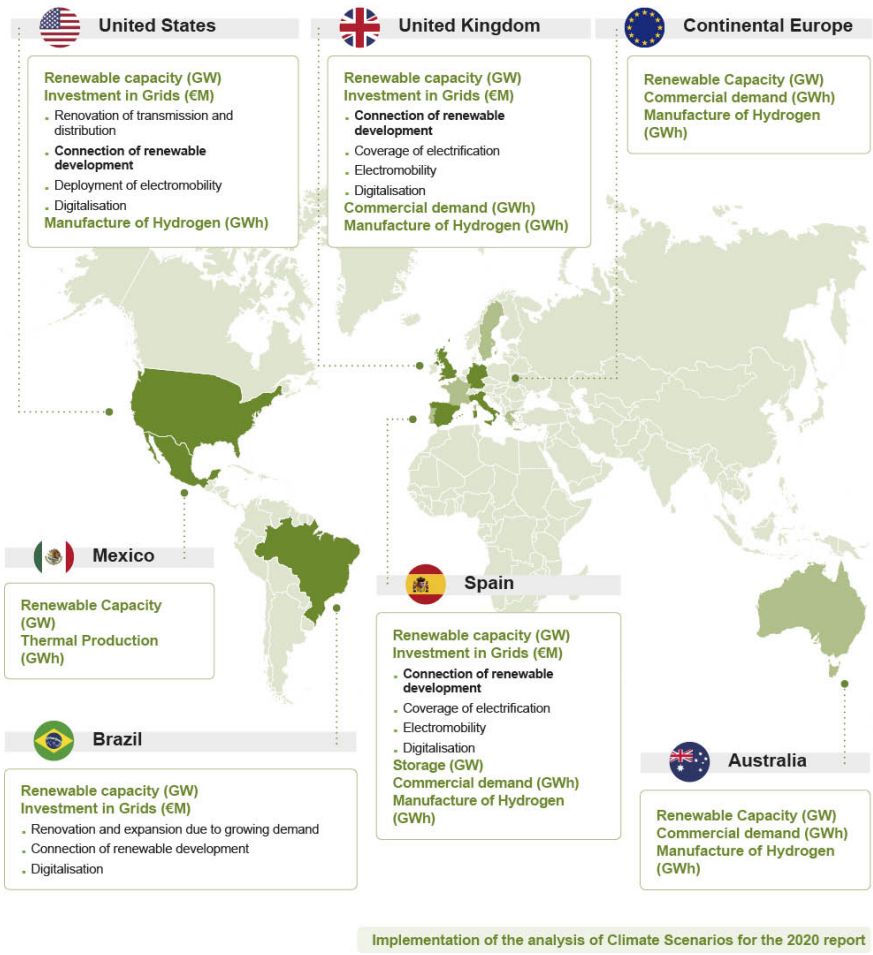
Key parameters of the scenarios	Key parameters of the businesses: Total Production (GWh)	Renewable Capacity (GW)	Customer Electricity Consumption (GWh)	Customer Gas Consumption (GWh)	Investment in Networks (€ million)
Final electricity demand (TWh)	●●	●●	●●	●	●●
Installed renewable capacity (GW)	●●	●●			
Photovoltaic solar		●			
Wind		●			
Hydroelectric		●			
Bioenergy		●			
Share of renewables in the generation mix (%)	●	●			●
Total domestic electricity usage (TWh)			●●		
Natural gas demand in buildings (TWh)				●●	
Average annual investment in electric grids ($ million)					●●
Final natural gas demand (TWh)			●	●	

● Grado de intensidad alto en la correlación de estos dos parámetros

●● Grado de intensidad medio en la correlación de estos dos parámetros

As discussed, the potential scenarios analysed by Iberdrola consider plausible projections made by highly credible organisations, as well as internal assumptions based on the particularities of the specific geographic areas in which Iberdrola has a presence within the countries. The regional values of the parameters selected from each climate scenario have thus been specified. For example, electricity demand could potentially be reduced by 18% in the *Slower* scenario, or increase by 9% in the *Faster* scenario compared to the baseline scenario; as for renewable installed capacity, potential reductions of up to 44% are projected in the *Slower* scenario, and increases of up to 33% in the *Faster* scenario, in certain geographic areas to be analysed where the Group has a presence.

To conduct the analysis, the behaviour of the parameters most sensitive to potential changes in the climate scenarios for each country was analysed, both in the main geographic areas in which the group has a presence and in other high-activity countries as shown in the map below:



Implementation of the analysis of Climate Scenarios for the 2020 report

This analysis of scenarios has allowed for the identification of the main risks and opportunities by business and geographic area, as well as the absence of significant impacts in some cases. The table below provides a qualitative description of the trend of the most relevant operating indicators for each business and geographic area under the two alternative scenarios.

Impact 2030

			Slower Transition Scenario				Faster Transition Scenario			
Business	Region	Type of impact	Not significant	Low	Medium	High	Not significant	Low	Medium	High
Retail	Europe	GWh			▼		—			
	United Kingdom		—				—			
Global Generation	Spain	MW/GWh				▼				▲
	United Kingdom		—				—			
	United States					▼				▲
	Brazil		—				—			
	IEI		—							▲
	Mexico		—				—			
Network	Spain	M€/GWh	—							▲
	United Kingdom		—						▲	
	United States		—						▲	
	Brazil		—					▲		

▲ Positive impact
— Not significant
▼ Negative impact

The *Slower* scenario shows, in the mid-term, a slower speed in the increase in demand for electricity and for the installation of new renewable generation, and a lower penetration of generation in the mix with respect to the baseline scenario. There is also a smaller change in consumers' mindset, with the home gas consumption percentages remaining high and electricity percentages remaining low. All of the foregoing is compared to the baseline scenario forecast by Iberdrola for 2030. The main impacts on the group's businesses and geographic areas are:

- Europe retail: due to the slower speed of electrification reached in this scenario, the projections in the strategic plan for Europe might be negatively affected by a medium magnitude.
- Spain and USA renewables: some of the developments currently forecast for 2030 would slow down, and their implementation would be postponed due to the reduction in installed renewable capacity compared to the projection in the base case for 2030.
- The impact on the USA and UK grids would be less significant: due to lower investment in grids than forecast in the plan, as well as lower electrification for homes and vehicles.
- The rest of the businesses would maintain the expected growth rates.

In the *Faster* scenario, focusing on achieving net zero by 2050, the key indicators for the decarbonisation scenarios, which are drivers for growth for Iberdrola's businesses, would already be strongly boosted by 2030. It must be supported by more ambitious commitments from countries and the establishment of the regulatory frameworks and accelerated procedures required to meet this goal. It will also require strengthening and ensuring the financial instruments for technological and infrastructure deployment across all geographic areas. The following opportunities for Iberdrola stand out:

- Spain, USA and IEI renewables: where the impacts could be very high if these more ambitious increases in renewable energy are achieved, driven by European and American commitments and policies. They would also generate significant opportunities in Australia and new Asian countries.
- Spain, USA and UK networks: This is the scenario with the highest investment in renewables and in transmission and distribution networks to accelerate the network reinforcement and infrastructure improvement projects needed to ensure integration of the system and quality of supply.
- No significant impacts on the rest of businesses are found, as the investments and developments in the current plan are guaranteed.

The variations in the operating parameters described above have an impact on financial indicators for the various businesses and geographic areas. The positive and negative impact on EBITDA with respect to the expected data for 2030 in both transition scenario alternatives to the base case is described below. By 2030 there could be more opportunities than risks overall, mainly driven by the Group's renewable businesses.

EBITDA 2030 Impact (€M)

Business	Type of Impact	Slower Transition Scenario €M <100	Slower Transition Scenario €M 100-300	Slower Transition Scenario €M >300	Faster Transition Scenario €M <100	Faster Transition Scenario €M 100-300	Faster Transition Scenario €M >300
Retail	EBITDA 2030		▼		▬		
Global Generation	EBITDA 2030		▼				▲
Network	EBITDA 2030		▼			▲	

▲ Positive impact
▬ Not significant
▼ Negative impact

In the *Slower* scenario, the variations in the operating parameters identified above could have an impact on the Iberdrola group's businesses, reducing EBITDA by €100 million to €300 million in 2030, except for the Networks business , which would undergo an impact lower than €100 million. In the *Faster* scenario, opportunities for growth are identified for the Networks businesses of €100 million to €300 million, and of more than €300 million for the Global Generation businesses, driven by the results of the renewables business in Spain, the USA and IEI. Finally, smaller opportunities could arise in the retail business, achieving slight improvements in EBITDA, estimated to be far below €100 million.

The Net-Zero scenario has been evaluated assuming organic growth and a stable balance sheet structure.

2030-2050 period

The projections of the key transition parameters become more uncertain in the long term. However, the strengths of Iberdrola's management of its strategy are always based on stable and sustained growth in the geographic areas, with lower financial risks, greater regulatory stability, and assurance of the Group's profit. Thus, with the currently available projections, no significant risks to the decarbonisation path being led by the Iberdrola Group in key geographic areas are expected. Any opportunities that may emerge are expected to be significant, so Iberdrola continues to lead investment, but also innovation and the promotion of new technologies, thus fostering global progress in the industry as well as capitalising on new opportunities are they arise.

To conclude, the group's current positioning, based on the levers of its action plan (see "Climate Action Plan" section), places it in a favourable position to maximise opportunities and efficiently face transition risks in the various climate scenarios analysed.

The group believes that the opportunities stemming from the decarbonisation of the global economy (growth in renewables, investments in integrated smart grids, storage, electrification of industrial sectors and transport, green energy, etc.) outweigh the risks.

Identification and evaluation of physical opportunities and risks

Physical risks arising from climate change are specific to each site, gradual, associated with each technology, and occur over relatively long periods, although, as in the specific case of extreme weather events, an increase in the frequency and intensity thereof can already be seen in the short term.

Iberdrola monitors and manages physical risks arising from climate change through a permanent climate science analysis process and applies it in the Company's usual procedures.

As part of the ongoing learning and knowledge improvement process, Iberdrola is part of the International Energy Agency (IEA) working group on resilience for energy security, among other initiatives. The Iberdrola Group has contributed with its review of and contributions to the *Climate Resilience for Energy Security*' report, published in November 2022.

Analysis of physical scenarios

In 2022 Iberdrola applied its methodology to identify and assess physical impacts arising from climate change in line with the requirements set out in the EU sustainable activities taxonomy. Iberdrola has analysed the evolution of the main climate threats based on regionalised projections obtained from leading climate tools in the various regions in which it operates, including Copernicus (Europe), AdapteCCa (Spain), UK Climate Projections, the INPE platform (Brazil), etc. After a prior analysis of the evolution of different climate variables in an RCP4.5 scenario[7] vs an RCP 8.5 scenario in the 2030-2050 time horizon, the conservative RCP 8.5 scenario was selected as the baseline to identify and assess the main climate risks to the company's various assets.

Taking the methodology defined by IPCC as a reference, the steps taken to identify the main impacts, risks and associated opportunities were the following:

- Analysis of the sensitivity of each technology to the variations in the different climate variables.
- Impact level based on the sensitivities and expected evolution of climate threats at the regional level.
- Estimation of risk based on the presence of assets by technology in the different geographic areas and the adaptive capacity thereof.

The assessment shows that many of the physical risks arising from climate change, both chronic and extreme, affect usual business variables, and thus variables that are managed to a greater or lesser extent in its usual operational processes. However, climate change will affect the probability of occurrence of these risks and potentially the intensity thereof. As part of the analysis of the Group's various assets within the DNSH framework of adaptation to the EU taxonomy, extreme weather events are identified as one of the main threats for the various technologies and jurisdictions.

The table below summarises, individually for the various technologies included in the taxonomy and before considering their adaptive capacity/resilience, the estimated impact of the evolution of the main climate variables and the presence (e.g., installed MW) in the various geographies. The impact reflected is global by type of asset, resulting from the combination of the results obtained for the different regions in which Iberdrola operates.

[7] The most recent IPCC report (AR6) includes a new set of illustrative scenarios of emissions that explore the climate response for a broad range of emitters, soil uses and pollutants. The impact of the new scenarios on the evaluation of risks will be revised based on the projections of this new set of scenarios and its inclusion within the regionalised projection tools

Main impacts

		Extreme temperature	Scarcity of precipitation	Storms and extreme wind	Forest fires	Extreme precipitation and floods
Tecnology	Onshore and offshore wind energy	●	N/A	●●	●	●
	Solar PV	●●	●	●	●●	●
	Battery	●●	N/A	●	●●	●●
	Hydroelectric	●	●●●	●	●	●●
	Transmission & Distribution	●●	N/A	●●	●●	●●
	Hydrogen	●●	●●	●	●●	●

● Low potential impact
●● Medium potential impact
●●● Medium/high potential impact

As can be seen in the table above, in terms of impact, extreme temperature and the associated fires, strong winds and extreme precipitation, together with water scarcity, are some of the variables that most affect the various assets of Iberdrola. It should be borne in mind, as mentioned above, that this table shows global results that are the outcome of the analysis conducted within the EU Taxonomy framework in each of the regions where Iberdrola operates.

The conclusions of this analysis and of the assessment of the adaptive capacity of the various assets lay the basis for in-depth analysis of future physical risks, focusing in particular on those geographies where significant potential impacts and a wide asset base are identified.

Based on the potential impact, the degree of resilience of the various assets of Iberdrola should be considered to determine the risk level to which they are exposed. Iberdrola analyses the resilience of the various business areas based on three key concepts for framing it: robustness (derived from design and construction procedures), recovery (derived from early-detection tools and action protocols) and adaptive capacity. Some of these measures are summarised in the table below by way of example:

Resilience analysis measures

<table>
<tr><th>Robustness</th><th>Recovery</th><th>Adaptation</th></tr>
<tr><td>Climatological studies: Exhaustive studies of the specific climatology in each location to evaluate production uncertainty based on climate variations. Implementation of design improvements to increase resistance against climate change events</td><td>Monitoring and follow-up: Monitoring of turbine oil temperature: machine oil temperature is continuously controlled through the machine cooling circuit;</td><td rowspan="2">Innovation Strategy: Iberdrola's R&D vision consists of promoting the development of innovative and sustainable technologies, in line with the main vectors for the transformation of the energy sector: the decarbonisation of generation through mass integration of renewable energy, boosting smart power grids, and the electrification of demand. Many of the ongoing innovation initiatives for digitisation and automation, innovation with start-ups, etc. contribute in different degrees to increasing the resilience of assets and infrastructures against climate change.</td></tr>
<tr><td>Pumping technology:One of the pillars of the hydraulic generation strategy is the promotion of hydroelectric storage, as well as the optimisation of power plant operation at low loads. Iberdrola is working along two lines: firstly, on the development of hydroelectric pumping technology, through the placement of future projects and converting conventional plants into mixed plants</td><td>Emergency and self-protection plans: All Iberdrola facilities have self-protection plans against extreme events, as well as instructions in the case of emergencies, which guarantees rapid and coordinated response to extreme weather events such as landslides, fires and heavy rain.</td></tr>
<tr><td>Fire protection action plans, which are clearing and pruning plans, identifying the type of vegetation and the optimal time for the work, as well as work procedures suited to the time of year, highly restrictive if there is a risk of fire (limited use of machines, available tanks and pumps to contain any fire caused during an activity, etc.)</td><td colspan="2">Smart grids: The digitisation of networks is intended to provide the data to transform business processes. Quality and reliable data that can be transformed into key information to learn about the status of the grid, enabling a smarter, more dynamic network management model</td></tr>
<tr><td colspan="3">Early alert systems: Meteoflow system, incorporating the forecast of weather events such as temperature rises, which allows for the activation of emergency plans sufficiently in advance and with better management of equipment</td></tr>
</table>

Risk management and resilience mechanisms

The group believes that the opportunities stemming from the decarbonisation of the global economy (growth in renewables, investments in integrated smart grids, electrification of transport, green energy, etc.) outweigh the risks.

In terms of physical risks, based on the impacts described in the previous sections (which consider the current uncertainty associated with climate projections) and the mitigating factors considered, it is estimated that the physical risks associated with climate change might not have a significant and permanent impact on the group's consolidated figures, which is believed to be globally resilient.

In terms of transition risks, the group's current positioning as a result of its investment focus on grids and renewable energy puts it in a favourable position for facing such risks.

To summarise, the group's main risk management mechanisms, as well as its mitigating actions, are listed below:

- Integration of climate change as a key management and corporate governance element.
- Many risks deriving from climate change affect the normal variables of the business, and, consequently, variables already managed (to a greater or lesser degree) in the usual operations of the businesses (e.g. redundancy of equipment, emergency plans, crisis plans, digitalisation, line burying and meshing, etc.), which have management processes that already contribute to climate resilience.
- The fact that many impacts are primarily medium/long-term means that, to a large extent, it is the group's future assets, rather than its current assets, that will bear the most severe impacts, given that its assets are gradually renewed when they reach the end of their useful life.
- Regulatory coverage in the Networks business.
- Insurance coverage.
- Diversification (geographic, by technology, age, etc.) of assets.
- Strong business model, with financial capacity.
- Partnering with other industry players and in the processes of acquiring knowledge from climate science, as a key action to move forward in a cost-efficient manner in developing the resilience of our activities.
- Innovation remains a strategic variable for the group.
- The consideration of climate change in decision-making on new investments.

Climate change and new investments

Under the philosophy of continuous improvement, and in line with the Board of Directors' commitment to facing the risks of climate change, the Group's Investment Policy establishes the need to conduct a specific analysis of these risks in the construction dossiers, on which investment decisions on new assets ("FID", in international terminology) are based.

Given that the networks businesses are built around multi-annual reviews and that future investments in thermal power plants will be quite small, it has been considered appropriate to focus the analysis on new onshore wind and photovoltaic facilities. Based on the experience gained, the model will be expanded in the future to include offshore wind farms.
The model, promoted by several corporate divisions with the help of Renewables, has been constructed on the basis of a survey. This document must be completed by the Business (from a technical perspective), taking into account the particularities of each site, as well as climate projections from various sources, with different levels of granularity and time frames, which are made available to the Business specifically for each project.
Based on the survey, appropriate conclusions are drawn and included in the Investment Dossier. The analyses conducted in 2022 within the EU Taxonomy framework will serve to improve the survey.

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

Indicators and metrics

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

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

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

Other aspects associated with the energy transition

Demand-side management

■ GRI 201-2

As part of its demand-side management programmes, Iberdrola's main objective is to improve energy efficiency and the smart use of active electrical grids to thus contribute to the more efficient use thereof by consumers and thereby reduce CO_2 emissions and contribute to the fight against climate change.

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

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

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

SASB IF-EU-420a.2

The percentage of the electricity served through the group's smart grids is close to 100 % in Spain, above 55 % in the United States[8] and 48 % in the United Kingdom.

Availability and reliability

The companies of the Iberdrola group have no direct responsibility for long-term production capacity planning processes, or on the respective electricity systems connecting that capacity, in the countries in which they operate.

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

Fuel

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

Nuclear plant decommissioning

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

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

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

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

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

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

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

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

I.4. Our ESG+F proposal

- ESG+F Goals: The sustainability roadmap
- Iberdrola's contribution to the SDGs
- Our main focus: SDGs 7 and 13

ESG + F Goals: The sustainability roadmap

The group's Strategic Plan 2023-2025 integrates ESG issues within strategy and operations, thus constituting a key reference point for long-term planning.

These issues are based on **three key factors**:the **corporate purpose** that structures the company's positioning, **stakeholders' expectations**, and finally the demands of the **capital markets**, represented by the ESG indices and ratings, voting policies, and institutional investor alliances. These factors are included in the materiality analysis reflected on the preceding page.

Iberdrola's commitment to sustainable development, the **social dividend**, **and** the **generation of value shared** with all stakeholders is reflected in multiple indicators that make it possible to measure the positive impact generated by the group; such as, for example, a contribution to GDP of more than €33,000 million per year and the creation of more than 400,000 jobs globally.

In addition, Iberdrola's capacity to create value is reflected in the way in which the group conducts its operations, seeking the maximisation of positive impacts and the avoidance and mitigation of negative ones.

Iberdrola's commitment to the creation of value materialised in 2020 with the launch of its Sustainable Development Plan 2020-2022, "Energy to Advance", a roadmap with goals defined around the group's environmental, social and governance priorities. The current market context, with ever increasing investor scrutiny of the company's ESG and ever more demanding regulations, requires reviewing these goals, aligning them with best market practices, and ensuring that they are sufficiently ambitious to anticipate the various Stakeholders' demands and to ensure that Iberdrola maintains its current shared leadership position.

The company updated this roadmap in November 2022, publishing an ambitious set of goals that have a positive impact on all its stakeholders. Iberdrola thus reasserts its determination to be an active player in the creation of a more sustainable and inclusive energy model for future generations, maintaining its recognition as the leading utility in ESG.

In environmental terms, the goal is to continue to contribute to the creation of an energy system in harmony with nature and human beings, facing the threefold environmental challenge of the fight against climate change, the preservation of biodiversity, and the circularity of resources.

In social terms, the company continues to focus on maximising its positive impact through the generation of quality jobs, focusing on diversity, safety, health and education; on improving the products and services offered to our customers; on creating a responsible value chain; and on developing the communities in which we do business.

In terms of governance, the goal is to maintain robust corporate governance and compliance standards, continually revised and evaluated to ensure their adaptation to the context, regulations and best market practices.

ESG issues are thus integrated throughout the company's operations, as well as within the company's **financial** strategy and objectives. Iberdrola has provided the market with a recurring flow of green and sustainable financial instruments for years, and it intends to continue to issue the majority of its financing under green or sustainable standards.

All this has given rise to 39 global goals included in the following table.

GOALS	METRIC	2022	2025	2030	Related SDGs
ENVIRONMENTAL					
Net Zero in scopes 1, 2 and 3 before 2040	Achieve before 2040 (progress towards 2030 target)	36 %	In progress	Carbon Neutral Scopes 1 and 2 (1)	7 13
Carbon Neutral in electricity generation in 2030	Specific emissions global mix (g CO_2/kWh)	88	<70	Carbon Neutral (2)	13 17
NOx Emissions	kg/MWh	0.35	-	<0.10	7 13
Specific water consumption	% reduction vs 2021	+2 %	-18 %	-63 %	6 14
Smart solutions portfolio	Million solutions	13.0	18	21	9 12 13
Green hydrogen	Yearly production (kt H2)	0.02	35	350	9 13 17
Conservation, restoration and plantation of trees	Number of trees (Million) & No Net Deforestation in 2025	2.5	8	20	13 15
Net positive impact in 2030	% assets with biodiversity assessment and neutrality plan	0	20 %	100 % (Net positive)	13 14 15
Blade Recycling	% of blades recycled(3)	0	50 %	100 %	11 12 13
Investment in R&D	Million euros (annual)	363	420	550	7 9 13
Storage capacity	Cumulated installed storage capacity (GWh)	101.2	102	>120	7 13
Sustainable light vehicle fleet	% over total light vehicle fleet	27.7 %	-	100 %	7 9 13
Renewable electricity consumption in corporate buildings (Europe and USA)	% over total electricity consumption	49.4 %	-	100 %	11 13 17
SOCIAL					
Presence of women in relevant positions	% women	26,1 %	30 %	35 %	5
Presence of women in positions of responsibility	% women	34 %	35 %	36 %	5
Equal pay external certification	Equal pay certification	In progress	√ (4)		5
Accidentality rate (own employees)	TRIR (reduction vs 2021)	-6,4 %	- 10 %	- 21 %	3 8
Employee training	Hours per employee (annual)	67.9	≥ 55 h	≥ 55 h	4 5 8
Quality of supply	Reduce the Global SAIDI (vs 2019-21 period avg)	-4 %	-10 %	-	9
Smart Grids	% HV & MV grid	76 %	83 %	-	9
Installed charging points (5)	Thousands	34.4	110	400	7 9 13
Digital customers (with a registered user in digital channels)	% of total commercial customers	66.12	73	80	3 9 13
Beneficiaries of the "Electricity for all" program	Millions of beneficiaries (cumulative)	11	14	16	7 8 9
Beneficiaries of the foundations programs	Millions of annual beneficiaries	5.7	8	10	1 7 8
Corporate volunteering	No of annual volunteers (thousands of employees and companions)	17	15	18	2 10 13
Purchases from local suppliers	% of total purchases	87.1 %	≥ 80 %	≥ 80 %	16
Purchases from sustainable suppliers	% of total purchases	91.5 %	≥ 85 %	≥ 85 %	16
Inclusion and diversity solutions	Number of solutions	29	30	-	10
Human Rights Due Diligence procedure	Continuous review	√	√	√	7 11 13
Formal Stakeholder Engagement Process	Keep increasing the deployment of the scope of the Stakeholder Engagement Process	√	√	√	17
Cybersecurity assessments	Number of annual assessments or external verifications	1,919	2,000	2,000	8 9 17
Cybersecurity education and training	Number of annual hours	75,722	63,000	68,000	4 8 9
GOVERNANCE					
Corporate governance practices (best)	Maintain	√	√	√	5 16 17
Independent Members in the Board of Directors	Over 50%	√	√	√	16
Women in the Board of Directors	At least 40%	√	√	√	5 16
Diversity in the Board of Directors	Promote	√	√	√	5 16
Independent external certification or validation of the compliance system	Obtain/maintain (yearly)	√	√	√	16
SUSTAINABLE FINANCE					
Green financing frameworks	Annual review and update (if applicable)	√	√	√	5 6 7 13 16
ESG financing	% of ESG financing	82 %	Minimum 80 %	-	5 6 7 13 16

(1) Carbon Neutral on Scope 1 & Scope 2. The group aims to reduce its emissions on the terms described in the "Climate Action Plan" chapter of this report.
(2) <10 gr CO_2/kWh. The group aims to reduce its emissions on the terms described in the "Climate Action Plan" chapter of this report.
(3) This target is subject to the existence of a commercial feasible solution.
(4) 31/12/2024
(5) Referred to logic terminals.

Iberdrola's contribution to the SDGs

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

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

In December 2020 Iberdrola reformulated its *Governance and Sustainability System* structuring it around ESG standards aligned with its sustainable development strategy and its social dividend, which cemented the company's position at the forefront of best international corporate governance practices.

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

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

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

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

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

Our main focus: SDGs 7 and 13

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

The table below summarises how the company contributes to achieving these goals and their associated targets.

Our main focus: SDGs 7 and 13

7 ENERGÍA ASEQUIBLE Y NO CONTAMINANTE	Electricity for All programme: 11 million beneficiaries were reached at the end of 2022. A global leader in renewables: At year-end 2022, the company had more than 60,700 MW of installed renewable capacity.
13 ACCIÓN POR EL CLIMA	Emissions intensity reached 88 gr CO2/kWh. Ambitious climate commitments by 2030 and 2039

Contribution to the other SDGs

1 FIN DE LA POBREZA	2022 Iberdrola Social Programme, to mitigate the consequences of the pandemic. Social programmes offered by the various foundations.
2 HAMBRE CERO	Delivery of more than 503,000 free meals in Spain, Brazil and Mexico, and more than 32 metric tons of food in Spain, Brazil, the United Kingdom, Mexico and the United States.
3 SALUD Y BIENESTAR	Iberdrola contributes to reducing the harmful health effects of greenhouse gases with its commitment to reduce these gases.
4 EDUCACIÓN DE CALIDAD	Training for our employees: more than 65 hours of training per employee trained in 2022. The master's scholarship programme continues, aiming to promote excellence and assist research.
5 IGUALDAD DE GÉNERO	Iberdrola supports the Women's Universe (Universo Mujer) programme of the Higher Council for Sports (Consejo Superior de Deportes) (CSD), supporting 16 Spanish women's federations.
6 AGUA LIMPIA Y SANEAMIENTO	Pollution prevention programmes for facilities.
8 TRABAJO DECENTE Y CRECIMIENTO ECONÓMICO	Approximately 400,000 direct, indirect and induced job positions throughout the world. More than €37,000 million in impact on the GDP of the countries in which it does business.
9 INDUSTRIA, INNOVACIÓN E INFRAESTRUCTURA	Iberdrola is the world's leading private sector utility by volume of investments in R&D.
10 REDUCCIÓN DE LAS DESIGUALDADES	A total of 16,800 volunteers participated in the Corporate Volunteering Programme in 2022.
11 CIUDADES Y COMUNIDADES SOSTENIBLES	Iberdrola has developed a Sustainable Mobility Plan with the ultimate goal of contributing to a rational use of the means of transportation. Public support to the Cities Programme, 100 carbon-free European cities
12 PRODUCCIÓN Y CONSUMO RESPONSABLES	Circular Economy action plan presented on Capital Markets Day, with specific recycling goals.
14 VIDA SUBMARINA	Innovative measures in the construction and operation of offshore wind farms. Monitoring of marine mammals at the East Anglia ONE wind farm. Acoustic insulation techniques (bubble curtains) during the construction of offshore wind projects.
15 VIDA DE ECOSISTEMAS TERRESTRES	New Biodiversity Action Plan presented on Capital Markets Day. Overhead Lines Improvement Project, in which a large number of supports have already been adapted for birdlife protection.
16 PAZ, JUSTICIA E INSTITUCIONES SÓLIDAS	The company has renewed the UNE-ISO 37001 and UNE 19601 certifications regarding anti-bribery and compliance. Delivery of 8 metric tons of humanitarian materials to Ukraine.
17 ALIANZAS PARA LOGRAR LOS OBJETIVOS	Promotion of innovative alliances, including "The Day After" initiative and the SDGs in the supply chain, by launching conceptual capsules, journeys, videos and information aligned with the group's sustainability strategy. Recognised as a LEAD participating company in the United Nations Global Compact.

OBJETIVOS DE DESARROLLO SOSTENIBLE

II. Environmental

Iberdrola has always had a firm commitment to the environment, focusing its activities on the construction of an energy model in harmony with nature and with human beings, in which the reduction of emissions, the conservation, protection and promotion of biodiversity, and the sustainable and efficient use of resources are integrated into all its activities and processes.

At the operational level, the decarbonisation of the company's activities is associated with the start-up and operation of emissions-free power generation facilities as well as supplementary initiatives like the replacement of equipment using ozone layer-reducing substances, the operation of almost 980,000 m2 of offices and work centres in accordance with the highest sustainability and efficiency standards, and the gradual replacement of the group's fleet, which currently has more than 13,500 industrial vehicles, by an emissions-free fleet. Along these lines, Iberdrola was the first Spanish company to join the EV100 initiative, intended to accelerate the transition to electric vehicles, as Iberdrola has made a commitment to electrify its entire vehicle fleet and to facilitate recharging by its employees in Spain and the United Kingdom by 2030.

The reduction of indirect emissions is also implemented through Iberdrola's commitment to the supply of green energy, products and services to its customers and the gradual decarbonisation of its supply chain. To this end, in 2022 it joined the SteelZero initiative of The Climate Group, which brings together organisations committed to speeding up the transition to a Net Zero steel industry.

Climate action is supported by a strong commitment to the protection of nature, jointly tackling the threefold environmental crisis (climate, biodiversity and overexploitation of resources).

Efficient use of natural resources to approach the energy transition is another great challenge faced by Iberdrola and the energy sector as a whole. In particular, Iberdrola pays special attention to water resources, due to their environmental and social implications, and makes efforts to make rational and sustainable use of water and face the risks associated with its scarcity.

The company also works with its supply chain and other players in its value chain on the development of circular production systems that decrease the pressure on the available resources. For example, in 2022 Iberdrola and FCC launched EnergyLOOP to lead the recycling of wind turbine blades on an industrial scale, one of the greatest medium- and long-term challenges in the sector.

Loss of biodiversity is critical for Iberdrola, as the company interacts with different ecosystems and species within a broad geographic scope. Aware of the urgent need to stop and reverse the unprecedented loss of biodiversity, and in response to demands of the scientific community, Iberdrola has launched the 2030 Biodiversity Plan, which applies to the entire Iberdrola group and sets out its commitment to have a net positive impact on biodiversity by 2030. The plan covers the impact of the group's activities on ecosystems and species throughout the life cycle, taking into account the supply chain and creating economic and social value through ecosystemic services.

Innovation is the lever that enables Iberdrola to approach all these challenges and launch the relevant action plans to benefit from opportunities as they arise. Innovation will make it possible to find solutions to currently unsolvable problems, as well as find more efficient ways to carry out the activities currently performed.

Considering these priorities, the company has set the following environmental goals:

GOALS	METRIC	2022	2025	2030	Related SDGs
ENVIRONMENTAL					
Net Zero in scopes 1, 2 and 3 before 2040	Achieve before 2040 (progress towards 2030 target)	*36 %*	*In progress*	*Carbon Neutral Scopes 1 and 2 (1)*	7 13
Carbon Neutral in electricity generation in 2030	Specific emissions global mix (g CO_2/kWh)	*88*	*<70*	*Carbon Neutral (2)*	13 17
NOx Emissions	kg/MWh	*0.35*	*-*	*<0.10*	7 13
Specific water consumption	% reduction vs 2021	*+2 %*	*-18 %*	*-63 %*	6 14
Smart solutions portfolio	Million solutions	*13.0*	*18*	*21*	9 12 13
Green hydrogen	Yearly production (kt H2)	*0.02*	*35*	*350*	9 13 17
Conservation, restoration and plantation of trees	Number of trees (Million) & No Net Deforestation in 2025	*2.5*	*8*	*20*	13 15
Net positive impact in 2030	% assets with biodiversity assessment and neutrality plan	*0*	*20 %*	*100 % (Net positive)*	13 14 15
Blade Recycling	% of blades recycled(3)	*0*	*50 %*	*100 %*	11 12 13
Investment in R&D	Million euros (annual)	*363*	*420*	*550*	7 9 13
Storage capacity	Cumulated installed storage capacity (GWh)	*101.2*	*102*	*>120*	7 13
Sustainable light vehicle fleet	% over total light vehicle fleet	*27.7 %*	*-*	*100 %*	7 9 13
Renewable electricity consumption in corporate buildings (Europe and USA)	% over total electricity consumption	*49.4 %*	*-*	*100 %*	11 13 17

(1) Carbon Neutral on Scope 1 & Scope 2. The group aims to reduce its emissions on the terms described in the "Climate Action Plan" chapter of this report.
(2) <10 gr CO_2/kWh. The group aims to reduce its emissions on the terms described in the "Climate Action Plan" chapter of this report.
(3) This target is subject to the existence of a commercial feasible solution.

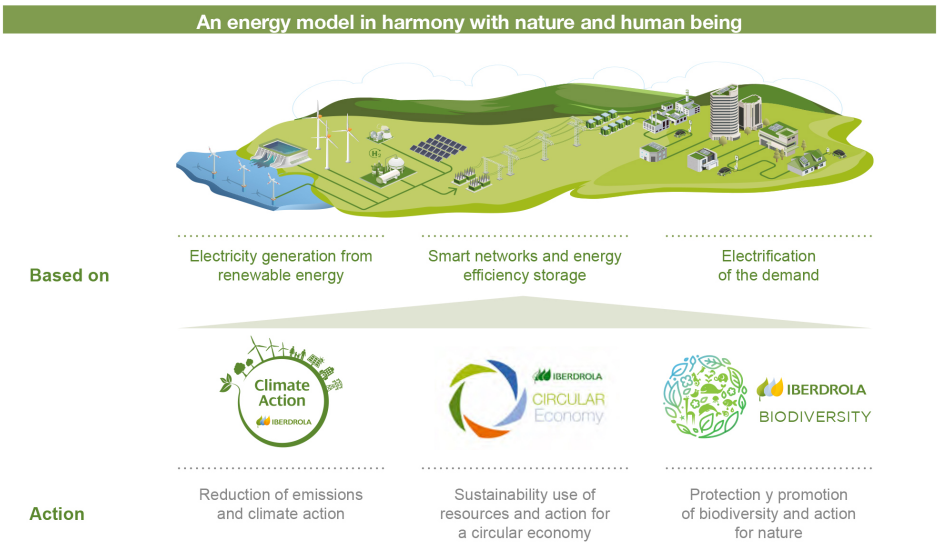
II.1. Fight against climate change and protection of biodiversity

- Iberdrola with nature
- Environmental governance and management
- Reduction of emissions
- Sustainable use of resources and the circular economy
- Protection of and action for biodiversity

Iberdrola with nature

An energy model in harmony with nature and human beings

The preservation of the planet and the well-being of people are priorities that Iberdrola includes in its business strategy and business model. Nature is the foundation of our economy, and our well-being and progress would be compromised without a robust, healthy and functional environment. This is why decades ago Iberdrola made a firm commitment to the environment, focusing its activities on building an energy model in harmony with nature and with human beings and that would be competitive, resilient, based on local sources, and a source of sustainable development. In short, a model that allows value to be created without putting the future of new generations at risk.



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

To ensure that the group's activities are carried out in harmony with nature, Iberdrola works on three fronts that, together, address its main potential impacts:

- **Climate action plan:** establishes the strategy, work plans and goals for reducing emissions and combating climate change.
- **Circular economy plan:** aims to achieve the sustainable use of resources by increasing the life of its assets and reducing the use of raw materials and the generation of waste.
- **Biodiversity plan:** sets out the strategy, programmes, targets and mechanisms to include the conservation of biodiversity in the decision-making process, increase actions regarding conservation and restoration, and support the transformation to halt and reverse the loss of biodiversity.

The companies of the group regularly review and update the action plans associated with each line of work.

Environmental governance and management

Iberdrola's commitment to the environment and sustainable development is embodied in its *Governance and Sustainability System* which meets ESG criteria and is intended to ensure that the Company's *Purpose and Values* are achieved and that its business goals and objectives are reached.

Environmental policies

The environmental policies formally define and establish the Company's decisive response to the challenges, objectives and goals posed by climate change, preservation of the environment and the loss of biodiversity, while helping to identify and take advantage of the opportunities arising from the energy transition. They are therefore the expression of Iberdrola's commitment, shared by all its stakeholders, to create an integral business value that takes into account and respects the natural and environmental capital on which its activities are based.

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

Sustainable Management Policy

Iberdrola implements and promotes a sustainable energy model, with its actions aimed at contributing to the Sustainable Development Goals (SDGs). Its activities are therefore designed so that they are environmentally sustainable, competitive, with high quality of service, that generate shared value, that respect human rights, and that promote the use of energy. The instruments used to reduce the environmental impact associated with its operations include an ambitious climate action, focusing on the conservation and protection of biodiversity, improving the circularity of its activities and its suppliers, promoting the rational and sustainable use of water, and avoiding or mitigating polluting emissions and their effects on human health.

■ GRI 3-3

Environmental Policy

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

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

Biodiversity Policy

The *Biodiversity Policy* establishes the principles of conduct for implementing a business model in harmony with nature so that its activities protect and promote the development and growth of natural assets. In this policy, Iberdrola makes a formal commitment to ending and reversing the loss of biodiversity, and to generating a net positive impact on biodiversity in the context of its operations and activities. This *Biodiversity Policy* establishes four lines of action for these purposes: protect biodiversity and ensure the sustainable use of natural capital; identify, quantify and continuously assess the impacts and dependencies of the group's activities; work with Stakeholders; and enhance, raise awareness and communicate internally and externally with transparency.

Climate Action Policy

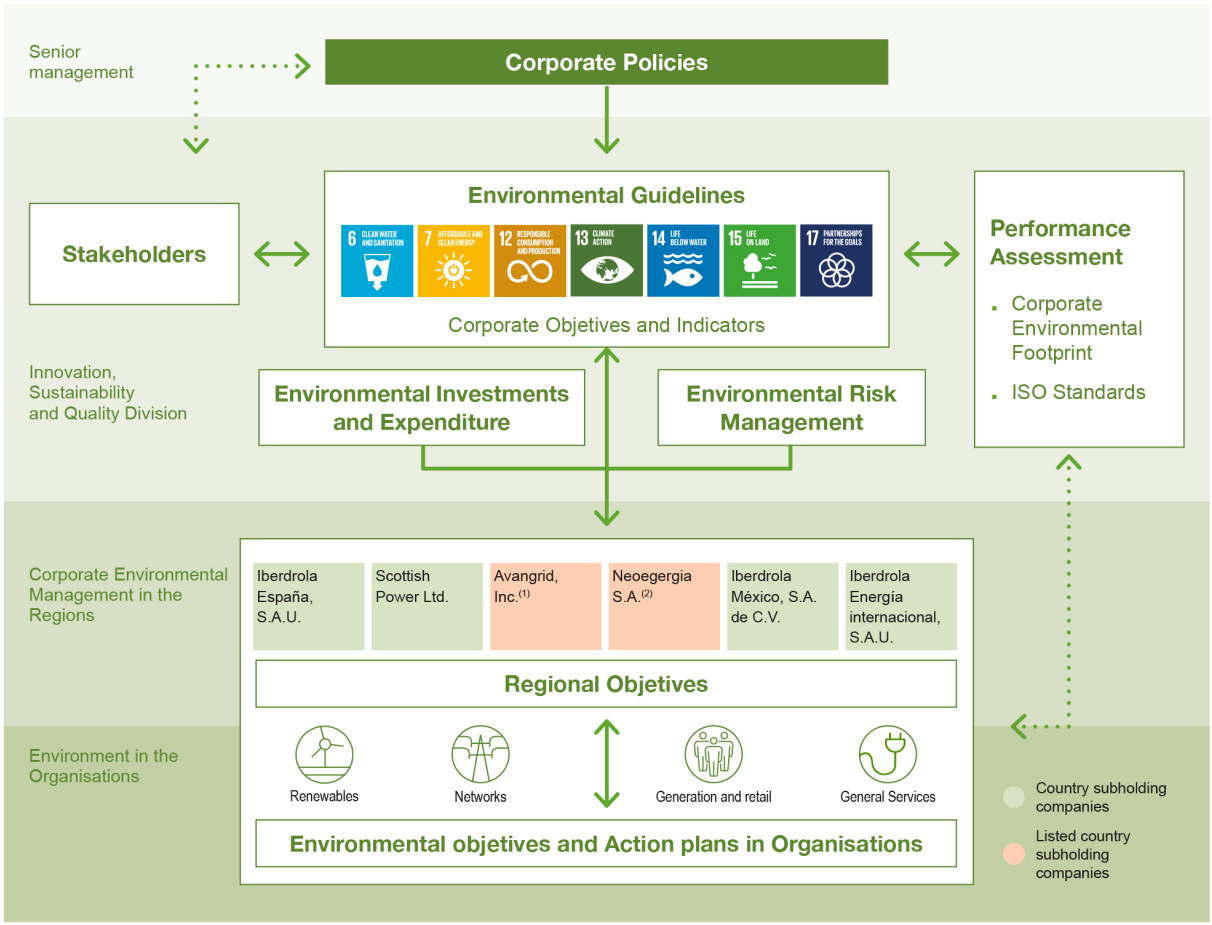
This policy establishes the framework for Iberdrola's strategy and business model,**which is in line with the Paris Agreement and the 2030 Agenda,** in the fight against climate change. Through this policy Iberdrola is committed to continue assuming a **leadership position** (directly and by establishing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

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

Environmental Management System

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

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



(1) Avangrid, Inc. is 81.5% owned by Iberdrola, S.A.

(2) Neoenergía, S.A. is owned indirectly by Iberdrola, S.A. with 50% +1 share.

Corporate Environmental Footprint

To gauge the group's environmental performance, Iberdrola calculates its Corporate Environmental Footprint (CEF), which is a multi-criteria measure of environmental performance from a life cycle perspective (ISO/TS 14072:2014 standard).

The Corporate Environmental Footprint is part of the company's environmental management model, the ultimate goal of which is to bring the environmental aspect into line with the company's sustainability model, integrating the universality of service, safety, competitiveness, energy efficiency and the reduction of the company's environmental impact, all from a life cycle perspective.

The calculation of the Corporate Environmental Footprint at Iberdrola has meant that the Group has been able to:

- Demonstrate transparency and consistency in environmental management.
- Improve the identification of opportunities to reduce its environmental impact.
- Drive innovation and business capabilities that seek continuous improvement in environmental management.
- Obtain recognition by third parties of Iberdrola's position and achievements, including the fight against climate change, the destruction of the ozone layer, and the depletion of natural resources.

Consistent with this line of work, Iberdrola took part in the European Rules Electricity Environmental Footprint (REEF) project, which developed the Environmental Footprint (EF) product rules for the electricity sector, and will make it possible to have common rules for calculating the industry's EF.

For more information, see Iberdrola's Environmental Footprint.

Certifications

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

- **ISO 14001-2015** This standard covers activities consisting of the product generation, transmission, distribution and marketing, office management and general services. In particular, more than 80% of its energy was generated at certified facilities in 2022.
- **Eco-Management and Audit Scheme (EMAS).** The group's thermal power generation plants hold certificates under this standard.
- **ISO 14064-2018.** Iberdrola verifies its greenhouse gas emissions under this standard.
- **ISO TS 14072-2014** under which Iberdrola verifies its Corporate Environmental Footprint. It is the only company in the industry to have obtained this certificate.
- **ISO 20121. Sustainable Event Management.** Under this standard, Iberdrola certifies the most important events for shareholders and investors, i.e. the General Shareholders' Meeting, presentations of results and Investor Day.

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

Reserves and insurance coverage for environmental risks

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

- Environmental Liability Insurance.
- Civil Liability Coverage for Sudden Accidental Pollution in the general civil liability policy.

Reduction of emissions

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

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

Intensity of greenhouse gas (GHG) emissions

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

The intensity of CO_2 emissions is calculated based on direct emissions from the production facilities[9] divided by the group's net output, including steam.

The following table shows the intensity of emissions.

■ GRI 305-4

CO2 equivalent emissions to be verified in 2023 (t)			
	2022	2021	2020
Specific emissions from global mix (Kg CO2/MWh)	88	96	98
Specific emissions from global mix (Kg CO2/€)[10]	0.210	0.316	0.376

In 2022, CO_2 emissions per MWh generated remained among the lowest among domestic and international energy companies, and continue to follow the downward path set out in our climate action plan.

Inventory of Greenhouse Gas (GHG) Emissions

The inventory (with data available as of the date of approval of this report) is given below.

CO2 equivalent emissions to be verified in 2023 (t)							
	Spain	United Kingdom	United States	Brazil	México[11]	IEI	Total
Scope 1: Direct emissions	4,215,912	39,373	1,375,464	105,872	6,139,830	50,668	11,927,119
Scope 2: Indirect emissions	960,030	427,292	225,440	239,689	15,588	11,343	1,879,381
Scope 3: Other indirect emissions	4,171,351	8,696,626	10,546,585	1,382,395	16,277,529	939,491	42,013,976

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

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

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

Neoenergia's Termopernambuco plant, Termope, did not enter into operation in 2022. This resulted in a dramatic drop in direct emissions in Brazil (-89%), which significantly contributed to a drop of more than 10% in the group's scope 1 emissions.

Iberdrola's inventory of emissions is verified by AENOR in accordance with UNE ISO 14064-1:2018 for the direct and indirect emissions from all of its activities.

The verified information is available in the Greenhouse Gas Inventory (Carbon Footprint) section of the corporate website.

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

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

- Emissions that result from the consumption of fuel and that are produced by owned facilities that generate electrical power.
- Emissions of methane (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 of coolant gases.
- Emissions from facilities that provide services to buildings (fuel consumption).
- Emissions from mobile combustion sources associated with road transport of employees with fleet vehicles for work purposes.

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

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

■ GRI 305-1 ■ SASB IF-EU-110a.1

CO_2 emissions at Scope 1 production facilities (t CO_2 eq)			
	2022	2021	2020
Thermal generating plants	8,421,306	9,175,358	9,220,435
Cogeneration	2,839,174	3,515,703	3,250,773
Other emissions	85,876	63,101	47,656
Total	**11,346,356**	**12,754,162**	**12,518,864**

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

SASB IF-EU-110a.1

- Gross global Scope 1 emissions are: 11,927,119 tCO_2 eq.
- Percentage covered under emissions-limiting regulations: 95%(Only Europe is subject to emissions-limiting regulations).
- Percentage of gross global Scope 1 GHG emissions covered under emissions-reporting regulations: 100%.
- Iberdrola reports 100% of its emissions as it is regulated in all countries where it operates.

Other Scope 1 emissions (t CO_2 eq)		
	2022	**Source of emission factors**
CH_4 and N_2O emissions from combustion **(Non-renewable generating plants)**[12]	46,143	IPPC[13]
CH_4 Fugitive Emissions **(Gas storage and transport)**	237,645	IPCC
SF_6 Fugitive Emissions **(Electricity distribution)**	76,726	IPCC
Emissions in buildings **(Fuel consumption)**	72,777	MITECO: Spain. DEFRA: United Kingdom, Mexico and Brazil. EPA: United States, Mexico and Brazil. [14]
Emissions from mobile combustion **(Fleet vehicles)**	104,628	DEFRA: Spain and United Kingdom. EPA: United States, Mexico and Brazil.
Other emissions **(Gas storage, coolant gases)**	42,844	DEFRA: United Kingdom
Total	**580,763**	

For more information, see the climate action section of the corporate website.

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

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

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

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

- Spain: Red Eléctrica de España
- United Kingdom: DEFRA
- United States: U.S. Energy Information Administration
- México: SEMARNAT [15]
- Brazil: Ministry of Science, Technology and Innovation for Brazil

[12] Only emissions associated with owned generation are included.
[13] IPCC: Intergovernmental Panel on Climate Change.
[14] MITECO: Ministerio de Transición Ecológica / EPA:Environmental Protection Agency (United States).
[15] SEMARNAT: Secretary for the Environment and Natural Resources in Mexico.

Iberdrola continues to reduce its indirect emissions, in particular energy emissions in buildings, due to its increased use of green energy. 100% of the electrical power consumed by offices in the United Kingdom and Spain was renewable in 2022.

■ GRI 305-2 ■ SASB IF-EU-110a.2

Scope 2 emissions (t CO2 eq)			
	2022	2021	2020
Emissions associated with network losses	1,142,181 [16]	1,830,631	1,407,845
Emissions associated with consumption of electric energy during shutdowns and pumping	713,674	310,100	451,671
Emissions associated with the electricity consumption in buildings	23,526	21,253	23,138
Total	**1,879,381**	**2,161,984**	**1,882,654**

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

Iberdrola has incorporated the life cycle perspective into its management model, which includes knowing the long-term impacts of the value chain. New elements are thus included each year in the calculation of its Scope 3, indirect emissions that result from the company's activities at sources not owned or controlled by it. They include the following:Emissions (due to fuel consumption) from electrical power generation facilities used in production for third parties. (GHG Protocol Category 3).

- Emissions associated with the transport of employees for work purposes (hired and private vehicles, aircraft and trains). (GHG Protocol Category 7).
- Emissions associated with the supply chain. (GHG Protocol Category 1 and 2).
- Emissions associated with the transport of employees commuting from their residence to their workplace. (GHG Protocol Category 6).
- Emissions associated with electrical energy purchased from third parties for sale to end customers (GHG Protocol Category 3, Activity D).
- Emissions associated with gas purchased from third parties for sale to end customers (GHG Protocol Category 11).
- Emissions arising from activities upstream of the fuels purchased and consumed[17] (GHG Protocol Category 3, Activity A).

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

In 2022 Scope 3 emissions were as follows:

[16] The annual review and update of emission factors has led to a decrease in the figures for the United States and Brazil
[17] This category includes fuel transport as part of the lifecycle.

■ GRI 305-3 ■ SASB IF-EU-110a.2

Scope 3 emissions (t CO2 eq)	2022	2021	2020
Emissions associated with the generation of energy for third parties	12,423,624	12,171,586	13,748,340
Emissions from employee business travel	12,458	7,435	7,940
Emissions associated with the use of gas products [18]	13,641,153	14,452,313	13,895,557
Emissions associated with the supply chain	2,944,448	3,422,571	5,483,189
Emissions associated with employee commutes to/from the workplace	51,800	28,870	27,910
Emissions associated with the energy purchased from third parties for sale to end customers [19]	8,328,229	9,681,117	10,584,063
Upstream (WTT) emissions from fuel acquired and consumed	4,612,263	4,850,721	3,898,575
Total	**42,013,975**	**44,614,613**	**47,645,574**

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

Reduction of greenhouse gas emissions

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

■ GRI 305-5

Initiatives for reducing emissions		
Areas	**Actions and initiatives**	**CO_2 avoided in 2022 (t)**
Renewables	Primary energy savings through the production of renewable energy	16,716,801
Cogeneration	Savings through the supply of heat energy (steam) within the group	516,919
Network efficiency	Savings from distribution network efficiency (Spain, United Kingdom and Brazil)	54,589
Commercial	Energy savings and efficiency through green products and services (Spain, United Kingdom, United States and Brazil)	13,453,164
Total		**30,741,473**

Other atmospheric emissions

■ GRI 305-7 ■ SASB IF-EU-120a.1

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

[18] The reported value in the United States has been adjusted in the calculation to reflect the gas actually distributed to end customers to the detriment of the gas sold. The data for 2021 and 2020 have been recalculated to improve comparability.
[19] The reported value in the United States has been adjusted in the calculation to reflect total electric power distributed to end customers to the detriment of the power sold. The data for 2021 and 2020 have been recalculated to improve comparability.

NO_x emissions

NOx emissions (t)	2022	2021	2020
Generating plants	52,761	51,630	56,232
Cogeneration plants	5,425	7,042	6,285
Total	**58,186**	**58,672**	**62,517**

Intensity of NOx emissions (kg/MWh)	2022	2021	2020
Specific emission from the global mix	0.354	0.365	0.375

Percentage of atmospheric emissions of NO_x near densely populated areas: 65%.

SO_2 Emissions

Sulphur dioxide (SO2) (t) emissions	2022	2021	2020
Generating plants	570	582	870
Cogeneration plants	441	598	482
Total	**1,011**	**1,180**	**1,352**

Intensity of SO2 emissions (kg/MWh)	2022	2021	2020
Specific emission from the global mix	**0.006**	**0.007**	**0.008**

Percentage of atmospheric emissions of SO_x near densely populated areas: 65%.

Emissions of particulates

Emissions of particulates (t)	2022	2021	2020
Generating plants	1,072	1,055	1,164
Cogeneration plants	93	119	106
Total	**1,165**	**1,174**	**1,270**

Intensity of particulate emissions (kg/MWh)	2022	2021	2020
Specific emission from the global mix	**0.007**	**0.007**	**0.008**

Percentage of atmospheric emissions of PM10 particulate matter near densely populated areas 61%.

Emissions of other compounds

A total of 468.9 tonnes of non-methane volatile organic compounds (NMVOCs) were emitted.

Sustainable use of resources and the circular economy

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

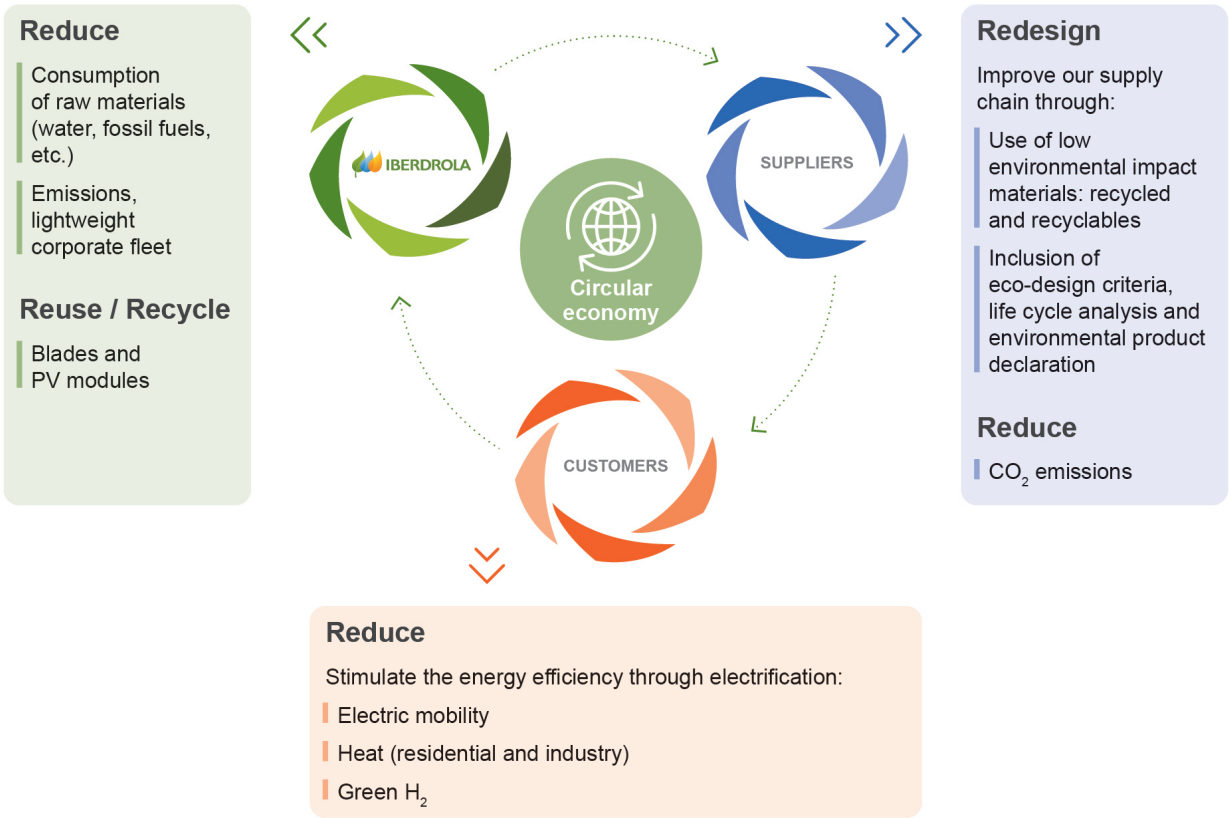
Iberdrola's circular economy model is based on the following pillars:

- Reduction of emissions.
- Use of renewable resources in production.
- Improved efficiency.
- Resource optimisation and maximisation of use of waste.

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

Based on this circular economy model, in 2022 Iberdrola approved Circular Economy Plan 2030, which specifies various goals in line with its sustainable energy model.

Four levers will be available to achieve these goals: the four Rs (redesign, reduce, reuse, and recycle). The goals set are shown in the diagram below:



Use of materials

GRI 301

The consumption of fuel from non-renewable sources for generation over the last three years is shown below. Consumption of renewable fuels used in generation (CDR and Offgas) is also shown:

GRI 301-1

Use of raw materials	2022	2021	2020
Coal (t)	0	0	113,130
Fuel-oil (t)	17,362	26,327	26,227
Natural gas (Nm3)	13,066,040,385	13,719,683,127	14,649,824,720
Gas-oil (m3)	209,894 [20]	23,649	18,141
Uranium (kg)	52,238	34,899	29,899
Waste-derived fuel (WDF) (t)	1,037	2,258	—
Offgas (m^3)[21]	44,930,387	69,875,382	73,835,934

GRI 301-2

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

Fuel use (%) by country in 2022 is shown below:

GRI 301-1

Distribution of fuel consumption in 2022 (%)	Coal	Fuel oil	Natural Gas	Gas-oil	Uranium	WDF	Offgas
Spain	0	100	14.6	1.2	100	100	100.0
United Kingdom	0	0	0	0	0	0	0.0
United States	0	0	4	0.0	0	0	0.0
Brazil	0	0	0.0	4.5	0	0	0.0
Mexico	0	0	81.1	94.0	0	0	0.0
Other countries	0	0	0.2	0.3	0	0	0.0

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

[20] The increase in diesel consumption is caused by the unavailability of a plant in Mexico, which requires the use of emergency diesel generators.
[21] Offgas is a fuel produced at the plants of the Tarragona Power S.L. customers. The volume of gas consumed by the plant depends on the customers' activity.

Rational use of water[22]

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

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

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

- Continually improving processes at facilities to reduce consumption and impact.
- Implementing and controlling ecological flows as required by government authorities at hydroelectric generation reservoirs.
- 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 to generate power at Iberdrola's thermal generation plants is based on the following three phases:

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

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

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

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

Water consumption and discharges by the facilities in 2022 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.

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

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

[22] Iberdrola has changed its methodology to calculate water consumption, including two aspects that had not been considered until now: contribution of rainwater and contribution of water to customer processes. The failure to consider these two aspects was affecting the figures for the Almaraz nuclear plant, reducing its reported water consumption, and cogeneration, increasing water consumption. These changes have been applied to 2022 and those for 2021 and 2020 have been recalculated.

Water withdrawal, discharge and consumption[22]

	2022		2021		2020	
	All areas	Water stress areas	All areas	Water stress areas	All areas	Water stress areas
Withdrawal by water source (ML)						
Surface water (river, lake, reservoir or wetland)						
Fresh water	511,598	383,700	507,545	374,451	520,606	346,746
Other water	0	0	0	0	0	0
Seawater						
Fresh water	0	0	0	0	0	0
Other water	1,181,697	344,873	1,338,177	338,327	1,337,549	327,684
Groundwater						
Fresh water	2,333	2,008	2,787	2,480	2,779	2,142
Other water	0	0	0	0	0	0
Third-party water						
Fresh water	23,424	9,867	25,892	3,286	25,397	5,930
Other water	0	0	0	0	0	0
Total water withdrawal						
Fresh water	537,355	395,575	536,224	380,217	548,783	354,818
Other water	1,181,697	344,873	1,338,177	338,327	1,337,549	327,684
Total	**1,719,052**	**740,449**	**1,874,401**	**718,544**	**1,886,331**	**682,501**
Water discharge by destination (ML)						
Total	**1,630,976**	**673,092**	**1,787,111**	**648,383**	**1,789,844**	**628,926**
Total water consumption (ML)						
Total	**88,076**	**67,357**	**87,289**	**70,161**	**96,488**	**53,575**
Total Consumption/Withdrawal (%)	**5.1 %**	**9.1 %**	**4.7 %**	**9.8 %**	**5.1 %**	**7.8 %**

48% of Iberdrola's thermal plants are located in areas of high water stress, according to the water stress indicator of the Aqueduct Water Risk Atlas. 69% of the water withdrawn is seawater or saltwater that does not affect water stress.

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

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

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

43% of the water withdrawn and 76% of the water consumed is from high water stress areas.

GRI 303-5

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

Water use[23]	2022	2021	2020
Total water consumption (ML)	88,076	87,289	96,488
Water use/overall production (m^3/GWh)	540	531	588
Water use/overall sales (m^3 / k€)	1.56	2.16	2.13

Water cycle in hydroelectric generation

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

Water use in hydroelectric generation (ML)	2022	2021	2020
Net water volume	137,187,988	158,007,994	142,610,717
Volume of pumped water	4,665,145	3,058,700	3,266,770
Increase in reservoir water	2,250,390	-1,378,705	-571,943

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

SASB IF-EU-140a.2.

Number of water-related incidents	2022	2021	2020
Total	5	3	N/Av.

Water discharge

GRI 303-4

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

The total discharge of water by destination type is:

Water discharge by destination (ML)	2022	2021	2020
Ocean	1,148,669	1,309,168	1,308,495
Rivers	139,346	144,957	153,947
Lakes and reservoirs	339,168	329,070	324,082
Purification network	3,793	3,916	3,320
Total	**1,630,976**	**1,787,111**	**1,789,844**

[23] See note included in Water withdrawal, discharge and consumption table.

Discharge of water in fresh water or other waters is:

Total discharge by water type (ML)

	2022	2021	2020
Fresh water	482,307	477,943	481,349
Other water	1,148,669	1,309,168	1,308,495

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

Water treatment (ML)

	2022	2021	2020
No treatment	88,295	293,418	282,199
Primary treatment	260,215	292,952	341,446
Secondary treatment	1,271,869	1,191,114	1,156,257
Tertiary treatment	10,597	9,627	9,942

Efficiency in energy consumption

■ GRI 302

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

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

Energy consumption within the organisation

■ GRI 302-1

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

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

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

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

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

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

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

GRI 302-1

Energy consumption within the organisation (GJ)	2022	2021	2020
Energy consumption by type of fuel			
Natural gas[24]	483,640,179	510,013,958	493,489,304
Uranium	266,435,615	258,565,631	270,669,733
Coal	0	0	3,222,009
Fuel-oil	701,425	1,064,873	1,037,834
Gas-oil	3,349,275	1,482,414	1,068,806
WDF	33,920	73,880	0
Offgas	1,068,132	1,469,003	1,696,466
Petrol	678,733	622,030	47,220
Ethanol	129,812	119,505	33,880
Propane	7,533	N/Av.	N/Av.
CTV Diesel	159,866	N/Av.	N/Av.
HVO	3,768	N/Av.	N/Av.
CNG Gas	147	N/Av.	N/Av.
Fuel consumption	**756,208,405**	**773,411,294**	**771,265,252**
Energy purchased	**17,981,640**	**11,815,428**	**13,393,570** [25]
Standby and pumping	17,433,811	11,326,651	12,945,390
Buildings	547,829	488,777	448,180
Non-renewable energy sold	**317,481,891**	**322,340,336**	**341,142,273**
Steam sold	**10,763,904**	**14,093,106**	**13,470,434**
Total energy consumption within the organisation	**445,944,250**	**448,793,280**	**430,046,117**

GRI EU12

The following table shows the losses in distribution and transmission networks:

Transmission and distribution network losses (%)	2022	2021	2020
Transmission			
United Kingdom	1.75	1.90	2.01
United States	1.38	1.60	1.36
Brazil[26]	1.71	N/Av.	N/Av.
Distribution			
Spain	6.29	6.42	6.50
United Kingdom	7.32	7.24	6.78
United States	4.06	3.92	3.99
Brazil	8.51	12.82[27]	14.70

[24] The 2021 gas consumption figure has been updated due to an improved calculation of the figures reported in that year's report.
[25] Data updated due to improved calculation in the report for this year.
[26] Although there are transmission assets in the country, the data for 2020 and 2021 have not been collected for this report..
[27] Neoenergia's network losses for 2021 and 2021 have taken into account the technical and non-technical losses, while in 2022 they only take into account technical losses, for purposes of homogeneity with the other countries

Efficiency in thermal generation

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

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

■ GRI EU11

Average efficiency at thermal generation facilities (%)				
		2022	2021	2020
Spain	*Combined cycle*	50.99	51.05	51.09
	Conventional thermal	0	0	32.84
	Cogeneration	69.01	71.37	68.14
United Kingdom	*Combined cycle*	N/A	N/A	N/A
	Conventional thermal	N/A	N/A	N/A
	Cogeneration	N/A	N/A	N/A
United States	*Combined cycle*	N/A	N/A	N/A
	Conventional thermal	N/A	N/A	N/A
	Cogeneration	48.07	46.87	47.53
Brazil	*Combined cycle*	42.11	54.74	54.88
	Conventional thermal	N/A	N/A	N/A
	Cogeneration	N/A	N/A	N/A
Mexico	*Combined cycle*	53.05	53.81	56.17
	Conventional thermal	N/A	N/A	N/A
	Cogeneration	58.13	59.79	58.45
IEI	*Combined cycle*	N/Av.	N/Av.	N/Av.
	Conventional thermal	N/A	N/A	N/A
	Cogeneration	N/Av.	N/Av.	N/Av.
Total	*Combined cycle*	**52.80**	**53.41**	**55.54**
	Conventional thermal	**0**	**0**	**32.84**
	Cogeneration	**57.91**	**56.89**	**57.72**

Reduction of energy consumption

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

■ GRI 302-4

Reduction of energy consumption through the generation of renewable energy and steam (energy saved, GJ)				
Areas	**Type of energy**	**2022**	**2021**	**2020**
Renewables	Annual primary energy savings through the production of renewable energy	265,931,274	270,277,248	245,031,358
Cogeneration	Annual savings through the supply of heat energy (steam) within the group	10,763,904 [28]	14,093,106	13,470,434
Total		**276,695,178**	**284,370,354**	**258,501,792**

[28] Lower energy demand from the companies associated with the cogenerations.

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

$$Consumption(GJ) = \Sigma generation\ (MWh)\ x\ 3.6\ GJ/MWh$$

Various measures were implemented in 2022 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	2022	2021	2020
Efficiency in the distribution network	Savings due to efficiency in the grid	1,379,273	1,522,071	1,098,490
Efficiency in generation	Savings due to efficiency improvement at plants	7,656 [29]	1,654	703
Efficiency in buildings	Savings due to efficiency in buildings	6,239	5,370	7,162
Total		**1,393,168**	**1,529,095**	**1,106,355**

Reductions in energy requirements of products and services

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

■ GRI 302-5 ■ SASB IF-EU-420a.3.

Energy savings from green products and services

	2022		2021		2020	
	GJ	MWh	GJ	MWh	GJ	MWh
Photovoltaic solar energy	672,095	186,693	208,886	58,024	137,192	38,109
Energy audits and plans	1,188,267	330,074	0	0	0	0
Gas maintenance service	0	0	0	0	0	0
Other savings and efficiency activities	558,968	155,269	371,899	103,305	499,640	138,789
Green energy supplied	243,281,238	67,578,122	265,553,475	73,764,854	221,612,321	61,558,978
Total	**245,700,568**	**68,250,158**	**266,134,260**	**73,926,183**	**222,249,154**	**61,735,876**

Energy consumption outside of the organisation

■ GRI 302-2

The most significant consumption of energy outside the organisation is associated with trips to/from work by the group's employees and with business travel (flights and motorways). All of this information forms part of Scope 3 of the calculation of greenhouse gas emissions. Energy consumption outside the organisation is estimated based on the distance travelled via each means

[29] The increase is due to the installation of solar panels for self-consumption at the generation plants.

Waste management

■ GRI 306 306-1 306-2

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

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

Waste generated

■ GRI 306-3

Nuclear waste

In keeping with its commitment to transparent disclosure to its Stakeholders, Iberdrola provides additional information about its nuclear power generation park ("General Radioactive Waste Plan", Enresa[30]). The radioactive waste that is generated undergoes reduction, reuse, segregation, recycling and recovery processes as part of the safe management thereof.

Iberdrola's nuclear power plants are covered by the Environmental Radiological Monitoring Programme of the Nuclear Safety Council of Spain, the purpose of which is to monitor the dispersion into the environment of controlled discharges from facilities and to determine and monitor radiological quality throughout the country.[31]

Low-low level and medium-low level radioactive waste generated in 2022 is shown in the following table:

Hazardous waste generated at nuclear facilities in 2022

	Net production (GWh)	Low-low level waste		Low-medium level waste	
		Produded (m^3)	Produced (m^3 / GWh)	Produced (m^3)	Produced (m^3 / GWh)
Cofrentes nuclear power plant	8,328	18	0.002	144	0.017
Partially-owned nuclear plants	15,559	137	0.009	58	0.004

As to high-level waste, 260 fuel elements (FEs) were generated at Cofrentes and taken to Individual Temporary Storage (Almacén Temporal Individualizado) (ATI) during 2022.

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

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

Total waste by type (t)

	NHW 2022	HW 2022	NHW 2021	HW 2021	NHW 2020	HW 2020
Electrical/electronic waste	152	7,390	76	7,097	235	5,348
Construction waste	123,344	1,796	176,458	2,133	234,646	1,261
Urban solid waste	21,474	36	12,239	62	21,975	65
Thermal-process waste	2,889	44	2,097	3	17,229	6
Oils and liquid fuels	0	4,598	0	4,262	0	4,518
Batteries	24	248	4	195	2	171
Other waste	196,152	3,600	265,614	2,308	237,698	4,337
Total waste	**344,036**	**17,713**	**456,489**	**16,058**	**511,785**	**15,706**

Classification of use of waste

■ GRI 306-4

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

Waste diverted from disposal

Total waste diverted from disposal, by recovery operation (t)

	NHW 2022	HW 2022	NHW 2021	HW 2021	NHW 2020	HW 2020
Reuse	42,954	2,875	49,095	2,058	1,084	3,227
Recycling	123,980	7,636	121,871	7,476	207,335	4,294
Other recovery operations	18,362	1,167	8,878	1,184	42,161	1,469
Total	**185,296**	**11,678**	**179,845**	**10,718**	**250,580**	**8,990**

Waste diverted from disposal, by composition (t)

	NHW 2022	HW 2022	NHW 2021	HW 2021	NHW 2020	HW 2020
Electrical/electronic waste	146	6,031	76	5,334	203	4,052
Construction waste	109,359	601	162,074	455	213,321	302
Urban solid waste	13,270	28	5,906	50	12,126	30
Thermal-process waste	6	12	75	0	15,438	4
Oils and liquid fuels	0	3,932	0	3,124	0	3,844
Batteries	24	247	4	195	2	167
Other waste	62,490	827	11,709	1,559	9,490	590
Total	**185,296**	**11,678**	**179,845**	**10,718**	**250,580**	**8,990**

Waste diverted from disposal (t)

	2022		2021		2020	
	NHW	HW	NHW	HW	NHW	HW
Total waste diverted from disposal	**185,296**	**11,678**	**179,845**	**10,718**	**250,580**	**8,990**

GRI 306-5

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

Waste directed to disposal

Waste directed to disposal, by disposal operation (t)

	NHW 2022	HW 2022	NHW 2021	HW 2021	NHW 2020	HW 2020
Incineration (with energy recovery)	1,002	942	895	1,765	3,588	2,532
Incineration (without energy recovery)	1,549	475	569	169	299	1,953
Landfilling	108,109	2,375	196,761	564	163,740	599
Other disposal operations	48,079	2,243	78,422	1,843	93,568	1,631
Total	**158,739**	**6,035**	**276,646**	**4,341**	**261,194**	**6,716**

Waste directed to disposal, by composition (t)

	NHW 2022	HW 2022	NHW 2021	HW 2021	NHW 2020	HW 2020
Electrical/electronic waste	6	1,360	0	1,762	32	1,295
Construction waste	13,985	1,194	14,384	1,676	21,326	959
Urban solid waste	8,205	8	6,333	11	9,849	34
Thermal-process waste	2,883	32	2,022	3	1,791	2
Oils and liquid fuels	0	667	0	137	0	674
Batteries	0	1	0	0	0	4
Other waste	133,661	2,773	253,906	747	228,197	3,747
Total	**158,739**	**6,035**	**276,646**	**4,341**	**261,194**	**6,716**

Waste directed to disposal, by disposal operation (t)

	2022		2021		2020	
	NHW	HW	NHW	HW	NHW	HW
Total waste directed to disposal	**158,739**	**6,035**	**276,646**	**4,341**	**261,194**	**6,716**

Protection of and action for biodiversity

Governance and biodiversity management

■ GRI 304

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

Given the location of our infrastructure and their interaction with the territory, Iberdrola has believed for more than fifteen years that biodiversity is a material issue for its Business Model, and for this reason places respect for biodiversity and ecosystems in a key place within its business strategy.

Since 2007, Iberdrola has had a *Biodiversity Policy* which forms part of its "I.2. Governance and Sustainability System". In this policy, which was strengthened in 2021, Iberdrola commits to assuming a position of leadership in the fight against the loss of biodiversity and in generating a positive net impact on biodiversity from its activities.

These commitments involve integrating biodiversity into strategic planning, managing risk through continuous assessment of impacts and dependencies throughout the life cycle, applying the mitigation hierarchy (avoid, mitigate, restore and offset) in all our activities, avoiding the placement of new infrastructure in protected areas, implementing biodiversity action plans, working together with Stakeholders, and encouraging awareness and communication. It also entails promoting, along with its Stakeholders, a social culture in which biodiversity is valued, preserved, restored and sustainably used, maintaining ecosystem services, favouring a healthy planet, and providing essential benefits for all.

Iberdrola supports ambitious objectives in the negotiations of the new global framework of the Convention on Biological Diversity approved in Montreal in December 2022. The Biodiversity Plan 2030, approved in October 2022 after being presented to the company's corporate bodies, is aligned with the goals approved in the Global Biodiversity Framework. Of particular importance is Goal 15, relating to the reporting of impacts and biodiversity impacts covered by Iberdrola in this report and in its *Biodiversity Report*. Moreover, Iberdrola is already working with the Task Force of Nature related Financial Disclosure (TNFD) and WBCSD to evaluate the draft recommendations and provide feedback.

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

- *Biodiversity Policy*
- Comprehensive Risk Control and Management System
- Environmental Management System of the group
- Tools for evaluating impacts and dependencies
- Biodiversity Plan
- Environment and biodiversity committees

Objectives and Biodiversity Plan 2030

At Iberdrola, we have strengthened our commitment to nature and set ourselves the goal of having a positive net impact on biodiversity by 2030, i.e. the year by which our activities have contributed to preserving and improving biodiversity.

2030 Goal: Net positive impact on biodiversity.

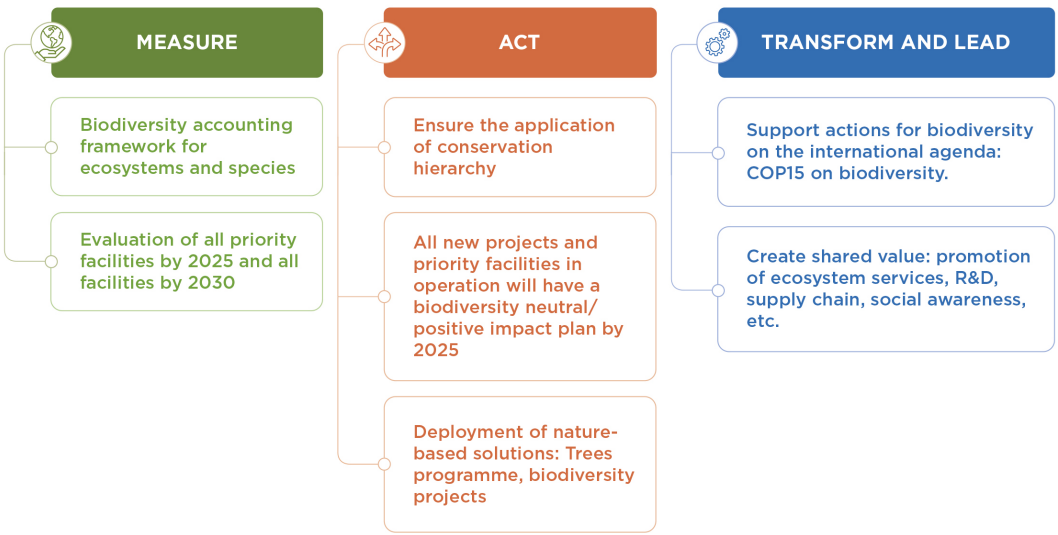
This goal considers the impacts on species and ecosystems derived from the Iberdrola group activities throughout its entire facilities life cycle and is based on the application of the conservation hierarchy, as well as the implementation of mechanisms for its identification, quantification of impacts and monitoring of compliance.

Objective 2025: No net deforestation

As part of its actions to achieve this goal by 2030, Iberdrola also commits to ensuring that its activity does not generate net deforestation by 2025. This commitment applies both to direct actions and to actions in the group's supply chain.

Biodiversity Plan 2030

To achieve this ambitious goal, Iberdrola has launched the Biodiversity Plan 2030 (the "Plan"), which applies to all of the Iberdrola group's facilities and activities, and which has three areas of action: measure, act and transform.



This approach is aligned with the Science-Based Targets for Nature (SBTNs) and its vision of the Framework for Action "AR3T1" and with the landmark pillars provided by the Taskforce on Nature-related Financial Disclosures (TNFD).

The Biodiversity Plan 2030 is a continuation of years of work on the protection and preservation of biodiversity, and its integration into the strategic planning and decision-making of the group. The commitments and procedures derived from this Plan are:

i. conservation hierarchy;
ii. equal compensation for impacts (i.e. with the same type of habitat and species affected);

iii. application of solutions based on the preservation of nature; and

iv. supply chain involvement.

All of them, together with other measures, constitute adequate tools to guarantee the achievement of the objectives of the Plan in 2030.

Interaction with biodiversity

Main impacts and dependencies

■ GRI 304-2

Iberdrola identifies impacts and dependencies stemming from the interaction of these activities on biodiversity and natural capital, in order to avoid, minimise, remedy and/or offset these impacts and dependencies. Iberdrola has been working on developing and implementing tools to identify, quantify and assess the impacts and dependencies of its activities on natural capital since 2012. The identification of these impacts and dependencies is an iterative process. Below are some of the information sources and tools used:

- Corporate Environmental Footprint
- Assessments of environmental impact at new projects
- Impact surveillance, monitoring and re-evaluation programmes
- Matrix of impacts and dependencies by technology developed in the Natural Capital and Energy Working Group
- Matrix of materiality of activities with regard to drivers of biodiversity loss
- Results of pilot natural capital assessment projects at Iberdrola's facilities.

In this regard, in 2022 Iberdrola continued work on the pilot projects to quantify the net effect of our activities on biodiversity at several of our facilities in Spain, Brazil, the United Kingdom and Mexico, using international benchmark methodologies and obtaining the initial results of the projects.

Identification of dependencies

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

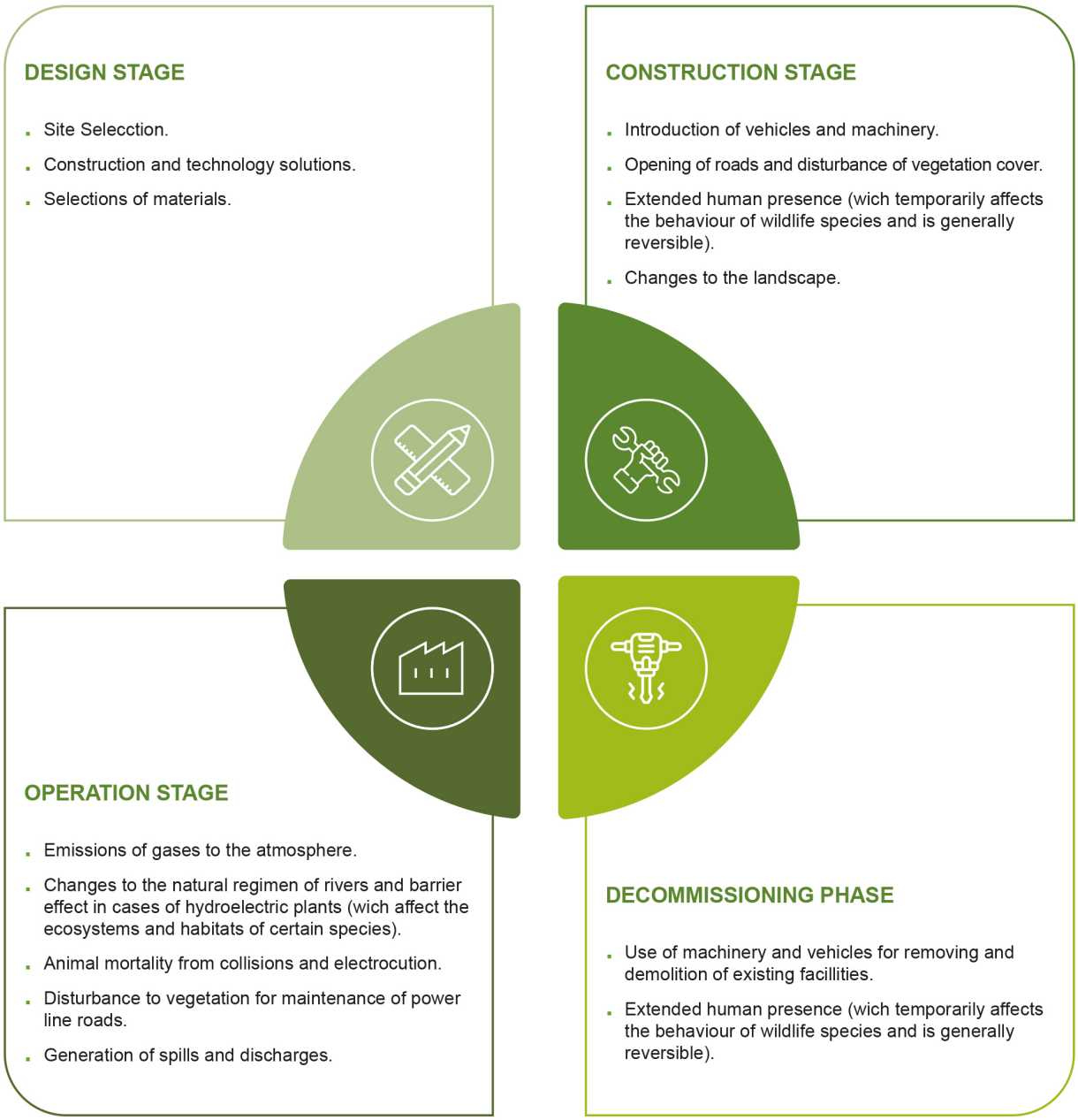
- Waterway maintenance service, through the hydrological cycle. The water cycle makes it possible to recover river flows, which is necessary to produce energy at hydro plants and for cooling processes at thermal plants.
- Climate regulation service, which is obtained through nature by means of the long-term storage of carbon dioxide in soils, plant biomass and the oceans. This service is important for all generation facilities.
- Terrain stabilisation and erosion control. Vegetation on slopes prevents avalanches and landslides. This service is important for hydroelectric plants and transmission and distribution grid facilities.
- Protection against floods and storms, through the buffer provided by vegetation during such events. This service is important for hydroelectric plants and grid facilities.

In addition, there are also dependencies on abiotic resources, the most important of which are:

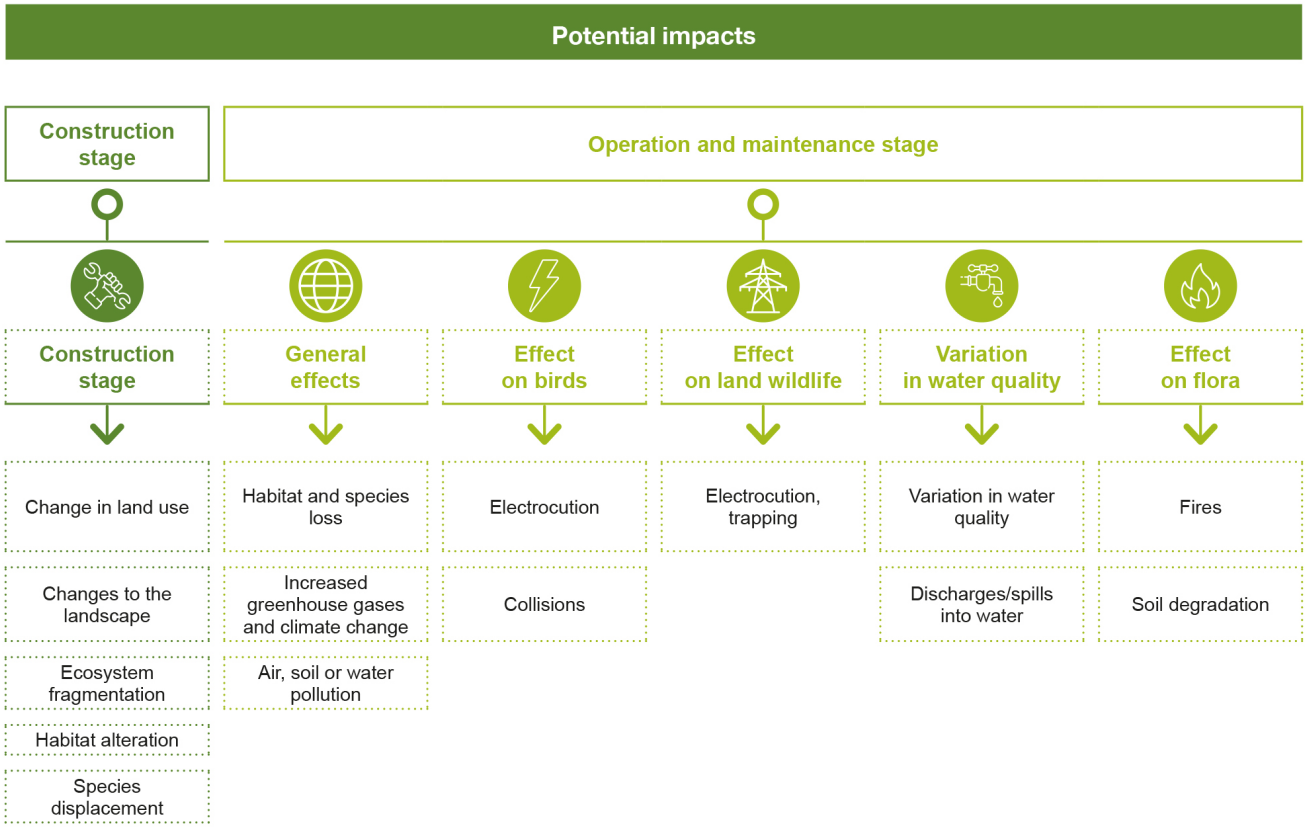
- Water. This resource is the source of production at hydroelectric plants, and it is necessary for cooling at thermal plants.
- Mineral and non-mineral (gas and uranium) resources as fuel in power generation at thermal plants.
- Gas as a product served to customers and users of gas networks.

Identification of impacts

Activities and operations that may have impacts during the different phases of the life of facilities are identified in order to avoid, minimise and appropriately correct such potential impacts, as shown in the figure below:



Based on these actions, the potential significant impacts on biodiversity arising from the group's activities, products and services are in turn identified:



■ GRI 304-1

Facilities in protected spaces or high biodiversity-value areas

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

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

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

Facilities within or adjacent to protected spaces (PS) or in high biodiversity-value (HBV) areas.

Facility	Surface area inside PS or HBV	Surface area inside PS	Adjacent facilities	Type of protection
Spain				
Hydroelectric plants - Reservoirs	38,982 ha	26,397 ha	1 unit	Biosphere reserves, Ramsar Wetlands, Nature 2000 Network, National Parks, Natural Parks, Important Bird and Biodiversity Areas, and National Monuments.
Power lines	27,865 ha	14,481 km	.-	Nature 2000 Network, Ramsar Wetlands, National Parks, Natural Parks and Biosphere Reserves.
Substations	265 units	142 units	.-	Nature 2000 Network, Ramsar Wetlands, National Parks, Natural Parks and Biosphere Reserves.
Transformer centres	15,084 units	7,243 units	.-	Nature 2000 Network, Ramsar Wetlands, National Parks, Natural Parks and Biosphere Reserves.
Onshore wind farms	568 ha	244 ha	.-	Nature 2000 Network, Important Bird and Biodiversity Areas.
Photovoltaic plants	2,207 ha	96 ha	4 units	
Nuclear plants	82 ha	82 ha	3 units	Nature 2000 Network.
Combined cycles and cogeneration	0	0	6 units	Nature 2000 Network, Protected Landscapes, Biosphere Reserves and Protected Offshore Areas.
United Kingdom				
Power lines	3,826 km	3,067 km	.-	National Park, Nature 2000 Network, Ramsar Wetlands, National Nature Reserve (NNR) and Sites of Special Scientific Interest (SSSI).
Substations	369 units	293 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	7,480 units	6,312 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	21,710 ha	21,710 ha	.-	Nature 2000 Network and Protected Offshore Areas (MCZ)
Onshore wind farms	10,001 ha	0	8 units	Sites of Special Scientific Interest (SSSIs) and High-Priority Habitats, per Annex 1 to the Habitats Directive (92/43/EEC)

Facilities within or adjacent to protected spaces (PS) or in high biodiversity-value (HBV) areas.

Facility	Surface area inside PS or HBV	Surface area inside PS	Adjacent facilities	Type of protection
United States				
Onshore wind farms	32 ha	0	.-	National Forest Systems
Power lines	481.1	481.1	.-	National Forest (USFS), Natural reserve, State Forest Reserve, State Conservation Area, National Wildlife Refuge, State Forest, Wildlife Sanctuary, National Trail (NPS), National Scenic Trail.
Brazil				
Power lines	85,353 Km	85,265 Km	.-	Environmental Protection Areas (EPAs).
Substations	134 units	134 units	.-	Environmental Protection Areas (EPAs).
Transformer centres	110,560 units	110,560 units	.-	Environmental Protection Areas (EPAs).
Hydroelectric plants	4,813 ha	0 ha	1 unit	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
Wind Farms	11.41 ha	1.3 ha	1 unit	Key Biodiversity Areas (KBA)
Greece				
Wind and solar farms	161 ha	159 ha	.-	Nature 2000 Network and Important Bird and Biodiversity Area (IBA)
Hungary				
Wind farms	0	0	1 unit	Near Nature 2000 Network and Ramsar Wetlands areas
Portugal				
Wind farms	0.09 ha	0.09 ha	.-	Nature Reserve
Cyprus				
Onshore wind farm	0.18 ha	0.18 ha	.-	Nature 2000 Network
Germany, Italy, France, Poland, and Romania				
None				

Threatened species in the vicinity of the facilities

■ GRI 304-4

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

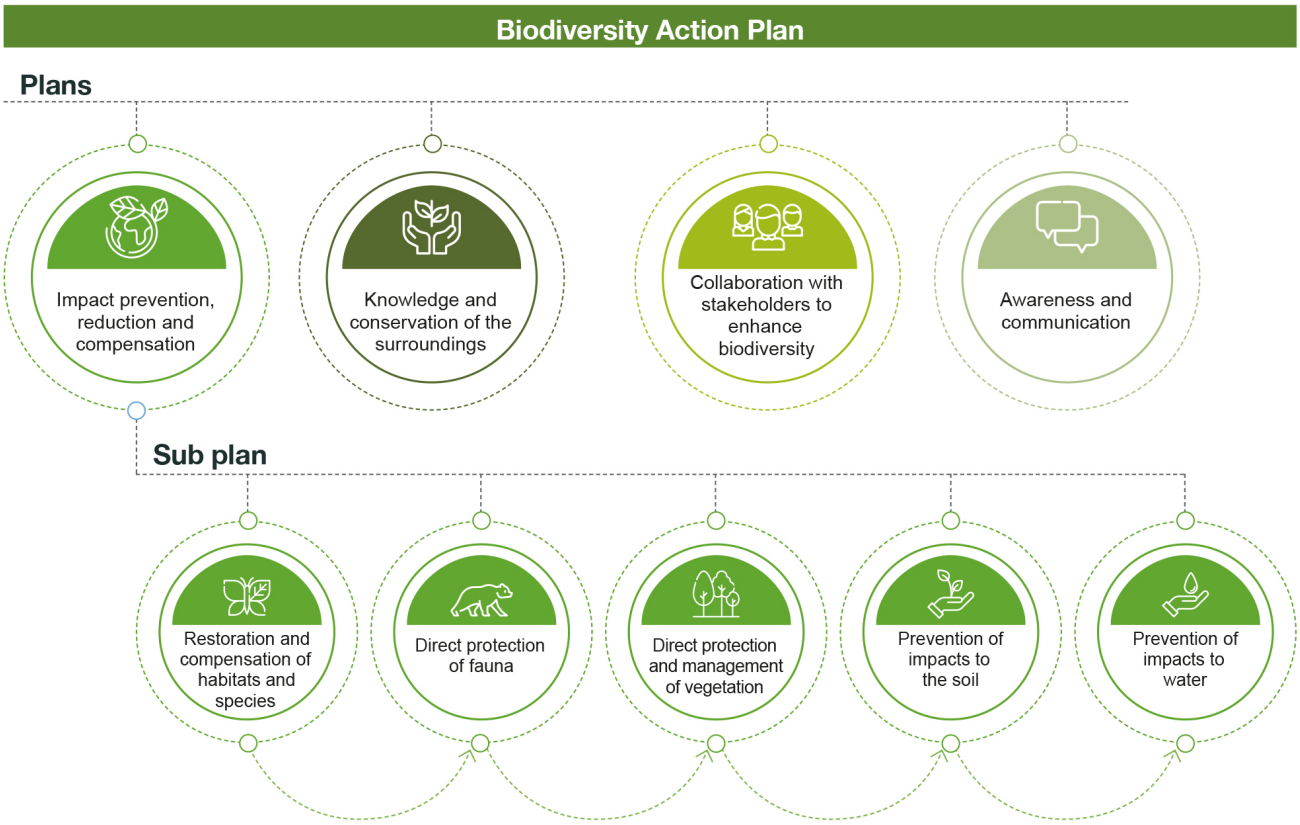
Iberdrola has identified threatened species included on the IUCN Red List and on the national and regional lists of the areas in which it operates that potentially could be affected by our facilities. It also conducts species monitoring programmes and research projects at many of its facilities with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

IUCN Red List Classification	
	No. of species
Critically endangered (CR)	15
Endangered (EN)	69
Vulnerable (VU)	121
Near threatened (NT)	116
Least concern (LC)	1,865

Action for biodiversity

In its *Biodiversity Policy,* Iberdrola establishes its priority lines for action, which are integrated in management of the operational units in action programmes and specific actions. These are:

- Protecting biodiversity and making sustainable use of natural capital, adopting a conservation hierarchy, integrating into its management the best practices along the entire lifecycle and promoting actions in favour of regenerating and conserving natural heritage.
- Continuously identifying, quantifying and evaluating the impacts and the dependencies of the Group's activities on natural capital, with a focus on biodiversity during the entire lifecycle of facilities, by promoting research and improving knowledge of the ecosystems in the environments of the territories in which it operates.
- Partnering with Stakeholders, considering their needs and expectations regarding biodiversity in order to integrate these needs and expectations in action plans, and participating in research projects.
- Commitment to raising awareness and reporting on the importance of biodiversity and internally and externally communicate the impact of our activities and actions for the preservation of biodiversity.



Iberdrola engages in more than 800 activities for the protection of biodiversity each year and publishes its *Biodiversity Report* which includes many of these activities, on a regular basis.

Tackling the drivers of biodiversity loss

The analysis of the impact of the group's activities on these drivers enables Iberdrola to take the measures required to prevent or minimise them. The drivers of biodiversity loss identified by the Intergovernmental Platform on Biodiversity and Ecosystem Services (IPBES) that can be tackled by Iberdrola are analysed below, as are the measures taken to prevent and minimise the impact of its activities.

Changes in land use

In a context of increased energy demand and decarbonisation, it is necessary to build new clean energy facilities, which must be environmentally friendly. This infrastructure often causes changes in land use and potential habitat loss, displacing species.

The Biodiversity Plan 2030 intensifies the company's efforts to integrate the search for opportunities to make the generation of renewable energies compatible with other uses and improve biodiversity in those territories in which it operates.

The Plan also reinforces the work done by the company to implement the mitigation hierarchy (avoid, reduce, mitigate, and compensate as a last option) in all project phases, from the design and Environmental Impact Assessment (EIA) processes to decommissioning after operation.

Most impacts resulting in diversity loss can be prevented in the design phase, for which reason we support knowledge of the area as the best tool to prevent or minimise effects on the environment. To properly select a site, Iberdrola avoids locating new infrastructures in protected areas (including World Heritage sites, national protected areas, Nature 2000 Network, and the respective International Union for the Conservation of Nature (UICN) categories, as well as unprotected areas of high biodiversity value, unless there are no alternatives or the only alternatives are less compatible with the environment. If significant impacts are identified during the evaluation process, the project is modified to the extent possible, and the best available techniques and any measures identified as necessary are employed to correct and minimise these impacts. Stakeholders are involved and consulted with throughout the entire design process, which makes it possible to incorporate good construction practices, going beyond the applicable legal requirements in each case. Once this process has ended, and during construction, Iberdrola continues to work with stakeholders, seeking to ensure that the environmental impact is as low as possible, restoring the affected areas and offsetting residual impact.

Iberdrola works to ensure that new infrastructure projects are a shelter for biodiversity while preserving local jobs. One example is photovoltaic plants in Spain, which have gone from being agricultural land to becoming biodiversity reservoirs thanks to the measures taken.

Habitat and species loss

■ GRI 304-3

A proper habitat is essential for ensuring the successful survival of local species, for which reason Iberdrola implements specific programmes and actions to avoid, reduce, restore and offset effects on habitats and species at its infrastructure, as well as to monitor their interactions in order to remedy the impacts. It also promotes volunteer programmes that contribute to reversing the loss of biodiversity in ecosystems. The most noteworthy actions and programmes carried out in 2022 are listed below. More information can be found in Iberdrola's *Biodiversity Report*.

Habitat conservation, restoration and compensation programmes

Iberdrola is committed to preserving and restoring forest ecosystems. For this reason, in 2020 it created the Trees Programme in 2020 for forest biodiversity and ecosystems in order to promote the conservation and planting of 20 million trees by 2030. Since its launch, the group has promoted the planting of 2.5 million trees.

Of particular note is the work carried out in Brazil in recent years, where conservation and regeneration activities have been carried out on more than 8,975 hectares and monitoring and conservation actions on more than 18,400 hectares in Permanent Preservation Areas. Activities in 2022 include a continuation of the creation of the Biodiversity Corridor in order to establish connectivity between the forest areas of Iguaçu National Park (PNI) and the Direct Influence Areas (AID) of the Lower Iguaçu Hydroelectric Plant, in the environs of the reservoir. Conservation activities have been carried out on 1,135 hectares as well as planting on 50 hectares to date. The corridor will comprise more than 3,000 hectares. Work has also continued to develop the Permanent Preservation Areas of Corumbá, Telespires and Itapebi. 25,000 trees were also voluntarily planted in partnership with Fundación SOS Mata Atlântica, as part of the Florestas do Futuro Programme, in the municipality of Marabá Paulista.

In the United Kingdom, more than 520,000 trees were planted in 2022 in the Kilgallioch, Mark Hill, Hare Hill, Black Law, Halsary and Glen App wind farms to improve habitats, provide benefits to wildlife, and to offset the construction of wind farms. Restoration work was also carried out on the land taken up by the landline cable at the East Anglia One offshore wind farm, where more than 1,600 trees were planted, 35 ha of grassland were sown, and 3,500 linear metres of hedges were recovered.

In Spain, monitoring works continued on nearly 2,000 hectares of voluntary reforestation, and an additional 57 hectares were planted in 2022 in Toledo and Ciudad Real.

In Mexico, the more than 25 hectares already planted in 2019 at the La Venta III wind farm continued to be maintained.

Iberdrola also promotes the restoration of other ecosystems. In 2022, work continued on the Habitats Management and Monitoring Plan with respect to the wind farms in Scotland, covering a total area of more than 10,000 hectares.

Iberdrola also works to ensure that new infrastructure projects are a shelter for biodiversity while preserving local jobs. This is exemplified by photovoltaic plants in Spain, as, for example, the creation of a new flora reserve to preserve orchids and other singular species at the Núñez de Balboa photovoltaic plant and the measures to encourage the settlement of species such as the lesser kestrel, vegetation management through sheep, and the promotion of ecosystemic services and local jobs, such as the placement of beehives at several of the photovoltaic plants during certain months of the campaign.

Fauna and flora species protection and conservation programmes

Iberdrola is working to minimise the impacts of its facilities on fauna and is taking actions to foster the protection and conservation thereof. Special attention has been paid to the effects of our windfarms and grids on fauna, particularly birdlife. Numerous actions have been taken in this regard, from adapting supports – more than 123,000 in Spain since 2018 – to implementing new bird protection methodologies, such as the installation of biological distancers to dissuade *Furnarius rufus* from building nests on distribution network poles in Brazil. Work continues to be carried out to reduce the risk of wind farm impact, implementing innovative detection and stoppage measures for wind farm turbines when birds and bats fly by, such as the installation of artificial intelligence surveillance cameras and deterrents such as painted blades and the placement of eye-patterned vinyls, among others.

Significant fauna and flora protection actions were taken at the Tâmega hydroelectric plant in Portugal, including the installation of 5 bat shelter boxes, reaching a total of 55 boxes in late 2022 and the restoration of 13 fish egg-laying sites. Reproduction work within the river mussel reproduction centre at the Tâmega Environmental Interpretation and Awareness-Raising Centre also advanced by 26% in 2022. The cumulative total of the reproduction work is 63%.

Wildlife protection materials were also installed at the substation transformer and other substation equipment at onshore wind farms in the United States to minimise the risk of wildlife incidents and plant shutdowns.

In the implementation of new projects, there are numerous activities to conserve and improve the habitats of threatened or unique species. In France, birds were protected through actions to fight the depredation of sea birds by carrion crows in Cap Fréhel at the Saint-Brieuc offshore wind farm. Measures to protect sea life, particularly sea mammals and sea turtles, are implemented at offshore wind farms in the United States. The purpose of the actions is to protect such species as *Balaenoptera borealis*, *Balaenoptera musculus*, *Balaenoptera physalus*, *Caretta caretta*, *Chelonia mydas*, *Dermochelys coriacea*, *Eretmochelys imbricata*, *Eubalaena glacialis*, *Lepidochelys kempii* y *Physeter macrocephalus*.

Wildlife tracking and monitoring programmes

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

Vegetation management programmes

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

Programmes to foster knowledge and research for habitat and species conservation

Iberdrola is committed to supporting knowledge and research as key measures to protect and conserve biodiversity. Along these lines, the company continued in 2022 to support research such as the work carried out through the Coralizar Project on the effects of climate change on coral reefs and the Flyways Project to monitor wading and migratory birds, some of which are at risk of extinction, in northeastern and southern Brazil.

In Spain, studies on the evolution of biodiversity were carried out at several photovoltaic plants, the accounting framework for diversity was developed to monitor the group's Biodiversity Plan 2030, and work was done on the assessment of the natural capital at several facilities. The Migra Project also continued, the objective of which is to study the migratory movements of birds in Spain, with the launch of a project with the Migres foundation to analyse actions for the recovery of ospreys in Spain. Work is also under way to conserve habitats and species, such as the protection of feline species and mangroves in Mexico.

In addition, Iberdrola actively participated in the Montreal Biodiversity Summit, COP15, in the working groups of the National Commission of the Environment (CONAMA), and promoted conferences such as the one on biodiversity and offshore wind held on World Oceans Day through Scottish Power Renewables and in partnership with the UN Compact and the UICN, as well as conferences on ornithology, and has also sponsored the international conference of the International Association for Impact Assessment (IAIA21) , among other activities.

Climate change

All information on Climate Action can be found in chapter " I.3. Climate action."

Pollution

Eutrophication and eco-toxicity are problems derived from pollution. Iberdrola applies the precautionary principle and its environmental guidelines include preventing water and soil pollution through spillage or dumping.

To this end, pollution prevention programmes have been implemented within all organisations of the group, through actions to improve the safety and containment measures to prevent harm. These planned actions include building tanks to collect oil in the event of a mass spillage at substations and transformation centres, the insulation of retaining troughs, and the installation of containment barriers in sensitive environments.

Invasive species

Invasive species are animals, plants, or other organisms that develop outside their natural area of distribution, in habitats that are not their own or in an unusual abundance, causing alterations in ecosystem richness and diversity.

Control of these species is fundamental for the equilibrium of ecosystems. Iberdrola contributes to reducing these species both in the operation of its facilities (vegetation management and zebra mussel control programmes) and through dedicated volunteering actions.

III. Social

In the social dimension, Iberdrola focuses on continuous improvement of its engagement with its various Stakeholders and management of their expectations, as well as on respect for Human Rights in all its activities and those of its partners in the value chain.

Iberdrola works on creating and maintaining quality jobs. Its pillars in employee management are equality of opportunity, non-discrimination and talent development and management, without forgetting the concern for the health and safety of all its workers.

Iberdrola seeks to continuously improve the quality of the products and services offered to its customers through digitalisation and sustainability, developing solutions that take its customers' actual needs into account and provide them with increased independence.

Finally, in its commitment to the generation of value for all stakeholders, Iberdrola collaborates in the development of the communities in which it has a presence through various initiatives channelled through its subsidiaries or investees and its foundations in different countries.

In its commitment to continuously improve its relations with its stakeholders and management of their expectations and needs, Iberdrola has set the following goals as part of its sustainability roadmap:

GOALS	METRIC	2022	2025	2030	Related SDGs
SOCIAL					
Presence of women in relevant positions	% women	*26,1 %*	*30 %*	*35 %*	5
Presence of women in positions of responsibility	% women	*34 %*	*35 %*	*36 %*	5
Equal pay external certification	Equal pay certification	In progress	√ [1]		5
Accidentality rate (own employees)	TRIR (reduction vs 2021)	*-6,4 %*	*- 10 %*	*- 21 %*	3 8
Employee training	Hours per employee (annual)	*67.9*	*≥ 55 h*	*≥ 55 h*	4 5 8
Quality of supply	Reduce the Global SAIDI (vs 2019-21 period avg)	*--4 %*	*-10 %*	-	9
Smart Grids	% HV & MV grid	*76 %*	*83 %*	-	9
Installed charging points [2]	Thousands	*34.4*	*110*	*400*	7 9 13
Digital customers (with a registered user in digital channels)	% of total commercial customers	*66.12*	*73*	*80*	3 9 13
Beneficiaries of the "Electricity for all" program	Millions of beneficiaries (cumulative)	*11*	*14*	*16*	7 8 9
Beneficiaries of the foundations programs	Millions of annual beneficiaries	*5.7*	*8*	*10*	1 7 8
Corporate volunteering	No of annual volunteers (thousands of employees and companions)	*17*	*15*	*18*	2 10 13
Purchases from local suppliers	% of total purchases	*87.1 %*	*≥ 80 %*	*≥ 80 %*	16
Purchases from sustainable suppliers	% of total purchases	*91.5 %*	*≥ 85 %*	*≥ 85 %*	16
Inclusion and diversity solutions	Number of solutions	*29*	*30*	-	10
Human Rights Due Diligence procedure	Continuous review	√	√	√	7 11 13
Formal Stakeholder Engagement Process	Keep increasing the deployment of the scope of the Stakeholder Engagement Process	√	√	√	17
Cybersecurity assessments	Number of annual assessments or external verifications	*1,919*	*2,000*	*2,000*	8 9 17
Cybersecurity education and training	Number of annual hours	*75,722*	*63,000*	*68,000*	4 8 9

1 31/12/2024
2 Referred to logic terminals.

III.1. Protection of human rights

- Iberdrola's commitment to human rights
- Human rights due diligence system

Iberdrola's commitment to human rights

GRI 407 408 409

Iberdrola has a firm commitment to the defence of human rights, and has a set of tools that ensure and promote the protection of and respect for people, in order to prevent, mitigate and redress any negative impact on human rights.

To achieve this, the company's practices are aligned with:

- the Principles underlying the United Nations Global Compact,
- the United Nations Guiding Principles on Business and Human Rights (GPBH),
- the OECD Guidelines for Multinational Enterprises,
- the Tripartite Declaration of Principles concerning Multinational Enterprises and the Social Policy of the International Labour Organization,
- the conventions of the International Labour Organization (ILO) (including convention 169 concerning indigenous and tribal peoples), and
- the Sustainable Development Goals (SDGs) approved by the United Nations.

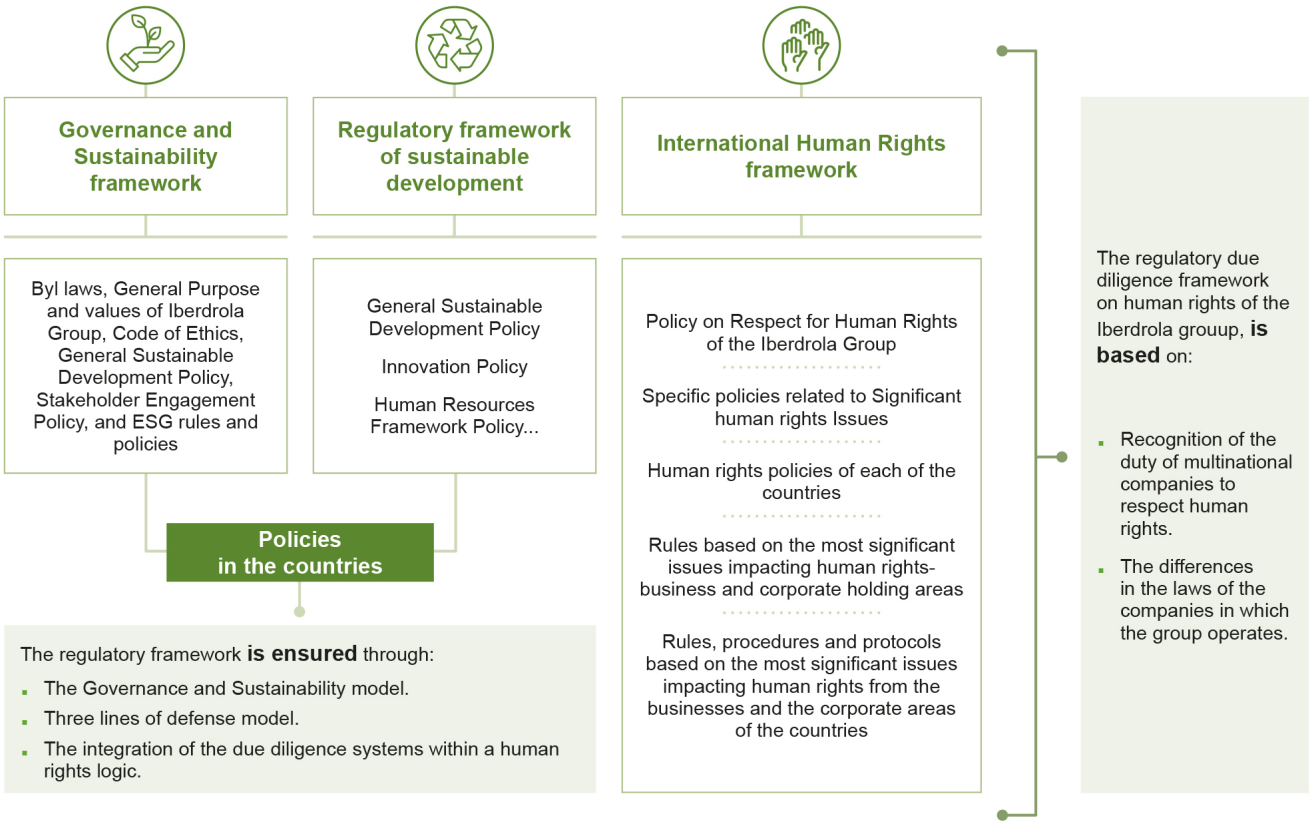
Iberdrola's commitment to human rights is formalised in its *Policy on Respect for Human Rights,* approved by the Board of Directors in 2015 and last revised in December 2022. This policy establishes the mandatory principles of conduct for all the group's professionals, as well as the need to have the governance procedures and systems required to ensure respect for human rights in relation to the company's business, the countries where it operates, and its value chain.

Through this policy, the company has made the following commitments, among others, associated with international human rights standards:

- To respect human rights, including the labour rights recognised in domestic and international law, as well as comply with international standards in those countries in which human rights legislation has not reached an adequate level of development.
- To reject child labour and forced or compulsory labour or any other form of modern slavery and to respect freedom of association and collective bargaining, as well as non-discrimination, the freedom of movement within each country, and the rights of ethnic minorities and of indigenous peoples in the places in which it does business.
- To respect the right to the environment of all communities in which it operates, considering their expectations and needs and understanding access to energy as a right related to and linked to other human rights.
- To advance a culture of respect for human rights and promote awareness-raising in this field among its professionals within all companies of the group, and especially at those where there may be a higher risk of violation of such rights.

To guarantee compliance with these commitments, Iberdrola has established the adequate governance and management structures to ensure that duties and responsibilities in this area have been assigned.

IBERDROLA GROUP'S HUMAN RIGHTS REGULATORY FRAMEWORK



The Company has also defined an overall human rights due diligence framework with the aim of better integrating all issues relating to human rights into a single system.

This system is in turn based on the *Governance and Sustainability System* and on the Control Model of the Company based on three lines of defence (prevention, monitoring, and human rights management assessment). It is a process of continuous review that seeks to promote the implementation of the UNGPs, adjusted for the size of the company and the diversity and particularities of the facilities in the various countries. (For more information, see the: "Human rights due diligence system" section of this chapter).

The cross-dimensional nature of the due diligence system is assured through specific management policies for significant human rights issues. The *Policy on Respect for Human Rights* is thus reflected in various policies and operational procedures that apply across all group companies, as well as in non-integrated investees over which the Company has effective control, within legal limits.

Other policies and standards that directly affect or are related to the company's commitment to human rights have also been approved: *Regulations of the Board of Directors and Regulations of the Sustainable Development Committee*, *Code of Ethics and Suppliers' Code of Ethics, General Sustainable Development Policy, Stakeholders Engagement Policy People Management Policy; Equality, Diversity and Inclusion Policy; Recruitment and selection policy; Knowledge Management Policy; Corporate Risk Policies* and *Senior Management Remuneration Policy, Cybersecurity Risk Policy, Corporate Security Policy, Environmental policies: Sustainable Management Policy, Environmental Policy, Biodiversity Policy* y *Climate Action Policy.*

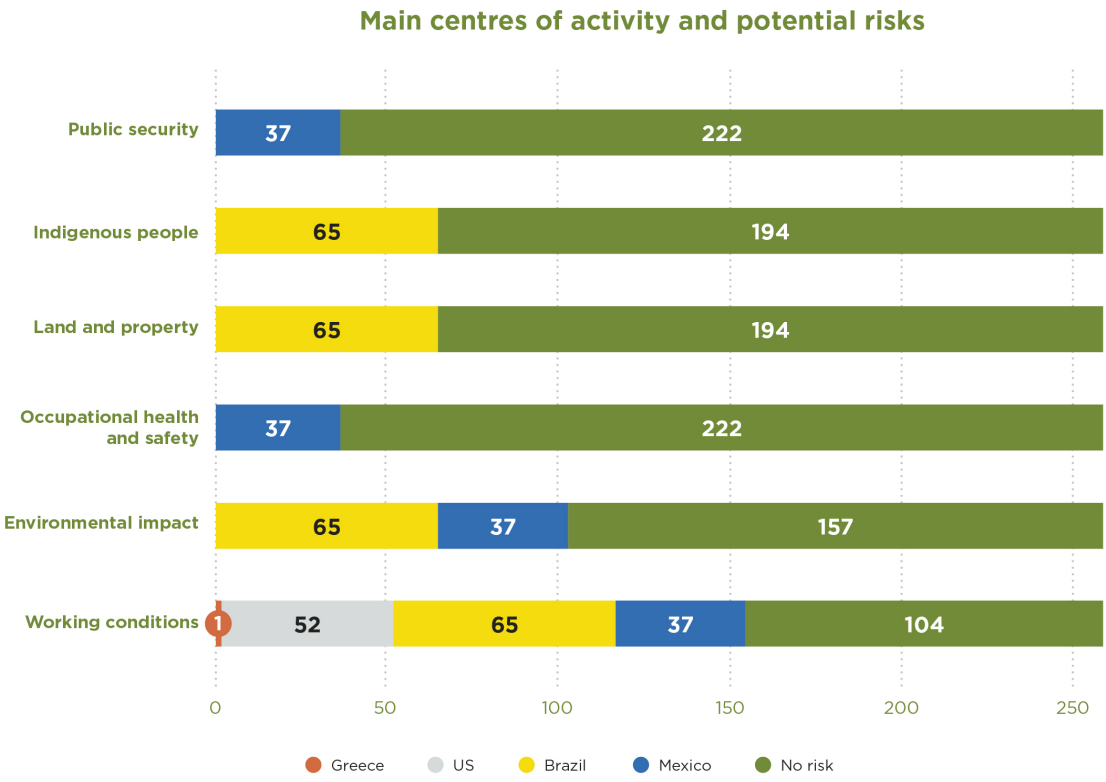
Human rights risk map

GRI 407-1 408-1 409-1

Iberdrola has a human rights risk map that covers both the country in which the group operates and those from which it obtains its supplies.

The map is updated on a regular basis through independent external specialists. Unlike other generic indices on the market, it allows the risks specific to the energy sector to be weighted and supplemented with the particular characteristics of Iberdrola's activities, providing results more closely aligned with the company's reality.

The results of the risk map are cross-checked with the list of the main locations of operation to identify those facilities where there may be a greater risk of human rights violations.



Iberdrola carries out a human rights risk analysis at 100% of its main locations of operation (259 locations of operation). The result of this analysis in 2022 showed that 60% of these locations, in the United States, Brazil, Mexico and Greece, present possible risks in one or more of the following human rights issues: labour conditions; environmental impact; occupational safety and health; public safety; indigenous peoples; and lands and property.

Likewise, Iberdrola evaluates 100% of its main providers of general supplies and fuels regarding compliance with certain corporate social responsibility principles established in their contracts, which consider human rights among other aspects. The results of this analysis are included in the "Suppier social assesment" section of this report.

Human rights due diligence system

Iberdrola understands the Human Rights Due Diligence System as an ongoing process intended to identify and manage the risks and impacts associated with the performance of all phases of its operations (planning, construction, operation, maintenance, and closure of electricity and energy sector facilities), considering the geographic and social context and the characteristics of its supply chain.

As a result of a broad definition of human rights, the due diligence system is based on various subsystems and their procedures (e.g., Compliance, Health and Safety, Purchases, and Cybersecurity, among others), which manage the matters for which they are responsible.

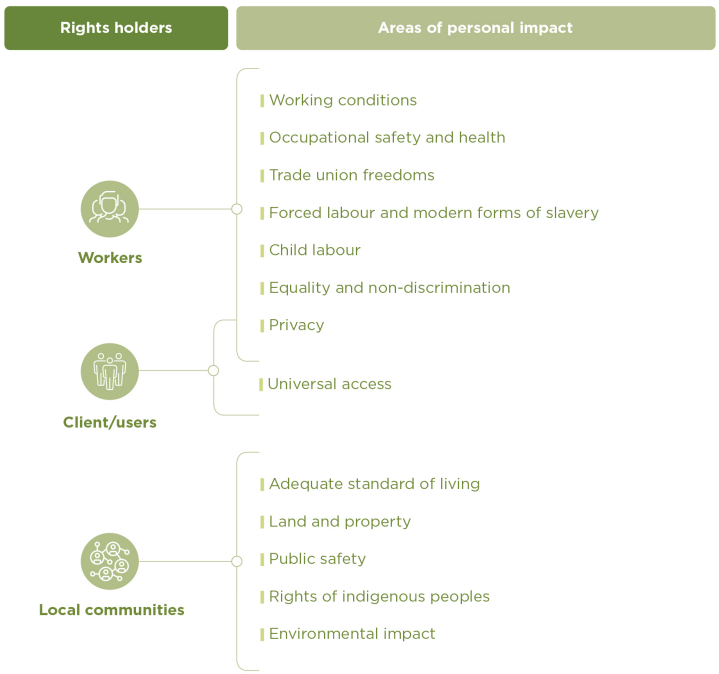
The implementation of the due diligence system ensures the identification of actual and potential impacts on human rights, the integration of the conclusions of this analysis and relevant action, follow-up on the company's responses, and communication of the way in which negative consequences are dealt with.

Identification of impacts

Identification of impacts is the first step in the implementation of the system. The methodology employed for this purpose adopts the UNGP recommendations and allows for the evaluation of potential impacts, significant issues, and issues of priority regarding human rights.

1. **Potential impacts,** understood as those impacts that might be caused by the very nature of the business and the countries in which the company operates, as well as other additional factors. According to the risk map, the areas of potential impact and the Stakeholders that might be affected would be the following:

Areas of potential impact and rights-holding stakeholders



2. **Relevant impacts** for the company, determined on the basis of the severity, reach, and possibility of remediation, as well as their likelihood and the extent of the company's connection to them. In accordance with these criteria, the main relevant human rights impacts for Iberdrola pertain to:
    - Labour practices (including the supply chain).
    - Local communities and the rights of indigenous peoples (including the environment).
    - Cybersecurity and information privacy.
    - Citizen insecurity and labour practices in the hiring of security services.
3. **Priority impacts**, for which an action plan is established based on their significance.

After identifying the potential impacts, Iberdrola triggers measures to prevent and mitigate them, which are horizontally integrated across all levels of the company.

■ GRI 2-25

However, even valid risk prevention systems are unable to prevent adverse impacts in all cases. For this reason, when the due diligence system detects an actual negative impact, mitigation plans are implemented to reduce the magnitude of the impact. In those cases in which this is not fully possible, remedial action is required. Iberdrola implements **remedial actions or measures** to ensure that victims and affected people have access to an effective remedy through legitimate processes and active cooperation. Remedial actions are intended to restore one or more of the affected rights, returning the affected people to the situation prior to the impact or, if this is not possible, reestablishing it as much as possible through various types of remedy.

Along these lines, Iberdrola has taken certain actions to prevent and mitigate its main human rights impacts.

As regards its **employees**, the company has worked, for instance, to ensure that their labour conditions provide them with a decent wage, a safe workplace that takes their mental health into account, as well as respect for diversity, inclusion, non-discrimination and equality of opportunity. These measures are described in the "Commitment to quality employment", "A safe work environment" and "Diversity and inclusion" sections of this report.

In the area of Labour Practices, Iberdrola has also taken action to ensure that the labour practices adopted in its **supply chain** make it possible to prevent or mitigate the impacts identified. Thus, the company has integrated various factors to ensure respect for human rights in the various stages of its engagement with its suppliers, together with other support and training initiatives for their improvement. Both types of measures are described in the chapter "III.5. Promotion of socially responsible practices in the supply chain".

Within Labour Practices, other relevant issues are modern slavery and forced labour, which are some of the most serious human rights impacts that may arise, both regarding company employees and those in its supply chain. The group pays special attention to the potential risk of forced labour, due to its seriousness and to the fact that ScottishPower is bound by the UK Modern Slavery Act and Iberdrola Australia is bound by the Commonwealth Modern Slavery Act. For this reason, in 2022 the company modified its *Policy on Respect for Human Rights* to specifically state its commitment on this matter. Iberdrola also worked to better understand and assess this risk and incorporate its management into the good practices already existing within the group, in particular those arising from Australia and the United Kingdom.

Local communities are other stakeholders on whom Iberdrola's activities can have potential or actual impacts. The company has taken various actions to prevent and/or mitigate, including measures to reinforce safety at power grids, ensure that the displacement of populations respect the affected parties' rights, guarantee responsible supply that takes into account the rights of communities in access to natural resources, and, finally, respect the rights of indigenous peoples and ethnic minorities in accordance with applicable law. These measures are specified in the "III.6. Contribution to the well-being of our communities" section, as well as in this chapter of the report.

The hiring of security services with potential impacts on the physical safety of communities is another significant risk identified by Iberdrola. The company has a *Corporate Security Policy*, as well as various procedures to ensure that its implementation is compatible with the applicable regulations. It has also specified protocols of conduct for all the activities provided by the Security Division. This management approach goes hand in hand with other actions, as well as with a significant effort in training for own and subcontracted personnel performing security activities, as described later in this chapter.

Iberdrola has also launched several initiatives pertaining to the potential impacts that may affect the **customers and users of its services**. In this context, cybersecurity and information privacy are a priority, which the company manages with a unique governance model, specific technical and organisational techniques in each business and area, and a data protection management system, among other actions. Each of them is described in more detail in the "Cybersecurity and information privacy" chapter.

The company also considers supply quality and universal access to energy as another area that could produce various impacts in terms of human rights, which have been worsened by the COVID-19 pandemic, the latest increase in energy prices due to the rise in commodity prices, and other international factors. The main measures implemented by Iberdrola in this area are described in the "III.6. Contribution to the well-being of our communities" chapter.

In addition to these actions to manage specific impacts on human rights, Iberdrola has developed a wide range of **management measures that are generally integrated** into the relevant functions and internal processes across the group. Examples include the establishment of incentives associated with sustainability and responsible fiscal conduct (see "IV.1. Governance, transparency, and stakeholder engagement" section), training and qualification in human rights (described in this chapter), as well as the analysis of indices and rankings and participation in multi-player initiatives relating to human rights that make it possible to identify trends and integrate lessons learned.

Finally, in accordance with the UNGP, Iberdrola has also implemented a system to monitor the due diligence measures adopted, allowing for examination of the way in which the company has responded to an impact, and whether this response served to prevent and mitigate it and the extent to which it did so.

To achieve this goal, regular assessments are carried out through internal monitoring of all relevant human rights information, independent experts are consulted, and quantitative and qualitative indicators are used to specify potential improvement actions. This monitoring is based on internal and external sources of information, including ethical mailboxes and channels for complaints and grievances, among others. The Company's *Human Rights Report* summarises the methodology to conduct this monitoring, as well as the main conclusions reached (See section 3.4).

Complaint and grievance mechanisms

■ GRI 2-25

Iberdrola has developed mechanisms to file complaints and grievances in accordance with the UNGP, to face any potential negative consequences early, and carry out remedial actions where applicable.

These mechanisms allow the affected parties to convey their concerns, complaints and grievances to the company, and also play a key role in monitoring the effectiveness of the measures previously implemented to mitigate and/or remedy impacts.

The main mechanisms are the ethical mailboxes available online and on the intranet, on-site complaint channels, corporate inboxes, and judicial and/or administrative complaints, among others.

There is a **procedure in place to classify, monitor, and report complaints and reports with a potential impact regarding human rights,** which facilitates the classification of the complaints received through the different channels and ensures that all cases are resolved.

The information related to human rights complaints and grievances received in the area of Compliance are described in the chapter on "Ethics and Integrity" and those relating to workplace discrimination of company employees in indicator **GRI 406-1**.Complaints and grievances relating to human rights are specified in the "Social Assessment of Suppliers" section as it is a case pertaining to a contractor.

Those relating to the Environment are reported in the " II. Environmental" chapter and in the "III.6. Contribution to the well-being of our communities" section, while those on Cybersecurity and Information Privacy are included in indicator **GRI 418-1**.Finally, those relating to Social and Economic Compliance are reported in indicator **GRI 2-27**.

This report also provides some examples of remedial actions carried out during the year to respond to the complaints and grievances that required this type of response. These actions are described in the "Population displacement management", "Social impact assessments" and "Development programmes for local communities".

Progress and results

Iberdrola's achievements in human rights management in 2022 include:

- Modification of the *Governance and Sustainability System* to attribute to the Sustainable Development Committee the power to regularly report on human rights to the Board of Directors regarding the measures and procedures adopted by the group to implement and monitor the policy on respect for human rights.
- Specific inclusion in the *Policy on Respect for Human Rights* of the company's commitment to preventing modern forms of slavery and also requiring this of its suppliers.
- Update of the human rights risk maps in operations and countries of supply based on the specific methodology implemented.
- Communication and reporting on advances in the due diligence system is one of the key pillars of an effective due diligence system, for which reason accountability on human rights management was increased in 2022 by means of Iberdrola's first *Human Rights Report,* which was externally assured by an independent third party.
- Incorporation of specific modern slavery issues to analyse this risk in the registration of new suppliers.

III.2. Stakeholder engagement

- Stakeholder engagement

Stakeholder engagement

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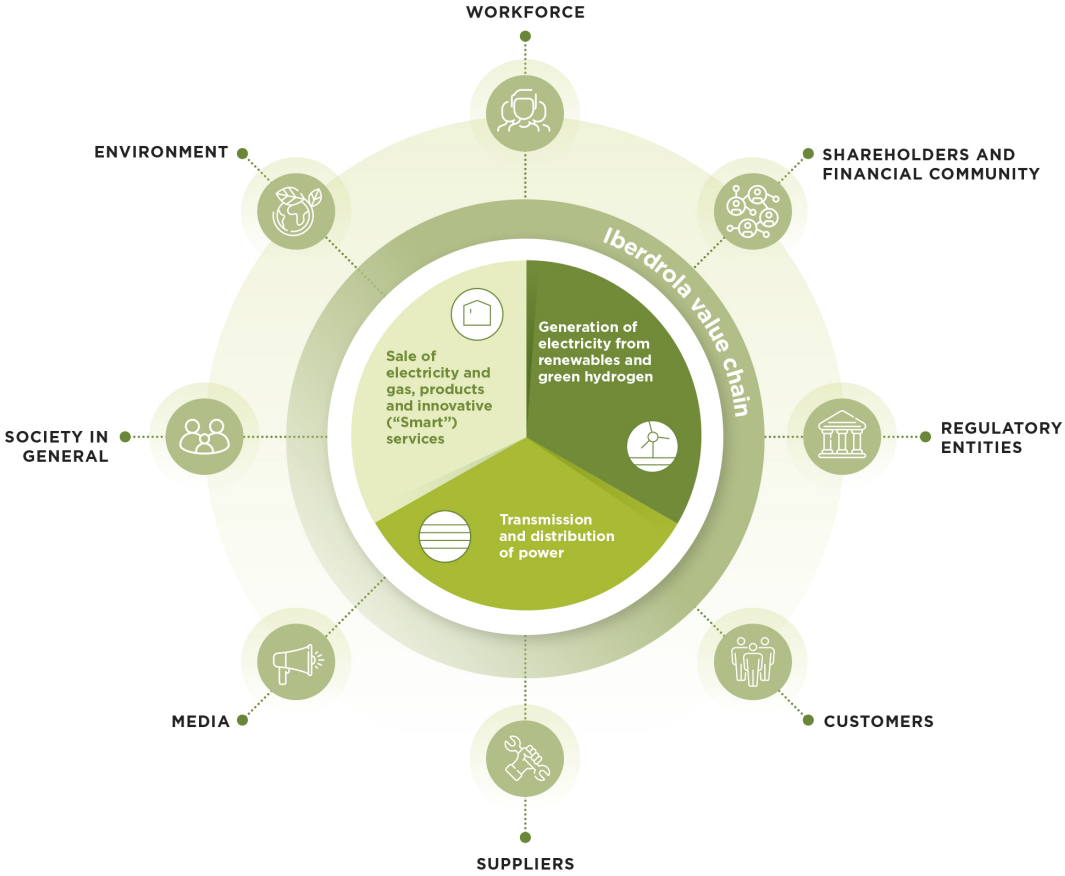


Iberdrola's *Stakeholder Engagement Policy* –approved by the Board of Directors in February 2015 and last amended in December 2021– emphasises that "it is not possible to achieve the social interest and develop a responsible and sustainable business model without the strong engagement of the Company's Stakeholders, which are defined as those groups and entities whose decisions and opinions have an influence on Iberdrola and who, at the same time, are affected by the Iberdrola group's activities". The value chain comprised of Iberdrola's businesses means that there is a large number of these groups, for which reason the company has decided to group them into eight different categories that constitute its Stakeholders.

The initial identification and selection of Iberdrola's Stakeholders was carried out through processes of internal reflection conducted by the management team. *The Stakeholder Engagement Policy* later ratified the Stakeholder categories described in the preceding section in 2015 and subsequent updates.

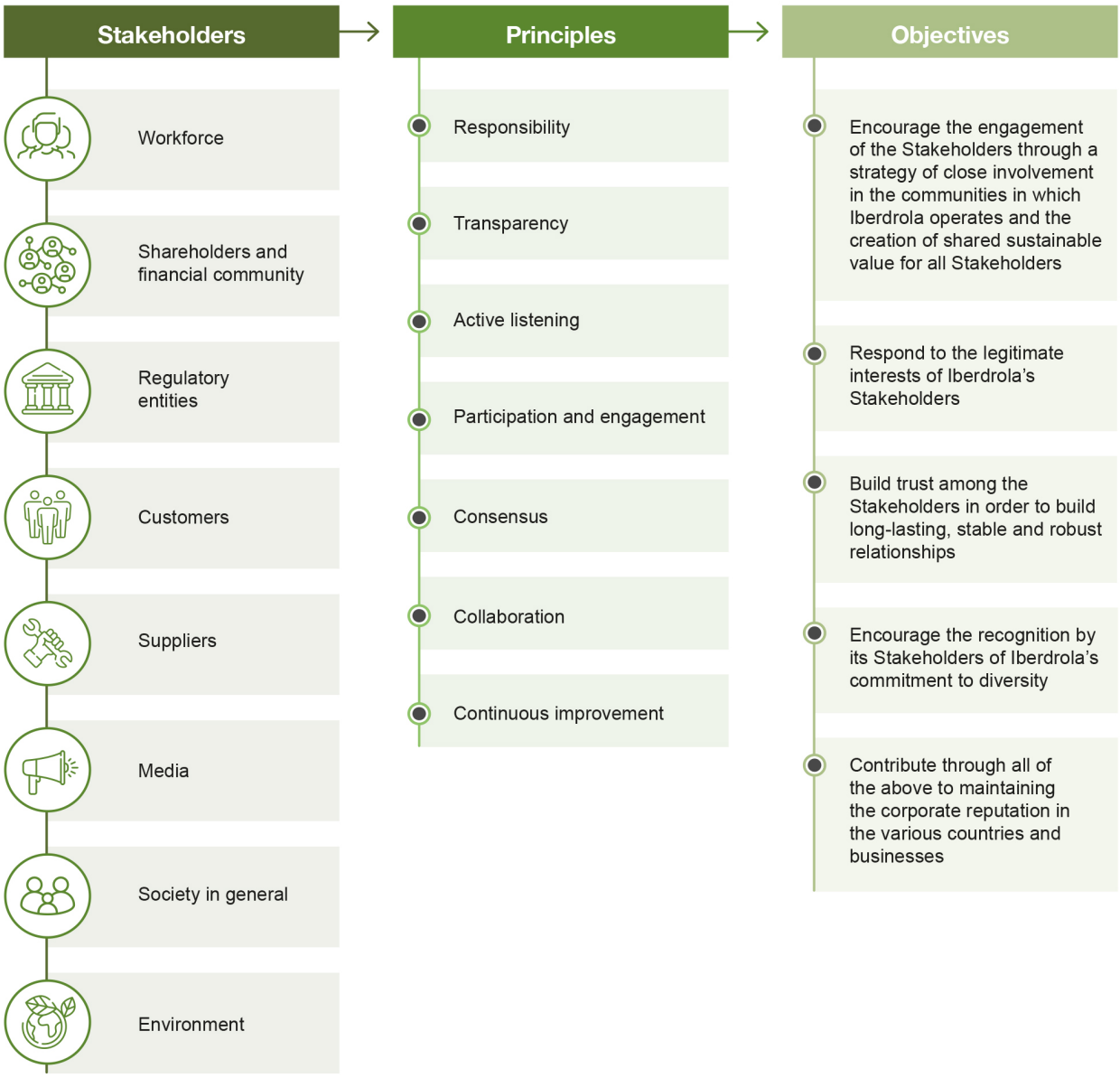
On this basis, for the proper management of each of the Stakeholders, Iberdrola's various areas and businesses identify different subgroups that they deem relevant for more specific treatment.

Approach to Stakeholder engagement

Iberdrola has a responsible, sustainable and resilient business model that puts *Stakeholders* eat the centre of its decisions. 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* of the Iberdrola group and the various *corporate policies* express the company's focus on the creation of shared sustainable value for Stakeholders related to our business activities and our institutional reality in view of the commitments made in the *Code of Ethics*.

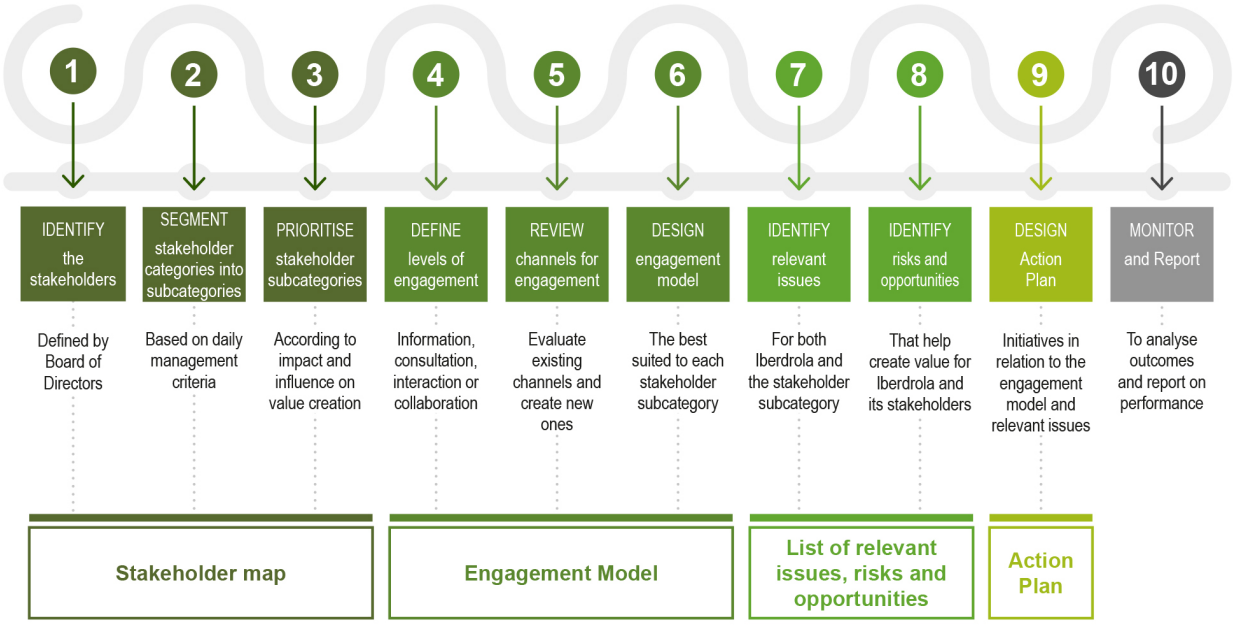
In this regard, the *Stakeholder Engagement Policy* further develops this business philosophy and establishes five objectives and seven principles of conduct, which serve as a guide for all the group's professionals to act and engage with Stakeholders.



Iberdrola has decisively driven compliance with its *Stakeholder Engagement Policy* (mentioned above), through a Global Stakeholder Engagement Model based on the AA1000 Stakeholder Engagement Standard 2015 (AA1000SES 2015), the AA1000 AccountAbility Principles 2018 (AA1000AP 2018) standard, and in its four principles of inclusiveness, materiality, responsiveness and impact.

Among other objectives, this Model seeks to systematise Stakeholder relations throughout the Iberdrola group, in all countries and businesses, and to create a corporate culture with respect to the significance of dialogue with the Stakeholders for more sustainable performance by the company. The Model constitutes a process of continuous improvement in and of itself, as shown below:

Stakeholder engagement model ensuring a process of continual improvement



This process is implemented in the management of Iberdrola's eight Stakeholder group in the five main countries and at most of the Generation and Sustainable Energy facilities, as well as in the various geographic areas of the Networks business.

It should be noted that the Model addresses the concept of impact from three different points of view: the impact of reputational risks on Iberdrola; the impact of the action plans on Stakeholders; and the impact of significant events on Stakeholders. This last aspect was recently introduced in the Model, taking into account the latest reporting trends and standards. The ultimate goal is to enhance positive impacts and minimise/mitigate those that are more negative for Stakeholders and the company itself.

Relationship channels, significant topics and best practices

Iberdrola keeps the relationship channels[32] 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.

[32] 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*"

Set out below is a summary of the most important Stakeholder engagement channels, both face-to-face and online, and the main global issues detected, both generally among all Stakeholders and specific to each Stakeholder group. Also included is a best practice example for each of the main countries in which Iberdrola does business:

Significant general channels and issues for all Stakeholders

GENERAL CHANNELS	FREQUENCY
Telephone, email, website and intranet	Constant
Meeting and interviews	Periodic

SIGNIFICANT GENERAL ISSUES
Ethics, integrity and transparency
Fight against climate change and energy transition
Innovation, digitalisation and cybersecurity
Electricity prices
Vulnerable customers
Strategy, investment plans, financial outlook and regulatory changes
Local communities and respect for human rights
ESG Performance
Sustainable Development Goals

Relevant Stakeholder-specific channels and issues

Workforce

SPECIFIC CHANNELS	FREQUENCY
Meetings with CEO and management team	Periodic
Intranet, newsletter and employee management platform	Constant
Volunteer Channel and Unique Employment Channel	Constant
Labour climate surveys	Periodic
WhatsApp for employees	Constant
Ethics mailbox	Constant

SIGNIFICANT SPECIFIC ISSUES
Talent recruitment, development and retention
Occupational health and safety
Diversity, inclusion and equal opportunities
Work-life balance, social benefits and digital disconnection

Shareholders and financial community

SPECIFIC CHANNELS	FREQUENCY
General Shareholders' Meeting	Periodic
Shareholders' Club, shareholders' website, exclusive OLS channel	Constant
Shareholders' Bulletin	Periodic
Earnings presentations, Capital Markets & ESG Day and roadshows	Periodic
Investor Relations App	Constant
Corporate reports	Periodic
Shareholders' Ethics Mailbox	Constant

SIGNIFICANT SPECIFIC ISSUES
Economic and financial performance
Evolution of share price and dividends
Socially responsible investment and green finance
ESG indices, ratings and rankings

Regulatory entities

SPECIFIC CHANNELS	FREQUENCY
Queries and procedures	Constant
Informational websites and capsules	Constant

SIGNIFICANT SPECIFIC ISSUES
Present and future regulatory framework of the energy sector
Remuneration of the businesses
Public policy issues
Supply quality

Networks Business customers

SPECIFIC CHANNELS	FREQUENCY
Digital channels (customer website, app)	Constant
Remote channel (telephone)	Constant
Satisfaction surveys	Constant
Complaint systems	Constant
Communication and dissemination campaigns	Periodic

SIGNIFICANT SPECIFIC ISSUES
Service quality
Management of complaints, claims and incidents
Smart grids
Access and connection to the network
Customer experience and satisfaction

Liberalised Business customers

SPECIFIC CHANNELS	FREQUENCY
Digital channels (customer website, social media, chat, Iberdrola Customers app, Public Recharge app)	Constant
Remote channel (telephone)	Constant
Customer service desks, pop-ups	Constant
Satisfaction surveys	Constant
Communication and dissemination campaigns	Periodic

SIGNIFICANT SPECIFIC ISSUES
Customer experience and satisfaction
Management of complaints, claims and incidents
Smart solutions (Smart Mobility, Smart Home, Smart Home, Smart Climate)
Energy efficiency and customised plans

Suppliers

SPECIFIC CHANNELS	FREQUENCY
Supplier registration and classification platform	Constant
Satisfaction survey	Periodic
Bidding software systems Supplier Service Centre	Constant
Suppliers' website	Constant
Suppliers' ethics mailboxes	Constant

SIGNIFICANT SPECIFIC ISSUES
Supply chain sustainability (including the circular economy)
Procurement, contracting and payment conditions
New projects and facilities
Stimulus campaigns

Media

SPECIFIC CHANNELS	FREQUENCY
Corporate website	Constant
Press releases/announcements	Periodic
Events and meetings	Periodic
Social media	Constant

SIGNIFICANT SPECIFIC ISSUES
Economic and financial performance
New investments, projects and facilities
Social impact and contribution
Environmental and corporate governance issues
Equality and diversity

Society in general

SPECIFIC CHANNELS	FREQUENCY
Media and social media	Constant
Working events and groups	Periodic
Partnership agreements	Periodic
Network of institutional delegations in the autonomous communities	Constant

SIGNIFICANT SPECIFIC ISSUES
Iberdrola's impact on community development (employment, investment, taxes, local procurement, etc.).
Engagement of local communities and Stakeholders in operations
Fostering relations with institutions and organisations, agreements and alliances
Awareness-raising, disclosure and training on specific industry issues

Environment

SPECIFIC CHANNELS	FREQUENCY
Corporate website and reports	Constant
Inspections and audits	Periodic
Alliances, partnerships, events and conferences	Periodic

SIGNIFICANT SPECIFIC ISSUES
Biodiversity and natural resource management
Decarbonisation
Circular economy
Water availability and management

Iberdrola's Generation, Networks and Sustainable Energy facilities mainly manage three Stakeholders: Regulatory entities, Society and Environmental[33]. 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.

Best practices by country

Spain	Special Stakeholder Engagement Plan for the Duero River Basin (Castilla y León) Over the past two years, Iberdrola has developed a special Engagement Plan for the area surrounding its facilities in the Duero river basin, the purpose of which has been to strengthen relations with Stakeholders in the area. This Plan is based on a process of active listening and has allowed Iberdrola to gain an in-depth understanding of the expectations of the main players in the area, and to explain in detail the technical management of the reservoirs by our company. This initiative has been a beneficial exercise in communication with local and regional authorities, business associations and local groups (fishermen, sports clubs, irrigation users, etc.). Iberdrola has therefore launched various initiatives related to sustainable mobility (such as the installation of recharging points), the commitment to the environment and the fight against climate change (reforestation in various municipalities), and sports activities (hiking).
United Kingdom	People-centred employee networks ScottishPower's employee networks are created and managed with a real drive and interest in bringing people together, since their different backgrounds and experiences make the teams stronger. Supported by ScottishPower and run entirely by employees, the growing number of networks have helped to build the business and also to attract and retain diverse talent and to create an open and supportive workplace where everyone can grow. There are currently several specific networks, including those related to professional development, LGBT, gender, parenting and care, climate, multi-ethnicity, people with disabilities, etc.
United States	Campaigns for active listening and public dissemination of projects Community information and involvement work is carried out by specialised public outreach teams for each of AVANGRID's Network Business projects. The community is therefore given a voice and a communication channel is created through which the needs and expectations of the Stakeholders on the different projects are identified. This allows important issues to be addressed at an early stage in order to avoid potential obstacles in the future and achieve positive results. The different public outreach campaigns include face-to-face meetings with the community, distribution of information brochures, website, surveys and billboards, among other activities.
Brasil	Public safety awareness campaign in relation to the electricity grid Neoenergia companies launched the Safe Community Programme in 2022, which focuses on the safety of the population through proper use of electricity. The campaign aims to improve how people coexist on a daily basis with the distribution network through awareness-raising actions. These actions are based on identifying the main causes of accidents involving the grid and will be carried out mainly at schools, community organisations, social institutions and companies. They promote training and conferences, including the distribution of accident prevention bulletins. As a result, the number of accidents and fatalities fell considerably during the year.
México	Responsible and sustainable partner company Iberdrola Mexico carries out various social and environmental projects that are of common interest to all stakeholders. These programmes most notably include Luces de Esperanza, which brings electricity through solar power to rural communities that do not have an electricity supply; Impulso STEM, which encourages women to pursue STEM careers; and Huertos Comunitarios, which seeks food self-sufficiency, among other programmes. To enhance the connections with our stakeholders, the Sustainable Partnerships Programme was created with the aim of strengthening this relationship, especially among our customers, through volunteering, workshops and webinars. All of these programmes have a positive impact on the communities, and significantly improve the public's knowledge and opinion of the Company.

Iberdrola's response to all of these issues is reflected not only in the various indicators of this *Statement of non-financial information. Sustainability report*, but also in the various *Annual reports of the Company*. The corporate website and the websites of the businesses and the foundations also contain information in this regard.

[33] In the case of the cogeneration plants, the main Stakeholder group is 'Customers', for whom the most significant issue is customer satisfaction and experience.

Similarly, this *Statement of non-financial information. Sustainability report* includes Iberdrola's main impacts on its various Stakeholders, in line with the "social dividend" concept established by Iberdrola's *Governance and Sustainability System*, understood as "the direct, indirect or induced contribution of value that its activities represent for all Stakeholders".

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 global working group called the **Iberdrola Stakeholders' Hub** and the internal dissemination of ten guidelines on how to relate to and engage with its Stakeholders.

The methodology described in the preceding sections enables the company to identify material issues through direct sources. This analysis is completed with analysis through indirect sources, such as the Dow Jones Sustainability Index (DSJI), the Carbon Disclosure Project, the Materiality Analysis, etc., described in the "Defining report content" section.

Considering all of the foregoing, Iberdrola has a complete Stakeholder management system, subject to a process of continuous improvement, which allows it to increasingly engage all of the groups with which it relates and to encourage their participation in all of the company's decisions[34].This is shown by the fact that Iberdrola achieved the highest rating in the "stakeholder engagement" section of the DJSI index in 2022, for the third year in a row.

[34] 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.

III.3. Commitment to quality employment

- Commitment to quality employment
- Safe work environment
- Diversity and inclusion
- Stable labour environment
- Professional training and development

Commitment to quality employment

Policies and commitments

■ GRI 401 402

Iberdrola has established a *People Management Policy* to define, design and disseminate a resources and human capital management model for the Group making it possible to attract, promote and retain talent. This policy also aims to foster the personal and professional growth of all individuals that are part of the group's workforce, making them participants in its successful business enterprise and guaranteeing them dignified and safe employment in a diverse and inclusive environment.

This policy is further developed in the following specific policies:

- *Equality, Diversity and Inclusion Policy*
- *Recruitment and selection policy*
- *Knowledge Management Policy*
- *Occupational Safety and Health Risk Policy*[35]
- *Senior Management Remuneration Policy*

Objectives

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

- Culture: the strengthening of a group corporate culture.
- Recruitment and hiring of professionals: developing a global framework for the homogenisation of recruitment and hiring procedures at the Group's companies.
- Training: the implementation of an integrated training management system.
- Diversity: raising the awareness of our workforce with respect to diversity.
- Design of an employment value proposition for the recruitment, hiring, promotion and retention of talent, based on competitive remuneration and a diverse, inclusive work environment, fostering work-life balance and the professional growth of the group's workforce.

Our workforce

The group has 40,721 employees at year-end 2022, with the following breakdown by country.

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

GRI 2-7

Employees [36]

	2022	2021	2020
Spain	9,702	9,727	9,594
United Kingdom	5,755	5,708	5,563
United States	7,579	7,349	7,031
Brazil	15,406	15,058	12,814
Mexico	1,305	1,296	1,307
IEI	974	817	818
Total	**40,721**	**39,955**	**37,127**

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

Employees by type of employment and contract[37]

		2022			2021			2020		
		Men	Women	Total[38]	Men	Women	Total	Men	Women	Total
By employment type	Full-time	30,676	9,066	39,748	29,753	8,607	38,360	27,298	7,944	35,242
	Part-time	436	537	974	919	676	1,595	1,189	696	1,885
By type of contract	Permanent	30,999	9,545	40,550	30,516	9,242	39,758	28,365	8,599	36,964
	Temporary	114	58	171	156	41	197	122	41	163
Total		**31,112**	**9,603**	**40,721**	**30,672**	**9,283**	**39,955**	**28,487**	**8,640**	**37,127**

Distribution by gender, age and professional category is reflected in the table below:

GRI 405-1

Employees by gender, age and professional category

		2022		2021		2020	
		No.	%	No.	%	No.	%
By gender[39]	Men	31,112	76	30,672	77	28,487	77
	Women	9,603	24	9,283	23	8,640	23
By age group	Up to 30 years old	7,515	18	7,247	18	6,432	17
	Between 31 and 50 years old	25,156	62	24,163	60	21,958	59
	Over 50 years old	8,050	20	8,545	21	8,738	24
By professional category	Leadership	2,278	6	2,898	7	2,837	8
	Qualified technicians	16,610	41	14,988	38	14,056	38
	Skilled workers and support personnel	21,833	54	22,069	55	20,234	54
Total		**40,721**	**100**	**39,955**	**100**	**37,127**	**100**

[36] The figures in the table reflect the number of employees at year-end 2022, regardless of the type of work day. The average number of contracts is not reported because there is an insignificant change with respect to contracts at the end of the year owing to the high percentage of full-time permanent contracts and low turnover.
To perform statistical analysis regarding labour costs, it is recommended to use the number of employees in terms of Full Time Equivalents (FTEs): 35,923 in financial year 2020, 39,788 in financial year 2021 and 40,237 in financial year 2022.

[37] We do not have employees working non-guaranteed hours.

[38] This table represents individuals who identify as men or women, so the figures segmented by gender may not coincide with the total because of people who identify as another gender or who choose not to disclose this information.

[39] This table represents individuals who identify as men or women, so the figures segmented by gender may not coincide with the total because of people who identify as another gender or who choose not to disclose this information.

Employees by category and age group (%)

		2022	2021	2020
Leadership	Up to 30 years old	0.04	0.08	0.06
	Between 31 and 50 years old	3.67	4.69	5.02
	Over 50 years old	1.88	2.48	2.57
	Total	5.59	7.25	7.65
Qualified Technicians	Up to 30 years old	6.62	5.63	5.37
	Between 31 and 50 years old	25.67	23.68	23.81
	Over 50 years old	8.50	8.17	8.72
	Total	40.79	37.49	37.90
Skilled workers and support personnel	Up to 30 years old	11.79	12.39	11.89
	Between 31 and 50 years old	32.43	32.13	30.32
	Over 50 years old	9.39	10.74	12.24
	Total	53.62	55.27	54.45
Total		**100**	**100**	**100**

Employees with disabilities

	2022	2021	2020
Men	452	453	366
Women	252	234	188
Total	**704**	**687**	**554**

Information on ethnic diversity is included in the Iberdrola *Diversity and Inclusion Report.*

Non-employee workers

■ GRI 2-8

Iberdrola encourages the use of technology in renewable and smart grids, which allows for progress in the energy transition towards cleaner energy. It does so in part with the support of third-party specialists ((contractor personnel), whose main jobs include those characteristic of Iberdrola's own activity: operation and maintenance, as well as inspections at technical facilities, activities regarding preparedness and emergency response. They can also carry out maintenance work not characteristic of Iberdrola's main activity (maintenance of administrative buildings). Activities include support to nuclear operation, mechanical, electrical and usage maintenance, onshore and offshore wind farm construction activities, solar and cogeneration facilities, civil works, electromechanical assembly, and startup. General services include staff for industrial cleaning, decontamination, painting, and civil works. There are staff for IT, administrative, surveillance, and training support. As regards security, there are physical security, radiological control, and fire protection personnel.

At some companies, we also have workers from Temporary Employment Agencies, who usually carry out short-term jobs, helping to cover the positions of workers on leave or due to an occasional increase in work, usually administrative work. They can also provide specialised work required for a specific project, such as transmission, distribution and renewables.

At year-end 2022 there were 53,401 non-employee workers (221 of whom are part-time workers), broken down as follows:

Non-employee workers

	2022
Contractors	**53,033**
Temporary employment agencies	**368**
Total	**53,401**

Salary

Average salary by professional level

Iberdrola (EUR)	Includes: Fixed salary Variable Supplements	Includes: Fixed salary Variable Supplements	Includes: Fixed salary Variable
	2022	2021	2020
Leadership	150,832	126,126	120,891
Qualified technicians	65,808	57,472	55,863
Skilled workers and support personnel	34,763	30,194	32,773
Total average salary	**53,792**	**47,307**	**48,038**

Average salary by age group and gender

Iberdrola (EUR)	Men			Women			Total		
	Fixed salary Variable	Fixed salary Variable	Includes: Fixed salary Variable	Fixed salary Variable	Fixed salary Variable	Includes: Fixed salary Variable	Fixed salary Variable	Fixed salary Variable	Includes: Fixed salary Variable
	2022	2021	2020	2022	2021	2020	2022	2021	2020
Up to 30 years old	31,898	25,273	23,994	31,428	26,391	26,093	31,779	25,530	24,451
Between 31 and 50 years old	48,825	42,242	43,650	55,832	49,474	51,371	50,452	43,921	45,509
51 or older	86,979	78,584	77,943	81,837	70,885	69,766	85,754	76,722	76,054
Total average salary	**53,100**	**46,529**	**47,232**	**56,020**	**49,857**	**50,679**	**53,792**	**47,307**	**48,038**

■ GRI 202-1

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

	2022	2021	2020
Spain	110.0	126.1	107.7
United Kingdom	100.04	100.1	101.8
United States	118.0	123.5	128.7
Brazil	124.0	138.9	141.7
Mexico [40]	278.0	312.1	399.3

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

[40] In Mexico, the minimum wage is generally not used as a reference for market wages; it is applied to penalties imposed by the labour authority, fines and limits on tax deductibility.

Stable labour environment

Recruitment and selection: new hires

■ GRI 202 401-1

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

The group has specific policies approved by the Board of Directors that regulate recruitment activities (such as the *Recruitment and selection policy* and the *Equality, Diversity and Inclusion Policy*), as well as a broader recruitment and selection process applied at the global level. This process also relies on local practices in order to ensure that the best talent is attracted and selected in line with the needs of each specific territory and is adapted to the specific legal system.

In 2022, in keeping with the reality of the global social context following the COVID-19 pandemic, Iberdrola engaged in various activities to attract, select, empower and retain the best and most diverse talent pool across its various territories. These actions include the following:

- The Iberdrola International Graduate Programme was launched in 2022. It is aimed at recent graduates starting their professional careers, and its goal is to create an international pool of graduates to meet future needs across the group. This 2-year programme includes a development plan structured in a number of rotations, accelerating the acquisition of knowledge and the learning curve. 164 vacancies were offered globally in 2022, 75% of which had been filled by professionals by the end of the year.
- Attendance at job forums and holding talks and conferences, both in person and virtually, to share the values of our company with students and encourage them to take part in our selection processes. Iberdrola also has a presence at leading universities, taking part in talent groups, round tables and specialised forums.
- A global campaign to recruit profiles for the offshore wind farm renewables business was launched in 2022 to incorporate experienced professionals so as to develop new international projects in the United Kingdom, the United States, Brazil, Spain and Asia Pacific, as well as the European market. 3,600 candidates applied through this campaign.

We have also continued with the following projects:

- Agreements with prestigious universities such as Comillas Pontifical University, Universidad de Salamanca, the Massachusetts Institute of Technology (MIT), Yale University, Strathclyde University, Instituto Tecnológico de Monterrey, Universidade Federal de Pernambuco and Hamad Bin Khalifa University.
- Training programmes at the company. A combined total of 198 vocational students and 798 university students have begun their training at Iberdrola España, ScottishPower, AVANGRID, Neoenergia, Iberdrola México and Iberdrola Energía Internacional.
- International scholarship programmes for master's studies. In 2022, Iberdrola awarded 33 scholarships for master's degree studies in the company's areas of interest, and 10 more scholarships are still to be awarded in Brazil.
- Encouraging the use of internal employee channels to promote opportunities for internal promotion and international mobility: in 2022, 43.6% of published vacancies were filled internally.

All of these initiatives form part of the activities that Iberdrola performs to attract and select talent.

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

- STEAM alliance for female talent. *Girls for science*: Iberdrola España has joined this initiative of the Ministry of Education and Vocational Training, which includes, among other activities, promoting teacher's training in these areas, STEAM projects for education institutions, and the creation of a quality stamp for companies and entities that engage in activities to promote these disciplines.
- *Eureka!*, a five-year educational programme sponsored by AVANGRID, aimed at girls from low-income families, minorities, and those who would be the first to go to university in their family (in partnership with *Girls Inc.*, a programme for young women with an interest in STEM careers).
- In the United Kingdom, ScottishPower partners with *Forth Valley College* to design an online programme with useful educational resources so that students can receive the best STEM training.
- In Brazil, the *Escola de eletricistas* for women seeks to encourage women to join the industry through learning programmes in theory and practice.
- Iberdrola México has developed the STEM Promotion Programme with the Institute for Renewable Energy (IER) at Universidad Nacional Autónoma de México (UNAM) and Universidad Tecnológica de los Valles Centrales de Oaxaca (UTVCO), seeking to encourage the study of engineering among Oaxaca youth, particularly young women.

The principles described in the "Diversity and equal opportunity" and "Non-discrimination"" sections of this report apply both to remuneration and to 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.

New hires

		2022[41]		2021		2020	
		Men	Women	Men	Women	Men	Women
By age, in numbers	Up to 30 years old	1,440	700	1,814	562	1,308	387
	Between 31 and 50 years old	1,567	723	1,932	552	1,462	412
	Over 50 years old	182	77	136	58	99	54
Total number out of total workforce		**3,189**	**1,500**	**3,882**	**1,172**	**2,869**	**854**
By age, in %	Up to 30 years old	25.64	36.90	32.47	33.86	26.19	26.91
	Between 31 and 50 years old	8.11	12.40	10.40	9.88	8.73	7.92
	Over 50 years old	2.95	4.10	2.09	2.85	1.47	2.70
Total % out of total workforce		**10.25** [42]	**15.62**	**12.66**	**12.63**	**10.07**	**9.87**

[41] This table represents individuals who identify as men or women, so the figures segmented by gender may not coincide with the total because of people who identify as another gender or who choose not to disclose this information.
[42] Of the total turnover reported in Mexico, 46 were temporary positions of union personnel, which is governed by the union contract with SUTERM, and due to the nature of the temporary employment itself there are discharges and subsequent returns of the same worker. They should therefore not be considered as final terminations or new hires.

Employee turnover

Personnel leaving the company		2022[43]		2021		2020	
		Men	Women	Men	Women	Men	Women
By age, in numbers	Up to 30 years old	533	229	366	132	262	115
	Between 31 and 50 years old	1,217	566	911	276	731	258
	Over 50 years old	1,005	395	1,033	230	712	176
By age, in % [44]	Up to 30 years old	9.49	12.07	6.55	7.95	5.25	8.00
	Between 31 and 50 years old	6.30	9.71	4.90	4.94	4.36	4.96
	Over 50 years old	16.29	21.03	15.87	11.30	10.57	8.80
By seniority, in numbers	Up to 10 years old	1,617	659	1,151	381	905	309
	Between 11 and 20 years old	340	280	281	93	223	130
	Over 20 years old	798	251	877	164	576	110
By seniority, in %	Up to 10 years old	8.35	10.76	6.35	7.04	5.55	6.44
	Between 11 and 20 years old	5.08	13.47	3.95	4.00	3.48	5.58
	Over 20 years old	15.84	17.91	16.14	10.59	9.99	7.25
Total number		**2,756** [45]	**1,190**	**2,310**	**638**	**1,705**	**549**
Total % out of total workforce		**8.86**	**12.39**	**7.53**	**6.87**	**5.99**	**6.35**

Dismissals at the company

		2022		2021		2020	
		Men	Women	Men	Women	Men	Women
By age, in numbers	Up to 30 years old	165	33	143	24	85	26
	Between 31 and 50 years old	489	200	374	65	289	67
	Over 50 years old	145	112	125	26	90	15
By age, in %	Up to 30 years old	2.94	1.74	2.56	1.45	1.70	1.81
	Between 31 and 50 years old	2.53	3.43	2.01	1.16	1.72	1.29
	Over 50 years old	2.35	5.97	1.92	1.28	1.34	0.75
By seniority, in numbers	Up to 10 years old	539	117	442	77	348	79
	Between 11 and 20 years old	160	165	98	24	60	20
	Over 20 years old	100	63	102	14	56	9
By seniority, in %	Up to 10 years old	2.78	1.91	2.44	1.42	2.13	1.65
	Between 11 and 20 years old	2.39	7.94	1.38	1.03	0.94	0.86
	Over 20 years old	1.99	4.50	1.88	0.90	0.97	0.59
By professional category	Leadership	20	9	22	12	17	7
	Qualified Technicians	165	134	137	50	97	51
	Skilled workers and support personnel	614	202	483	53	350	50
By professional category (%)	Leadership	2.57	1.43	1.05	1.49	0.83	0.89
	Qualified Technicians	1.21	2.34	1.39	0.98	1.04	1.08
	Skilled workers and support personnel	1.52	6.23	2.58	1.58	2.05	1.60
Total number[46]		**799**	**345**	**642**	**115**	**464**	**108**
Total % out of total workforce		**2.57**	**3.59**	**2.09**	**1.24**	**1.63**	**1.25**

[43] This table represents individuals who identify as men or women, so the figures segmented by gender may not coincide with the total because of people who identify as another gender or who choose not to disclose this information.
[44] Of the headcount of this group at year end.
[45] Of the total turnover reported in Mexico, 46 were temporary positions of union personnel, which is governed by the union contract with SUTERM, and due to the nature of the temporary employment itself there are discharges and subsequent returns of the same worker. They should therefore not be considered as final terminations or new hires.
[46] This table represents individuals who identify as men or women, so the figures segmented by gender may not coincide with the total because of people who identify as another gender or who choose not to disclose this information.

Average seniority of workforce by region (years)[47]

	2022			2021			2020		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Spain	16.7	12.6	15.8	18.1	13.7	17.1	18.3	14.0	17.4
United Kingdom	13.3	13.3	13.3	16.2	16.2	16.2	16.9	15.7	16.5
United States	10.2	10.8	10.3	11.3	12.4	11.6	12.4	13.0	12.6
Brazil	7.2	6.8	7.1	6.9	7.0	6.9	7.3	7.5	7.3
Mexico	8.1	5.8	7.6	7.5	5.7	7.1	6.5	4.5	6.1
IEI	4.7	3.9	4.4	4.3	3.7	4.2	5.0	4.0	4.7
Total	**10.8**	**10.1**	**10.6**	**11.4**	**11.3**	**11.3**	**13.6**	**12.2**	**13.3**

■ GRI EU15

Employees eligible to retire

	In the next 5 years (%)			In the next 10 years (%)		
	2022	2021	2020	2022	2021	2020
Total	**6.72**	**7.44**	**11.37**	**14.44**	**15.81**	**19.99**

Collective bargaining agreements

■ GRI 2-30

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

In this regard, the Company has significant experience in trade union relations and has worked with these entities in accordance with the ethical and transparent principles that guide good negotiation practices, which has resulted in reaching collective bargaining agreements.

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.

[47] This table represents individuals who identify as men or women, so the figures segmented by gender may not coincide with the total because of people who identify as another gender or who choose not to disclose this information.

However, issues relating to corporate organisation, the law of each country or even the practices and customs in each country lead to certain groups being expressly excluded from the scope of collective bargaining agreements (for example, executive officers in Spain are not covered by the agreement). In most situations the working conditions of these employees are determined by collective bargaining agreements covering all other employees or by personal contracts based on individual bargaining (e.g. salary, benefits, etc.), with all other conditions based on the collective agreement itself. In the case of Brazil, Neoenergia has a national Human Resources Policy for those cases in which employees may not be covered by collective bargaining agreements, on which the premises of this policy are applied until an agreement is reached with the local trade union.

This is why there is not 100% coverage, as indicated in the table below:

Personnel covered by a collective bargaining agreement, by region

	2022		2021		2020	
	No. of employees	%	No. of employees	%	No. of employees	%
Spain	8,475	87.4	8,578	88.2	8,383	87.4
United Kingdom	3,480	60.5	3,680	64.5	3,674	66.0
United States	3,486	46.0	3,504	47.7	3,438	48.9
Brazil	15,406	100	15,092	100	12,808	100
Mexico	371	28.4	349	26.9	348	26.6
IEI	394	40.5	178	21.8	261	31.9
Total	**31,612**	**77.6**	**31,381**	**78.5**	**28,912**	**77.9**

There are 9 collective bargaining agreements in Spain, 2 in the United Kingdom, 11 in the United States, 37 in Brazil, 10 in Mexico, y 4 in the other countries of Iberdrola Energía Internacional.

■ GRI 402-1

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

Benefits

■ GRI 401-2

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

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

Diversity and inclusion

Governance model

■ GRI 405

Iberdrola has demonstrated its commitment to diversity and inclusion, and aims to reflect as faithfully as possible the diversity of the communities of which it is part. The company seeks to strengthen individual capabilities based on the firm belief that each person brings a special and unique talent that enriches everyone. This commitment is shared with the Stakeholders with whom the company interacts directly or indirectly: employees, partners, shareholders, suppliers, and customers.

To achieve a truly inclusive workplace, it is crucial to take action regarding the company culture, for which reason diversity is integrated in the corporate values and conduct that define the way in which the leaders and employees of Iberdrola conduct themselves.

With this goal in mind, the organisation has a robust governance system that specifies and promotes the diversity and inclusion strategy, and has specific mechanisms that guide actions in this area, such as, for example:

- *Equality, Diversity and Inclusion Policy*: seeks to create a good environment that facilitates and promotes equality of opportunity, non-discrimination, diversity, and inclusion for the professionals in group companies, consequently seeking a human resources management model committed to professional excellent and quality of life
- *Boards of Directors Diversity and Member Selection Policy*: its purpose is to ensure that proposals for the appointment of Company directors ensure a diversity of skills, knowledge, experience, origin, nationality, age and gender within the composition thereof.
- *Global Diversity and Inclusion Committee*: Executive committee seeking to propose, promote, and coordinate the company's Diversity and Inclusion positioning in line with the group's strategy, and to involve the Senior Management of each of the subsidiaries in these issues.

To guarantee a discrimination-free work environment, and in line with the *Code of Ethics*, the Group is explicitly committed to not discriminate by reason of any condition (gender, sexual orientation, age, disability, origin, or any other characteristics not related to the requirements to perform the job) and has procedures to prevent conduct that violate this standard.

In addition to the global guidelines, the companies of the group have additional policies and mechanisms to expand their commitment and adjust to country requirements.

Strategy and Commitments

To ensure proper coordination in the execution of the strategy established by the group, a common working framework has been defined that considers the organisation's current and future needs and those of the communities in which it operates. Its scope focuses on gender, age, disability, origin, sexual orientation, and war veterans, although the goal is to encompass all individual characteristics.

The group promotes diversity, equity and inclusion (DE&I) through initiatives focused on talent, culture, customers, and social contribution, partnering with its employees and other Stakeholders to achieve an inclusive, innovative and sustainable energy future for all.

The group published its ESG commitments at the 2022 Capital Markets & ESG Day, as described in section "I.4. Our ESG+F proposal". In the Social pillar, goals have been included that drive diversity and inclusion and contribute to the Sustainable Development Goals of the 2030 Agenda, as mentioned in the "Targets ESG Social" section, including diversity and inclusion goals like women in leadership positions and positions of responsibility, inclusive solutions for our customers, the Electricity for All Programme, strong social activities with vulnerable groups through our Foundations and volunteers, as well as with our suppliers, emphasising local purchases and the robust sustainability and ESG policies and practices.

Apart from the global goals, these commitments are supplemented at the country level, taking into account the social context.

Iberdrola has worked with major institutions for years, joining the United Nations Global Compact in 2002, and continues to support UN WOMEN, the UN body that supports progress towards equality between women and men. It also supports the European Round Table for Industry (ERT), acting in the working group that seeks to give greater visibility and support and connect large companies in this regard.

2022 performance

The management of diversity and inclusion is seen not only as an urgent issue of equity or fairness, but also as an opportunity for value creation from different perspectives. In this context, the company launched its annual work plan under the motto "*Our differences make our strength*", the main activities of which include:

a. Global Diversity and Inclusion function: Creation of a global organisational structure to articulate D&I commitment across the organisation.
b. Creation and implementation of an internal index to measure subsidiaries' performance in this area, identifying strong points and opportunities for improvement, so as to guide action and share internal best practices. Review of processes aimed at ensuring a discrimination-free work environment, taking into account the requirements of the market indices.
c. Review of alliances and partnerships with external entities that promote D&I to maximise results and continue to influence social change.
d. Identification of opportunities to improve in Human Resources processes and more robust data management - evaluation of the internal procedures to reach the goals set and systematisation of D&I metrics.

e. Strengthening of internal communications and celebration of significant dates, through activities that seek to raise awareness, foster dialogue, make role models from minority groups more visible, and ensure the commitment of the workforce. There is a full week of D&I activities at the main geographical locations.

f. Training programmes mainly focusing on promoting inclusive leadership and providing the knowledge to value individual differences.

To the company's commitment are added: Employee activities in the corporate volunteering programme, through various D&I initiatives and the work of the foundations (ScottishPower Foundation, AVANGRID Foundation, Fundación Iberdrola México, Instituto Neoenergia, and Fundación Iberdrola España) to promote equality of opportunity in access, education, and the job market, particularly for vulnerable people.

Results

Iberdrola has been committed to diversity and inclusion for many years, leading to specific events and recognition:

- Iberdrola has been included once again in the Dow Jones Sustainability Index, the only European utility to be included in its 23-year history. Its social score increased in the following areas: Gender Pay and Workforce Breakdown.
- Bloomberg recognised Iberdrola for the fifth year in a row by including it in the Bloomberg Gender-Equality Index (GEI) of organisations committed to equality between women and men.
- The Workforce Disclosure Initiative (WDi) recognised Iberdrola for its various initiatives to promote a high-quality work environment among its employees.
- Iberdrola was named one of the 25 leading companies in terms of sustainability worldwide by Global 100
- In the field of gender diversity: Iberdrola is a leader among IBEX-35 companies, with 43% en female representation on the Board of Directors. Moreover, at the end of 2022, women occupy 26.1% of leadership positions at Iberdrola, with 34.0 % of positions of responsibility held by women
- Improved procedures to protect customers at risk of exclusion or in vulnerable situations so as to promote energy access for the most disadvantaged groups: Implementation of inclusive channels of communication and development of services to meet the specific needs of our diverse customers.
- Strengthening of social contribution: purchases from sustainable suppliers. Support to 600,000 athletes, doubling the number of partnerships with National Federations, reaching a total of 32 partnerships since 2016. The Iberdrola Supera 2022 Awards to the best projects launched in Spain in favour of gender equality and women's empowerment through sport donated €300,000 across its six categories. In 2022 alone, 16,877 volunteers took part in the Corporate Volunteering Programme.

In addition, due to the considerable impact of local context on the management of diversity and inclusion, the group's companies implement many other activities at the various geographical locations:

Main diversity and inclusion activities in 2022

Spain	
1st Diversity Week, encouraging reflection, dialogue and commitment among the workforce.	Development of new training resources: Appropriate treatment of people with disabilities and inclusive leadership in an immersive format.
Renewal of our commitment to #CEOPorLaDiversidad Alliance, whose mission is to bring the CEOs of the main Spanish companies together in a common and innovative vision of D&I.	67 families benefited from the Family Plan, the goal of which is to facilitate the social and work integration of children with disabilities who are relatives of employees.
United Kingdom	
External awards / recognitions: SUSE Inclusive Employer, Promoting Diversity' Award - Large Employer, Carer Positive, Disability Confident and Armed Forces Covenant accreditations.	All employees covered by the parent coaching programme, providing support to employees who are preparing for or back from parental leave.
Creation of the 7th affinity group for employees: SPARC (ScottishPower Are Recognising Capabilities). More than 15% of employees are part of at least one group.	Promotion of STEM careers, with more than 48,000 schoolchildren impacted through face-to-face and online activities.
United States	
Social impact goal: Full gender parity: 50% of women in senior leadership roles* by 2030	Named one of the 100 leading companies in the JUST Capital's 2022 Workforce Equity and Mobility Ranking
Training for the leaders and Executive Sponsors of the 7 affinity groups in the organisation.	Webinars to raise awareness and provide education on how to approach disabilities in the workplace, focusing on neurodiversity.
Brazil	
Definition and publication of specific goals seeking to increase the presence of women and black people in the company.	The Diversidad Junt+s programme won the Prêmio Aberje 2022 award.
Escola de Eletricistas (Electricians' School). In 2022, women amounted to 33% of the certified total, 30% of whom joined the company's workforce.	Launch of the "Villarejo" programme, creating safe spaces for employees to dialogue on gender, race, sexual orientation, and disability matters.
Mexico	
Signing by the CEO of top ten commitments and activities for progress on this issue.	Holding of the first Diversity and Inclusion week, with various activities focusing on employees, leaders and the community.
Joining in the Aequales Community, an organisation with more than 100 organisations committed to gender equality in Latin America.	Expansion of parental leave, establishing longer periods than required by law, also applicable in cases of adoption and same-sex parents.
IEI	
Partnership agreements with external entities and participation in major forums (PWN Italy, Women's Forum in France).	Scholarship programmes. Of particular importance is the company's commitment to indigenous communities through Scholarship with aboriginal people in Australia
Expansion of the commitment to the development of women professionals: engagement of leaders, partnership with other companies, and external positioning associated with the brand.	Internal campaigns to raise awareness of the value of D&I, empowering and training leaders to act as spokespeople on this topic

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

Relating to labour practices (including the supply chain)

Non-discrimination was an issue that was particularly significant for Stakeholders in this regard.

■ GRI 406

The principles of non-discrimination and equal opportunity applied within the Iberdrola group are set out in both the *Code of Ethics* and the global policies and procedures that have been approved and implemented (*People Management Policy, Recruitment and selection policy,* E*quality, Diversity and Inclusion Policy,* etc.) and they are intended to avoid any discrimination on the basis of gender, gender identity, age, origin, race, colour, language, religion, political opinion, social status, belonging to an indigenous community, disability, health, marital status, pregnancy, sexual orientation or other personal circumstances unrelated to requirements for performing one's job.

In addition, specific plans and policies are in place in each country to ensure that the most relevant challenges are addressed at the local level (policies to prevent discrimination against any type of group, harassment prevention policies, etc.).

Group employees can report behaviour that may constitute labour discrimination both through the ethics mailbox and through their respective supervisors or Human Resources.

The group received 50 grievances regarding labour discrimination through the various channels in 2022. 17 are under review and the other 33 have already been closed. Of the grievances already closed, none ended in a written warning and 12 ended in dismissals as a result of improper action relating to human rights. In addition, three complaints were received in Spain concerning the right to organise. The Human Resources area is in charge of taking the appropriate disciplinary action.

■ GRI 406-1

Incidents of discrimination reported (no.)			
	2022	2021	2020
Iberdrola total	50	29	34

Although there has been an apparent increase in the number of claims alleging discrimination, this does not have a correlation with the actual number of cases.

Work-life balance and labour disengagement policies

Iberdrola promotes a work-life balance, as well as co-responsibility in the performance of family obligations, providing measures for looking after family members and children, maternity leave and breastfeeding benefits.

The most recent organisational dynamics and the implementation of new technologies promote organisational efficiency, but at the same time blur the boundaries between work and private life. As indicated in the *People Management Policy*, the group has made it a priority to ensure that its professionals can fully enjoy their personal lives in a way that is compatible with their work.

This Policy therefore establishes guidelines that allow employees to effectively separate their personal and work life, with special attention paid to disconnection from digital devices, without favouring or discriminating against those professionals.

The uninterrupted schedule in Spain and Mexico is noteworthy of mention, with the company being the first IBEX-35 company in Spain to establish this type of shortened workday. Flexible hours, remote working and out-of-office work have also been implemented. Other measures that are applied locally include the freedom for employees to choose the most appropriate workplace depending on their function and measures to control overtime, switching off lights and computers after certain working hours.

As a result of COVID-19, and to ensure safety, productivity and expectations in unprecedented circumstances, the importance of communication between all levels of the Company was emphasised. This has resulted in a more flexible working environment and hybrid and/or remote job positions. In addition, policies to care for the health of employees were improved and actions to promote quality of life and the well-being of its professionals were expanded. All this was carried out while ensuring the quality of the essential service for the community provided by Iberdrola 365 days a year, 24 hours a day, despite COVID-19.

■ GRI 401-3

Parental leave and return to work

	2022		2021		2020	
	Men	Women	Men	Women	Men	Women
Employees entitled to parental leave (No.)	31,112	9,603	30,672	9,283	28,486	8,640
Employees entitled to parental leave (%)	100	100	100	100	100	100
Number of employees taking parental leave	1,102	452	977	366	743	332
Number of employees who returned to work after parental leave ended	1,260	355	1,135	327	830	264
Number of employees who returned to work after parental leave ended and who were still employed after 12 months	1,141	216	970	268	825	272
Return-to-work rate	96.9	78.4	94.8	89.3	97.2	79.5

Defending salary equality

Iberdrola facilitates and promotes equality of opportunity, non-discrimination, diversity, and inclusion for Group professionals through its *Equal opportunity and reconciliation policy*, which calls for equal pay for men and women for equal work and a wage review with uniform criteria for both genders. The current collective bargaining agreements at the companies of the Iberdrola group ensure equality in starting wages for men and women.

The total average salary of men and women at Iberdrola is quite similar. The ratio of men's average salary to that of women is 94.8% in 2022, taking into account fixed and variable salary and salary supplements.

The salary gap in 2021 and in 2020 was 93.3% and 93.2% respectively, taking into account that average salary, composed of base and variable salary, was used for the calculation thereof in 2020.

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

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

- On equitable professional development through the implementation of specific training plans for women.
- On including new generations and promoting STEM careers in groups within the industry with a higher minority representation.
- On promoting scientific careers among youth and women students, who will go on to form part of the talent pool that Iberdrola will access in the future.
- On promoting measures of work-life balance that equally benefit men and women, so that they can exercise co-responsibility in family duties and thus establish the conditions required for parity.
- On gradually increasing the presence of women in positions of responsibility. As regards Iberdrola's current situation, positions of responsibility held by women in 2022 rose to 34.0%, compared to 33.7% at the close of the prior year.

As regards leadership and other positions reporting to the Board of Directors or its committees, the percentage of women in significant positions increased by year-end 2022 to 26.1% compared to 24.4% at the close of the prior year.

GRI 405-2

Average salary by age group and gender

Iberdrola (EUR)	Salary men/Salary women			(Salary men –Salary women) / Salary men		
	Includes: Fixed salary Variable Supplements	Includes: Fixed salary Variable Supplements	Includes: Fixed salary Variable	Includes: Fixed salary Variable Supplements	Includes: Fixed salary Variable Supplements	Includes: Fixed salary Variable
	2022	2021[48]	2020	2022	2021	2020
Up to 30 years old	101.5	95.8	92.0	1.5	-4.4	-8.7
Between 31 and 50 years old	87.5	85.4	85.0	-14.4	-17.1	-17.7
51 or older	106.3	110.9	111.7	5.9	9.8	10.5
Total	**94.8**	**93.3**	**93.2**	**-5.5**	**-7.2**	**-7.3**

[48] In 2021 there was internalisation of core network services in Brazil (approximately 2,300 contracted employees), which is reflected both in average salary of skilled workers and support personnel as well as in the total average salary.

Safe work environment

The safety and health of people is a top priority for the Iberdrola group and therefore strongly influences how all its activities are designed and carried out. This commitment forms part of the group's vision and values, and is formally set out in the *Occupational Safety and Health Risk Policy* approved by the company's Board of Directors, the basic goals of which are to:

- Achieve a gradual reduction in accident rates at the Iberdrola group's businesses.
- Continue to improve safety conditions at work and make workplaces increasingly healthier.
- Promote a culture of excellence and coordinate global preventive actions at the group's companies.

Occupational Health and Safety Management System

■ GRI 403 403-1

The Iberdrola group has implemented Occupational Health and Safety Management Systems with different scopes (country subholding, businesses), which allows it to comply with both current legal provisions in the territories in which it operates and with the ISO 45001:2018 international standard.

All staff, workplaces and activities under Iberdrola's control are covered by these systems, which ensure that all requirements of the ISO 45001:2018 standard and local legal obligations in this regard are covered.

The systems rely on a number of tools to meet these requirements:

a. prevention plans
b. operating procedures
c. management standards

In which the following are perfectly defined and identified:

a. duties and responsibilities
b. applicable policies
c. targets and indicators
d. desirable goals and resource requirements

All of the above aims to comply with local and international health and safety regulations in the company's different areas of operation, including aspects such as management of employees and interested parties, leadership and commitments, policies, responsibilities, consultation with employees, planning, identification of hazards and opportunities, legal requirements, resources, skills, communication, document management, operations, change management, purchasing, performance evaluation, management review, emergency response measures, ergonomic and psychosocial risk management, continuous improvement, etc.

In recent years, the Iberdrola group, through its various subsidiaries and businesses, has also implemented specific management and prevention measures in connection with COVID-19 focusing on the protection of individuals and groups, as well as mental and emotional health tools for its employees.

Examples of these measures include adjustment of sanitary, communication, cleaning and disinfection measures; adjustment of spaces and compliance with safety distances in the new COVID-19 environment; the establishment of prevention protocols; monitoring infected and recovered persons on a biweekly basis; launching awareness campaigns; distributing questionnaires to identify and assess psychosocial risk factors; creating specific well-being and early intervention programmes and applications; proposing physical activity challenges for employees; and providing a number of training resources, including a course on managing psychosocial factors for mental health, face-to-face workshops on emotional management, online workshops on personal well-being at work, the Más Apoyo programme, the COVID-19 helpline and the quality of life week.

Workers covered by the occupational health and safety management system

■ GRI 403-8

The Occupational Health and Safety Management Systems are designed in accordance with current legal and regulatory requirements and apply to the entire workforce, contractors, suppliers and visitors to protect their health and safety.

Information on incidents is collected, assessed and reported based on the procedures established by law and internal company regulations. Certification under the ISO 45001:2018 management system is a tool used to ensure uniformity with regard to the methodology for implementing these protocols.

In general, all employees are covered by the occupational health and safety system in their respective locations. However, there may be exceptions in certain locations as a result of specific local norms. In Brazil, steps continue to be taken for 100% of the employees to be included in the scope of the ISO 45001 certification. Although 75% of employees at Iberdrola Energía Internacional are covered by the management system, it does not reach the minimum number of employees to certify management systems in many of the countries in which it has a presence.

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

	2022		2021		2020	
	No.	%	No.	%	No.	%
Employees covered by occupational health and safety management system	40,141	99	38,913	97	35,471	96
Employees covered by an occupational health and safety management system subject to internal audit	40,092	98	38,857	97	35,466	96
Employees covered by an occupational health and safety management system subject to third-party audit or certification	32,103	79	29,561	74	26,692	72

Main elements of the health and safety systems						
	Spain	**United Kingdom**	**US**	**Brazil**	**Mexico**	**IEI**
Is there a system?	Yes	Yes	Yes	Yes	Yes	Yes
Reference regulation	Law 31/1995	UKHS-GSP-SMS2008 Health & Safety Legal Register - Lists all the Legal Requirements	Only for offshore wind	Decree Law 5454/43 - Consolidation of Labour Laws	None	Depending on the country
Scope	All 15 companies covered by the collective bargaining agreement	All employees	Networks and renewables businesses, Rest of the Corporation	Celpe, Cosern, Elektro, Termopernambuco and renewables business	Electricity generation businesses. Coverage of employees at corporation in process	IEI, ICI and IRI. Renewables and Retail
Certification	ISO 45001	ISO 45001	ISO 45001	ISO 45001 in	ISO 45001	ISO 45001
Are there formal risk identification procedures?	Yes	Yes	Yes	Yes	Yes	Yes
Are there action plans linked to risks?	Yes	Yes	Yes	Yes	Yes	Yes
Are there formal procedures for giving notification of hazards?	Yes	Yes	Yes	Yes	Yes	Yes
Are there policies and procedures for withdrawing from situations that may cause injuries, ailments or illness?	Yes	Yes	Yes	Yes	Yes	Yes
Are there processes for investigating work-related incidents?	Yes	Yes	Yes	Yes	Yes	Yes

Hazard identification, risk assessment and incident investigation

■ GRI 403-2

A process has been established to identify occupational safety and health hazards, which includes the evaluation and prevention of occupational risks, in all the countries in which Iberdrola operates. The procedures established by standardised institutions are followed in each country, as well as those under the ISO 45001 standard. To manage this process, tools such as the following are used:

- Workplace risk assessment questionnaires.
- Regular risk assessments.
- Regular assessments identify the information needed for the annual review of the occupational health and safety management systems, and are used to develop action plans to mitigate risk.
- Safety inspections.
- Information sessions, regular training for employees identified as at risk, etc.
- Internal and external audits to ensure the effectiveness of their processes.
- Expanded analysis of causes that affected other systems in order to apply the findings and prepare preventive and corrective actions to eliminate the causes of the event.
- Comprehensive assessment of low- and medium-potential incidents, investigation reports for incidents with high potential or major consequences. All with a view to determining corrective actions and lessons learned.

Iberdrola has and promotes the use of mechanisms to enable its employees, partnering companies and other personnel affected to report any identified occupational health and safety hazards. These mechanisms include various communication channels such as: telephone hotlines, computer applications, ethics mailboxes, etc., but under no circumstances may these communications lead to reprisals or adversely affect an employee, given that they are part of Iberdrola's preventive culture. All new employees are informed of this possibility, both in their orientation courses and in the safety manual and instructions given prior to accepting the job position.

In line with this prevention culture, workers are always instructed to not proceed with work, or give priority under any circumstance to performing any task that involves a risk without having the means and knowledge needed to mitigate or eliminate the effects of the risk. Hence, at all locations, employees have the right to speak out and to stop work or refrain from working if they feel that a situation is unsafe. Lastly, when an incident is reported in any country, an investigation is carried out on the possible root causes and contributing factors. In addition, general procedures are implemented to monitor and complete the corrective actions resulting from the investigation (through the hierarchy of controls stemming from applicable law).

■ GRI 403-7

One of the Iberdrola group's pillars of action is to promote the health and safety of its employees. This includes strict compliance with labour law, integrating occupational safety at all levels of the hierarchy, and the use of systems to mitigate any impact on occupational health and safety.

These systems include the evaluation of occupational risks (including psychosocial risks), providing theoretical and practical courses, carrying out regular health exams, designing mechanisms to detect possible negative impacts on the health of staff, and implementing specific plans to mitigate the negative impacts of work on health and safety.

This internal procedure must also be implemented by all partnering companies to manage the health and safety of their contractors. This includes pre-qualification, selection, approval, supervision and management of contractors to reduce risks and ensure the well-being of the employees.

Occupational health services

■ GRI 403-3

Iberdrola has occupational risk prevention policies that include regular legal assessments, hygiene measurements, internal and external audits, ISO 45001 management system controls, health monitoring, and accredited medical services.

These programmes include professional occupational health services, advice and support to effectively manage occupational health and safety risks, absence management, drug and alcohol testing, health monitoring, international travel assistance, sick leave management, first aid, rehabilitation, specialist health counselling, overseas employee services, overseas business travel health assessment, voluntary medical exams, employee self-referrals, early intervention, specialist support services, wellness programmes, mental health programmes, skills development programmes and healthy eating programmes. These services are protected by medical confidentiality and files are kept in such a way so as to guarantee the confidentiality of the information contained in the files.

Worker participation, consultation and communication on occupational health and safety

GRI 403-4

The Iberdrola group companies strive to implement a culture of communication, consultation and participation on topics relating to occupational health and safety. This is achieved through the dissemination of prevention plans, the creation of joint and collective occupational health and safety committees (with regular meetings), the provision of formal and informal channels for consultation by employees, training plans on occupational risk prevention, general communication and consultation procedures, panels of qualified employees, strategic safety meetings, the use of the corporate intranet, and other media such as magazines, display screens at the plant, etc. On this basis:

In Spain, there is a Central Occupational Health and Safety Committee.

In the UK, there is a Health and Safety Governance Committee, as well as executive teams, a Health and Safety Department, and Health and Safety Forums.

In the United States, the company has employee-qualified panels and a Strategic Safety Board that meets on a monthly basis.

Brazil has Health and Safety Committees, as does Mexico, which has a Health and Safety Committee. Iberdrola Energía Internacional (IEI) has committees that vary from country to country.

Own staff represented on safety and health committees (%)

	2022	2021	2020
Spain	96.2	95.9	97.1
United Kingdom	100.0	98.2	100.0
United States	100.0	100.0	100.0
Brazil	100.0	100.0	95.1
Mexico	99.1	100.0	85.9
IEI	0.7	0.0	12.4
Iberdrola total	**96.7**	**96.9**	**95.1**

Worker training on occupational health and safety

GRI 403-5

Iberdrola España has training courses that cover the needs regarding information and training on and awareness of occupational risks at the workplace.

In the United Kingdom, new employees are invited to a corporate introduction event and are introduced to a number of senior executives who present various aspects of Iberdrola's business. They are also offered training on the Health and Safety Management System, along with technical and operational training and assistance from experts in the field and suppliers.

In the United States, employees at AVANGRID receive technical and safety training through a combination of fieldwork, classroom instruction and online training.

In Brazil, employees at Neoenergia receive training on the hazards, risks and controls associated with each job function, and are not allowed to perform the work until they demonstrate the skills and knowledge necessary to do so safely.

In Mexico, a training plan is established based on the performance evaluation.

At Iberdrola Energía Internacional (IEI), all employees take specific health and safety training courses.

Promotion of health among workers

■ GRI 403-6

The Iberdrola group has established various procedures, measures and programmes to ensure better occupational health and well-being of its employees. This includes human and material resources, functions and responsibilities in the medical, monitoring and control areas.

In addition, there are flu vaccination campaigns, programmes for promoting health and preventing diseases such as colon cancer, prostate cancer, cardiovascular diseases, hypertension, diabetes and glaucoma, as well as recommendations for healthy diets, access to physical exercise and seasonal vaccination campaigns.

At Iberdrola España, Occupational Medicine activities fall within the scope of the Prevention Service. Employees are offered a comprehensive benefits package that includes medical, dental and vision coverage. These benefits are also extended to the immediate family members of employees. In addition, the company assists in providing external medical therapies and treatments.

At the international level, access to medical services is managed by the Human Resources divisions. These benefits include doctor's visits, surgery, hospitalisation, medical exams and dental care.

In the United Kingdom, two strategic initiatives were launched to improve the mental health of employees, along with a plan to prevent and reduce physical problems at the workplace.

Furthermore, in Brazil there are outsourced contracts for flu vaccination, doctor's visits and screening services through a health plan, prevention campaigns and access to benefits from physical exercise.

Two specific programmes to promote health were developed at Iberdrola Mexico: Total-pass (benefit to promote the physical activity of personnel members) and Cuadro Médico (an electronic medical file database containing the medical examinations and recommendations from the doctor at the plant).

In the other countries, the Iberdrola group offers campaigns and programmes to promote health, as well as psychosocial risk assessments and psychological support to employees.

Injury and absenteeism rates

■ GRI 403-9 ■ SASB IF-EU-320a.1

Work-related injuries (own personnel)	2022	2021	2020
Number of injured workers	**797**	**599**	**497**
Men	706	547	442
Women	91	52	55
With leave	**83**	**83**	**78**
Men	*74*	*73*	*72*
Women	*9*	*10*	*6*
Fatalities	0	3	4
Men	*0*	*3*	*4*
Women	*0*	*0*	*0*
With major consequences	17	3	3
Men	*15*	*3*	*3*
Women	*2*	*0*	*0*
Without leave	**714**	**516**	**419**
Men	*632*	*474*	*370*
Women	*82*	*42*	*49*
Number of hours worked	**81,203,502**	**78,455,175**	**65,504,577**
Men	62,769,743	61,053,122	49,928,451
Women	18,429,423	17,402,053	15,576,126
Number of days lost	**5,958**	**4,646**	**4,070**
Men	5,232	4,397	3,922
Women	726	249	148
Injury rate (IR)[49]	**1.02**	**1.06**	**1.20**
Men	1.18	1.20	1.44
Women	0.49	0.57	0.39
Severity index[50]	**0.07**	**0.06**	**0.06**
Men	0.08	0.07	0.08
Women	0.04	0.02	0.01

Compared with the data for 2021, and taking into account the increase in hours worked in 2022, the injury rate for accidents with leave improve significantly, and there was only a small increase in the number of accidents not requiring a leave, which nevertheless did not affect the improvement in the rate of work-related injuries.

The frequency rate of near misses[51] for own staff for the year 2022 is 2.49 based on the number of hours worked in the period.

[49] Injury rate (IR) = (number of accidents with leave*1,000,000) / hours worked
[50] Severity index = (number of calendar days lost per accident, as from first day of leave/hours worked)*1,000
As the percentage interests in certain companies may not be 100%, sums may not correspond to the total presented due to rounding
[51] Near miss frequency rate = Number of near misses / Number of hours worked × [200,000].

Rates of work-related injuries (own personnel)

	2022	2021	2020
Rate of fatalities[52]	**0.00**	**0.01**	**0.01**
Men	0.00	0.01	0.02
Women	0.00	0.00	0.00
Rate of high-consequence work-related injuries[53]	**0.04**	**0.01**	**0.01**
Men	0.05	0.01	0.01
Women	0.02	0.00	0.00
Rate of work-related injuries[54]	**0.73**	**0.78**	**0.90**
Men	0.86	0.91	1.06
Women	0.28	0.33	0.39

Work-related injuries (sub-contracted personnel)

	2022	2021	2020
Number of injured workers	**733**	**812**	**645**
Men	689	786	642
Women	44	26	26
With leave	**167**	**212**	**201**
Men	*163*	*204*	*192*
Women	*4*	*8*	*9*
With major consequences	20	10	6
Men	*20*	*10*	*6*
Women	*0*	*0*	*0*
Fatalities	7	4	4
Men	*7*	*4*	*4*
Women	*0*	*0*	*0*
Without leave	**565**	**600**	**467**
Men	*525*	*582*	*450*
Women	*40*	*18*	*17*
Number of hours worked	**110,867,432**	**114,924,556**	**103,686,300**
Number of days lost	**10,090**	**9,770**	**7,656**
Injury rate (IR)[55]	**1.51** [56]	**1.84**	**1.94**

[52] Rate of fatalities = Number of fatalities as a result of work-related injuries / Number of hours worked x [200,000]
[53] 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]
[54] Rate of recordable work-related injuries = Number of recordable work-related injuries (except first aid) / Number of hours worked x [200,000]
[55] Methodology used for calculating the indicators:
Injury rate (IR) = (number of accidents with leave*1,000,000)/hours worked

Severity index = (calendar days lost per accident, as from first day of leave/hours worked)*1,000

As the percentage interests in certain companies may not be 100%, sums may not correspond to the total presented due to rounding.
[56] This table represents individuals who identify as men or women, so the figures segmented by gender may not coincide with the total because of people who identify as another gender or who choose not to disclose this information.

The rate of frequency of near misses[57] for contractors in 2022 is 1.52 based on the number of hours worked in the period.

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

	2022	2021	2020
Rate of fatalities[58]	0.01	0.01	0.01
Rate of high-consequence work-related injuries[59]	0.04	0.02	0.01
Rate of work-related injuries[60]	0.60	0.84	1.04

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

Absenteeism among own personnel (missed hours)

	2022	2021	2020
Occupational injury and disease	65,656	55,991	37,997
Common illness and COVID-19	1,501,416	1,438,538	1,289,351
Total	**1,567,072**	**1,494,529**	**1,327,348**

■ GRI 403-10

Occupational diseases among own personnel (no.)

	2022	2021	2020
Deaths due to occupational diseases	0	0	0
Occupational diseases[61]	1	1	1
Total	**1**	**1**	**1**

Occupational diseases among subcontracted personnel (no.)

	2022	2021	2020
Deaths due to occupational diseases	0	0	0
Occupational diseases	0	0	0
Total	**0**	**0**	**0**

[57] Frequency rate of near misses = Number of near misses / Number of hours worked × [200,000].
[58] Rate of fatalities = Number of fatalities as a result of work-related injuries / Number of hours worked x [200,000]
[59] 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]
[60] Rate of recordable work-related injuries = Number of recordable work-related injuries (except first aid) / Number of hours worked x [200,000]
[61] In compliance with Law 11/2018, it is hereby noted that the gender of the person with an occupational disease is male

Professional training and development

GRI 404

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

Implementation of the Strategic Training Framework

The implementation of our **Learning Strategy** was strengthened in 2022 with new solutions that reinforce the development of strategic skills. The main goal is for the training offering to cover strategic priorities, adapting to all group companies.

Ongoing learning is a key element for promoting innovation, competitiveness and the progress of Iberdrola's professionals. For this reason, Iberdrola has a solid training model that reaches all of its professionals in all categories. This firm commitment to training translated into more than 2.7 million employee training hours in 2022. Along these lines, we continued to strengthen our ongoing learning culture through initiatives like "Keep Learning", which promotes employees' active involvement in their training.

It includes the following activities:

- The Group's companies continued to adjust training plans and actions to the social and economic context to meet employee needs.
- Training activities were carried out in Spain in 2022 in connection with our company's current activity and strategic orientation, focusing on key aspects of digitalisation, particularly through the use of Multiplayer spaces with Digital Twins, which provide greater autonomy in content creation, shortening the student's learning curve and improving the benefits from the training. Special efforts were made in actions with senior talent, through contrast activities at the Networks business , in order to transfer the technical knowledge of more experienced professionals while sharing good practices.
- In the United Kingdom, face-to-face training resumed in 2022 after the lifting of pandemic-related restrictions, including the new awareness-raising programme on security for the Networks business, and training in frequency converters for the technicians in the Renewables business who will face the growth of the solar business.
- In 2022, the LinkedIn Learning offering continued to expand in the United States by means of training courses designed to reinforce development programmes and initiatives, e.g., the *Engineering Development Program and Unconscious Bias Training.* Furthermore, training in "How to have difficult conversations" was launched, and resources were expanded to help leaders to manage teams remotely.
- In Brazil, language programmes, integration for new employees, MBA/Postgraduate courses, actions focusing on skills, as well as mandatory technical training are being offered, covering strategic lines in our business, face-to-face and remotely, through the incorporation of more digital tools.
- Mexico is using new learning methodologies, such as gamification, which have made it possible to significantly reinforce training in D&I, through the LinkedIn Learning catalogue, and in languages, through the Go Fluent platform.
- Due to geographic and linguistic dispersion, Iberdrola Energía Internacional has opted for online training, through multilanguage platforms like Learning Light and LinkedIn Learning.

Professional Development Programmes

At the Iberdrola group, we will continue to train and develop our employees in accordance with the commitments specified in the model designed by the company in 2019. The behaviours are inspiring guidelines for professionals to act at each stage in their professional career.

Locally, the implementation of the model continues to be strengthened through various training, development, and internal communication initiatives.

In Spain, several activities have continued due to their success and popularity, including "Development Conversations". Interviews in digital format with leaders in various fields, in line with our values and principles of conduct, focusing on STEM professionals in 2022. Training itineraries based on our principles designed in LinkedIn Learning. "An idea in 5 minutes" – development videos with well-known speakers in areas of expertise relating to business and general issues aligned with our principles. Team Leader Programme, with a four-year modular structure that is based on our principles. "The change show" – internal videos where employees who are a leaders in each of the principles recount their first-hand experiences and challenges. There was work in 2022 on "Simplifying to be agile" and "Empowering to grow".

All these resources are available to employees on a self-development platform structured around the behavioural principles, while the Savia programme offers training courses based on their needs.

In the United Kingdom, the self-assessment process continued so that all employees have a clearer vision of where they stand in relation to each of the six principles, including areas to be developed and suggested training activities.

In the United States, the behaviours have been reinforced in the various learning tools and through internal communications, as well as through the design of LinkedIn Learning pathways. A system of questions was created for the selection processes that is in line with the behavioural model and adapted to the different levels.

In Mexico, in addition to the internal communication initiatives, there have been several "TED Talks", an online conference format with internal leaders in each of the six behavioural principles. Each leader gave a live talk where they shared their challenges and professional experiences related to each principle, providing a space for questions and dialogue with those attending.

In Brazil, several internal communication initiatives are being developed, as well as the "letters of recognition" programme, linked to each of the six principles of behaviour, the aim of which is for leaders and employees to be able to make acknowledgements by sharing these letters, by email, WhatsApp, Yammer or LinkedIn.

Promoting an environment where our employees can manage their own growth and development is a priority for Iberdrola. To this end, in 2022 we continued to work globally to support our future leaders in their development journey, as well as our established leaders, with multiple initiatives that seek to offer opportunities to develop their skills. These are some of the global talent initiatives: *IB Talent Talks*, conversations between established company leaders and high-potential employees in the early stages of their careers. *Leader for a Day Training*: a work day in which a high-potential employee shadows an experienced executive to experience situations that facilitate learning and the development of leadership skills. *Global Talent Mentoring Program*, described below, is a mentoring programme aimed at high-potential professionals. *Leadership Academy*: we offer our professionals access to specific leadership development resources in partnership with Coursera. Finally, the *Experts Academy* is aimed at very experienced specialist employees, with knowledge groups in 3 strategic areas: Cybersecurity, Smart Grids, and Smart Solutions.

Mentoring Programmes

Mentoring programmes — which involve pairing up an employee with a long professional career or specific knowledge and a less experienced employee or an employee who needs to broaden their knowledge in a specific area — facilitate the ongoing training of employees, strengthen a collaborative culture, and promote the exchange of ideas and knowledge.

The following initiatives were carried out across the group:

The second global Digital Mentoring programme was completed in May 2022. This initiative seeks to contribute to the digital transformation process at Iberdrola by connecting employees who need support in innovation and digital transformation projects with others who have previous experience in these areas. In this second year, more than 2,500 hours were dedicated to the programme, with a participant satisfaction rating of 4.9 out of 5.

The initiative also contributes to the company's inclusion strategy by connecting employees of different generations, genders and cultures. In this second year, 44% of the 94 pairs were from different countries, and 47% from different generations. Because of its success and popularity, the programme has been strengthened within the development offering, and was held for the third time in October 2022.

Two new global mentoring initiatives were also added in 2022:

- *Women in leadership mentoring Program*: its purpose is to boost these women's careers, providing them with leadership role models, strengthening their networking, and contributing to their preparation to take on greater professional challenges. It was launched as a pilot programme with 14 pairs, connecting high-potential female workers with executives in senior positions across the Group. User satisfaction was 4.9 out of 5.
- *Global Talent Mentoring program*: with a similar goal as the previous programme, targeting high-potential employees, and it also seeks to speed up their development by providing them with training and leadership role models. 26 pairs took part, spending more than 560 hours in the sessions.

Both through local and global initiatives, skills have been developed relating to the strategic needs of the business, including: new technologies, knowledge management, transformative leadership, change management, resilience, and diversity and inclusion.

Programmes to support transition

At the Iberdrola group, we are committed to our professionals throughout their careers, and in those cases in which a career transition is necessary, we provide programmes to support transition, to facilitate continued employability as well as career-end management.

In Spain, qualification plans are carried out on a planned basis, both in terms of training and of methodologies, anticipating new production and/or environmental needs (greater digitisation, green jobs, etc.) This allows workers to have the knowledge to remain at excellent levels of internal employability.

Both in the United States and in the United Kingdom, outplacement services are offered through a partner company that assists employees to identify and prepare their next professional move. It is a tailor-made service that adapts to the employee's specific needs to benefit as much as possible from opportunities for employment.

Iberdrola Energía Internacional has developed a transition and support programme, comprising a set of techniques worked on together with the employee in three fundamental aspects: improving the employability of their profile through training; defining a job search strategy; and assistance in an enterprise of self-employment, should the employee so desire.

Programmes for skills management and lifelong learning

GRI 404-2

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

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

- Iberdrola has various programmes aimed at high-potential professionals, including the MBA in the Global Energy Industry, which is offered by Comillas Pontifical University in Madrid and Strathclyde University Business School in Glasgow. This is a global programme that lasts two and a half years, in which professionals from Spain, the United States, the United Kingdom, Brazil and Mexico, and other locations take part. In 2022, this programme was carried out for the fifth time, and more than 130 employees have been trained since it launched in 2017.
- Iberdrola has an extensive training and development catalogue for professionals pursuing a career in management. In 2022, the latest global programme was held in partnership with IMD, in an online format, intended for professionals with technical degrees, in order to provide them with the required behavioural skills and techniques. Leading employees on various topics were also identified to share their knowledge with the rest of employees through various internal channels.
- Iberdrola offers its technical specialists, middle managers and some of its executives a global development model based on the group's Behavioural Principles Model, which makes it possible to specify individual development plans based on areas for improvement and opportunities for growth.

Specific training for executives

For its management team, Iberdrola has for years been carrying out a number of development programmes in partnership with the best internationally recognised schools and institutions:

- Energising Leadership Programme, an advanced management programme offered by ESADE Business School.
- NEXUS, in collaboration with IMD, which offers training resources such as round-table discussions for C-level executives from around the world, and the "First 90 Days" programme, which seeks above all to support employees who take on critical management positions during the change phase.
- The offering of regular digital Masterclasses and lectures was broadened for the entire global management team in 2022. The classes were taught online by globally recognised experts discussing strategic and current topics, with the participation of approximately 1000 professionals.

A major evaluation and update of the programme catalogue was carried out in order to keep them in line with the company's strategic needs and the state of the art.

2022 saw the first School of Leadership Alumni Event (SOLAE) - a meeting of alumni employees who took part in Global Leadership School Programmes. This event was a great opportunity to share learning, strengthen ties, and convey the Company's strategic priorities and vision for the future.

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

- In Spain programmes such as *Leadership in change processes* and *Strategic people and team leadership* were offered. The *Lead your Personal Effectiveness and Leader Communication* programmes also continue. As a result of the 2021 evaluation, several programmes targeting managers were offered in 2022, focusing on the key areas identified.
- In the United Kingdom there is a continuation of the *Advanced Leadership: Leaders of Leaders and the Leadership Mastery Programme: New Senior Leaders*, designed on the basis of the needs identified in the organisation, as well as the *Introduction to Management* programme for team leaders, and the *Connected Leaders Community initiative.*
- In the United States, there are several training programmes for the management team, such as the *Purpose-Driven Leaders* programme, in partnership with Yale University, the *Leadership Essentials* programme for new team leaders, and the *Advanced Management People: Leading People* programme. All reinforced by the *AVANGRID Mentoring* programme.
- Brazil has expanded its *Lidera* for the various executive levels with *Lidera Gerentes* and *Lidera superintendentes,* following the results of the recent evaluation. The new format is provided by the renowned *Fundação Dom Cabral*, which implements innovative training methodologies through its international teachers.
- Mexico has the *ADN del líder* programme for the entire management team, including an executive version for senior management. Negotiation workshops were also offered to the management team.

GRI 404-1

Hours of training by professional category and gender

		2022[62]		2021		2020	
		Men	Women	Men	Women	Men	Women
Hours of training	Leadership	62,387	26,979	85,078	31,054	77,415	30,563
	Qualified technicians	444,229	223,312	440,433	207,835	352,221	171,403
	Skilled workers and support personnel	1,730,249	244,663	1,449,663	183,248	1,178,017	160,035
Total		**2,236,865**	**494,955**	**1,975,175**	**422,140**	**1,607,653**	**362,000**
Average hours of training by average personnel [63]	Leadership	32.2	35.3	41.5	39.1	38.9	39.8
	Qualified technicians	43.4	41.5	46.0	42.6	38.8	38.0
	Skilled workers and support personnel	93.0	74.1	80.9	56.5	71.8	51.3
Average hours of training by average personnel		**72.7**	**52.4**	**66.8**	**47.3**	**58.5**	**43.1**

The specific training varies according to the diverse professional profiles of the staff, not according to gender.

The high numbers of training hours received by skilled workers and support personnel, 85% of whom are men, explains the difference in average hours between men and women.

[62] This table represents individuals who identify as men or women, so the figures segmented by gender may not coincide with the total because of people who identify as another gender or who choose not to disclose this information.
[63] Data recalculated with respect to the figures published in 2020 and 2021, based on the standard of average personnel.

Employees receiving performance and career development reviews

GRI 404-3

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

- Perform regular evaluations of the performance of the professionals of the Group's companies based on objective standards.
- Communicate the results thereof to the employees evaluated, so as to favour their professional development, contributing to the creation of a feedback culture.

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

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

Leadership

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

Qualified technicians, skilled workers and support personnel

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

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

Employees with performance reviews (%)

		2022	2021	2020
Men (%)	Leadership	94.4	93.7	93.5
	Qualified technicians	84.9	86.7	90.0
	Skilled workers and support personnel	73.5	65.5	70.0
Average men		**78.6**	**74.2**	**78.0**
Women (%)	Leadership	93.3	95.0	94.7
	Qualified technicians	83.6	85.9	89.8
	Skilled workers and support personnel	60.0	59.6	67.0
Average women		**76.3**	**77.3**	**81.6**
Average Iberdrola		**78.0**	**74.9**	**78.8**

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

III.4. Quality and safety for our customers through innovation and digitalisation

- Innovation and digital transformation projects
- Our commitment to our customers
- Competition
- Cybersecurity and information privacy

Innovation and digital transformation projects

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

Iberdrola invested a total of 363 million euros in R&D in 2022, a 7% increase over 2021. The R&D efforts within the Iberdrola group are organised around five main pillars, which in turn are aligned with the fundamental vectors of transformation of the energy industry, decarbonisation of generation, promoting the use of smart grids and the electrification of demand:

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

This year's highlights include the **inauguration of the largest green hydrogen plant for industrial use in Europe**, located in Puertollano, with an electrolyser capable of producing 3,000 tonnes of renewable H2 per year. This pioneering plant will generate 100% green hydrogen with zero CO_2 emissions thanks to the use of 100% renewable sources. In addition, the first **Innovation Week** was held at the Global Smart Grid Innovation Hub, a week dedicated to analysing the role of electricity grids in the energy transition. All of these activities are included in the new **Iberdrola Innovation Report 2020-2022**, along with other significant R&D initiatives and projects carried out in recent years.

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.

There has been continued development of **Big Data** techniques for the **MeteoFlow Forecasting System** to obtain weather forecasts. Along these lines, there has also been continued development of tools like CHINOOK to account for climate variability, including solar variability, and Weather Research and Forecasting (WRF), optimising their performance. The implementation of WRF-Hydro for hydrological forecasting has also been optimised. There has also been progress in calculating theoretical solar and wind production capacity in the **ENERPREDIC** project. In the operations area, there has been work on developing new solutions to improve the efficiency of the tools of the DOMINA system. As regards wind power, the **RECURSO** project has devised a methodology for the hybridisation of wind farms — both those operational and under development — with photovoltaic power. With regard to solar power, progress has been made in analysing the variability of the horizontal resource using ground stations, incorporating the spatial variability of solar radiation. Also noteworthy of mention is the company's participation in Next Generation Earth Modelling Systems (NEXT GEMS), which explores these lines of work in depth by applying high-performance computing (HPC) and Earth-system Models. In the area of maintenance, work continues on the **ASPA** system, an artificial intelligence methodology that allows the theoretical behaviour of the wind turbine to be simulated at all times through a digital model. Lastly, the **AEROEXTENS** and **DIAGNOSGRE** projects provide new knowledge on the behaviour of wind turbines in terms of machine control strategies. As regards grid integration, the **THIRTIES** project aims to optimise decentralised voltage control and a system of joint participation at the point where services are provided. In addition, storage solutions have been studied in the **ALMACENLAD** battery project. Also noteworthy of mention is the study on the possibility of installing floating photovoltaic sites on hydroelectric power plant reservoirs. This work has been brought together in the HIBRIDAR project.

Improvements in the field of circular economy

During 2022 there was analysis of the needs for future capacity, the best location and the best technologies to make it possible, including reversible variable-speed turbines and lower-cost penstocks (**NEWPUMPING** project). These improvements, together with the digitalisation of management and hybridisation, will improve the management of all renewable generation. In this regard, two projects stand out — **HYDROSMART** and **HYDRODEMAND** —, which supplement the development of these lines of work. The other two projects related to pumped capacity that have been launched are **HYDROSES** and **AVANHID**.

Improvement in innovation in offshore wind farm projects

The **ROMEO and FLAGSHIP** projects are still underway, and **MEGAWIND**, a project focusing on methods for welding joints on foundations, has been launched. With regard to floating offshore wind power, the **MARINFLOAT** project, which aims to implement a portfolio of projects in Spain, has continued to carry out bird and marine mammal studies, environmental impact studies, metoceanic studies and theoretical studies of the terrain.

Improvement in new lines of work

Research has been carried out into new technologies for the recycling and recovery of wind turbine blade waste; in agrovoltaics, which is based on the combination of renewable energy with agricultural and livestock energy; new developments in photovoltaic solar power generation have been analysed to optimise the use of solar resources in the **NUEVASOLAR project**, through new solar panel technologies, dry cleaning methods for panels and new more efficient structures; the **ECOSIF project** was launched to study the metal structures that support the panels to find the best solutions depending on the type of soil.

In relation to promoting a culture of innovation, the **YO SOY INNOVADOR** and the **Renewables Digital Evolution Plan** (2018-2022) initiatives launched in previous years have continued.

Clean generation technologies

Efforts in the generation area focused on digitalisation, operational flexibility and efficiency, reduction of environmental impact, and improved safety at the facilities during 2022:

In the field of nuclear power, work continues on integrating digital tools and processes that contribute to maintaining the high levels of safety, reliability and efficiency of the power plants in a clear commitment to digital transformation. In this regard, the **COATI** project was launched for the development of software to enable the implementation of specific loading plans for spent fuel elements, which caught the interest of potential users. In addition, 3D models are being used to simulate critical processes such as container loading, along with the use of augmented reality and virtual reality. Licensing for the new fuel also continues, and various tasks are being carried out in relation to its validation process and use at the Cofrentes nuclear power plant.

In the field of thermal generation, the company continues to develop the lines of work established and to expand on the digital transformation of the power plants to adapt them to the new operating scenarios with low pollutant emissions, and to the growing demands for efficiency, flexibility and speed of response. Within the framework of emissions reduction, the pioneering **REDEMIS** project was successfully completed and achieved exceptional results in reducing start-up times and CO2, NOx and CO emissions. Work was also completed on the **SIRO** project, which involved technological development based on artificial intelligence and other digital technologies, and aimed to develop and validate a robotic inspection system for generators. Progress also continued on the **FLAGSHIP** project, which aims to develop advanced simulation and optimisation tools for operating combined cycle power plants, creating digital twins of the facilities that allow actual simulations of off-design scenarios.

In the area of energy management, the aim is to bring greater flexibility to the electricity system. With this objective in mind, a **Virtual Power Plant (VPP)** was created to provide services as an aggregator of distributed energy resources — for both generation and consumption — that can be managed from our control system to then be managed in the electricity market. Work also continued on the **Flexener Project**, where new technologies are being researched in the areas of generation, storage and even demand for the integration of a 100% renewable, flexible and robust electricity system. **New voltage control strategies** for transmission grids are being developed to find a solution to the technical challenges of voltage control with renewable generation. The company also continues to participate in European projects such as **Posytyf**, which analyses from a theoretical approach the contribution of renewable technologies to providing services for balancing and controlling voltage through Virtual Power Plants. It also collaborates in the **BeFlexible** project, which aims to design an ecosystem that not only provides the technology and helps to increase participation in flexibility markets, but also facilitates appropriate coordination between all players involved in providing services to the distributor, with a special focus on the consumer. **Green hydrogen** is also being promoted and applications are being developed, for example in the **FEDECOM** project, to enable the smart integration of electrolysers into the system to help build and manage an increasingly complex renewable energy mix.

Retail - New projects and services

Innovation is essential in retail activities, in order to offer customers the products and services best suited to their needs, which rapidly evolve. Thus, in 2022 Iberdrola worked on:

New initiatives to improve customers' experience:

Work continued on new functionalities integrated into the Iberdrola Customer Apps. The alerts and personalised consumption notifications have therefore been updated, and tips have been included to help our customers save money and allow them to move towards more sustainable consumption patterns. All of this is done using data analytics and predictive models. At the level of self-consumption facilities, the entire process can be traced so that customers understand their situation at all times. In addition, integration with the Consumption Monitor has evolved to provide more real-time information. Lastly, there was the launch of the Solar Communities solution, which is a fully digital format from the moment it is contracted.

New products and functionalities:

- In relation to the distributed generation solution for self-consumption, known as **Smart Solar**, the Solar Cloud service was incorporated, where residential customers can use their surplus energy to reduce the bills of other points of supply owned by the same customer. In turn, this service allows energy surpluses to be carried over to other months where they can be offset against the bill for the residence. It also allows for incorporating a storage system. The first Smart Solar communities have also been enabled, through which neighbouring customers receive 100% renewable energy and savings on their bills. Iberdrola also created a Solar Communities website so that customers can contract this service online.
- With regard to **Smart Home**, the Advanced Smart Assistant was developed, which is a comprehensive energy management system based on AI that is capable of autonomously managing all Smart Solutions that customers have in their homes. This generates added value on each of the solutions, and savings on the customer's bill, both through the optimisation carried out by the assistant itself, and through personalised messages and recommendations that the user will receive.
- **Smart Mobility** most notably includes the boost given to the deployment of high-power stations in the public charging network that will facilitate intercity travel in electric vehicles, enabling vehicles to charge more than 200 km in 5 minutes. In addition, the launch of the global charging point management system, or EVA Platform, will provide technological support for the deployment of charging points that Iberdrola intends to undertake in the countries in which it operates. In the last year, the company led a project to develop the **first Mediterranean Corridor for heavy road transport that is 100% electric**. In the field of micro-mobility, the electrification of transport in urban areas also involves promoting Personal Mobility Vehicles (PMVs) such as bicycles, scooters or electric motorbikes. Iberdrola has also promoted the **Net-Zero MAR Alliance**, a non-profit collaborative platform that aims to "accelerate" the decarbonisation and electrification of the maritime sector in Spain. The company also collaborates on proposals with municipal councils and urban developers, proposing solutions that have an impact on citizens.
- **Smart Clima** is committed to the refurbishment and energy efficiency of buildings, providing solutions for energy savings and the decarbonisation of both single-family homes and buildings. The proposal consists of a final turnkey product that combines different solutions: efficient electrical air conditioning and heating with heat pumps, steps taken towards the thermal insulation of the house (façades, roofs, windows), energy supply and optimal maintenance of equipment. It is therefore able to provide customers with simplicity, quality and ways to cut costs.

- The aim of the **Industrial Decarbonisation** team is to completely electrify and decarbonise production processes in the industrial sector. The most important technologies to be able to carry out this electrification include heat pumps, electric boilers and thermal storage. This has led to the launch of projects like that of the AN Group, which consists of implementing an industrial heat pump at the Vicolozano factory. Iberdrola is also promoting the development and implementation of heating and cooling networks in Spain with the aim of decarbonising heating, cooling and hot water systems in cities using renewable energy sources.

Smart grids

In 2022 i-DE Smart Grids augmented the strategic **Global Smart Grids Innovation Hub** (GSGIH) project, a pioneering centre and global leader in smart grid innovation. The GSGIH closed the year with more than 90 partners, and a dynamic organisation based on multidisciplinary working groups in which an open, transparent and streamlined innovation model is developed with the industrial innovation ecosystem. The GSGIH ended the year with the launch of a new laboratory, the **Innovation Data Space** (IDS), to promote artificial intelligence and advanced data analytics. The centre hosted its first **Innovation Week**, a week dedicated to analysing the role of electricity grids in the energy transition, which brought together young talent, partnering companies, universities and institutions. The GSGIH also had a presence at ENLIT and in various media and social networks, communicating the importance of innovation in electricity grids to society.

In general, work is carried out in accordance with the **New Low Voltage Grid model**, enhancing the digitalisation of the grid with various projects such as installing the firmware of the new smart CN with high added value functionalities and providing the smart transmission centre with advanced sensors, which enables anomalies to be detected, and faults and incidents to be anticipated; as regard the active operation of the LV grid, the most notable projects include the **eLVIS** project, a low-voltage control system, the management of incidents through mobility applications, and the **Technical Supply Management** project, which provides new grid calculation and simulation capabilities.

At the European level, the **BeFlexible** project was launched, the main objective of which is to increase the participation of prosumers in order to increase the flexibility of the electricity system. Work continued on the **ONENET** project, which focuses on developing new customer-centric flexibility tools, with an open, streamlined architecture based on the concept of an interoperable network of platforms with coordinated operation. There was also the successful completion of the **COORDINET** project, which involved companies and institutions from ten countries to provide a favourable framework to facilitate the participation of all agents. Work continued on the **FLEXENER** project, the main objective of which is to research new simulation technologies and models in the areas of renewable generation, storage systems, flexible demand management and operation of the distribution network. In the **field of network integration**, work on the second phase of the Caravaca BESS project continued. There was completion of the **FLEXIPOWER** project, with the goal of achieving the integration of various battery energy storage systems (BESS) in operation, as an alternative to reinforce the weak areas of the grid with photovoltaic generation. Progress has also been made in the **DSO-DTR project**, with the completion of the first pilot programmes and the launch of a project to improve line sensor technology, which gives information on the actual capacity at any given time depending on meteorological variables and network operation.

In Spain, work continues on the **new smart substation**, through the development of a comprehensive substation control system in accordance with international standards, thus achieving a sustainable facility. In the field of cybersecurity, the **TrueValSec project** was completed in 2022 with the aim of designing the security mechanisms used at the different levels of communication in the electric metering infrastructure of Smart Cities. The **SEC2GRID project** was also approved to

develop new smart electronic devices for an electricity distribution grid that is more secure against cyber-attacks. Progress was made on the project for the **digital substation model** so as to improve efficiency through the automation of monitoring and remote operation. This project includes developing the cloud platform for managing and viewing the new sensors distributed throughout the grid through easily integrated IoT protocols. The scope of the new processes associated with the **STAR+ project** continue to be expanded, and LV incidents are detected and diagnosed without needing to receive a call from the customer, thus resolving the incident in less time through smart diagnostics.

In the United Kingdom, various projects in the digital and data management area should be noted, such as **Digi-GIFT**, which looks at developing an interoperable data exchange platform; **Predict4Resilience**, which aims to develop actionable forecasts of extreme weather events weeks in advance; and **TWINe**, which looks at deploying a digital twin of the entire network. In the field of heating, the **Flexible Heat** project will maximise the flexibility of domestic heating to reduce and smooth peak demand, and the **Heat Balance** project will assess different thermal storage solutions that can be part of heating networks. Projects are also being developed to electrify rail transport and transform railway stations into connected multi-energy centres.

In Brazil, grid innovation aims to transform the customer experience, providing efficient and personalised digital channels, contributing to the expansion of smart grids, and supplying electricity efficiently, sustainably and economically. Work is being carried out in areas such as security, improving the automation of grid maintenance, modernisation of information infrastructure, standardisation of processes, preservation of network assets, and increased reliability and control, etc. Noteworthy is the **GODEL project**, the aim of which is to identify and reduce technical and commercial losses, and the **Digital Connection** project, which focuses on transforming the customer experience through smart solutions such as the Remote Virtual Assistant (RVA).

In the United States, there is continue implementation of smart technologies like smart meters (AMI), automating substations and circuits, and implementing advanced distribution management systems (ADMS) and distributed energy resource management systems (DERMS). All this allows control of operations in real time and improves grid reliability.

Iberdrola Innovation Middle East, Iberdrola's technology hub in Qatar, is developing various initiatives such as developing devices for real-time thermal monitoring of the grid and predicting faults or analysing the grid's capacity to accommodate distributed energy resources. In addition, work is being carried out on designing an Adaptive, Smart Building Energy Management System, and the application of a cyber-secure transactional energy framework to design, operate and manage smart and connected communities.

Green Hydrogen

Iberdrola has made progress in consolidating the use of **Green Hydrogen** to decarbonise other sectors (industry, transportation, et.).

The IPCEI seal was obtained during the year for the construction of the next phases of the Puertollano I, Puertollano II, Palos de la Frontera I and Palos de la Frontera II hydrogen projects. The Puertollano I Project (20MW electrolyser) will generate 1,200 tonnes of green hydrogen to be incorporated within ammonia generation processes. In addition, with regard to the decarbonisation of mobility, the first phase of the new Barcelona hydrogen plant has begun commercial operation, making it possible to supply hydrogen to 24 TMB buses.

At the national level, two industrial research projects are being led: the **ATMOSPHERE** project, which aims to develop new technologies for storage, generation and safety in green hydrogen plants, and the **AVOGADRO** project, which aims to develop an advanced hydrogen refuelling system for mobility applications. At the international level, there was a decision to participate in the **FEDECOM** project, which will develop tools for optimising the Puertollano and TMB plants, in the **AMBHER** project, which will work on MOF storage systems and ammonia synthesis, and in the **HYLICAL** project, which will work on new hydrogen liquefaction technologies.

Lastly, construction began on the **1.25 MW green hydrogen plant for IFF in Benicarló**, where all grey hydrogen will be replaced by green hydrogen currently used in manufacturing perfumes.

Iberdrola Ventures - Perseo

Iberdrola Ventures - PERSEO is the start-up programme created by Iberdrola in 2008 with €200 million in funding in order to encourage the development of a dynamic ecosystem of start-ups and entrepreneurship in the energy sector. The programme focuses on new technologies and business models that allow for improvements to the sustainability of the energy model through greater electrification and decarbonisation of the economy.

Since its creation, the programme has channelled investments of more than **€125 million in start-ups in the energy sector worldwide**. Its base of more than 36 million consumers and more than 60 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 2022 include:

- **Pilot projects:** In 2022 there were more than 25 pilot projects with start-ups in technological areas like IoT, robotics and batteries, as well as in areas like network construction and maintenance, hybridisation of land use (agrovoltaics), electric mobility, and energy efficiency.
- **Challenges:** In 2022 Iberdrola brought 10 challenges to the start-up community in areas like renewable generation, onshore and offshore wind energy and photovoltaic energy; energy efficiency and decarbonisation in sectors like data centres, agriculture, and farming; and operation and maintenance of power grids and their protection against natural disasters.
- **Investment**: There was the launch of a new €300 million Venture Capital Fund, Seaya Andrómeda Sustainable Tech Fund I FCR, in partnership with other investors, to invest in European technological scale-ups related to sustainability, the energy transition, and the electrification of the economy.
- **“Venture Builder”**: Perseo continued the initiative launched in 2020 for investing in and creating (from scratch) electrification and the circular economy businesses — in areas such as the recycling of photovoltaic modules, wind-turbine blades and batteries — and in sectors resistant to decarbonisation, such as industrial heat production and heavy transport. The initiative has led to the organisation of the companies **C2Nature**, a platform to generate CO2 credits through the promotion of highest-quality projects, and **EnergyLoop**, a company created with FCC to lead the recycling of renewable facility parts, with the initial goal of recovering wind turbine blade parts.

Perseo also invested in **Basquevolt**, an initiative launched in 2022 to start a leading solid-state battery production line in Europe.

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

Our commitment to our customers

Supply quality

■ GRI EU 28 ■ SASB IF-EU-550a.2

Quality of service and its ongoing improvement is one of the fundamental goals of Iberdrola's activity. A quality-evaluation system and the implementation of rigorous internal and external processes enables the achievement of objectives linked to this ongoing improvement. Moreover, all the distribution companies have regulatory incentives or penalties linked to improvement in the quality of supply. By the end of 2022, the Group's Networks business improved its supply quality levels (compared to 2021) in all the countries in which it is present.

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

Indicators used to measure the frequency of interruptions in supply

Indicators of frequency of interruptions				
		2022	2021	2020
Spain [64]	NIEPI	< 0,9	< 0,9	1
United Kingdom	CI	32.4	37.3	36.6
United States	SAIFI	1.3	1.4	1.4
Brazil	FEC	4.6	5.1	5.1

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

[64] Quality data for Spain (NIEPI and TIEPI) include commercially sensitive information.

■ GRI EU 29 ■ SASB IF-EU-550a.2

The indicators and the average durations of electrical outages for 2022 are given below.

Indicators of average duration of interruptions

		2022	2021	2020
Spain [65]	TIEPI	< 38 min	< 39 min	48.30 min
United Kingdom	CML	26.2 min	33.9 min[66]	31.6 min
United States	CAIDI	1.8 h	1.9 h	1.8 h
	SAIDI	2.2 h	2.7 h	N/Av.
Brazil	DEC	10.0 h	10.2 h	11.2 h

- The Installed Capacity Equivalent Interrupt Time (*Tiempo de interrupción equivalente de la potencia instalada*) (TIEPI) is used in Spain. The regulatory TIEPI is reported.
- Customer minutes lost per connected customers (CML) is used in the United Kingdom.
- The Customer Average Interruption Duration Index (CAIDI) is used in the United States. The United States also has the System Average Interruption Duration Index (SAIDI).
- The Equivalent Duration of Interruption per Consumer Unit (*Duração equivalente de interrupção por unidade consumidora*) (DEC) is used in Brazil.

Customer satisfaction

■ GRI 2-29

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

In Spain, in the Electricity Production and Customers Business, there are various indicators for measuring users' satisfaction level, including the Detailed Satisfaction Study. Once a year, it measures overall satisfaction with the service received by the customer and offers detailed information about attributes such as agility, training, and handling of channels, clarity of the invoice, claims management, quality of supply, price competitiveness and electronic billing, whether for large customers, companies, small businesses or residential customers. In 2022, for the eighth consecutive year, overall satisfaction exceeded a score of 7 out of 10.

[65] Quality data for Spain (NIEPI and TIEPI) include commercially sensitive information.
[66] The value reported for 2021 does not exclude specific exceptional events (force majeure), as, at the closing date for this Report, the data had not been officially confirmed by the regulator.

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

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

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

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

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

At the external level, the key comparative studies measuring the satisfaction of ScottishPower's customers as compared to its competitors' customers are Uswitch, Which? (with annual surveys) and the UK-CSI study, which is published twice per year. These studies analyse specific areas, such as customer billing, campaign follow-up and complaints. ScottishPower received an overall customer-satisfaction rating of 60.7% in the Uswitch survey, improving in the categories of renewable services, energy efficiency, mobile apps and the installation of smart meters. In *Which?* it received a score of 55 out of 100. In UK-CSI, its satisfaction indicator was 66.5 out of 100.

The most significant internal analysis is *Pulse*, which is performed monthly and measures confidence, loyalty, ease of use, value, etc. Based on this analysis, measures are being implemented to improve the handling of customer complaints. Several thousand customers also participate in the TalkEnergy panel, which gathers information on important topics and prepares action plans.

In the regulated business, the scores reported in the Broad Measure of Customer Satisfaction (BMCS) study conducted by Ofgen (the British electricity market regulator) were used as an indicator to set the regulatory incentive. The index is calculated on the basis of a survey that covers all customers who requested customer service, and takes into consideration various aspects of the service that the customers received. The scores received by the distributors SP Manweb, SP Distribution and SP Transmission in 2022 were 9.18, 9.09 and 8.26 out of 10, respectively.

In the United States, the subsidiaries of AVANGRID measure perception of the service and customer satisfaction through telephone surveys. In 2022 the AVANGRID companies obtained an overall score of: RG&E 80.4%; NYSEG 84.7%; CMP 87%; UI 89%; CNG 88%; SCG 89%; and BGC 93%.

In Brazil, the Brazilian Association of Electric Power Distributors (Associação Brasileira de Distribuidores de Energia Elétrica - ABRADEE) carries out a satisfaction study known as the Perceived Service Quality Satisfaction Index (ISQP) based on an evaluation of performance in the following areas: operational excellence, economic/financial management, customer assessment, social responsibility and management quality. The ISQP is obtained through evaluations made by customers through the surveys administered by Instituto Innovare. Neoenergia received a score of 69.6% for overall satisfaction in 2022.

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

Complaints received		
Number of complaints per 100 customers		2022
Spain	Liberalised market	1.73
	Regulated market	1.37
United Kingdom	Liberalised market	6.10
	Regulated market	0.17
United States	Regulated market	0.03
Brazil	Regulated market	1.30
Other countries	Liberalised market	3.00

The total number of complaints received in the Networks Business (regulated market) in 2022 was 375,105, and 683,581 in the Electricity Production and Customers Business (deregulated market). Average response times were 7.3 and 8.2 days respectively.

In the Networks business, complaints are resolved by the deadline established in the legislation in each country. There are also control mechanisms, such as quality audits and the strict reporting requirements established by regulatory entities.

The complaints resolution rate in the Electricity Production and Customers Business in 2022 was 89.1% in Spain, 88.9% in the United Kingdom, and 86.7% in the rest of Europe.

Responsible communication

Marketing communications

■ GRI 417

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

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

GRI 417-3

Incidents of non-compliance concerning marketing, advertising, promotion and sponsorship (No.)			
	2022	2021	2020
Resulting in a fine	41	13	15
Resulting in a warning	0	0	0
Relating to voluntary codes	0	0	0
Total incidents	**41**	**13**	**15**

The 41 reported incidents took place in Spain, representing 0.01% of incoming claims, and were for the most part connected to administrative errors.

Information on and labelling of electricity sold

GRI 417-1

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

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

The table below shows the information and labelling incidents that took place in 2022.

GRI 417-2

Information and labelling incidents (no.)			
	2022	2021	2020
Resulting in a fine	1	3	0
Resulting in a warning	0	0	0
Relating to voluntary codes	0	0	0
Total violations	**1**	**3**	**0**

Health and safety of customers and of the general population

GRI 416

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

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

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

GRI 416-1

All processes required for the supply of electricity and gas at all stages as described above ensure that these products arrive at the consumer with an appropriate level of assurance for their health and safety. The impact on health and safety of 100% of the significant product and service categories is assessed to improve them.

The following table lists incidents in terms of impacts of products and services on the health and safety of customers. There were 68 incidents leading to fines in 2022, all in the United States, due primarily to alleged violations of federal safety regulations for facilities. A non-monetary penalty was also imposed.

GRI 416-2

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

	2022	2021	2020
Resulting in a fine	67	42	0
Resulting in a warning	1	6	0
Relating to voluntary codes	0	0	0
Total incidents	**68**	**48**	**0**

GRI EU25

Furthermore, as described above, the construction, operation and maintenance of electric infrastructure involves certain risks, which may at times give rise to incidents affecting people outside of the company. In most of the cases detected, the incidents are related to third parties working without safety measures in the areas around the distribution facilities, as well as accidental contacts with the network.

The following table shows the accidents of this kind that occurred during 2022. Nine of these accidents (including one death) occurred in the United Kingdom; five in Spain (including three deaths); 13 in the United States (one death); and 112 (including 31 deaths) in Brazil. Year after year, significant work has continued in the areas of awareness-raising and training for the general public in order to reduce these numbers as much as possible.

Accidents involving persons not belonging to the company (No.)			
	2022	2021[67]	2020
Accident victims	139	190	124
Fatalities	36	48	39

The claims listed in the following table have been filed against companies of the group on these or other similar grounds not involving injuries and have given rise to legal proceedings in the respective jurisdictions. At year-end 2022, 26 legal proceedings had been resolved or were pending in Spain, 56 in the United States and 80 in Brazil.

Annual legal proceedings (No.)			
	2022	2021	2020
Resolved and pending, stemming from these accidents	162	234	212

Electromagnetic fields

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

In 2022 one complaint connected to electromagnetic fields (EMF) was received in Spain. It should be pointed out that electromagnetic field levels of facilities in Spain, be they transformation centres, lines, or power substations, are far below legal limits, which in turn were set, with an extremely wide safety margin, by the *Recommendation of the Council of European Communities of 12 July 1999 (1999/519/CE)*, which was transposed in Spain by *RD 1066/01 of 28 September*, and was also ratified in Spain by the Ministry of Health and Consumption and by the Royal Academy of Exact, Physical, and Natural Science.

The values of the electric and magnetic fields generated by facilities are measured on a regular basis by means of two reports, which are audited by AENOR.

[67] The 2021 figures increased over the prior year as a result of the easing of restrictions on mobility relating to the pandemic.

Education on the safe use of electricity

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

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

Depending on the location and its level of exposure to adverse weather conditions or other external contingencies, Iberdrola also provides information and recommendations on actions to take in the event of an emergency.

Competition

■ GRI 206

As provided in the *Code of Ethics*, the group undertakes to compete fairly in the market and not to engage in advertising that is misleading or denigrates its competitors or third parties.

The group also undertakes to obtain information from third parties in accordance with regulations, to promote free competition for the benefit of consumers and users and to encourage transparency and free market practices, as set out in the group's *General Sustainable Development Policy.*

At the country level, each of the country subholding companies endeavours to ensure strict compliance with legal provisions on separation of activities and, in many jurisdictions, the applicable internal regulation goes beyond what is required by law, significantly reinforcing measures to prevent any unfair competitive practices stemming from the lack of separation between liberalised and regulated businesses.

The liberalised head of business companies also have specific controls to avoid any type of anti-competitive practices, particularly in areas like advertising campaigns directed towards individuals and price manipulation.

Pending cases

■ GRI 206-1

No case was recorded in 2022.

Cybersecurity and information privacy

Companies in the energy sector rely on a technological infrastructure, both physical and digital, to support their processes and operations. Growing reliance on technology, highlighted by the COVID-19 pandemic, can expose businesses to a range of risks, which, if exploited, could disrupt operations, harm assets, put people's safety at risk, undermine the organisation's ability to deliver reliable energy services, or expose the company to penalties or third-party liability.

As a leader in innovation and smart grids, Iberdrola attaches strategic importance to cyber-resilience, and in 2015, the Board of Directors approved a *Cybersecurity Risk Policy*, pledging to introduce the necessary measures for promoting a robust cybersecurity culture throughout the Group by encouraging the secure use of cyber-assets, and strengthening the capacity to detect, prevent, defend against, and respond to cyberattacks or cybersecurity threats.

Its scope of application includes not only information and communications systems and technologies, but also the protection of industrial control systems and smart grids, whether operated by its own personnel or supported by third-party operations and services.

The Policy builds on a set of cybersecurity rules underpinned by the Global Cybersecurity Framework which, in turn, is further developed by the Global Incident Response Framework and the Global Assurance Framework and other cybersecurity regulations focused on the different aspects of cybersecurity threat.

To lead the deployment of the Policy throughout the Group, Iberdrola has appointed a Chief Information Security Officer (CISO), who reports to senior management. The CISO is responsible for defining, leading and supervising the cybersecurity strategy throughout the Group, as are the CISOs of the various country subholding companies to ensure the implementation of the Policy in each country, taking into account the regulations and legislation applicable in their territory. The global CISO and the CISOs of each country subholding company regularly report to the audit and risk supervision committees of their respective boards of directors, which are tasked with supervising this risk.

The Iberdrola group's defined cybersecurity risk strategy and global framework are focused on integrating cybersecurity in all strategic and operational decisions of the company and on taking it into account beginning with the design of new projects and processes, and is supported by the following pillars:

Governance: Iberdrola adopts a risk management approach to cybersecurity and uses the three lines of defence model to assign functions and responsibilities in managing cybersecurity risks, ensuring a coordinated approach and appropriate segregation of duties.

The *Corporate Cybersecurity Risk Policy* assigns responsibility for cybersecurity risk management to the businesses and corporate areas (first line of defence) and entrusts the CISO of Corporate Cybersecurity (second line of defence) with establishing the necessary governance, coordination and supervisory mechanisms to ensure adequate treatment of cybersecurity risks throughout the Group, taking into account the high interconnectivity of the networks and systems.

In this regard, Business Information Security Officers (BISOs) have been appointed in IT and in each business, and are responsible for establishing and rolling out the necessary action plans in their respective areas of competence. A Global Cybersecurity Committee has been established to ensure proper coordination and alignment.

Cybersecurity culture: Iberdrola believes it is essential to promote a strong cybersecurity culture throughout the group, ensuring that all employees at all levels of the organisation have the training and knowledge necessary to minimise exposure to cybersecurity risks, including an understanding of risks and internal regulations and access to tools that allow for proper protection. The cybersecurity training programme covers the entire workforce, and includes annual training initiatives, simulated phishing campaigns and ad-hoc training for technical groups or those exposed to specific risks. The Board of Directors also receives specific cybersecurity training, which is also included in the orientation programme for new directors.

Risk management: The company's various businesses and divisions define, implement and prioritise the necessary technical or organisational measures based on an analysis of cybersecurity risks in their respective areas of responsibility, focusing on systems that support critical infrastructure and essential services, personal data and other sensitive information, as well as other business-critical processes. To this end, there is a global risk methodology and a global framework of capabilities, supported by a governance, risk and compliance (GRC) system, which includes measures for controlling identities and access, the protection of communications, equipment and systems and the secure design and development of new projects, as well as the management of supply chain related cybersecurity threats. All of this is set out in multi-year cybersecurity master plans, specific to each Business and to IT, which are approved and supervised by the Cybersecurity Committee, and whose effectiveness is monitored through a global cybersecurity dashboard. Proactive threat and vulnerability scanning programmes are also in place, including mechanisms such as scheduled and regular vulnerability scanning activities, ad-hoc security reviews (penetration tests, Red Teams, etc.), system audits in the context of auditing financial statements, critical infrastructure or the *General Data Protection Regulatio*n, and the review of cybersecurity ratings through specialised market services, allowing potential risks to be anticipated. The cybersecurity measures extend to the protecting our customers, suppliers and other Stakeholders against possible risks of social engineering attacks that impersonate our brand.

Resilience: With a view to minimising the impact on the business and on the continuity of essential services, Iberdrola has implemented technology (SIEMs/SOCs) and global and local cybersecurity incident response teams (CSIRTs), which operate 24x7 and act as a point of contact to ensure the successful detection and management of security threats, vulnerabilities and incidents. Iberdrola's global CSIRT is a member of the Forum of Incident Response and Security Teams (FIRST). Furthermore, operational continuity and recovery procedures for cybersecurity incidents are planned, deployed and tested in the different technological areas (IT/OT). The necessary coordination mechanisms at the global level are outlined in the *Global Cybersecurity Incident Response and Crisis Management Framework*, which is regularly tested by organising and participating in cyber exercises and crisis simulations. As a complementary measure, the Iberdrola Group has a global cyber-insurance programme to mitigate the financial risks of a possible incident or security breach.

Assurance: As a listed company and operator of an essential service, the Iberdrola Group is subject to strict security regulations in the various countries in which it operates (GDPR, SOX, NIS, PIC, NERC, etc.) and undergoes regular external audits, which include the evaluation of cybersecurity controls on critical systems and assets covered by those regulations. Beside complying with externally imposed obligations, Iberdrola has deployed an enhanced assurance programme for critical systems and assets that support essential operational processes of its businesses at the global level, aimed at identifying potential vulnerabilities and prioritising and focusing protection and supervision measures in the area of cybersecurity.

Partnerships: Iberdrola actively partners with law enforcement agencies, government agencies, product and service providers, other companies and industry expert groups to continuously reinforce and improve its own cybersecurity capabilities and help improve the cyber resilience of the energy ecosystem as a whole. Iberdrola has co-chaired the World Economic Forum's working group on Cyber Resilience in the Electricity Industry since it was established in May 2018.

■ GRI 418

With regard to information privacy, Iberdrola pays special attention to ensuring the privacy of the personal information of the group's Stakeholders. For this purpose, the company follows a *Personal Data Protection Policy* approved by the Board of Directors and conforming to the European Global Data Protection Regulation (GDPR). Its purpose is to ensure the right to the protection of data of all individuals dealing with companies belonging to the group, ensuring respect for the right to dignity and privacy in processing of the personal data, and particularly to establish the common principles and guidelines to govern the group regarding the protection of data, ensuring compliance with applicable law on this topic in all countries in which the group is present.

Iberdrola has chosen to handle privacy with a holistic focus, the goal of which is to integrate privacy and data protection within the management system and the culture of the company. Responsibility for the protection of personal data lies with the businesses and corporate functions, organisations that process this data, under the coordination and supervision of the Data Protection Officer, with the support of the Legal Services.

During financial years 2018 and 2019 the Iberdrola group developed and implemented a data protection management system in order to ensure systematic compliance over time with the GDPR, the Binding Corporate Rules and the personal data protection laws of each of the EU countries in which the group is present.[68]

This management system has been reviewed within the framework of continuous improvement, through the development of an external evaluation plan. This 3-year plan began in the last quarter of 2019 and ended in December 2021, encompassing all European Union countries in which the retail business is present, as well as the United Kingdom, the United States and Mexico. The second cycle of external evaluation began in the first quarter of 2022 and will end in 2024, consolidating the model and its gradual expansion to new geographical areas. 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. *Recommendations 01/2020* on measures that supplement transfer tools and *Recommendations 02/2020* on essential guarantees issued by the European Data Protection Board in mid-2021 have been taken into consideration in adapting the procedures and methodologies on international data transfers, including the new standard contractual clauses, and in developing the methodology for the impact assessment of international data transfers.

[68] Resolution of the Director of the Spanish Data Protection Agency dated 15 December 2020. Available at www.Iberdrola.com

In addition, as regards international transfers between group companies, on 15 December 2020 the Spanish Data Protection Agency issued a decision approving the *Binding Corporate Rules of the Iberdrola group*, one of the mechanisms established in the GDPR to carry out 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.

■ GRI 418-1 ■ SASB IF-EU-550a.1

Incidents relating to privacy (No.)			
	2022	2021	2020
From regulatory entities	124	115	100
From other sources, substantiated	3	17	54
Total substantiated complaints	**127**	**132**	**154**

Of the complaints received from regulatory bodies, 49 occurred in Spain, 67 in the United Kingdom, seven in Portugal and one in Italy. Of those having another origin, there were two in Spain and one in the United States.

In 2022, there were 10 cases of information leak or loss, with no sensitive data involved, five of which took place in Spain, and one in each of the following countries: Germany, France, Ireland, Italy, and Portugal.

III.5. Promotion of socially responsible practices in the supply chain

- Description of the supply chain
- Sustainable management of the supply chain

Description of the supply chain

GRI 2-6

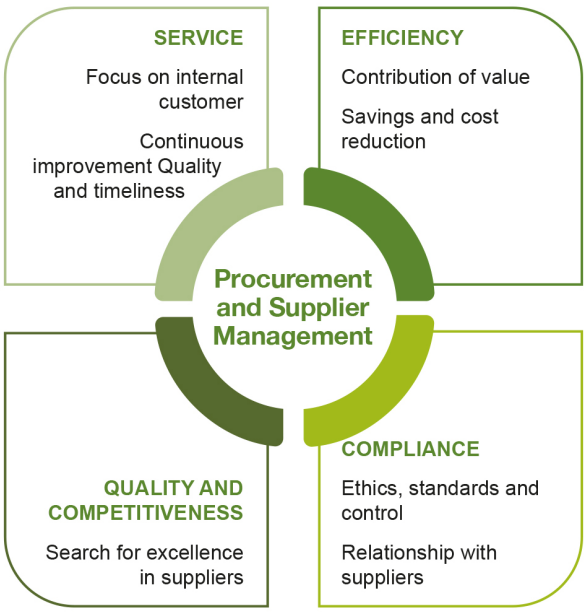
The Iberdrola group's supply chain is managed through two different processes:

- The procurement of material and equipment and the contracting of works and services, which is the responsibility of the Group's Purchasing and Services Division.
- The procurement of fuel, which is handled by the Wholesale and Retail Business.

Both processes are guided by the same principles embodied in the *Corporate policies* and the *Code of Ethics*. However, each of them has specific characteristics in their various phases: registration and classification of suppliers, bidding process, execution of contracts, monitoring of contractual terms, and quality control.

Procurement of material and equipment and contracting of works and services

The mission of the group's Purchasing and Services 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 *Governance and Sustainability System*:



The purchasing process is periodically audited both internally and by external entities, with no non-conformities having been identified during the financial year. Recommendations and opportunities for improvement that arise during these reviews are analysed and put into place in order to maintain continuous improvement in the processes.

Iberdrola placed orders with more than 19,000 suppliers during 2022. A breakdown of the economic and geographic volume is set out in the following table:

General supply of equipment, materials, works and services (millions of euros)			
	2022[69]	2021	2020
Spain	2,711	2,405	2,070
United Kingdom	1,334	1,225	1,484
United States	3,360	3,031	2,790
Brazil	2,143	1,400	1,283
Mexico	439	395	507
IEI	1,546	967	360
Total	**11,533**	**9,424**	**8,494**

In 2022, the volume of purchases grew by 22% to €11,533 million as a result of the increase in volumes invoiced by suppliers related to offshore wind projects in Europe and the United States, onshore wind in Spain, the United States and Australia, and investments in electricity distribution networks in Spain, the United States, the United Kingdom and Brazil.

Procurement of fuel

Iberdrola dedicated more than €6,233 million to the procurement of natural gas and uranium in 2022. Uranium is procured in Spain and only through Empresa Nacional del Uranio (Enusa). Natural gas is procured on the domestic and international market, mainly through long-term commercial relationships with approximately 27 large suppliers and wholesale market operators. These purchases are for the production of electricity (mainly in Mexico and Spain).

Procurement of fuel (millions of euros)			
	2022	2021	2020
Coal	0	0	0
Natural Gas	6,140	4,639	2,204
Uranium	93	55	55
Total	**6,233**	**4,694**	**2,259**

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:

[69] Volume billed during the financial year. Amount awarded in 2022: €17,796.2 million.

GRI 204-1

Procurement or contracting of materials, equipment, works and services from local suppliers (%)[70]			
	2022	2021	2020
Spain	83.8	83.8	81.7
United Kingdom	81.3	89.3	90.8
United States	93.7	96.4	97.0
Brazil	99.6	99.3	99.6
Mexico	59.9	71.2	62.7
IEI	73.9	60.2	64.7
Total	**87.1**	**87.9**	**89.0**

Sustainable management of the supply chain

GRI 2-6 204

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 promote excellence in their management of sustainability.

Highest level commitment to the sustainability of our supply chain

Iberdrola's commitment to Environmental, Social and Governance (ESG) standards and their expansion to cover its main suppliers is embodied in the ambitious goal of ensuring that at least 70% of the group's main suppliers are subject to sustainable development policies and standards by year-end 2022.

The significance of this goal is reflected by its inclusion in the 2020-2022 Strategic Bonus objective approved by General Shareholders' Meeting in 2020.

Specifically, the objective measures the number of key suppliers covered by sustainable development policies and standards, such as having a human rights strategy, a code of conduct for their suppliers, health and safety standards (SDG 3) and a global environmental sustainability strategy, including strategies on water (SDG 6), energy (SDG 7) and biodiversity (SDGs 14 and 15).

The objective is based on a specific model of evaluation for the supply chain and has been integrated into the systems implemented by the Purchasing Department, both in the supplier classification system and in the purchasing management system itself, with supplier sustainability included in the decision-making process on proposals for awarding contracts.

[70] Suppliers registered in the same country as the Iberdrola subsidiary for which it does business are considered to be local based on the Tax ID assigned to the supplier.

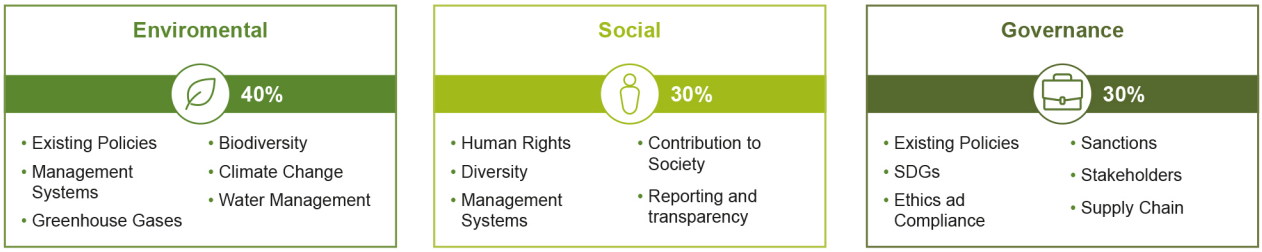
Supplier sustainability evaluation model:

In 2022 the Purchasing Division consolidated the use of the *Global Supplier Sustainability Evaluation Model*, which is conformed to the international reality of the Iberdrola group and organised around three core ESG pillars of sustainability.

The evaluation of a supplier measures the supplier's performance in highly significant attributes: identification of objectives linked to the Sustainable Development Goals (SDGs), management of climate change risk, circular economy strategy, human rights due diligence, compliance, good governance and business ethics, etc.

The supplier must provide supporting evidence and documentation for its statements and performance.

The following information is assessed as part of the three dimensions analysed:



After the analysis, the suppliers are rated at two levels: "adequate" if their score exceeds 51 of 100 points (and at least 30% of the points on each of the ESG pillars), and "inadequate" otherwise.

At year-end 2022, more than 77% of the group's main suppliers awarded contracts in the 2020-2022 period already met the established criteria and followed sustainable development policies and standards.

Furthermore, in 2022, €17,112 million have been allocated to suppliers evaluated on the basis of this ESG model. This amount represents 96% of the total amount awarded to the different suppliers making up the Iberdrola group's supply chain. Of this amount, €16,287 million (91.5% of the total) was awarded to suppliers surpassing the above mentioned level of sustainability.

It should be noted that in 2022, the objectives relating to the increase in purchases from key suppliers evaluated as "adequate" were met and that improvement plans were introduced and monitored for those suppliers that did not achieve the minimum scores established by Iberdrola when they were awarded the contracts from the beginning of 2020 to the end of 2022. Therefore, improvement plans were sent to 912 suppliers of the group during this period and the result of this initiative has been that 57% of them have improved their level of sustainability to the level of "adequate".

Not only is the supplier motivated by this model to improve its profile by taking actions that promote excellence in business management, but the Purchasing Division team is also incentivised through quantifiable objectives to choose those companies showing good performance in sustainability or making a commitment to improve.

Factors evaluated for supplier classification

Iberdrola verifies that its suppliers' actions are in line with the policies, principles and responsibilities of the group.

The requirements for classifying suppliers are:

Fuel purchasing is also subject to the general principles of Iberdrola's sustainable development policies, which are intended to encourage suppliers to engage in activities that are socially responsible, respectful of the environment and preventive of occupational risks.

Iberdrola carries out an internal evaluation of its main fuel suppliers in accordance with economic, logistical, environmental and social standards. The aspects evaluated include: the existence of an environmental policy, information regarding 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).

In 2022 no communication was received through the company's ethical mailboxes resulting in the cancellation of any contract or order for reasons related to human rights, corruption, labour practices or environmental practices.

Supplier environmental assessment

GRI 308

Alignment in Purchasing and in supplier management with respect to the environment and sustainability

ALIGNMENT IN PURCHASING AND IN SUPPLIER MANAGEMENT WITH RESPECT TO THE ENVIRONMENT AND SUSTAINABILITY

Internal Procurement Mechanisms		External Supplier Mechanisms	
Pruchasing Policy	Sets out principles on the environment that suppliers must follow and sustainable and responsible management in the Iberdrola group's supply chain	*Code of Ethics*	Includes environmental principles. Must be accpeted by the Group's suppliers and is attached to orders and contracts
Supplier Registration and Classification	Environmental certification weighted in the overall assessment of the supplier. Must accept Iberdrola's Environmental Policy	specific T&Cs	Environmental clauses that suppliers must comply with during the term of the contract
Bid Process	Te environmental assessent of the supplier is included during the ITEO (offer evaluation) phase and in the PA (proposed award) for purposes of the contract	Stimulus Campaigns	As a business driver, we proactively promote the environmental certification of the suppliers, supporting them in the search for excellence and generating a muliplier effect
Annual Improvement Goals	Innovative aspect: annual improvement goals directly relating to imporvement in sustainability of supplier established for the Purchasing team and linked to variable remuneration	Carbon Footprint Measurement	Regular supplier greenhouse gas measurement campaign
Global Environmental System	The Procurement Division is part of Iberdrola's Global Environmental System Committee: monitoring of environmental guidelines, established goals and related indicators. Audits.	Sustainability Evaluation Model	Specific section to evaluate the supplier's performance in terms of compliance and respect for human rights.
Reporting	*Contribution to Sustainability infographic and Annual Procurement and Supplier Management Report* published on the corporate website	Supplier of the Year Award	Enviromental category: this promotes the environmental responsibility of suppliers and publicly recognises those who stand out in this area

GRI 308-1

At the end of 2022, the volume billed to the Iberdrola group by suppliers with a documented or certified environmental management system represented around 72.2% of the total volume billed (general suppliers).

Fuel purchasing is subject to the general principles of Iberdrola's social responsibility policies, which require that suppliers be encouraged to engage in conduct that is socially responsible, respectful of the environment and preventive of occupational risks. Fuel suppliers with a certified environmental management system represented 73.91% of those evaluated.

All major suppliers of general goods and equipment (both new and existing) and fuel are assessed in accordance with environmental and sustainability criteria.

GRI 308-2

No supplier with a significant negative environmental impact has been detected. Furthermore, Iberdrola does not have major suppliers located in areas with water stress.

Supplier social assessment

■ GRI 414 414-1 414-2 407-1 408-1 409-1

The contracting terms of the group for purchasing equipment, material, works and services, include specific supplier corporate social responsibility clauses based on the UN Universal Declaration of Human Rights, the conventions of the International Labour Organization, the principles of the Global Compact, and compliance with the *Code of Ethics*. For fuels, the company aims to include these clauses as new contracts are signed.

During the term of the contract, the supplier must allow Iberdrola to review the level of compliance with the principles established in the contracts, and if non-compliance is detected and corrective plans are not adopted, the company reserves the right to cancel the contracts.

All major suppliers of general goods and equipment and of fuel are assessed under this management approach and considering their material risks in relation to human rights and negative social impacts. These risks are mitigated and managed through the quality processes in place and the regular audits carried out by each business unit. This strategy has been reinforced in 2022 with a global campaign of social audits of key general goods suppliers to ensure compliance with the group's ESG criteria and to validate the supplier assessment model. By year-end 2022 a total of 42 social and sustainability audits had been carried out on the Group's main suppliers at the global level.

Based on the Iberdrola group's risk map for 2022 drawn up by BHR (a specialised consulting firm), and taking into account the suppliers of goods and services from countries identified in 2022 as being at high risk of human rights violations, the following risks may emerge:

- in connection with the risk to freedom of association and collective bargaining, in 1.5% of the volume of purchases made in 2022,
- in connection with child labour, in 0% of the total volume of purchases made in 2022, and
- in connection with forced labour, in 1.5% of the total volume of purchases made.

With regard to fuel supplies, no purchases were made in countries where there is a risk of violation of the rights to freedom of association and collective bargaining, child labour and forced labour.

There was no identification in 2022 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.

However, in Brazil a labour complaint was filed by a former employee of the supplier EPS RR Construtora, against this company and Neoenergia Elektro for secondary liability as the contractor. Among other issues, the former employee claimed that he had suffered degrading conditions in the housing where he stayed for 2 months, considering that this housing/home did not have the necessary infrastructure. The contract with the supplier was terminated and the proceedings are being monitored.

No suppliers with a material negative social impact have been detected, and no incidents were reported through the channels established for this purpose that resulted in the cancellation of orders or of contracts with the group's suppliers due to negative social impacts.

In 2021 a potential risk associated with complaints of forced labour was identified in the Xinjiang region of China linked to polysilicon producers supplying polysilicon to solar module manufacturers. Although this risk does not directly affect the group's direct suppliers, it does affect the value chain for photovoltaic technology. Since then Iberdrola has promoted scrupulous compliance with the Iberdrola group's *Suppliers' Code of Ethics* among all suppliers potentially exposed to this risk. To this end, Iberdrola has successfully required the inclusion of specific clauses to mitigate the risks of forced labour or modern slavery for all affected suppliers with which it has signed supply contracts. In addition, the necessary clauses have also been included in contracts for the supply of PV panels to give the company the right to perform social and sustainability audits, both for module manufacturers and third party companies in their supply chains, to ensure the quality and traceability of the components. The Iberdrola group also actively participates, along with the manufacturers themselves, in the main industry-led initiatives, such as Solar Power Europe and WindEurope, with the aim of establishing common standards and tools that allow objective evidence to be obtained that human rights have been respected throughout the process of manufacturing the equipment used in these projects.

Evaluation of supplier risks

Iberdrola ensures the evaluation of supplier risk during the procurement process, as set forth in the *Purchasing Policy.* In particular, the following risks are identified: Credit risk, fraud risk, cybersecurity risk, sustainability risk, operational risk, risks related to human resources and tax risk.

Review of the provision of general supplies in countries presenting a risk of corruption

In order to analyse the risk of corruption in procurement, the company uses the *Transparency International Corruption Perceptions Index 2021 (TI CPI 2021)*[71] 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[72]	% of 2022 general supply purchases in countries on the CPI Index 2021
Purchasing in countries classified as low-risk	74.7
Purchasing in countries classified as medium-risk	2.1
Purchasing in countries classified as high-risk	23.2

Brazil and Mexico are the main countries classified by the aforementioned TI CPI 2021 as having a high risk of corruption and in which there have been purchases from registered suppliers. The purchasing volume is directly related to Iberdrola's presence and investment efforts in these countries, and is consistent with its practice of promoting the local industrial fabric.

Iberdrola has not made any significant purchase of general supplies from suppliers located in tax havens.

[71] Latest available at the date of preparation of this report.
[72] 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).

Review of the provision of fuel supplies in countries presenting a risk of corruption

An analysis of the purchases of fuel shows the following ratios in 2022:

Corruption risk[73]	% provisions of fuel in 2022 in countries included in the CPI 2021 index
Provisions of fuel in countries classified as low-risk	58.9
Provisions of fuel in countries classified as medium-risk	1.0
Provisions of fuel in countries classified as high-risk	40.1

According to the aforementioned TI CPI 2021, Mexico and Brazil are the main countries with a high risk of corruption in which fuel has been purchased from registered suppliers. However, the company believes that the calculation should exclude these two countries because these purchases are made in strongly regulated environments that require contracting with state-owned companies. Excluding both countries from the calculation, the percentage of fuel purchasing in at high-risk countries would decrease to 0%.

[73] 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).

III.6. Contribution to the well-being of our communities

- Access to energy
- Support to local communities
- Fiscal responsibility
- Contributions to society
- Foundations
- Iberdrola and the Global Compact

Access to energy

The *Sustainable Development Policy* approved by the company's Board of Directors embraces the promotion of universal access to the power supply, with environmentally sustainable, economically assumable and socially inclusive models, as a basic principle of conduct in the creation of sustainable value. In addition, it attends to customers who are economically disadvantaged or in any other situation of vulnerability, establishing specific procedures of protection and collaborating in providing ongoing access to electric power and gas supply according to the policies established by the competent government authorities in each case.

Access to energy for off-grid customers

The companies of the Neoenergia group have continued to develop rural electrification programmes, undertaken jointly with government authorities, as an instrument for the social inclusion and development of rural homes not served by electric utilities. In 2022, the funds allocated to these programmes totalled €88 million (478 million Brazilian reais) in consolidated terms for the group.

Globally, Iberdrola has launched the Electricity for All Programme in response to the call of the international community to ensure universal access to affordable, reliable and modern energy services. Iberdrola has set the ambitious goal of providing electricity to 16 million persons who currently lack it by 2030.

For more information, see the "Electricity for All" *Programme* section of the corporate website.

Access for vulnerable customers

■ SASB IF-EU-240a.4.

The companies of the group have procedures to protect customers at risk of exclusion or in vulnerable situations so as to facilitate access for the most disadvantaged groups: Iberdrola's measures in this regard include a lengthening of collection periods and making payment terms more flexible, so as to prevent the suspension of electric and/or gas supply due to non-payment of bills by users who are economically disadvantaged or who have been declared vulnerable due to reasons of age, health, disability or other reasons. In some countries such as Spain (with a subsidised electricity rate, called the *Bono Social de Electricidad*) and Brazil, there is a special, differentiated rate for low-income customers, offering them advantageous prices and special terms.

Initiatives to improve the access of vulnerable customers and communities to electricity

Country	Initiative
Spain	Subsidised Rate (Bono Social), agreements with the regional governments to avoid the suspension of service for vulnerable customers.
United Kingdom	Warm Home Discount
United States	Energy Assistance Programs
Brazil	Subsidised Electricity Rate (Tarifa Social de Energia Elétrica)
Italy	Subsidised Rate (*Bonus sociali*)

Information regarding disconnections and subsequent reconnections in accordance with the Electric Utilities Sector Supplement of the Global Reporting Initiative (GRI) is shown in the following table:

■ GRI EU27 ■ SASB IF-EU-240a.3

Residential disconnections (no.)[74]	2022	2021	2020
Paid up to 48 h after disconnection	1,121,446	958,886	779,851
Paid between 48 h and one week after disconnection	150,132	155,758	120,257
Paid between one week and one month after disconnection	210,530	212,944	164,689
Paid between one month and one year	175,311	199,878	131,316
Paid after more than one year	44	15	91
Outstanding and unclassified [75]	0	5,958	17,267
Iberdrola total	**1,657,463**	**1,533,439**	**1,213,471**

Residential reconnections following payment of unpaid bills (No.)	2022	2021	2020
Less than 24 h after payment	1,415,594	1,213,785	996,700
Between 24 h and one week after payment	185,838	184,014	111,383
More than one week after payment	80,103	89,025	97,078
Unclassified61	0	5,582	14,020
Iberdrola total	**1,681,535**	**1,492,406**	**1,219,181**

Support to local communities

Development programmes for local communities

■ GRI 413

Iberdrola engages in various activities to avoid, mitigate and offset the potential socio-economic impacts of its facilities. These are identified in the context of impact assessments and consultation processes with the affected communities, and are discussed with the various stakeholders and local authorities.

The activities cover different areas, such as the protection of biodiversity and the recovery of spaces; use of the ecosytemic services generated at the plants; improved communication, water supply, and waste management infrastructure; the implementation of public lighting systems; the creation of direct and indirect jobs; scholarships, training courses for professionals; activities to support entrepreneurs, etc.

[74] In 2020, as a result of the COVID-19 pandemic, service shutdowns for non-payment were suspended before gradually resuming in 2021 and 2022.
[75] Data were reclassified in 2022 to adjust the report to the indicator.

Moreover, there are supplementary sponsorship and patronage activities to improve the well-being of the communities in which we have a presence.

Given the size and significance of these local social and economic development programmes, they are carried out by various organisations, subsidiaries, and institutions within the group, on a supplementary basis:

- By subsidiaries or investees, within their respective purviews.
- By the group's foundations in the case of sponsorship and patronage activities (Fundación Iberdrola España, ScottishPower Foundation in the United Kingdom, AVANGRID Foundation in the United States, Instituto Neoenergia in Brazil, and Fundación Iberdrola México). More information can be found in the "Foundations" section of this chapter.

Social impact assessments

■ GRI 413-1 413-2

Environmental Impact Assessment studies prior to the construction of facilities include a Social Impact Assessment in accordance with current law in each of the countries, and must be approved by the competent public authorities. In countries with indigenous communities, a Social Impact Study specific to these communities is always included.

These evaluations include an analysis of potential impacts on human rights, such as the right to a safe, clean, healthy and sustainable environment, through an evaluation of the natural environment. In this evaluation, the environmental impacts of such factors as emissions, leaks, waste, fires, effects on local biodiversity, changes in land use, changes in the aesthetics and quality of the landscape, restricted access to water and forest resources, etc. are assessed. Regarding the fundamental right to enjoy a social order or an adequate standard of living, the analysis includes an evaluation of the social and economic environment, considering demographic aspects such as population changes in nearby municipalities; their historical and cultural heritage; increased demand for jobs in certain sectors; and the deterioration or development of basic infrastructure elements, such as roads or railroad networks, etc.

Applicable law ensures consultation with and the participation of both the interested parties and the government administrations during the performance of these impact studies. Moreover, the project documentation is subject to public review for a period of time that varies according to applicable law in each country.

In addition to these legal requirements, Iberdrola has implemented the Stakeholders Relations Model as well as a specific Recommendations Guide for Conducting Public Consultations. All these mechanisms contribute to ensuring that the viewpoints of the Stakeholders consulted will be taken into account in defining the future project.

Finally, impact studies specify the preventive and corrective or compensatory measures required to mitigate the issues identified.

Almost 100% of the company's main locations of operation are thus subject to these types of activities, focused on meeting the needs of its Stakeholders, especially in local communities.

Consultation processes with local communities

In order to better manage and mitigate the impact on the communities in which the group has a presence, Iberdrola has a Guide for the implementation of good practices in relations with local communities, which ensures that public consultation processes are in line with UNGP recommendations.

To implement this guide, areas have a digital tool that facilitates the management and documentation of consultations with communities. Both tools promote better management of the process, thus making it possible to efficiently monitor the steps set forth in the action, mitigation and remediation plans with respect to any impact in the vicinity of the facilities.

Energy planning (energy sources, technology and long-term needs) is carried out by governmental authorities; this is the institutional area in which the various Stakeholders can participate in accordance with the mechanisms established in each country. Once the most appropriate infrastructure is selected, the viewpoints of the affected communities are taken into account through consultation processes, which vary depending on the country and the type of facility.

In addition, during the planning development phase of each project, relations are established with local communities, authorities, and any other stakeholders that may be relevant to the project, and dialogue channels are established with them. These channels supplement those available in the Environmental Management System allowing Stakeholders to send their concerns, complaints, requests for information or any other kind of request to minimise impacts in the area.

Management of population displacements

During the planning phase for new projects, Iberdrola evaluates the land that will potentially be occupied, choosing the land that involves the least displacement of people who either reside in the immediate area or whose economic activities will be affected. In the event of displacement, Iberdrola and the relevant government authorities review the economic, environmental and social consequences of the projects, and jointly hold consultations with the local communities to adopt suitable corrective measures. In addition, in the case of indigenous communities, pathways of dialogue are established with the participation of the government and of various organisations representing them, to report on the projects with the required transparency and integrity.

■ GRI EU22

In the construction of the Tâmega hydroelectric complex (Portugal), detailed socio-economic studies have been conducted for several years on the possible affected dwellings. Studies included a prior assessment, taking into account the needs of each of them and examining possible relocations to houses with similar characteristics. A total of 59 dwellings were ultimately identified, of which only 50% were permanent residences. The identification of displacements as necessary and the respective financial compensation were made in accordance with the law on expropriations in Portugal and the methodology implemented regarding the management and definition of displacements and potential economic damages. In addition, in partnership with the Portuguese government and the municipalities, as approved in the Socio-economic Action Plan, financial compensation of €1.4 million was determined in addition to the compensation provided in the expropriation process, making it possible to improve the relocation conditions of the affected families and maintain their customs and traditions. As of year-end 2022, eight families in the Upper Tâmega area are awaiting relocation. To date, €0.8 million of the €1.4 million approved in the Economic Compensation Plan has been paid.

As for the United Kingdom, 23 economic displacements took place as a result of several repair works associated with the East Anglia One offshore wind farm. In addition, 61 fishermen (70 vessels) were affected by a geophysical survey campaign as part of the East Anglia Three project.This type of economic displacement has also taken place in France, affecting 55 fishermen (17 vessels). The affected parties received financial compensation in all cases.

Impact on local communities and the rights of indigenous peoples

■ GRI 411 411-1

In applying the *Code of Ethics* and the corporate policies (especially the *Policy on Respect for Human Rights*), Iberdrola and its employees commit to respect both the rights of ethnic minorities and the internationally recognised rights of indigenous peoples, in accordance with applicable law and the obligations set out in Convention 169 of the International Labour Organization (ILO).

Presence of the company in indigenous territory, incidents and projects implemented

The company has a presence in four countries where there are indigenous communities (Brazil, Mexico, the United States and Australia). As year-end 2022, the company only has facilities in territories belonging to indigenous communities in two of them (Brazil and Mexico), as shown in the table below. As for Australia, the entire territory is attributed to aboriginal populations, which are distributed across the country, including the states in which Iberdrola operates.

In environments with indigenous communities, Iberdrola encourages business activities to be carried out with respect for different cultural identities, traditions and environmental wealth, as many times these communities depend on natural resources for their subsistence.

Therefore, it has channels of dialogue with these communities and their representatives, as well as for the participation of the government, in order to report on the progress of projects with due transparency and integrity.

Nonetheless, despite the management performed, these communities can at times be directly or indirectly affected at certain facilities. For this reason, the Company promotes ethical practices to prevent conflict and generate mutual benefits.

The Company currently has the following facilities in territories with the presence of indigenous communities:

Country	Facility	Indigenous community
Mexico	Topolobambo II combined cycle	In the Ahome municipality: El Chalate, Juricahui, Bajada de San Miguel, Nuevo San Miguel, San Miguel Zapotitlan, Zapotillo Uno, Choacahui and La Tea. In the El Fuerte municipality: Téroque Viejo, El Carricito, La Ladrillera, El Bajío, Las Higueras de los Natoches, La Loma, El Ranchito, 2 de Abril, La Cruz, La Línea and Júpare.
	Tamazunchale combined cycle	In the municipality of San Martín Chalchicuautla, the Lalaxo and Ocuiltzapoyo and Bordones communities; in the municipality of Matlapa, the Terrero Colorado, Chalchocoyo and Nexcuayo communities; in the municipality of Tampacán, the El Refugio, Las Vegas, El Ojital, Huexco aand Mixcotla communities; in the municipality of Tamazunchale: Palictla, Cuixcuatitla, El Tepetate, and Barrio la Vega Cuixcuatitla.
	Dos Arbolitos wind farm	Zapotec community
	Bii Nee Stipa wind farm	Zapotec community
	Mexico Ecological Parks	Juchitán de Zaragoza
Brazil	Subestação de Águas Belas, Estado de Pernambuco	FULNI-Ó community, in the city of Águas Belas
	Coelba Networks in Banzaê	Kiriris, Tuxá and Truká (Bahia)

As regards incidents with these communities, as of the closing date of this report, three lawsuits were under way with respect to the Brazilian electricity distribution company Coelba relating to indigenous rights, seeking compensation for the use of the right of way of the electricity grids on community lands of the Kiriris, Tuxá and Truká communities. So far, only the action regarding the Kiriris indigenous people community was adjudicated, which is now in the appeal stage. The other two actions are in the investigatory phase, awaiting judgement.

Iberdrola also carries out various projects with indigenous communities, as described below:

In Mexico, the “Luces de Esperanza” (Lights of Hope) project is being developed with indigenous communities, offering solar power electrification solutions to rural communities without electricity. In 2022, more than 400 persons benefited, and 115 homes in Oaxaca were electrified. Moreover, the “Huertos Comunitarios” (Community Gardens) project has been carried out in four towns in the state of San Luis Potosí as part of the “Energía por el Campo” (Energy for the Countryside) programme. The project seeks the self-reliance of these communities by growing certain food, equipping families to care for their gardens, promoting the cultivation of healthy food, and supporting the local economy.

In the United States, even though there is no asset of the company within the territory of an indigenous community, the Blue Bird solar project, in Washington state, is in the vicinity of the Yakama Nation reservation, in an area in which this community has traditionally lived and moved. For this reason, the company has conducted an exhaustive evaluation of the cultural resources that might be affected by its activity. Based on this evaluation, which has now been completed, various activities have commenced to protect the resources in accordance with state requirements. The implementation of these activities will be completed in 2023. In addition, Iberdrola has conducted exploration surveys in the states of Arizona and New Mexico to evaluate the wind and solar energy potential of various locations within tribal reservations. These activities are performed from the very beginning in coordination with the local communities.

Finally, there were no incidents relating to the violation of the rights of employees from indigenous communities in the group during 2022.

Citizen insecurity and labour practices in the hiring of security services

■ GRI 410

The *Corporate Security Policy* approved by Iberdrola’s Board of Directors and the specific procedures adopted by the Corporate Security Division for each situation and country are compatible both with international human rights standards and the laws of the countries where the company is present.

The protocols of conduct are defined and implemented in all activities and services provided by the Corporate Security Division, with a Quality Management System that has been certified since 2003 under ISO 9001 and externally reviewed each year by AENOR in the countries where it has been implemented in order to ensure compliance with the requirements of this standard, as well as with the standards of the management system.

Security and monitoring services providers are hired in accordance with the purchasing policy, model and procedures in effect. The Corporate Security Division is responsible for setting the technical specifications and standards to be met by such suppliers in order to be hired, in terms of physical security, resources, training and cybersecurity, as well as the assessment thereof during the performance of their contract. This assessment is performed annually in order to identify areas for improvement.

Both the company's personnel and that of subcontractors are qualified for their duties and enhance their knowledge through a rigorous training plan, which is continually assessed and monitored.

■ GRI 410-1

Security personnel trained in human rights

		2022	2021	2020
Own personnel	Own personnel (No.)	225	194	187
	Own personnel trained in human rights (No.)	187	150	175
	Own personnel trained in human rights (%)	83.1	77.3	93.6
Subcontracted personnel	Subcontracted personnel (No.)	1,218	1,166	1,228
	Subcontracted personnel trained in human rights (No.)	925	850	865
	Subcontracted personnel trained in human rights (%)	75.9	72.9	70.4

Fiscal responsibility

■ GRI 207-1 207-2 207-3

Iberdrola has a *Corporate Tax Policy* that sets out the Group's tax strategy, based on ensuring compliance with applicable tax regulations, excellence and the commitment to applying good tax practices and transparency, seeking appropriate coordination of the tax practices followed by the Group's companies to prevent tax risks and inefficiencies in the implementation of business decisions.

The *Corporate Tax Policy* conforms to the corporate and governance structure and applies to all companies of the Group over which Iberdrola has effective control, within the legal limits, without prejudice to the autonomy of the listed subholding companies, as provided by the group's corporate governance.

The Board of Directors of Iberdrola S.A. is tasked with designing, evaluating, approving and permanently reviewing the *Governance and Sustainability System*, and particularly with approving and updating corporate policies, including the *Corporate Tax Policy.* The Board of Directors is also responsible for preparing the tax strategy and approving investments or transactions that area particularly important for tax purposes due to the size or nature thereof.

The *Corporate Tax Policy* is publicly available on the Group's corporate website.

Fiscally responsible behaviour

The Corporate Tax Policy defines the main principles of conduct, including:

- Compliance with tax regulations in each of the countries and territories in which the Group companies operate, paying the taxes that are due. All tax-related decisions are based on a reasonable interpretation of applicable law in close connection with the group's activity.
- The prevention and reduction of significant tax risks, ensuring that taxes bear an appropriate relationship to the structure and location of activities, human and material resources, and the group's business risks.
- The strengthening of the relationship with tax authorities based on respect for the law, fidelity, reliability, professionalism, cooperation, reciprocity and good faith.
- The provision of information to the management decision-making bodies on the main tax implications of the transactions or matters submitted to it for approval, when they are a significant factor in making a decision.
- Envisaging the taxes that the group's companies pay in the countries and territories in which they operate as the principal contribution to sustaining public expenditures, and therefore as one of their contributions to society.

By application of these principles, the companies of the Group assume the following good tax practices, among others:

- Not to use artificial structures unrelated to the Group's business for the sole purpose of reducing its tax burden nor, in particular, enter into transactions with related entities solely to erode the tax basis or to transfer profits to low-tax territories.
- Avoid opaque structures for tax purposes, which are understood as structures calculated to prevent knowledge by the competent tax authorities of the party ultimately responsible for the activities or of the ultimate owner of the assets or rights involved.
- Not to create or acquire companies resident in countries or territories deemed by Spanish law to be tax havens or included on the EU blacklist of non-cooperative jurisdictions, with the sole exception of those cases in which it is obliged to do so in the case of an indirect acquisition in which the company resident in a tax haven is part of a group of companies being acquired, in which case, the provisions of the Procedure for the Creation or Acquisition of Equity Interests in Special Purpose Entities Domiciled in Tax Havens, approved by the Board of Directors, must be taken into account.
- Follow the recommendations of the good tax practices codes implemented in the countries in which the companies of the Group do business, taking into account the specific needs and circumstances of all the companies making up the Group.
- Cooperate with the competent tax authorities in the detection of and search for solutions regarding fraudulent tax practices of which the Company is aware that may be used in the markets in which the Group's companies have a presence, as well as provide as quickly as possible any significant tax-related information and documentation requested by the Tax Authorities in the exercise of their authority and within the appropriate scope, encouraging agreements and compliance findings during the inspection procedures.
- Make the necessary whistleblower channels available to anyone who wishes to report any conduct that may involve any wrongdoing or conduct contrary to the law or to the Governance and Sustainability System, including the rules of conduct set forth in the Code of Ethics that are also applicable to tax-related activities.

The fiscally responsible behaviour of all companies of the Iberdrola group forms part of the General Sustainable Development Policy, which contemplates basic principles of conduct that must be respected. Iberdrola's tax policy is guided by the Purpose and Values of the Iberdrola group and the Code of Ethics, and is based on a commitment to ethical principles, good corporate governance, transparency and institutional loyalty.

The companies of the group share the principles reflected in the Purpose and Values of the Iberdrola group and the Code of Ethics, and see the social dividend as the contribution of direct, indirect or induced sustainable value that its activities represent for all Stakeholders.

Tax governance and risk management

Responsibility

The Board of Directors of Iberdrola, S.A., through its chairman, the chief executive officer and the management team, fosters the monitoring of tax principles and good tax practices. Likewise, the respective boards of directors of the country subholding companies are responsible for ensuring compliance with the Corporate Tax Policy at the country level.

Control and monitoring

Taxation is not static and is subject to continuous revision, which requires the Corporate Tax Policy to be constantly reviewed in order to reflect the best practices in this area, with the last update taking place in December 2022.

To achieve efficient control and correct compliance with tax governance requirements, the applicable tax laws and the principles of the Corporate Tax Policy are monitored at all levels.

The Company's Global Tax Division approves and periodically reviews guidelines for the evaluation and management of tax risk applicable to all companies of the Group. It is also the body responsible for tax compliance within the Company, in coordination with the Company's Compliance Unit.

Furthermore, the head of business companies report to the country subholding companies regarding the level of compliance with the Corporate Tax Policy, and in turn, the Audit and Compliance Committees of the country subholding companies report to the Audit and Risk Supervision Committee of Iberdrola S.A. Finally, the Audit and Risk Supervision Committee of Iberdrola, S.A. reports its findings to the Board of Directors.

Risk management and compliance

Iberdrola proactively seeks to ensures compliance with tax provisions and to prevent and reduce significant tax risks. To this end, it has a robust tax risk prevention model in line with best tax governance practices, which is duly monitored, updated and aligned with applicable legal requirements.

In this regard, in 2019 Iberdrola was the first Spanish company to obtain certification of a tax compliance management system in accordance with the requirements established in the UNE 19602 standard, issued for a period of three years. Iberdrola was also the first company to renew its certification for a new three-year period in 2022, having obtained a satisfactory audit of its tax compliance system for the fourth year in a row.

In addition, among other measures, Iberdrola has objective standards applicable to all the Group's companies for classifying transactions based on their tax risk. In this regard, the Group prohibits the creation or acquisition of companies resident in tax havens, for which reason none of the active companies it controls are resident in tax havens as defined by applicable law (Royal Decree 1080/1991) or in territories classified by the European Union in its blacklist as non-cooperative jurisdictions for tax purposes.

Stakeholder engagement in tax matters

Iberdrola, S.A. adheres to the Code of Good Tax Practices approved on 20 July 2010 by the full Forum of Large Businesses (Foro de Grandes Empresas), established on 10 July 2009 at the behest of the National Tax Administration Agency (Agencia Estatal de Administración Tributaria). Iberdrola's commitment to compliance with, further development and implementation of the Code extends to any other good tax practices that stem from the recommendations of the Code in effect at any time, even if not expressly set forth in the *Corporate Tax Policy.* The Group is also committed to compliance with the OECD Guidelines for Multinational Enterprises in tax matters.

Within the framework of the Code, since financial year 2015 Iberdrola, S.A. has voluntarily submitted to the Spanish tax authorities an Annual Tax Transparency Report for companies adhering to the Good Tax Practices Code, which includes detailed information on the Group's taxation. This report is currently the most important tool for cooperative relations with the Tax Authorities.

Furthermore, Iberdrola has voluntarily prepared its annual Report on Tax Transparency of the Iberdrola Group since 2019. Our commitment to society. This report sets out all significant issues from a tax standpoint and will be prepared again in 2023. The report contains the Country by Country Report for the previous year presented in the same terms as those submitted to the Spanish Tax Authorities. This report is publicly available on the corporate website.

Finally, Iberdrola makes available to its Stakeholders specific ethics mailboxes, which constitute tools to report conduct that could involve improper conduct or conduct contrary to law or to the internal rules or procedures, including those relating to taxes.

The taxes paid are presented in the following table:

Tax contribution (€ millions)			
	2022	2021	2020
Company contributions	3,255	3,125	2,938
Contributions due to third-party payments	4,203	4,711	4,537
Iberdrola consolidated total	**7,458**	**7,836**	**7,475**

Tax contributions in 2022 decreased compared to the previous year. However, it remains at the average contribution level of recent years.

In this regard, while the amount of own contributions charged to the income statement increases with respect to the previous years, contributions due to third-party payments decrease.

The increase in own contributions is mainly recorded for Corporate Tax, and is mainly due to the fiscal effect in Spain of income from judgements favourable to Iberdrola.

The amount of contributions due to third-party payments has decreased mainly due to tax refunds received from various government administrations corresponding to overpayments of taxes in previous years due to the tax mechanisms themselves and changes in the tax rates applicable to indirect taxes, like value added and similar taxes.

Tax contribution (€ millions)			
Corporate income tax paid	2022	2021	2020
Spain	783	404	361
United Kingdom	-27	75	135
United States	14	2	7
Brazil	98	118	143
Mexico	141	169	121
Germany	40	49	68
Algeria	0	0	1
Canada	0	1	0
Cyprus	1	0	0
Costa Rica	2	0	0
Greece	7	5	4
Hungary	1	1	2
Italy	-1	-1	0
Netherlands	0	0	-2
Poland	1	0	0
Portugal	3	8	1
Romania	1	1	1
Iberdrola consolidated total	**1,064**	**832**	**843**

Global tax contribution (€ millions)

	2022	2021	2020
Spain	2,585[76]	3,469	3,380
Company contributions	1,740	1,586	1,478
Contributions due to third-party payments	845	1,883	1,902
United Kingdom	674	720	630
Company contributions	197	341	372
Contributions due to third-party payments	477	379	258
United States	1,233	1,037	935
Company contributions	870	753	661
Contributions due to third-party payments	363	284	274
Brazil	2,270	2,058	1,984
Company contributions	180	179	202
Contributions due to third-party payments	2,090	1,879	1,782
Mexico	267	266	243
Company contributions	150	177	128
Contributions due to third-party payments	117	89	115
Other	429	286	303
Company contributions	118	89	97
Contributions due to third-party payments	311	197	206
Iberdrola consolidated total	**7,458**	**7,836**	**7,475**
Company contributions	**3,255**	**3,125**	**2,938**
Contributions due to third-party payments	**4,203**	**4,711**	**4,537**

[76] Exclude extraordinary refunds received in Spain as a result of judgements favourable to Iberdrola in the total amount of €1,028 million in 2022.

GRI 207-4

Total tax contribution by country (millions)

Tax jurisdiction	Income - Third Parties	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	Number of professionals (FTEs)	Tangible assets
Spain	21,169	2,315	23,484	2,546	783	496	636	14,138	9,678	25,217
United Kingdom	9,956	77	10,033	738	-27	145	97	6,676	5,661	16,815
United States	8,225	1	8,226	1,278	14	286	2	12,452	7,579	29,762
Brazil	9,145	0	9,145	975	98	117	131	2,513	15,424	11,134
Mexico	4,324	-89	4,234	414	141	51	144	2,830	1,305	5,804
Ireland	17	27	44	-12	0	0	0	1	4	38
Germany	305	328	633	174	40	56	46	840	122	1,790
Algeria	0	0	0	0	0	0	0	3	0	0
Australia	344	0	344	17	0	6	0	546	191	1,354
Bulgaria	0	0	0	-1	0	0	0	12	0	0
Canada	0	0	0	0	0	0	0	-225	0	0
Qatar	0	0	0	-3	0	0	0	4	21	1
Cyprus	5	0	5	3	1	0	0	5	1	17
Costa Rica	0	0	0	0	2	0	0	0	0	0
France	167	173	340	-18	0	-4	0	450	151	1,645
Greece	81	0	81	33	7	9	8	165	105	307
Honduras	0	0	0	0	0	0	0	0	0	0
Hungary	26	3	29	15	1	2	3	155	9	117
Italy	752	324	1,076	-40	-1	-7	2	33	132	40
Japan	2	0	2	-15	0	0	0	20	13	0
Korea	0	0	0	0	0	0	0	0	0	0
Latvia	3	0	3	1	0	0	0	0	1	0
Luxembourg	0	0	0	-24	0	-5	0	75	0	0
Morocco	0	0	0	0	0	0	0	0	0	0
Montenegro	0	0	0	0	0	0	0	0	0	0
Norway	0	0	0	0	0	0	0	6	0	0
Netherlands	38	305	343	149	0	-3	0	33	0	0
Poland	23	0	24	-5	1	2	1	13	19	174
Portugal	949	68	1,017	38	3	9	12	259	166	1,470
Romania	20	2	22	39	1	2	0	126	4	78
Singapore	0	0	0	-1	0	0	0	-1	11	0
South Africa	0	0	0	0	0	0	0	-3	0	0
Sweden	0	0	0	0	0	0	0	0	1	0
Taiwan	0	0	0	-7	0	0	0	-8	0	0
Vietnam	0	0	0	-3	0	0	0	3	4	7
Total	**55,550**	**3,536**	**59,085**	**6,292**	**1,064**	**1,161**	**1,082**	**41,119**	**40,602**	**95,769**

Spain: No significant deviations between nominal rate and effective rate were recorded in 2022.
United Kingdom: The spread between the nominal and effective rate is mainly due to the impact of the change in the rate applicable to deferred tax balances following the change in the tax rate to 25% from April 2023.
United States of America The effective rate is very similar to the nominal rate (federal plus state). The deviation in the nominal rate is due (i) on the one hand, to tax credits associated with the renewables business ("PTCs") as well as investment credits ("ITCs"); and (ii) on the other hand, to the restatement of deferred tax balances to the prior year-end state tax rate ("DT true-up") as well as the restatement of the valuation according to the potential future application of tax credits ("valuation allowance").
Brazil: The effective rate is below the nominal rate mainly due to the (optional) application of the presumptive profit regime in the taxation of some of the companies, the payment of interest on equity and the existence of the SUDENE tax incentive.
Mexico: Changes in exchange rates, considering that dollarised accounts are presented, and the existence of certain accounting and tax differences (provisions, deferred income, inflationary effect, valuation of derivatives and recognition differences in fixed assets and the depreciation rates thereof) justify the difference between the nominal and effective rate.
Other countries: The differential compared to nominal rates is due to accounting standards for capitalisation of tax loss carryforwards and the subsequent application thereof, considering that the tax consolidation regime does not apply in all cases.

Contributions to society

Iberdrola has selected the Business for Societal Impact B4SI model to measure and assess business contributions to the community due to its broad international recognition. It is considered the most highly valued standard for measuring the results and impacts of social programmes, both for the company and for the community. This standard only recognises projects that involve voluntary contributions for social or environmental protection ends, for non-profit purposes, and that are not restricted to groups related to the company.

Iberdrola has used the model as a basis to report its contributions to society in 2022.

Contribution to the community in 2022 (thousands of €)	
By category	
Specific contributions	4,188
Community investment	38,270
Initiative aligned with the business	6,291
Management costs	3,166
By type of contribution	
Cash contributions[77]	47,428
Staff time	603
In-kind contributions	718
Management costs	3,166
By area of contribution	
Socioeconomic development of the community	5,137
Energy sustainability	3,969
Art and culture	3,724
Education and training	6,962
Cooperation and community service	19,342
Other	9,615
Management costs	3,166
Total	**51,916**

This amount is equal to 1.2% of net profits for the year.

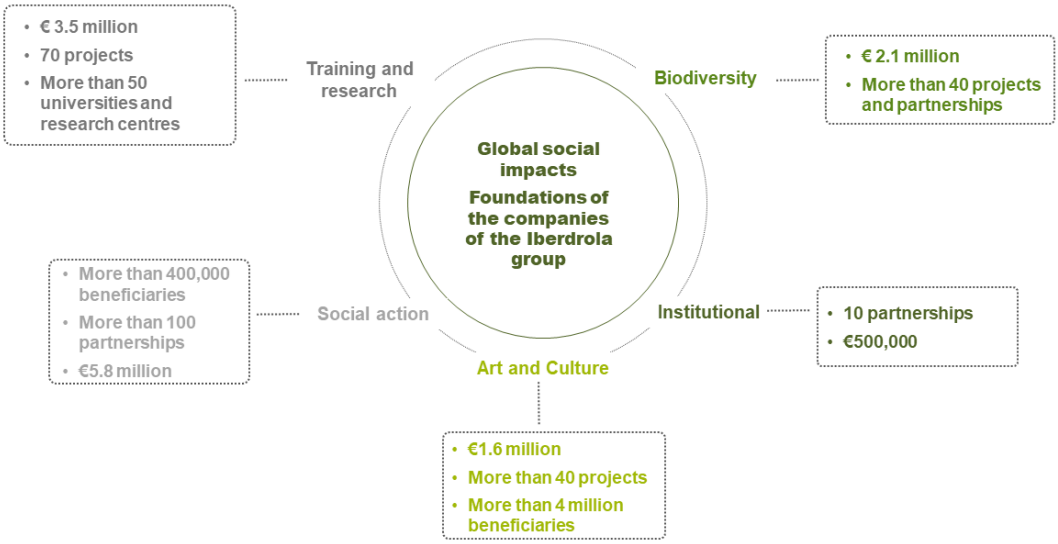
[77] Contributions made mostly to non-profit organisations and foundations but also to universities, government administrations, etc., provided that they meet the aforementioned B4SI Model standards.

Foundations

ScottishPower Foundation, AVANGRID Foundation, Fundación Iberdrola México, Instituto Neoenergia and Fundación Iberdrola España represent Iberdrola's commitment to the sustainable the development of the countries in which it does business. Pursuant to the Master Plan, the foundations have updated their mission, vision and values to include the contribution to the SDGs among their purposes and principles.

Iberdrola uses various indicators to measure the results achieved through its community support programmes.

Foundations of the Iberdrola group's companies – Results in the areas of activity in 2022 (€)



Training and Research Area

This work area focuses on young students, supporting their undergraduate, technical or language studies and providing opportunities for those with fewer resources and/or disabilities. It also includes calls for assistance for research, most notably including the first year of the Energy for Future programme, an international programme in collaboration with the European Commission led by postdoctoral researchers in the energy sector. There are also research grants and scholarships in restoration and conservation in partnership with prestigious museums, such as the Museo del Prado and the Bilbao Fine Arts Museum. These initiatives contribute to the attainment of specific objectives of SDG 4: Quality Education.

The INSPIRA II and REACTIVA Green Economy training programmes ended in December 2022. These programmes were co-financed by the European Social Fund, the Youth Employment Initiative and the Castilla-La Mancha Autonomous Community, under the regional section of the Operational Youth Employment Programme of this community in Castilla-La Mancha, with the aim of helping young people at risk of exclusion between ages 16 and 30 rejoin the education system and/or obtain training in various areas of the electricity sector.

In addition, in partnership with various universities, Iberdrola is promoting the representation of women in STEM careers in all of the countries where it is present. This is the case of the STEM Women Chair of Fundación Iberdrola España together with the Pontificia de Comillas University and Empresa Municipal de Transportes de Madrid (EMT), and the Empieza por Educar scholarships, which seek to help five young graduates in the STEM field to have a positive impact on the education system.

Biodiversity and Climate Change Area: conservation of birds, habitats and ecosystems

This work area partners with public institutions and entities devoted to the protection of the environment and birdlife, contributing to the achievement of the specific objectives of SDG 13: Climate Action, and 15: Life on Land. Among other initiatives, Iberdrola supports habitat conservation work, such as its Military Shooting Ranges reforestation programme in Spain known as "Bosque Defensa Iberdrola", through which more than 90 hectares have already been reforested in almost four years. In addition, Iberdrola is carrying out multi-annual cooperation efforts with SEO Birdlife and supporting land and marine habitats through the projects being carried out at the foundations in Scotland (restoration of seagrass and oysters), Brazil (coral restoration), the United States (river water conservation) and Mexico (conservation of the Cañón de Fernández state park).

Art and Culture Area: programmes for lighting, restoration and support to museums

This area partners with cultural entities, prestigious museums, public institutions and religious entities to promote culture, as well as to restore and preserve the artistic heritage, favouring local development. These actions directly impact Goals 8: Economic growth, and 11: Sustainable cities and communities.

There at two very important sections within this area. Through the lighting programme, lighting interventions are carried out with respect to important historic-artistic heritage sites in order to foster local development and sustainable tourism. Some of the lighting projects in Spain include the Cathedral of Santiago de Compostela, the Monastery of Guadalupe, the Cathedral of Sigüenza, the Talavera de la Reina Bridge, the archaeological remains of the mills of Campo de Criptana, and in Brazil lighting has been provided for the Guarany Theatre, located in the municipality of Triunfo-Pernambuco in Brazil. In addition, the restoration programme helps conserve and preserve artistic and cultural heritage. Numerous restorations have been carried out with the Museo Nacional del Prado and the Museum of Fine Arts of Bilbao.

At all of the foundations, workshops, programmes and free visits are also provided with the aim of outreach to promote culture, highlight cultural heritage and create new and exciting learning opportunities.

Social Action Area

This work area partners with non-profit organisations, foundations and development agencies to promote social and humanitarian projects aimed at the most vulnerable people and that contribute to achieving the specific objectives of SDGs 1: End poverty; 3: Good health and well-being; 5: Gender equality; 7: Affordable and clean energy; and 10: Reduced inequalities.

The **Social Programme of the Foundations** is implemented in five countries with the support of projects that promote overcoming child poverty, supporting the inclusion of people with disabilities, improving the quality of life of persons who are seriously ill and supporting women, always prioritising attention to the most vulnerable groups. The more significant partnerships include: Down Syndrome Foundation, Proyecto Hombre, Ciudad Joven, Save the Children, Upacesur.

In addition to the social programmes, Fundación Iberdrola México is carrying out a multi-year project named "Urological Brigades" to contribute to the well-being of low-income women who have complex urological problems by providing them with surgery.

The AVANGRID Foundation has been partnering for five years with the National Disaster Response Association and with the American Red Cross with respect to an emergency grant project to support the impact of the humanitarian crisis.

The ScottishPower Foundation, in addition to its various projects aimed at health and well-being, is engaging in a project to secure and equip a space dedicated to a community food centre throughout the year, offering free, healthy food to the local community.

Iberdrola and the Global Compact

Iberdrola has been a member of the Global Compact since 2002, making commitments 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, and to contribute to achieving the Sustainable Development Goals. The company has continued to further develop the policies proposed by the Compact, which it has made public through its *Statement of Non-Financial Information, Integrated Report* and *ESG+F Information*, and its corporate website.

Since 2004, the company has belonged to the Red Española del Pacto Mundial (Spanish Global Compact Network) as a founding member, and has prepared annual progress reports on compliance with the principles of the Compact, which are publicly available on the website of the Red Española del Pacto Mundial and on the website of the UN Global Compact.

Iberdrola engaged in the following activities in connection with the Global Compact during 2022:

- Submission of the Progress Report 2021 on compliance with the principles of the Compact, rated at the highest level for this type of report ("GC Advanced").
- Attendance at the 2022 General Assembly of the Red Española.
- The company was identified as LEAD company for its high levels of commitment as Participants in the United Nations Global Compact, and was the only Spanish company to have received this recognition.
- Active participation in the main platforms and initiatives at the global level, including:
    - The Caring For Climate commitment to promote the adoption climate change solutions and help shape public policy, of which Iberdrola has been a leading partner since its inception.
    - The Business Ambition for 1.5°C in support of the goal of net-zero emissions by 2050.
    - 2039 Net Zero objectives approved.
    - The CEO Water Mandate initiative to encourage sustainable practices in the use of water.
    - The UN Global Compact CEO Study 2022 initiative.
    - Iberdrola is a signatory to the Women's Empowerment Principles, which aim to promote gender equality and women's empowerment in the workplace, marketplace and community.
- In addition, within the framework of the milestones of the multilateral agenda, the following activities should be noted:
    - Very active involvement in the discussions and activities of the Think lab on Just Transition, including activities and documentation linking this topic to the business sector, financing, climate change mitigation and adaptation.
    - Participation in activities and meetings linked to the United Nations General Assembly and Climate Week NYC, most notably including the *UN Private Sector Forum 2022*.
    - Participation in the UN Oceans Conference held in Lisbon.
    - Participation in the United Nations Climate Change Conference, better known as COP 27, held in Sharm el Sheik (Egypt).
    - Participation in the World Biodiversity Summit (COP 15), held in Montreal, Canada.

In 2023 Iberdrola will continue to actively participate in the activities of the *Red Española del Pacto Mundial* in a manner similar to the past years, and sponsor climate action activities at a global level.

IV. Governance

Iberdrola's governance model is one of its distinctive traits and the cornerstone of its commitment to sustainability.

Starting with the composition and structure of its governance bodies, in line with corporate governance best practices, and continuing with the internal management and control systems for the risks to which the group is exposed, the entire system is built on the basis of regulatory compliance, robustness, coordination, and the assumption of responsibilities at all levels.

Along these lines, the company has been selected for the ninth consecutive year as one of the most ethical companies in the world by the Ethisphere Institute.

This commitment to compliance also extends to its fiscal strategy, based on ensuring compliance with applicable tax provisions, excellence and a commitment to applying good tax practices, adjusted to the group's corporate and governance structure.

As part of its commitment to maintaining a governance model in line with best market practices, Iberdrola has set itself the following goals:

GOALS	METRIC	2022	2025	2030	Related SDGs
GOVERNANCE					
Corporate governance practices (best)	Maintain	√	√	√	5 16 17
Independent Members in the Board of Directors	Over 50%	√	√	√	16
Women in the Board of Directors	At least 40%	√	√	√	5 16
Diversity in the Board of Directors	Promote	√	√	√	5 16
Independent external certification or validation of the compliance system	Obtain/maintain (yearly)	√	√	√	16

IV.1. Good governance, transparency and Stakeholder engagement

- Corporate governance
- Ethics and integrity
- Public policies

Corporate governance

The *Governance and Sustainability System* constitutes the internal regulation of Iberdrola. The set of rules on corporate governance is based on best practices and international standards and positions Iberdrola as a leader in this area. The corporate governance rules of the decision-making bodies and internal committees establish their rules of operation, ensuring compliance with and implementation of the *Purpose and Values* of the Iberdrola group.

An independent and plural Board of Directors

The Board of Directors focuses its activity on defining and supervising the general guidelines by, among other things, establishing the group's policies and strategies and supervising the general development of the policies, strategies and guidelines by the country subholding companies and by the head of business companies.

■ GRI 2-16

For more detailed information regarding the composition, operation and activities carried out by the governance bodies of the Company, see the *Activities Report of the Board of Directors and of the Committees thereof*. This Report describes issues of crucial interest dealt with during the year.

A brief description of the composition and activities of the committees of the Board of Directors can be found in section C.2.1. of the *Annual Corporate Governance Report*.

Selection and nomination of the members of the highest governance body

■ GRI 2-10

The appointment, re-election and removal of directors is within the purview of the shareholders at the General Shareholders' Meeting.

Vacancies that occur may be filled by the Board of Directors on an interim basis until the next General Shareholders' Meeting, whereat the shareholders confirm the appointments or elect the persons who should replace directors who are not ratified, or the vacant positions are withdrawn.

To this end, the *Board of Directors Diversity and Member Selection Policy* ensures that proposals for the appointment of directors are based on a prior and objective analysis of the needs of the Board of Directors. The *Diversity and Inclusion Policy* also contains principles and guidelines that must be taken into account for these purposes.

The Board of Directors has a diverse and balanced composition in terms of the genders, nationalities and professional profiles of its members

The Appointments Committee advises the Board of Directors regarding the most appropriate configuration of such body and on aspects like the size of and balance among the various classes of directors existing at any time and the personal and professional requirements that the candidates must fulfil. For such purpose, the Committee reviews the structure of each body on a regular basis. Independent directors are appointed on the basis of a proposal of the Appointments Committee, while the other appointments require a report of such Committee.

In any event, the Board of Directors, and the Appointments Committee within the scope of its powers, will endeavour to ensure that the candidates submitted to the shareholders at a General Shareholders' Meeting for appointment or re-election as directors, as well as the directors appointed directly to fill vacancies in the exercise of the power of the Board of Directors to make interim appointments, are respectable and qualified persons, widely recognised for their expertise, competence, experience, qualifications, training, availability and commitment to their duties.

The members of the Board of Directors must be irreproachable professionals, whose professional conduct and background are aligned with the principles set forth in the *Code of Ethics* and with the corporate values contained in the *Purpose and Values of the Iberdrola group*.

If the Board of Directors deviates from the proposals and reports of the Appointments Committee, it shall give reasons for so acting and shall record such reasons in the minutes.

In addition, the selection of candidates shall endeavour to ensure that the composition of the Board of Directors is diverse in the broadest sense and balanced as a whole, such that decision-making is enriched and multiple viewpoints are contributed to the discussion of the matters within its purview. To this end, the selection process shall promote a search for diverse candidates with knowledge and experience in the various countries in which the group does or will engage in activities. The directors must also have sufficient knowledge of the Spanish and English languages to be able to perform their duties.

In turn, the Board has entrusted to the Appointments Committee the responsibility of ensuring that when new vacancies are filled or new directors are appointed, the selection procedures are free from any implied bias entailing any kind of discrimination, particularly due to gender.

Collective knowledge of highest governance body

■ GRI 2-12 2-17

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.

In addition to the training materials and sessions for all directors, the Sustainable Development Committee has a specific training plan in the area of sustainability, ESG requirements, and corporate social responsibility.

Firstly, an Orientation Programme covering aspects such as the business and organisational model of the Company and its group, the corporate governance structure and its ownership, and the *Governance and Sustainability System* is made available to new members of the Board of Directors through the directors' website.

Directors also receive continuous training regarding significant issues relating to the Iberdrola group and its businesses, as well as the environment in which they operate, which are supplemented by reports, articles and other information of interest, all of which are made available to the directors through the directors' website, which has a specific section and a blog dedicated to training.

This website also facilities the performance of the directors' duties, incorporating documents deemed appropriate to prepare for meetings of the Board of Directors and its committees based on the agenda, as well as presentations shown during the meetings.

In this regard, a space is used at meetings of the Board of Directors to present financial, legal, geopolitical, and current issues of interest to the Iberdrola directors.

The Sustainable Development Committee also has a regular training plan that ensures that knowledge is updated with the latest trends in sustainable development, ESG requirements and corporate social responsibility, the main compliance risks, as well as best practices in corporate governance in international markets.

Training and informational sessions during 2022

Board of Directors	Technological outlook in the electricity sector and opportunities in decarbonisation of demand.
	Status and outlook in the Networks business.
	Status and outlook in the United Kingdom.
	Cybersecurity
	Regulatory impact of the energy crisis in Spain.
	Regulatory environment in Europe and Spain.
Audit and Risk Supervision Committee	Political, reputational and corruption-related risks and alert mechanisms for these types of risks.
	Risks associated with the Finance, Control and Corporate Development Division.
	Current risks of the Liberalised business.
	Four training sessions on non-financial reporting.
	Current risks of the Renewables business.
	New accounting developments.
	Impacts of potential slowdown due to the energy crisis.
	Current risks of the Networks business.
	Technological risks of the Iberdrola group's businesses.
	Aspects of the annual CNMV corporate governance report relating to audit committees
	Specific session on risk policies.
	Results of the 2022 General Shareholders' Meeting (vote on resolutions relating to the powers of the committee).
	Statutory auditor work plan and strategy.
	New accounting developments and information on the statutory auditor's work relating to the Climate Action Plan.
	Environmental and social risks associated with these and alert mechanisms against this type of risk.
	Cybersecurity risks and analysis of cyber-resilience.
	Tax transparency report on the evolution of tax payments.
	Alternative Performance Metrics.
	Iberdrola's tax risk monitoring strategy.
	Cybersecurity strategy in the energy sector.
	Challenges and trends in Internal Auditing.
Appointments Committee	Criteria for the selection of directors.
	Comparative analysis of the composition of Boards of Directors.
	Diversity in the composition of the Board of Directors: a regulatory view.

Training and informational sessions during 2022	
Remuneration Committee	Renewal of management bodies and senior executives. Remuneration aspects.
	Implementation of new regulatory developments within the Ibex-35, particularly advances in transparency in the remuneration of executive directors.
	Relationship and alignment of directors' remunerations with ESG targets.
	Measures to encourage voting in favour of the Annual Director Remuneration Report.
	Implementation of new regulatory developments within the Ibex-35, particularly advances in transparency in the remuneration of executive directors.
	Relationship and alignment of directors' remunerations with ESG targets.
	Analysis of market practice relating to new developments in remuneration transparency in annual director remuneration reports.
Sustainable Development Committee	Non-financial reporting, and in particular climate taxonomy and measurement of climate risk impacts.
	Aspects that improve international corporate reputation, with examples of critical situations and Iberdrola's acknowledged leadership.
	Responsible communication and marketing.
	Innovation and key factors for better climate change governance.
	Sustainability expectations. Regulatory ecosystems, main initiatives and relations with institutional investors: a global and practical overview.
Training documents on the directors' website.	Law 10/2021, of 9 July, on remote work.
	New developments under Law Ley 11/2021 of 9 July on measures to prevent and fight tax fraud.
	Occupational health and safety system at the Iberdrola group and its preventive programmes
	Circular economy at Iberdrola
	Iberdrola group global stakeholder engagement model
	Diversity and inclusion at the company. General aspects.
	Royal Decree-Law 32/2021 of 28 December on urgent measures for the labour reform, guaranteeing stable employment and the transformation of the labour market
	International Humanitarian Law: Main aspects and principles.
	Investor and Proxy Advisor policies. ESG rating standards and Sustainability Indices.
	Shareholder activism: institutional investors and activist funds.
	The current situation and prospects for the evolution of energy and environmental taxation in Spain, within the framework of the EU Fit for 55 programme.
	New system for related-party transactions reporting.
	Net Zero. Impact across the value chain and need to decarbonise and report.
	Principles of decentralisation and respect for corporate autonomy within the structure of the Iberdrola group.
	Public tax and non-tax benefits.
	Big Data and Artificial Intelligence in the reporting and control of financial information.
	The technology debate within the context of an efficient energy transition.
	ESG financing: Green, social, sustainable and sustainability-linked bonds and loans

■ GRI 2-18

Pursuant to the provisions of the *Regulations of the Appointments Committee*, this Committee coordinates the evaluation of the Board of Directors and of the committees thereof and submits to the full Board the results of said evaluation together with a proposed plan of action.

Within the framework of the evaluation process for financial year 2022, 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 contribute to continue perfecting corporate governance practices. A summary of this process can be found in section C.1.17 of the *Annual Corporate Governance Report 2022*.

Identifying, managing and evaluating economic, environmental and social impacts

GRI 2-12

The Board of Directors of Iberdrola is structured as described in chapter "I.1 About Iberdrola", and its consultative committees assist it in its task of supervising the management of the company's economic, social and environmental performance. This includes both the supervision of the risks and opportunities generated by the group's activities and compliance with international principles, codes and standards applicable to the tasks for which it is responsible. The Board of Directors and its consultative committees perform periodic evaluations of the aforementioned aspects of the group's performance, drawing for such purpose on external information of interest thereto, with the assistance of external independent advisers, and on information provided to them by the rest of the organisation itself, primarily through periodic appearances of the group's officers.

These appearances are reported in the *Activities Report of the Board of Directors and of the Committees thereof*.

GRI 2-13 2-17

The Sustainable Development Committee has supervised the company's conduct in the area of sustainability, corporate reputation, corporate governance and compliance. The general secretary and secretary of the Board of Directors, the director of Compliance, the director Innovation, Sustainability, and Climate Change, and the director of ESG have appeared on a recurring basis. The heads of the various areas have also been invited to make presentations at meetings during which issues within their purview have been discussed.

Pursuant to the corporate and governance structure specified in the *Governance and Sustainability System*, and particularly in the P*olicy for the Definition and Coordination of the Iberdrola Group and Foundations of Corporate Organisation*, the implementation, monitoring and supervisions of the group's sustainable development strategy is the responsibility of its various companies, and is performed by the various committees handling sustainable development and reputational duties, while respecting the principles of subsidiary and decentralised management.

Remuneration policies

GRI 2-17 2-19 2-20

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 consultive committee chaired by an independent director (the first vice-chair and lead independent director) and made up mostly of independent directors.

The Remuneration Committee is responsible for evaluating the level of achievement of the targets to which variable annual and multi-annual remuneration is linked and for submitting it to the Board of Directors for approval.

As a result of the group's commitment to sustainability, the long-term incentive plan (2020-2022 Strategic Bonus) approved by the shareholders at the 2020 General Shareholders' Meeting includes objectives linked to the fight against climate change, notably the acceleration of the emissions reduction objectives. This commitment is aligned with the goal of reducing overall emissions intensity, which contributes to SDGs 7 and 13, by 2030. Other objectives linked to the long-term incentive plan relate to increasing the number of suppliers that adhere to sustainable development policies and standards and eliminating the wage gap.

Pursuant to the *By-Laws*, the Company will annually allocate as an expense an amount equal to a maximum of two percent of the group's consolidated profit during the preceding financial year for the following purposes:

a. To remunerate the directors both for their status as such and for any executive duties, based on the positions held, dedication and attendance at meetings of the corporate decision-making bodies.
b. To maintain a fund to cover the obligations incurred by the Company with respect to pensions, the payment of life insurance premiums and the making of severance payments to former and current directors.

The allocation, with a maximum limit of two percent, can only accrue if the profit from the preceding financial year is sufficient to cover the requirements of the legal reserve and other mandatory reserves and if the shareholders are entitled to receive a dividend of at least four per cent of the share capital with a charge to said financial year.

Regardless of the provisions of the preceding sections, the remuneration of the directors may consist of the delivery of shares or options thereon, as well as remuneration linked to the value of the Company's shares, subject always to the approval of the shareholders acting at a General Shareholders' Meeting.

Stakeholders' engagement in remuneration

■ GRI 2-20

The *Annual Director Remuneration Report* for financial year 2021 was approved in a consultive vote by the shareholders at the General Shareholders' Meeting held on 17 June 2022, which had a quorum of 72.13%.

The *Annual Director Remuneration Report* for financial year 2022 will be submitted to a consultative vote of the shareholders at the General Shareholders' Meeting to be held in 2023.

Shareholder engagement

Iberdrola is a pioneer in encouraging shareholder engagement as one of the fundamental pillars of its corporate governance strategy, with the General Shareholders' Meeting being the shareholders' main channel for participation in corporate life.

The 2022 General Shareholders' Meeting was held physically at the corporate headquarters, with shareholders and their proxy representatives having the ability to attend remotely, and initiatives to continue fostering participation include:

1. Proactive delivery of proxy and remote voting cards to shareholder registered with OLA Shareholders' Club or who provided their email address for this purpose.
2. Inclusion of a QR code in the proxy and absentee voting cards sent by Iberdrola to facilitate electronic participation.
3. Expansion of the channels for remote participation for shareholders and proxy holders to send images of their cards through new instant messaging systems.
4. Prize draw for 10 electric bicycles among shareholders voting or granting proxies through the corporate website's participation portal or the telephone channel.
5. Commemorative gifts at shareholder information desks opened by Iberdrola to facilitate participation before the General Shareholders' Meeting.
6. New financial incentive: an engagement dividend of €0.005 (gross) per share was paid to all shareholders who were entitled to participate, conditional upon reaching a quorum of at least 70 % of the share capital and the approval of the corresponding amendment to the *By-Laws* to establish this incentive.

As a result of these measures, the General Shareholders' Meeting held on 17 June 2022 achieved a quorum of 72.13% of share capital (22.18% present and 49.95% by proxy), compared to 65.83% at the 2021 General Meeting, with all resolutions proposed by the Board of Directors being approved by a broad majority.

Since 2016 the Basque Government (through the state-owned company Ihobe) and AENOR certify that the management of Iberdrola's General Shareholders' Meeting meets the standards for the environmental sustainability of events in the Basque Country (Erronka Garbia) and the ISO 20121 standard on sustainable event management, respectively.

The company has implemented several specific channels of communication to promote accessibility, the understanding of information, and ultimately the engagement of the shareholders, including the following:

a. **Shareholder's Office.** From the call to the General Shareholders' Meeting through the end thereof, the shareholders can rely on the support of the Shareholder's Office (*Oficina del Accionista*), which is in permanent contact with those shareholders who have voluntarily entered their names in its database, and provides a specific service to minority shareholders for the organisation of presentations and events prior to the General Shareholders' Meeting.
b. **OLS Shareholders' Club.** An open and permanent channel of participation between the company and shareholders who are interested in monitoring the company's evolution on an ongoing basis.
c. **Investor Relations Office.** Responds on a regular and personalised basis to the questions of analysts and qualified institutional investors in equities, fixed-income securities and socially responsible investments.
d. **Relations with shareholder associations and institutional shareholders.** Both shareholder associations and institutional shareholders may request meetings with representatives of the company through the Investor Relations Division.
e. Last, the **Governance and Sustainability System** makes provision for the ability of the Board of Directors or its chairman or the Executive Committee to authorise the first vice-chair and lead independent director or other directors to engage in dialogue with specific shareholders on issues relating to corporate governance and sustainable development.

The Shareholder Engagement Policy is one of the main pillars in the corporate governance strategy

Annual total compensation ratio and annual total compensation percentage increase ratio

Iberdrola's Corporate Governance Model provides for the existence of a holding company, Iberdrola S.A., and for country subholding companies in the main countries in which it does business, as shown in the "Corporate and governance structure, ownership and legal form" section of the chapter and described on the Company's website.

The main countries in which the Iberdrola group does business are Spain, the United Kingdom, the United States, Brazil and Mexico, where the compensation remuneration ratios are set forth in the table below.

■ GRI 2-21

Country[78,79]	Highest level of remuneration	Annual total compensation ratio [80]			Annual total compensation percentage increase ratio [66]		
		2022	2021	2020	2022	2021	2020
Spain	Director	23.34	23.85	24.35	0.12	-4.20	0.00
United Kingdom	CEO	19.94	22.18	18.56	-1.23	7.31	-2.71
United States	CEO[81]	11.14	12.53	1.24	N/A	11.16	N/A
Brazil	Director[82]	29.02	28.57	N/A	0.90	N/A	0.29
Mexico	CEO[83]	23.84	29.08	24.21	-0.89	-31.77	N/A

At the consolidated level, the total annual remuneration ratio for the highest-paid employee in the organisation with respect to the median total annual compensation of all employees (including the highest-paid individual) was 30.13.

Ethics and integrity

Policies and protocols

■ GRI 205 2-23

The Compliance System of the group's companies is structured around: (i) certain regulations approved by the Board of Directors of Iberdrola, S.A., which form part of the *Governance and Sustainability System;* and (ii) supplementary regulations developed and approved by the Compliance Unit, pursuant to the powers vested therein by the *Regulations of the Compliance Unit*, which prepares and approves supplementary regulations that are also binding for all of the group's employees.

[78] Spain: Iberdrola, S.A.; Iberdrola España; Iberdrola Energía Internacional. United Kingdom: ScottishPower. United States: AVANGRID. Brazil: Neoenergia. Mexico: Iberdrola Mexico.
[79] The annual total compensation ratio and annual total compensation percentage increase ratio compared to the median were reported in 2022. The figures for 2021 and 2020 were adjusted using the same standard.
[80] Annual total compensation includes fixed salary, cash salary supplements and variable remuneration. Does not include long-term incentives or benefits.
[81] In the United States, there was a change in the holder of the CEO position during 2022 and also in 202
[82] The highest paid person and position in 2021 has changed with respect to 2020.
[83] Change of position in 2020 regarding the highest level of remuneration in 2019. There is no comparable benchmark in 2019 for the higher level of remuneration in 2020.

Regulations approved by the Board of Directors

- *Code of Ethics*
- *Crime Prevention Policy*
- *Anti-Corruption and Anti-Fraud Policy*
- Internal Regulations for Conduct in the Securities Markets
- Internal Rules for the Processing of Inside Information
- Procedure for Related-Party Transactions with Members of Senior Management, Delegated Related-Party Transactions and Lines of Related-Party Transactions

Regulations approved by the Unit

- *General Compliance System Framework of the Iberdrola Group*
- General Coordination, Collaboration and Information Protocol
- Protocol for Management of the Risk of Third-Party Fraud and Corruption
- Corporate Transactions Protocol
- Protocol for Conduct in Professional Relations with Government Administrations
- Protocol for Social Contributions, Donations and Sponsorships
- Competition Protocol
- Gifts and Hospitality Protocol
- Action Protocol in the Event of Notification of Court and Administrative Sanctioning Procedures
- Case Processing Guide
- Risk Assessment Guide
- Third-Party Risk Assessment Guide
- Guide for conducting a background check prior to the assumption of management duties

Evaluation of risks

■ GRI 205-1

One of the main elements of the Compliance System is the existence of a process of regular and continuous identification and evaluation of the compliance-related risks of each of the corporate functions and in the businesses of the group.

Thus, in terms of risk assessments, two types of evaluations are carried out, which include the risk of corruption:

1. For the purpose of developing the *Crime Prevention Policy*, the companies of the group have implemented a set of measures making up the *Crime Prevention Programme*, which has been implemented at each country subholding and head of business company, all within the framework of the process of review and adjustment to the most recent changes to the Spanish Criminal Code following the introduction of criminal liability for legal entities, without prejudice to the legal provisions applicable in any other jurisdiction in which the company does business.

   To implement these *Crime Prevention Programmes,* there is a regular evaluation of the risks of committing criminal acts that might ultimately be alleged against the various companies of the group based on their activities, as well as an identification of existing controls and the establishment of new controls for the prevention thereof.

2. The Compliance Unit and the compliance divisions regularly update the compliance risk map following the guidelines established in the *Compliance Risk Evaluation Guide* established by the Compliance Unit, as well as an identification of the likelihood of each risk occurring and the impact that this would have.

   These risk maps are drawn up based on an inventory of homogeneous risks for the boundary of the Group using a common methodology. The risks to be assessed are grouped into the three categories in which the compliance function has been assigned the following competences: (i) crime prevention; (ii) separation of activities; and (iii) securities market, as shown in the table below:

Risks		
Crime prevention	**Separation of activities**	**Securities market**
Corruption and fraud	Scope	Market abuse
Money laundering and terrorist financing	Effective separation	Inadequate custody of information
Market abuse	Brand image	Information to the regulator
International sanctions	Costs for common services	Updating records
Scams	Management independence	
Permits, licences and authorisations	Commercially sensitive information	
Fraud against public authorities and social security	Independent monitoring	
Punishable insolvencies	Network access	
Intellectual and industrial property	Price discrimination	
Smuggling		
Unfair trade practices		
Distortion of public information		
Data prevention		
Cybercrime		
Business secrecy		
Occupational risk prevention		
Workers' rights		
Obstructing external monitoring		
Safety at facilities, the environment and public health		
Consumer protection		

Each compliance division analyses whether there are signs of these risks in their respective country subholding companies, head of business companies and in each of the corporate and business areas. With the information obtained, a compliance risk map is prepared for each entity, which is updated on a regular basis, identifying the main controls in the scope of the group to mitigate such risks and, if necessary, proposing improvement actions to strengthen the effectiveness of these controls.

Although Iberdrola, S.A. and the other Spanish companies are not subject to *Law 10/2010 on anti-money laundering and counter terrorist financing* (the "**Money Laundering Act**") and, therefore, this Act and the formal and administrative obligations imposed thereunder on certain groups do not apply to them, the risk of perpetration of money laundering offences is contemplated as part of the *Crime Prevention Programme* of such companies.

However, Iberdrola Inmobiliaria, S.A.U. is subject to the Money Laundering Act due to the nature of it activities, and therefore, in addition to the aforementioned preventive controls, this company has implemented additional specific controls primarily aimed at preventing this type of crime. By way of example, the company has approved rules like the *Procedure to Prevent Money-Laundering and Terrorist Financing, Contract Approval Endorsements*, the *Leased Assets Billing Procedure* and *Payment Order Validation* monitoring.

Communication and training related to anti-corruption rules

Training and communication are two fundamental pillars of the Compliance System to ensure that all of its professionals are aware of and comply with the *Code of Ethics.*

Within this context, the Compliance Unit and the compliance divisions plan their training and communication activities on an annual basis in collaboration with the corresponding human resources and communications divisions.

Corporate policies, including the *Anti-Corruption and Anti-Fraud Policy* and the *Crime Prevention Policy*, as well as the *Code of Ethics,* are available on the corporate website and on the employee portal.

The protocols and other procedures approved by the Compliance Unit are available on the employee portal and are circulated by email to all departments where these procedures may be applicable.

GRI 205-2

The table below shows the training hours associated with the various training activities carried out in 2022.

Employee training on anti-corruption

		2022		2021		2020	
		Number of employees trained	Percentage of total workforce	Number of employees trained	Percentage of total workforce	Number of employees trained	Percentage of total workforce
Spain	Leadership	680	68.3	508	43.6	517	43.2
	Qualified Technicians	4,209	90.6	1,409	32.1	2,823	69.2
	Skilled workers and support personnel	3,407	83.9	1,214	29.1	2,823	65.4
	Total	**8,296**	**85.5**	**3,131**	**32.2**	**6,163**	**64.2**
United Kingdom	Leadership	8	2.3	14	1.7	673	87.3
	Qualified Technicians	300	7.7	87	2.7	2,623	83.4
	Skilled workers and support personnel	75	5.0	68	4.2	1,150	69.8
	Total	**383**	**6.7**	**169**	**3.0**	**4,446**	**79.9**
United States	Leadership	352	100.0	330	100.0	N/Av.	N/Av.
	Qualified Technicians	3,149	100.0	2,861	100.0	N/Av.	N/Av.
	Skilled workers and support personnel	4,323	100.0	4,244	100.0	N/Av.	N/Av.
	Total	**7,824**	**100.0**	**7,435**	**100.0**	**7,099**	**100.0**
Brazil	Leadership	407	100.0	379	97.7	338	96.3
	Qualified Technicians	2,025	58.2	3,062	96.6	2,796	96.3
	Skilled workers and support personnel	7,437	64.6	10,714	93.2	8,997	94.1
	Total	**9,869**	**64.1**	**14,155**	**94.0**	**12,131**	**94.7**
Mexico	Leadership	12	12.0	38	40.4	109	100.0
	Qualified Technicians	130	17.4	373	50.2	93	12.1
	Skilled workers and support personnel	94	20.5	135	29.4	16	3.6
	Total	**236**	**18.1**	**546**	**42.1**	**218**	**16.7**
IEI	Leadership	86	91.5	44	50.0	42	35.0
	Qualified Technicians	561	72.1	284	44.9	148	24.5
	Skilled workers and support personnel	31	30.4	25	25.8	8	8.6
	Total	**678**	**69.6**	**353**	**43.2**	**198**	**24.2**
Iberdrola total	**Leadership**	**1,545**	**67.8**	**1,313**	**45.3**	**1,679**	**57.7**
	Qualified Technicians	**10,374**	**62.5**	**8,076**	**53.9**	**8,483**	**59.3**
	Skilled workers and support personnel	**15,367**	**70.4**	**16,400**	**74.3**	**12,994**	**64.2**
	Total	**27,286**	**67.0**	**25,789**	**64.5**	**30,255**	**81.5**

Monitoring

Grievance mailboxes of the group

■ GRI 2-26

One of the basic elements of the Compliance System are the detection and/or monitoring mechanisms allowing for verification of the effectiveness of the controls and prevention activities carried out at the group. These mechanisms include the ethics mailboxes for professionals, which are tools that can be used to make queries or report conduct that may involve the commission of any improper conduct or any act contrary to law or the rules.

The group also has suppliers' ethics mailboxes. These mailboxes are communication channels to enable the suppliers of the group, as well as any companies that they subcontract, their respective employees and companies that have participated in a tender, to report conduct that might entail (i) violation by any group professional of the Governance and Sustainability System, the *Code of Ethics* or applicable law, or (ii) the commission by a supplier, its subcontractors or the respective employees thereof of any act contrary to law or to the provisions of the section of the *Code of Ethics* applicable to suppliers within the framework of their business relations with the group. These *mailboxes* are available in the purchasing portal of the website.

The group also has a shareholders' ethics mailbox. This mailbox represents a channel of communication through which shareholders can report conduct that night involve a breach of the company's *Governance and Sustainability System* or the commission by any professional of the group of an act contrary to the law or to the rules of conduct of the *Code of Ethics*. This mailbox is available on the group's corporate website, specifically within the interactive system provided for the shareholders known as "OLS – Shareholder´s Club".

Response and remediation plans

■ GRI 205-3

A total of 2,938 communications were received through the ethics mailboxes in financial year 2022, of which 1,551 were queries and 1,387 were complaints. Of the 1,387 complaints received, 885 were accepted for processing. In 5% 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*. Of the total of 885 complaints that were accepted for processing, 433 were classified as having a potential impact on human rights.

Information regarding the existence of cases of corruption during the financial year

The Company confirmed the existence of one case of corruption reported through the ethical mailboxes during financial year 2022. After the relevant internal investigation, it was found that a Neoenergia employee had solicited financial consideration from a customer in exchange for providing improper preferential treatment in the terms of a contract. The employee was dismissed in application of the internal disciplinary regime.

In March, the company learned of a complaint filed with the Romanian Organised Crime and Terrorism Investigation Department (DIICOT) pursuant to which it was confirmed that an investigation had commenced based on a complaint filed by Eolica Dobrogea SRL, C-Tech SRL, Corneliu Dica and Ms Ceausescu against Iberdrola, S.A., Iberdrola Renovables Energía, Iberdrola Renovables Internacional, Iberdrola Renovables Rumanía, and ED1.

DIICOT is a division of the Romanian public prosecutor's office in charge of investigating organised crime. This decision from DIICOT only confirms that the complaint was filed and that the work of investigation will commence. It is important to bear in mind that, at this point, no formal accusation has been made against any company personnel or any of Iberdrola's companies.

Proceedings from prior years with an impact on the financial year.

The Iberdrola group has been working with the courts to clarify the circumstances relating to the hiring of the company Cenyt by some group companies in order to enforce any liabilities that may arise and to defend its good name and reputation.

After a long investigation by Central Investigative Court no. 6 of the National High Court, neither Iberdrola, any of the companies of its Group, nor any directors or officers thereof have been found liable in any respect. No Group company is being investigated as part of these proceedings, in which Iberdrola, S.A appeared as an aggrieved party.

In these proceedings, the chair of the Board of Directors and the other directors and executives, current and former, of Iberdrola, S.A. who had been investigated at any point during the proceedings were all acquitted, with the exception of a former head of security at the company who is no longer associated therewith, and with respect to which an application for dismissal filed with this Court is currently pending resolution. The action for disclosure of trade secrets filed by the Company against another former executive, who is no longer associated therewith and who used to work in the accounting department, is also pending resolution.

After 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* and Compliance has not revealed any violation of the internal control systems or of the *Code of Ethics* or of any other rules or procedures in the engagement of the company Cenyt by certain companies of the Group, without prejudice to the reputational impact of these events on Iberdrola, S.A. or on the companies in its Group.

In the Castile and León Wind Farm matter, arising from the claim filed by the Anti-Corruption Division of the Public Prosecutor's office for alleged crimes committed in obtaining approvals for the building of wind farms in Castile and León between 2004 and 2009, Investigative Court no. 4 of Valladolid issued an order to commence Oral Proceedings in November 2021, pursuant to which:

1. It orders the commencement of oral proceedings against, among other individuals and as pertains to Iberdrola, three officers of the group, two of whom are no longer associated therewith, for alleged commission of the continuing offence of bribery, requiring each to provide a €130 million bond. Iberdrola Renovables Energía provided three corporate guarantees, each in the amount of €130 million, as a personal bond payable upon demand, to cover the monetary penalties that might apply, thus lifting the freeze on the accused officers' assets.
2. AIt orders the commencement of oral proceedings against Iberdrola Renovables Castilla y León (IBERCYL) for subsidiary civil liability, in the amount of €11,257,500, jointly and severally with the Castile and Leon Government. IBERCYL initially challenged the measure imposed, which was denied by Order of 18/11/2022. with respect to which IBERCYL filed an appeal for reconsideration (*recurso de reforma*), which has not yet been decided. As of today, no security has yet been provided.

Public policies

Relations with regulatory entities and social institutions

GRI 415

Iberdrola has two kinds of relationships with regulatory entities:

- Relationships geared towards contributing to the enactment of efficient regulatory provisions allowing for the development of a competitive market in activities that are not subject to a natural monopoly, and sufficient remuneration for regulated businesses. To that end, there is a continuous and constructive dialogue where information, knowledge and positions are exchanged. Iberdrola is thus acquainted with the concerns and proposals of regulatory entities and provides them with its own positions in the legitimate defence of its interests and those of its shareholders and customers. The company also actively participates in "public hearings" held by regulatory entities in order to ascertain the opinions of the players involved in the processes prior to the revision of regulations or the determination of domestic and European energy policies. It also participates in the official processes of enactment of laws and regulations and in monitoring the application thereof.
- Provision of all information required by regulatory entities, whether in connection with the normal conduct of its business or as a result of any transitory issue.

In addition to its direct relationships with regulatory entities, Iberdrola and the companies in its group participate in the regulatory process through the various domestic and international trade associations of which they are members.

GRI 2-28

Principal domestic and international associations		
Global	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 Emissions Trading Association (IETA)	World Association of Nuclear Operators (WANO)
	European Technology and Innovation Platform on Wind Energy (ETIP Wind)	European Utilities Telecom Council-EUTC
	European Round Table (ERT)	International Council on Large Electric 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
	Groupe international des importateurs de gaz naturel liquefie	European Association for The Streamlining of Energy Exchange
	EFET - European Federation of Energy Traders	

Principal domestic and international associations

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)	Asociación de Directivos de Responsabilidad Social Empresarial (DIRSE)
	Fundación COTEC para la Innovación	Club Español de la Energía
	Asociación Empresarial para el Desarrollo e Impulso del Vehículo Eléctrico	Asociación empresarial Eólica (AEE)
	Corporate Excellence	Club de Excelencia en Sostenibilidad
	Asociación Española del Hidrógeno	Asociación de fabricantes de equipos de climatización
	Cogen España	Cogen Europa
	Centro de ciberseguridad industrial	
United Kingdom	Scottish Fuel Poverty	OFGEM
	The Scottish Renewables Forum	Energy UK - Energy Efficiency Group
	Offshore Wind Accelerator	National Skills Academy for Power
	Energy Networks Association	Business Disability Forum
	Renewables UK	Energy Institute
	Energy & Utility Skills	Energy Efficiency Group
	Institute of Customers Service	Smart DCC Limited
	Institute of Engineering & Technology	British Hydro Association
	National Energy Action	Edinburgh Chamber of Commerce
United States	American National Standards Institute (ANSI)	American Wind Energy Association (AWEA)
	The Wind Coalition (TWC)	Center for Energy Workforce Development (CEWD)
	North American Transmission Owner and Operator Forum (NATF)	Clean Grid Alliance
	American National Standards Institute (ANSI)	Operations Technology Development (OTD)
	Industrial Asset Management Council (IAMC)	The Wind Coalition (TWC)
	Gas Technology Institute (GTI)	American Gas Association (AGA)
	Edison Electric Institute (EEI)	Wind on the Wires (WOW)
	Center for Energy Efficiency and Renewable Technologies (CEERT)	Interwest Energy Alliance
	North American Electric Reliability Corporation (NERC)	Industrial Asset Management Council (IAMC)
	National Offshore Industries Association	Clean Energy and Clean Power
Brazil	Associação Brasileira de Distribuidoras de Energia Elétrica (ABRADEE)	Associação Brasileira da Infraestrutura e Indústrias de Base (ABDIB)
	Associação Brasileira dos Comercializadores de Energia (ABRACEEL)	Federação das Indústrias do Estado da Bahia (FIEB)
	Associação Brasileira dos Contadores do Setor de Energia Elétrica (ABRACONE)	Associação Brasileira das Empresas Geradoras de Energia Elétrica (ABRAGE)
	Associação Brasileira de Energia Solar (ABSOLAR)	American Chamber of Commerce (AMCHAM)
	Associação Brasileira de Geradoras Termelétricas (ABRAGET)	Associação Brasileira de Energia Eólica (ABEEOLICA)
	Associação Brasileira das Empresas de Transmissão de Energia Elétrica (ABRATE)	Associação Brasileira de Relações Institucionais e Governamentais (ABRIG)
	Instituto Acende Brasil	Centro de Pesquisas de Energia Elétrica (CEPEL)
	Associação brasileira de Comunicação Empresarial (ABERJE	Associação Brasileira dos Produtores Independentes de Energia Elétrica (APINE)

Principal domestic and international associations		
Mexico	Asociación Mexicana de Energía Eólica (AMDEE)	Asociación Mexicana de Parques Industriales (AMPIP)
	Asociación Mexicana de Energía, A.C (AME)	Consejo Coordinador empresarial A.C
	Confederación Patronal de la República Mexicana (Coparmex)	Cámara de la Industria de Transformación Ensenada
	Consejo Ejecutivo de empresas Globales, AC	Centro Mexicano para la filantropía (CEMEFI)
IEI	Associazione Italiana Energia Libera	Associaçao Portugesa de Energia (APE)
	Associazione Italiana di Grossisti di Energia e Trade (AIGET)	Associaçao de Gás Natural (AGN) in Portugal
	Committee for Economic Development of Australia (CEDA), in Australia	Agencia para a Energia (ADENE) in Portugal
	Australian Energy Council (AEC), in Australia	Agência para a Energia, in Portugal (ADENE)
	EFET Deutschland - European Federation of Energy Traders Deutschland	

External initiatives to which the organisation subscribes or which it endorses

■ GRI 2-23

The company has subscribed to or endorsed external initiatives aligned with sustainable development and encouraged its minority-owned companies to adhere to them. Iberdrola supports or subscribes to the following:

- Iberdrola is fully aligned with the Sustainable Development Goals (SDGs), including them in its business strategy and its Sustainable Management Policy
- World Economic Forum (WEF) –CEO Climate Leaders–
- World Business Council of Sustainable Development (WBCSD)
- EV100 (The Climate Group)
- UN Global Compact LEAD
- European Round Table of Industrialists
- Corporate Leaders Group
- Green Growth Platform
- Carbon Pricing Leadership Coalition
- Powering Past Coal Alliance
- CLG Europe
- European Climate Foundation

Iberdrola joined the Global Compact in 2002. Iberdrola has also participated in the preparation of the Wind Europe and ETIP Wind publications on recycling wind turbine blades.

In each country, Iberdrola also supports and collaborates with the initiatives it regards as most significant in terms of their importance at local level (the Spanish Office of Climate Change in Spain, the Cancer Research association in the United Kingdom, the Brazilian Business Council for Sustainable Development (CEBDS) in Brazil, the Clean Energy Council in Australia, etc.).

Lobbying activities and contributions to political parties or to related institutions

As regards lobbying activities, Iberdrola is registered with the Transparency Register created by European institutions to provide adequate transparency to the relations of such institutions with companies, NGOs, citizens' associations, think tanks, etc. The register was created by the European Parliament and the European Commission, and the Council of the European Union supports the initiative. *Iberdrola's record* in such register can be found on the EU's website.

Iberdrola has a neutral position from a political standpoint. In financial year 2022, none of the group's companies, with the exception of the United Kingdom and the United States, contributed to the financing of political parties.

■ GRI 415-1

Contribution to political parties (€)

	2022	2021	2020
United Kingdom	35,882	16,285	0
United States	559,550	45,011	3,942
IEI	11,807	0	0
Total	**607,239**	**61,296**	**3,942**

In the United Kingdom, ScottishPower has contributed a total of €35,882, distributed among different parties across the political spectrum, for the sponsorship of conferences and events, in accordance with the Political Parties, Elections and Referendums Act (2000). These events are an important opportunity for the group to present its views to representatives across all political camps on a non-partisan basis. This contribution does not signal support for any specific party.

In the United States, AVANGRID's Renewables Business has contributed a total of €559,550 ($589,000) to candidates and political parties, reporting these contributions in accordance with current legislation. These represent the contributions made by the company and do not include additional voluntary contributions from employees.

In Australia, IBERDROLA Australia contributed a total of €11,807 euros (AUS$17,900) for the annual membership to sponsor conferences and events, reporting it to the Australian electoral commission.

V. Financial

For Iberdrola, ESG issues are integrated into its strategy and operations and are therefore directly linked to its financial performance. This approach, which the company calls ESG+F, is reflected in its activities and business model. Thanks to this consistency between growth and financing strategy, the company has direct access to the capital market and is a recognised leader as an issuer of green and sustainable financial instruments.

This commitment is reflected in the inclusion within the group's ESG objectives of two objectives relating to the financing strategy that will enable the company to continue to lead the green bond and sustainable financing market.

GOALS	METRIC	2022	2025	2030	Related SDGs
SUSTAINABLE FINANCE					
Green financing frameworks	Annual review and update (if applicable)	√	√	√	5 6 7 13 16
ESG financing	% of ESG financing	*82 %*	*Minimum 80 %*	-	5 6 7 13 16

V.1. Sustainable economic growth

- Economic/financial impact
- Compliance with laws and regulations
- ESG Finances
- Taxonomy

Economic/financial impact

GRI 201

The electricity industry is and will be a significant driver of the economy, to which it contributes by means of high investments and the creation of both direct and indirect high-quality jobs. An example of this, Iberdrola's strategic commitment to a sustainable, safe and competitive energy model that makes it possible to fight climate change has resulted in more than €140,000 million of investments over the last 20 years. This activity, measured for financial year 2021, has generated a total annual employment impact of some 400,000 direct, indirect and induced jobs worldwide, contributing more than €37,000 million to global GDP annually, and making a total annual tax contribution, including direct and indirect taxes, of more than €15,300 million.[84]

GRI 201-1

Direct economic value generated, distributed and retained (€ millions)

Iberdrola consolidated total	2022	2021	Reference to Financial Statements	
Revenue (+)	53,949	39,114	Note 37[85]	Revenue
Other operating income (+)	602	705	P&L[85]	Other operating income (excluding grants)
Results from equity accounted investees (+)	261	34	Note 15a[85]	Positive results from equity accounted companies
Finance income (+)	1,009	1,114	Note 42[85]	Finance income (without including capitalised finance expenses and income (excluding capitalised interest expense and discounting of provisions to present value)
Direct economic value generated	**55,821**	**40,967**		
Supplies (-)	33,750	22,052	Note 38[85]	Supplies
External services (-)	3,550	2,878	P&L[85]	External services (excluding donations)
Losses from equity accounted investees (-)	115	72	Note 15a[85]	Negative results from equity accounted investees
Shareholders (-)	1,295	799	SCF[86]	Dividends paid
Minority interests (-)	721	467	P&L[85]	Non-controlling interests
Interest on subordinated debt (-)	169	94	SCF[86]	Subordinated perpetual bonds
Finance expenses from lease liabilities (-)	2,928	2,157	Note 42[85]	Financial expense (excluding Financial Restatement of Provisions)
Employee remuneration (excluding company social security costs) (-)	2,995	2,684	Note 39[85]	Staff costs (excluding employer's social security and activated staff costs)
Payments to government administrations (-)	3,255	3,125	SNFI-SR	Fiscal responsibility
Community investments (verified according to the LBG Model) (-)	52	58	SNFI-SR	Contributions to society
Economic value distributed (-)	**48,830**	**34,386**		
Economic value retained (=)	**6,991**	**6,581**		

During the period, Iberdrola made gross investments totalling 10.730 million[87].

[84] PwC study "Economic, social and environmental impact of Iberdrola worldwide" (based on 2021 data).
[85] Consolidated income statement
[86] Consolidated statement of cash flows
[87] Total amount includes all investments involving cash outflows or debt assumed.

Financial assistance received

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

GRI 201-4

Financial assistance (€ millions)			
	2022	2021	2020
Capital subsidies	1	8	8
Operating subsidies	18	6	3
Investment tax credits[88]	0	0	0
Production tax credits[89]	209	164	135
Assistance for other items included in the GRI Protocol	0	0	0
Iberdrola total	**228**	**178**	**146**

GRI 203

In addition to the direct economic impacts that occur as a result of the cash flows that are generated, the Iberdrola group also induces additional effects or indirect economic impacts such as those described below:

GRI 203-2

From an economic standpoint, the expansion of electricity systems drives the regional economy in the region where it occurs and creates employment opportunities, contributing to economic and social enhancement.

The positive effects at the local level include, among others, improvement of the economy and employment (direct and indirect), revitalisation and repopulation of underpopulated rural areas, generation of fees, taxes and duties at the different stages of activity and areas of operation, training of professionals, support of local communities through various sponsorship initiatives, promotion of economic development, and improvement in the quality of life through electrification, energy efficiency projects, waste revaluation, etc. For example, the Sikuli programme in Mexico to promote social entrepreneurship.

Likewise, and at a general level, renewable projects help to reduce the overall CO2 emissions of the energy mix of the country where they are implemented, contributing to the decarbonisation not only of the region where they are located, but also of the country and the planet as a whole, thus helping to curb global warming and supporting each country's decarbonisation targets. In addition, the Challenge Resilience and Challenge Fires projects have been launched to work with start-ups to find innovative solutions for distribution infrastructure.

Potentially negative effects, which the company seeks to avoid, can be considered to include the following:

- Environmental risks, which may give rise to undesirable consequences for the environment, such as spills and improper emissions, or waste management.
- The impact on terrain of the facilities, especially large ones, and the possible negative effects (during construction or operation) on traditional activities, particularly in the rural environment, such as ranching, hunting or fishing.

[88] Investment tax credits.
[89] Production tax credits.

GRI 203-1

During the construction and operation of its facilities, Iberdrola also carries out certain infrastructure activities that are unrelated to its facilities, 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 2022, is provided below:

- Improvement of paths and walkways, leading to a better quality of life for residents in the surrounding area.
- In the United Kingdom, there are continuing activities to improve various infrastructure and to make landscape improvements for the enjoyment of people near the various production centres. The Networks Business in the United Kingdom has developed the Little Kerse project, in the total amount of £389,000, thus completing the last project financed by the Green Economy Fund. A campaign to provide advice and support to vulnerable local communities in their path towards Net Zero has been launched through the Net Zero Transport Fund.
- In Brazil, the Quilombola culture programme is of particular note, especially the construction of the headquarters of the Quilombos de Santa Rosa Community Association, intended to serve as a direct communication channel to convey information, give support to the community, and answer questions. Moreover, in 2022 the Energy Museum opened again, through the restoration of a historic building in Pelourinho, Salvador (BA), in which it is intended to bring the world of energy closer to society and promote knowledge of this world.
- In Mexico, an annual social contribution is made to the communities surrounding the projects. It is based on the following criteria: culture, sport, health, education and social development. In parallel, repairs are made to the roads used for on-site Operation and Maintenance tasks, and by local residents. The Ricardo Flores primary school in Lalaxo was also repaired.
- Finally, there is the partnership with Hydrographic Confederations and other entities in Spain, especially those focused on environmental issues, to enable various activities near hydroelectric reservoirs by adjusting flows at certain times.

Compliance with laws and regulations

GRI 2-27

Information on significant non-monetary sanctions and fines due to non-compliance with laws or regulations is presented below:

Significant instances of non-compliance with laws and regulations

	2022	2021	2020
Significant instances for which non-monetary sanctions were incurred (no.)	22	24	18
Significant instances for which fines were incurred (no.)	261	N/Av.	N/Av.
Total	**283**	N/Av.	N/Av.

Out of the total significant incidents for which non-monetary sanctions were incurred (22 incidentes) one took place in Spain, 12 in Brazil, one in the United States, and eight pertain to Iberdrola Energía Internacional. 101 resulted in fines in Spain, 69 in the United States, 131 in Brazil, and one in Mexico.

Fines for instances of non-compliance with laws and regulations

	2022	
	No.	Monetary value (€)
Fines paid, imposed during the financial year	201	4,101,055
Fines paid, imposed in previous financial years	81	1,762,217
Total	282	5,863,272

In Brazil, 10 fines totalling €118,644 were imposed during the financial year, and 21 fines totalling €933,082 imposed in previous financial years were paid, all of them imposed on the Networks Business, for infringement proceedings related to state and municipal taxes as well as for various consumer protection-related matters.

In the United States, 35 fines totalling €3,566,113 imposed were imposed and paid during the financial year, €3,135,094 of which were imposed on the Networks Business for a fine pertaining to the final settlement of a violation of the Connecticut Order to proactively and directly contact customers to provide them with information regarding the COVID-19 Payment Program.

Note 44 of the 2022 Consolidated Annual Financial Report provides detailed information on the significant contingent assets and liability of the Iberdrola group relating to those judicial and extrajudicial disputes in the ordinary conduct of business (which may be disputes with suppliers, customers, administrative or tax authorities, private citizens, environmental activities, or employees). The opinion of the Iberdrola group's legal advisors is that the outcome of these disputes will not significantly affect its financial situation.

ESG Finances

In keeping with its sustainable business model, Iberdrola is positioned as one of the world's leading and pioneering business groups in ESG financing. This has the threefold objective of (i) aligning its financial strategy with its purpose, values and investment strategy, (ii) optimising the cost of its debt, and (iii) diversifying its sources of financing, transforming sustainability into both an end and a means to the financial strength it pursues and which characterises it.

Iberdrola demonstrates this commitment to ESG financing in the various regions in which it operates and through the different instruments and formats it uses to finance itself.

The ESG financing subscribed by the IBERDROLA Group in 2022 amounts to €9,512 million, with the group's ESG Financing portfolio totalling €48,473 million. The breakdown by product is as follows:

ESG Financing of the group 2022		
	New financing 2022	Portfolio at year-end 2022
Green	**6,017**	**26,956**
Bonds	3,237	17,668
Bank loans	-	376
Multilateral loans	991	2,857
Loans with development banks and ECAs	1535	2,666
Structured financing	254	3,389
Sustainable	**3,495**	**21,517**
Credit facilities	2,500	15,272
Loans	995	1,245
Commercial paper programmes	-	5,000
ESG total	**9,512**	**48,473**

Green finance transactions

The group has signed new green finance transactions in 2022 in the total amount of €6,017 million. This brings the total amount of green finance at the end of 2022 to €26,956[90] million.

The differentiating feature of this financing is the commitment to use the funds obtained for projects with a positive impact on the environment, including renewable energy, expansion and digitalisation of electricity transmission and distribution grids, researching new, more efficient technologies, and the smart mobility projects in which Iberdrola invests. The company also commits to provide annual reports, through various indicators, on the environmental return generated by these projects, so that investors can be aware of their level of contribution to the environmental improvement achieved.

The funds secured through all of these operations have gone towards financing or refinancing investments in projects that meet certain environmental and sustainable development criteria, as described in the relevant Green Financing Frameworks[91] of Iberdrola, AVANGRID and Neoenergia. These Frameworks are aligned with the Green Bond Principles ("GBPs") established by the International Capital Markets Association (ICMA) and have the Second Party Opinion of a renowned international expert regarding their alignment with the GBPs in all cases.

Green bonds

In the capital markets, Iberdrola is the world's leading private group in terms of green bonds issued. The company issued its first green bond in 2014, and since then has intensified its financing through this type of instrument, with many more issues and in various areas: both public and private issues, involving senior and subordinated debt (hybrid bonds) issued by the Corporation or other subsidiaries (AVANGRID green bonds and Neoenergia green debentures and all other companies under these sub-groups).

[90] Including 100% of green financing with partners, in the amount of €2,416 million.
[91] *Iberdrola Framework for Green Financing*, *AVANGRID Framework for Green Financing* and *Green Finance Framework do Grupo Neoenergia.*

As a Corporation, Iberdrola engaged in four new green bond issues in 2022, three of them for senior debt and a fourth one structured as a bond whose yield is linked to the price of Iberdrola's shares (equity-linked):

- In March, €1,000 million of 10-year bonds were issued, and which were allocated to the financing of the St. Brieuc (France) and Baltic Eagle (in Germany) wind farm plants, both under construction.
- In November, there was an issuance of €1,500 million, structured into two tranches: €750 million for a six-year term and €750 million for a 10-year term. The funds obtained from both transactions were allocated to the financing of renewable assets (mainly photovoltaic solar energy) in Spain and other European countries.
- In November there was another issue in the amount of €450 million, which was drawn down in December. This is a five-year bond linked to the price of Iberdrola's shares. The funds obtained were allocated to financing the investment plan for the Networks business in Spain during the 2021-2023 period.

At AVANGRID, Central Maine Power issued a green mortgage bond in July in the amount of US$125 million (€118 million). The funds obtained were allocated to Networks projects.

At Neoenergia, Neoenergia Distribuição Brasilia, Neoenergia Celpe and Neoenergia Elektro issued three green debentures in July in the combined total amount of R$950 million (€169 million). The funds obtained were allocated to Networks projects.

At year-end 2022, Iberdrola has a total of 19 current green bonds issued by the Corporation in the total amount of €14,197 million. The Green Financing Returns Report contains information and details on all outstanding financing during 2022.

In addition, Iberdrola, through its subsidiary AVANGRID and several of its subsidiaries, has green bonds outstanding in the US market in the combined amount of US$2,850 million (€2,678 million) aimed at financing renewable and distribution projects in the United States. Information and details on this financing is described in the AVANGRID 2022 Sustainability Report.

Neoenergia and its subsidiaries also have green financings outstanding on the capital markets, totalling R$4,445 million (€793 million), earmarked for financing renewable and transmission or distribution projects in Brazil. Information and details on this financing is described in the Sustainability Report.

Bank loans

In the banking market, Iberdrola received the first green loan obtained by an energy company in 2017, which was followed by other green transactions. In 2018 Iberdrola México, a wholly-owned subsidiary of Iberdrola, executed the first green corporate loan in Latin America for US$400 million, which was used to refinance the company's renewables assets in Mexico. In May 2022 Iberdrola México extended the maturity of this green loan for an additional year, until May 2024.

Multilateral loans

With regard to multilateral green loans, in May 2019, Iberdrola obtained its first green loan from the European Investment Bank (EIB) and since then has continued with the signing of a number of corporate green loans. These public institutions have their own standards for evaluating projects and for allocating green instruments. All of the assets financed by these institutions are also included as projects capable of green financing within the framework of Iberdrola's green financing.

In 2022, the Corporation signed four green loans with the EIB totalling €893 million:

- €53 million to partially finance the building of a 20 MW industrial facility for the production of green hydrogen through water hydrolysis, to manufacture ammonia. This loan also financed a 100 MW photovoltaic plant, a battery storage system, and a number of supplementary facilities.
- €550 million, for the development of a portfolio of wind farm and photovoltaic solar projects located in Spain.
- €220 million, to modernise, automate and adapt distribution networks to the electrification of consumption.
- €70 million, for the development of a 188 MW portfolio of photovoltaic solar projects located in Portugal.

In 2022, Coelba, a member of the Neoenergia Group, increased its green financing with a "Super Green Loan" from the International Finance Corporation (IFC), a member of the World Bank Group, in the amount of R$550 million (€98 million) to finance improvements to and the expansion of transmission networks and their digitisation.

Further details on these green operations and their sustainability returns can be found in Report on Green Financing Returns. Further details on these green operations and their sustainability returns can be found in Neoenergia Sustainability Report (for transactions carried out by Neoenergia and subsidiaries).

Loans with development banks and ECAs

In April 2022, Iberdrola signed a loan for €35 million with the Spanish Official Credit Institute (ICO) to partially finance, together with the EIB, the building of 20 MW industrial facilities for the generation of green hydrogen through water hydrolysis, to manufacture ammonia. These loans also finance a 100 MW photovoltaic plant, a battery storage system, and a number of supplementary facilities.

Iberdrola has continued to diversify its sources of financing, establishing new trade relations with Export Credit Agencies (ECAs). These Credit Agencies have insurance policies that assure very high percentages of the financings, thus enabling Iberdrola to diversity its sources of financing and reduce the consumption of risk with banking institutions.

Iberdrola has thus carried out two operations totalling €1,500 million in 2022.

- In April 2022, Iberdrola signed a green loan for €1,000 million with Banco Santander. This loan is secured by the Danish Export Credit Agency EKF to finance goods of interest to Denmark. The funds will go towards onshore and offshore wind farms with Vestas or Siemens Gamesa turbines. The wind farms are included in various European countries.

- In October 2022, Iberdrola signed a €500 million green loan with:
  - Caixabank for €250 million.
  - BNP Paribas for €250 million.

The loan is guaranteed by the Spanish Export Credit Agency CESCE, with backing from the Spanish government, and falls within its green policy, to finance investments to help to mitigate climate change. The loan will be used for investment in photovoltaic and wind renewables, batteries and transport networks in Portugal, the United Kingdom and Poland.

All of the assets financed by these institutions are included as projects capable of green financing within the framework of Iberdrola's green financing.

More details on these green operations and their sustainability returns can be found in the Report on Green Financing Returns (for financing by the Corporation).

Structured finance

In 2020 Iberdrola signed its first green Project Financing through its 63.55%-owned subsidiary Iberdrola Renovables de la Rioja, S.A., provided by BBVA in the amount of €23.3 million, to refinance 12 wind farms in La Rioja, which was repaid in 2022.

In 2021 Iberdrola signed two green Project Finance agreements through its subsidiaries Parques Eólicos Alto Layna, S.L.U and Energías Renovables Ibermap, S.L., 20% owned subsidiaries of Iberdrola, provided by BBVA in the amount of €106[92] million, and by BBVA, Banco Santander and BNP in the amount of €191.8[93] million, respectively, to refinance wind farms in Spain.

More details on these green loans and their sustainability returns can be found in the Report on Green Financing Returns.

In 2022 AVANGRID increased its financing under the form of Green Tax Equity Investment by $271 million (€254 million) through two new transactions, Lundhill and the Amendment to the Aeolus VIII portfolio, with Tax Equity Investment investors. Information and details on these financings is described in the AVANGRID 2022 Sustainability Report.

Financial transactions linked to the achievement of sustainable objectives

The group has also formalised other financing agreements with the ESG label. These are sustainable financings that, rather than earmarking funds, link certain elements of the instrument to sustainability metrics or the achievement of strategic objectives aligned with the Sustainable Development Goals (SDGs). These include the group's loans to manage and optimise its liquidity, called commercial paper, a very short-term financing instrument.

As in the case of green financing transactions, the financial transactions linked to the achievement of sustainable objectives are also certified by an independent expert in terms of the established metrics and their alignment with targets established with the company's sustainable strategy and with the Sustainability-Linked Loan Principles (SLLP).

[92] Outstanding balance of the Alto de Layna loan at 31/12/2022: €86 million. The Parques Eólicos Alto de Layna loan had a Second Party Opinion from G-Advisory. Parques Eólicos Alto de Layna is a company in which Iberdrola owns a 20% interest.
[93] Outstanding balance of the Energías Renovables Ibermap loan at 31/12/2022: €126 million. The Energías Renovables Ibermap loan had a Second Party Opinion from G-Advisory. Energías Renovables Ibermap is a company in which Iberdrola owns a 20% interest.

Credit facilities linked to sustainable objectives

At year-end 2022, Iberdrola, through the Corporation and AVANGRID, has a number of credit facilities in the aggregate amount of €15,272 million, with the cost linked to achieving sustainable objectives. The main objectives established in these credit facilities are associated with environmental and social KPIs:

- €2,500 million sustainable syndicated credit facility and ¥16,000 million bilateral credit facility, the maturities of which were extended in 2022 by an additional year until 2027:
  - Environmental KPI: intensity of CO_2 emissions, measured in grams per kilowatt hour produced (g/kWh).
  - Social KPI: percentage of women in leadership positions.
- €1,500 million sustainable syndicated credit facility:
  - Environmental KPI: Renewable capacity installed within the group.
  - Social KPI: number of people in developing countries benefiting from electricity access.
- €5,300 million sustainable syndicated credit facility:
  - Environmental KPI: intensity of CO_2 emissions, measured in grams per kilowatt hour produced (g/kWh).

In 2022 a new and innovative facility was signed in the amount of €2,500 million, linked to the company's water footprint through two sustainability indicators:

- Environmental KPI: amount of water consumed by the Group in its own or controlled production facilities and not returned to the environment, measured in cubic metres (m^3) per gigawatt hour (m^3/GWh) of energy produced.
- Environmental KPI: rating assigned to Iberdrola by the independent agency CDP Water.

Iberdrola is aware of the importance of water usage in the management of its activities, and wants to significantly contribute to SDG 6: "Clean water and sanitation".

Furthermore, in 2021 AVANGRID extended the maturity and limit of the syndicated credit facility signed in 2018 until 2026 and up to US$3,575 million respectively, maintaining the initial indicator that requires reducing CO_2 emissions.

Bank loans linked to sustainable objectives

In 2022 Iberdrola signed bank loans in the aggregate amount of €995 million, linked to the following indicator relating to water management:

- Environmental KPI: amount of water consumed by the Group in its own or controlled production facilities and not returned to the environment, measured in cubic metres (m^3) per gigawatt hour (m^3/GWh) of energy produced.

In addition, in 2021 Iberdrola obtained the first loan in the European energy sector linked to a reduction in water consumption, in the amount of €250 million. The loan includes an incentive linked to meeting certain circular economy objectives.

ESG commercial paper

On 15 April 2021 Iberdrola formalised the update of its framework programme for the issuance of short-term notes in the Euromarket (ECP), increasing the maximum outstanding limit to €5,000 million (from the previous figure of €3,000 million) and incorporating the sustainable label linked to the achievement of three objectives associated with the areas of the ESG strategy:

a. Environmental: intensity of CO2 emissions, measured in grams per kilowatt hour produced (gr/kWh) (contribution to SDGs 7, 13).
b. Social: Percentage of women in positions of leadership in the company (contribution to SDG 5).
c. Governance: Implementation of the eleven recommendations of the Task Force on Climate-related Financial Disclosures ("TCFD") (contribution to SDG 16).

Taxonomy

This section complies with the reporting obligations established by Article 8 of *EU Regulation 852/2020* on the establishment of a framework to facilitate sustainable investments, supplemented by *Delegated Regulation 2139/2021*, which determines eligible activities with respect to climate change mitigation and adaptation objectives, and in accordance with *Delegated Regulation 2178/2021*, which develops the reporting methodology.

Under this regulatory framework, companies are required to report their eligibility and alignment through three economic indicators; as a percentage of turnover, investment and operating expenditure.

In 2022 the reporting obligations led to the publication of the eligibility percentage (which had already been reported at year-end 2021), and, for the first time, of the percentage alignment for the three economic indicators and for all the activities carried out by the company.

Evaluation of eligibility, compliance with substantial contribution criteria, no significant harm, and existence of social safeguards

The activities carried out by the Iberdrola group companies have been evaluated with respect to the mitigation objective for purposes of eligibility and alignment. Thus, no amounts have been assigned to the climate change adjustment goal to avoid double accounting.

The first step is to determine which of the Iberdrola group's activities are eligible for purposes of the regulation. Eligible activities are those that could potentially contribute to one or more of the EU's environmental goals, and are described in Commission Delegated Regulation (EU) 2021/2139.

Analysing the activities carried out by the Iberdrola group, and taking as a reference the descriptions included in Annexes I and II of the Delegated Regulation, the list of eligible activities of the Iberdrola group is as follows: 3.1 Manufacture of hydrogen, 4.1 Electricity generation using photovoltaic solar technology, 4.3 Electricity generation from wind power, 4.5 Electricity generation from hydropower, 4.9 Transmission and distribution of electricity, 4.1 Storage of electricity, 7.3, 7.4, 7.5, and 7.6 Energy Efficiency, Installation, maintenance and repair of: charging stations for electric vehicles in buildings, instruments and devices for measuring, regulation and controlling energy performance of buildings, and renewable energy technologies[94].

The second step is to analyse how each activity does or does not meet the substantial contribution requirements.

For an activity to be considered aligned it must satisfy the technical criteria of substantial contribution to an environmental objective. For these purposes, Iberdrola has assessed compliance with these criteria for each head of business company, which has been documented in the company's records.

The third step is to assess how each activity meets, or does not meet, the criteria of no harm to other environmental objectives. The design of these criteria established by the delegated regulation is generally based on compliance with European regulations and/or standards for different environmental aspects. In order to assess and document compliance with these criteria at each head of business company, many of which operate in non-EU countries, the group has developed a methodology based on transferring requirements to surveys, which has enabled the work to be carried out in a homogeneous manner throughout the group. Each head of business company has assessed its compliance and has documented and evidenced its findings.

The fourth and final step is the assessment of the existence of sufficient social safeguards in the context of performing the activities. A similar approach to the no harm assessment has been followed and, based on an analysis using surveys and the group's existing human rights due diligence mechanisms, the existence of social safeguards has been satisfactorily documented. In this regard, worthy of note is the publication in 2022 of the group’s first report on Human Rights, which provides extensive explanations on this issue.

Finally, in order to ensure consistency between the assessment of criteria and actual performance, an analysis of the disclosure of the following indicators has been carried out: **GRI 2-27** Compliance with laws and regulations; **GRI 205-3** Confirmed incidents of corruption and actions taken; **GRI 406-1** Incidents of discrimination and corrective actions taken; **GRI 418-1** Substantiated complaints concerning breaches of customer privacy and losses of customer data; **GRI 416-2** Incidents of non-compliance concerning the health and safety impacts of products and service; **GRI 417-2** non-compliance cases related to product and service information and labelling (fines or penalties); **GRI 417-3** Incidents of non-compliance concerning marketing communications (fines or penalties).

The conclusion is that no inconsistencies can be deduced between the content of these indicators and the assessment of the no injury or de minimis safeguards criteria.

The criteria applied to calculate the eligibility and alignment percentages are described below.

[94] This heading includes the following products sold:
Smart Home: control of the energy consumption of each household appliance, changes in consumption and advice on how to save on bills.
Smart Mobility: solution for charging electric vehicles with 100% renewable energy. Installation of a charging point, electric contract with zero CO2 emissions and control from mobile phone with the Smart Mobility Home App.
Smart Solar: complete solar solution, with installation and maintenance of solar panels so that customers can generate their own electricity.

Calculation of percentage alignment

To calculate the percentages of alignment with the climate change mitigation objective, rigorous work was carried out in 2022 at the activity and country level to analyse wheter that the eligible activities

- Substantially contribute to achieving one or more of the six environmental objectives, in accordance with articles 10 to 16;
- To do no significant harm to the achievement of the other five environmental objectives (principle of do no significant harm), in accordance with article 17;
- Meet the requirements on minimum workplace safety and human rights at the company level (social protections), in accordance with article 18.

The basis to calculate alignment percentages is the eligibility calculation, taking the same denominator, but including in the numerator only the applicable revenues, investments or expenses corresponding to the eligible activities that meet the alignment criteria established by the regulations.

It is important to note that vertically integrated companies in the electricity sector carry out various activities, all of which are necessary for the operation of the electricity value chain.

Some of these activities, like the generation of electricity through wind or photovoltaic technology, or electricity transmission and distribution, are considered eligible in application of Delegated Regulation 2039/2021. However, the sale of electricity to end customers is not considered eligible.

Frequently, when a company both generates electricity and sells it to final customers, there is an inter-company transaction by which the retail activity purchases the electricity from the generation activity.

In accordance with accounting rules, revenues from the sale of electricity to end customers are part of the consolidated turnover, and the effect of the intra-group transaction is removed in the consolidation process.

Iberdrola believes that, in order to most accurately reflect the alignment of its operations with the EU sustainable activities Taxonomy, the numerator in the income ratio should include sales from the renewable production business. Otherwise, the ratios would describe a company that, despite demonstrating an extremely high percentage of its investments and operational expenses in line with the taxonomy, would have an extremely low percentage of income alignment on a permanent basis.

Revenues from Generation of electricity from renewable sources is considered in the numerator, and corresponds to that indicated in Note 37-Revenue, included in the Annual Financial Information of Iberdrola S.A. and its subsidiaries.

Considering all the above, to ensure the consistency between the reality described by the income ratio and that described by the investment ratio and the operating expenses ratio, the information given in this section has been provided as follows:

Calculation of the percentage of eligible turnover

The proportion of eligible Turnover referred to in Article 8(2a) of *Regulation (EU) 2020/852* is calculated as the share of net turnover resulting from products or services, including intangibles, associated with economic activities that are eligible according to the taxonomy (numerator), divided by the net turnover (denominator) as defined in *Article 2(5) of Directive 2013/34/EU*.

Turnover includes revenue recognised in accordance with *International Accounting Standard (IAS)* 1, paragraph 82(a), as adopted by *Commission Regulation (EC) No 1126/2008.*

Therefore, for the calculation of the eligibility percentages corresponding to the consolidated Iberdrola group, and included in the table above:

- The numerator includes the sum of the Turnover (group 70 ledger accounts of the Spanish General Accounting Plan) of the activities of the companies/subgroups that are eligible and,
- The denominator corresponds to the Iberdrola group's total amount of turnover.

In this turnover ratio, the company includes all the income associated with the main activity, considering that it contributes to the turnover.

Calculation of the percentage of eligible CapEx

The eligible CapEx ratio referred to in Article 8(2b) of Regulation (EU) 2020/852 is calculated as the numerator divided by the denominator; the denominator being the additions to tangible and intangible assets during the relevant financial year before depreciation, amortisation and any new valuations, including those resulting from revaluations and impairments, for the relevant financial year, excluding changes in fair value. The denominator also includes additions to tangible and intangible assets resulting from business combinations.

For non-financial companies applying International Financial Reporting Standards (IFRS) as adopted by Regulation (EC) No 1126/2008, CapEx should cover costs that are recognised according to:

a. IAS 16 Property, plant and equipment, paragraph 73(e)(i) and (iii);
b. IAS 38 Intangible Assets, paragraph 118(e)(i);
c. IAS 40 Investment Property, paragraph 79(d)(i) and (ii) (for the cost model);
d. IFRS 16 Leases, paragraph 53(h)

Leases that do not give rise to the recognition of a right to use the asset are not accounted for as CapEx.

The numerator, on the other hand, includes the part of the fixed asset investments included in the denominator that:

a. Relates to assets or processes that are associated with eligible economic activities;
b. Forms part of a plan to expand the economic activities aligned with the taxonomy or to enable economic activities eligible under the taxonomy to be brought into line with the taxonomy in the future (“CapEx plan”) under the conditions specified in the second paragraph of this point 1.1.2.2 (relating to the “CapEx plan”);
c. Relates to the purchase of production from economic activities aligned with the taxonomy and individual measures that enable the targeted activities to become low-carbon or achieve greenhouse gas reductions, in particular the activities listed in points 7.3 to 7.6 of Annex I of the Annexes to the Delegated Act, as well as other economic activities listed in the Delegated Acts adopted pursuant to Articles 10(3), 11(3), 12(2), 13(2), 14(2) and 15(2) of Regulation (EU) 2020/852 and provided that those measures are implemented and operational within 18 months.

Therefore, for the calculation of the eligibility percentages corresponding to the consolidated Iberdrola group, and included in the table above:

- The numerator includes only the CapEx aggregation of the activities of the companies/ subgroups considered eligible and,
- The denominator corresponds to the Iberdrola group's total CapEx, which includes investments (on an accrual basis with current or future disbursement) in intangible assets, investments in property, plant and equipment, investments in rights-of-use assets, and investments. CapEx includes the work carried out by the company for its fixed assets and capitalised financial expenses.

For the purpose of reporting the CapEx and OpEx ratio, purchases of assets necessary to carry out a particular eligible aligned, eligible and non-eligible activity have been included.

Calculation of the percentage of eligible *OpEx*

The eligible OpEx ratio referred to in Article 8(2)(b) of Regulation (EU) 2020/852 is calculated as the numerator divided by the denominator; the latter including non-capitalised direct costs associated with research and development, building renovation measures, short-term leases, maintenance and repairs, as well as other direct costs related to the day-to-day maintenance of tangible fixed assets, by the company or a third party to whom activities are outsourced, and which are necessary to ensure the continuous and efficient operation of those assets.

In addition, non-financial companies that apply national GAAP and do not capitalise right-of-use assets are required to include leasing costs in OpEx.

The numerator, on the other hand, includes the part of the operating expenses included in the denominator that:

a. Relates to assets or processes associated with eligible economic activities including training and other human resource adaptation needs, and non-capitalised direct costs representing research and development;
b. Forms part of the CapEx plan to expand the economic activities that are eligible in accordance with the taxonomy or to enable economic activities eligible under the taxonomy to be aligned with the taxonomy within a pre-defined timeframe, as set out in the second paragraph of this point 1.1.3.2 (relating to the “CapEx plan”);
c. Relates to the purchase of production from economic activities aligned with the taxonomy and individual measures that enable the targeted activities to become low-carbon or achieve greenhouse gas reductions, as well as individual building renovations, as identified in the Delegated Acts adopted pursuant to Articles 10(3), 11(3), 12(2), 13(2), 14(2) or 15(2) of Regulation (EU) 2020/852 and provided that those measures are implemented and operational within 18 months.

Therefore, for the calculation of the eligibility percentages corresponding to the consolidated Iberdrola group, and included in the table above, for the OpEx indicator the denominator includes the OpEx accounts that meet the criteria specified by the regulations.

- The numerator includes only the CapEx aggregation of the activities of the companies/ subgroups considered eligible and,
- The denominator corresponds to the Iberdrola group's total CapEx, which includes investments (on an accrual basis with current or future disbursement) in intangible assets, investments in property, plant and equipment, investments in rights-of-use assets, and investments. CapEx includes the work carried out by the company for its fixed assets and capitalised financial expenses.

For the purpose of reporting the CapEx and OpEx ratio, purchases of assets necessary to carry out a particular eligible aligned, eligible and non-eligible activity have been included.

Finally, the controls that ensure the homogeneity of currencies, accounting criteria and the avoidance of duplicate amounts or intercompany balances are the controls carried out during the process of preparing the audited consolidated financial statements of the Iberdrola group. In addition, Registration and Presentation controls have been included in the files prepared to obtain the data referring to the Taxonomy.

Proportion of turnover from products or services associated with economic activities that comply with the taxonomy/disclosure for 2022

Economic activities	Code	Absolute turnover (€ thousands)	Proportion of turnover (%)	Substantial contribution criteria: Climate change mitigation (%)	Substantial contribution criteria: Climate change adaptation (%)	No significant harm criteria ("Do no significant harm"): Climate change mitigation (Y/N)	Adaptation to climate change (Y/N)	Water and marine resources (Y/N)	Circular economy (Y/N)	Pollution (Y/N)	Biodiversity and ecosystems (Y/N)	Minimum guarantees (Y/N)	Proportion of the turnover that complies with the taxonomy (%), year N	Proportion of the turnover that complies with the taxonomy (%), year N-1	Category (enabling activity) (E)	Category (transitional activity) (T)
A. ELIGIBLE ACTIVITIES ACCORDING TO THE TAXONOMY																
A.1. Environmentally sustainable activities (that comply with the taxonomy)																
Manufacture of hydrogen	**3.10**	4,216	0.0	0.0	—		Y	Y		Y	Y	Y	0.0	0.0	E	
Electricity generation using solar photovoltaic technology	**4.1**	160,190	0.3	0.3	—		Y		Y		Y	Y	0.3	0.4	E	
Electricity generation from wind power	**4.3**	5,644,936	10.5	10.5	—		Y	Y	Y		Y	Y	10.5	10.2	E	
Electricity generation from hydropower	**4.5**	917,702	1.7	1.7	—		Y	Y	Y		Y	Y	1.7	3.8	E	
Transmission and distribution of electricity	**4.9**	12,763,687	23.7	23.7	—		Y		Y	Y	Y	Y	23.7	28.4	E	
Storage of electricity	**4.10**	19,581	0.0	0.0	—		Y		Y		Y	Y	0.0	0.0	E	
Installation, maintenance and repair of energy efficiency equipment	**7.3**	190	0.0	0.0	—		Y				Y	Y	0.0	0.0	E	
Installation, maintenance and repair of recharge stations for electric vehicles in buildings (and in parking spaces attached to buildings)	**7.4**	18,300	0.0	0.0	—		Y				Y	Y	0.0	0.0	E	
Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	**7.5**	86,073	0.2	0.2	—		Y				Y	Y	0.2	0.2	E	
Installation, maintenance and repair of renewable energy technologies	**7.6**	55,384	0.1	0.1	—		Y				Y	Y	0.1	0.1	E	
Turnover from environmentally sustainable activities (that comply with the taxonomy) (A.1)		**19,670,260**	**36.5**	**36.5**	**—**								**36.5**	**43.1**		

Proportion of turnover from products or services associated with economic activities that comply with the taxonomy/disclosure for 2022

				Substantial contribution criteria		No significant harm criteria ("Do no significant harm")										
Economic activities	Code	Absolute turnover (€ thousands)	Proportion of turnover (%)	Climate change mitigation (%)	Climate change adaptation (%)	Climate change mitigation (Y/N)	Adaptation to climate change (Y/N)	Water and marine resources (Y/N)	Circular economy (Y/N)	Pollution (Y/N)	Biodiversity and ecosystems (Y/N)	Minimum guarantees (Y/N)	Proportion of the turnover that complies with the taxonomy (%), year N	Proportion of the turnover that complies with the taxonomy (%), year N-1	Category (enabling activity) (E)	Category (transitional activity) (T)
A.2. Eligible but not environmentally sustainable activities according to the taxonomy (activities that do not comply with the taxonomy)																
Electricity generation from wind power	**4.3**	45,912	0.1													
Electricity generation from hydropower	**4.5**	371	0.0													
Transmission and distribution of electricity	**4.9**	3,745,370	6.9													
Electricity generation from gaseous fossil fuels	**4.29**	6,892,445	12.8													
Turnover from eligible but not environmentally sustainable activities according to the taxonomy (activities that do not comply with the taxonomy) (A.2)		**10,684,098**	**19.8**													
Total (A.1 + A.2)		**30,354,358**	**56.3**													
B. Non-eligible activities according to the taxonomy																
Turnover from non-eligible activities according to the taxonomy (B)		**23,595,081**	**43.7**													
Total (A+B)		**53,949,438**	**100**													

Proportion of CapEx from products or services associated with economic activities that comply with the taxonomy/disclosure for 2022

				Substantial contribution criteria		No significant harm criteria ("Do no significant harm")										
Economic activities	Code	Absolute Capex (€ thousands)	Proportion of Capex(%)	Climate change mitigation (%)	Climate change adaptation (%)	Climate change mitigation (Y/N)	Adaptation to climate change (Y/N)	Water and marine resources (Y/N)	Circular economy (Y/N)	Pollution (Y/N)	Biodiversity and ecosystems (Y/N)	Minimum guarantees (Y/N)	Proportion of the turnover that complies with the taxonomy (%), year N	Proportion of the turnover that complies with the taxonomy (%), year N-1	Category (enabling activity) (E)	Category (transitional activity) (T)
A. ELIGIBLE ACTIVITIES ACCORDING TO THE TAXONOMY																
A.1. Environmentally sustainable activities (that comply with the taxonomy)																
Manufacture of hydrogen	**3.10**	31,742	0.3	0.3	—		Y	Y		Y	Y	Y	0.3	0.5	E	
Electricity generation using solar photovoltaic technology	**4.1**	1,678,557	15.6	15.6	—		Y		Y		Y	Y	15.6	11.2	E	
Electricity generation from wind power	**4.3**	2,892,817	27.0	27.0	—		Y	Y	Y		Y	Y	27.0	30.6	E	
Electricity generation from hydropower	**4.5**	226,968	2.1	2.1	—		Y	Y	Y		Y	Y	2.1	3.2	E	
Transmission and distribution of electricity	**4.9**	4,319,771	40.3	40.3	—		Y		Y	Y	Y	Y	40.3	38.5	E	
Storage of electricity	**4.10**	90,493	0.8	0.8	—		Y		Y		Y	Y	0.8	0.5	E	
Installation, maintenance and repair of energy efficiency equipment	**7.3**	4,654	0.0	0.0	—		Y				Y	Y	0.0	0.1	E	
Installation, maintenance and repair of recharge stations for electric vehicles in buildings (and in parking spaces attached to buildings)	**7.4**	37,963	0.4	0.4	—		Y				Y	Y	0.4	0.2	E	
Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	**7.5**	0.00	0.0	0.0	—		Y				Y	Y	0.0	1.0	E	
Installation, maintenance and repair of renewable energy technologies	**7.6**	0.00	0.0	0.0	—		Y				Y	Y	0.0	0.0	E	
CapEx from environmentally sustainable activities (that comply with the taxonomy) (A.1)		**9,282,964**	**86.5**	**86.51**	**—**								**86.51**	**85.60**		

Proportion of CapEx from products or services associated with economic activities that comply with the taxonomy/disclosure for 2022

				Substantial contribution criteria		No significant harm criteria ("Do no significant harm")										
Economic activities	Code	Absolute Capex (€ thousands)	Proportion of Capex(%)	Climate change mitigation (%)	Climate change adaptation (%)	Climate change mitigation (Y/N)	Adaptation to climate change (Y/N)	Water and marine resources (Y/N)	Circular economy (Y/N)	Pollution (Y/N)	Biodiversity and ecosystems (Y/N)	Minimum guarantees (Y/N)	Proportion of the turnover that complies with the taxonomy (%), year N	Proportion of the turnover that complies with the taxonomy (%), year N-1	Category (enabling activity) (E)	Category (transitional activity) (T)
A.2. Eligible but not environmentally sustainable activities according to the taxonomy (activities that do not comply with the taxonomy)																
Electricity generation from gaseous fossil fuels	**4.29**	340,346	3.2													
CapEx from eligible but not environmentally sustainable activities according to the taxonomy (activities that do not comply with the taxonomy) (A.2)		**340,346**	**3.2**													
Total (A.1 + A.2)		**9,623,310**	**89.7**													
B. Non-eligible activities according to the taxonomy																
CapEx from non-eligible activities according to the taxonomy (B)		**1,107,107**	**10.3**													
Total (A+B)		**10,730,417**	**100**													

The proportion of OpEx from products or services associated with economic activities that comply with the taxonomy-2022 disclosure

				Substantial contribution criteria		No significant harm criteria ("Do no significant harm")										
Economic activities	Code	Absolute Opex (€ thousands)	Proportion of Opex(%)	Climate change mitigation (%)	Climate change adaptation (%)	Climate change mitigation (Y/N)	Adaptation to climate change (Y/N)	Water and marine resources (Y/N)	Circular economy (Y/N)	Pollution (Y/N)	Biodiversity and ecosystems (Y/N)	Minimum guarantees (Y/N)	Proportion of the turnover that complies with the taxonomy (%), year N	Proportion of the turnover that complies with the taxonomy (%), year N-1	Category (enabling activity) (E)	Category (transitional activity) (T)
A. ELIGIBLE ACTIVITIES ACCORDING TO THE TAXONOMY																
A.1. Environmentally sustainable activities (that comply with the taxonomy)																
Manufacture of hydrogen	**3.10**	-2,680	0.1	0.1	—		Y	Y		Y	S	S	0.1	0.0	E	
Electricity generation using solar photovoltaic technology	**4.1**	-10,832	0.6	0.6	—		Y		Y		S	S	0.6	0.6	E	
Electricity generation from wind power	**4.3**	-351,639	19.6	19.6	—		Y	Y	Y		S	S	19.6	20.8	E	
Electricity generation from hydropower	**4.5**	-19,635	1.1	1.1	—		Y	Y	Y		S	S	1.1	1.4	E	
Transmission and distribution of electricity	**4.9**	-547,253	30.5	30.5	—		Y		Y	Y	S	S	30.5	30.3	E	
Storage of electricity	**4.10**	-1,150	0.1	0.1	—		Y		Y		S	S	0.1	0.0	E	
Installation, maintenance and repair of energy efficiency equipment	**7.3**	-1,441	0.1	0.1	—		Y				S	S	0.1	0.0	E	
Installation, maintenance and repair of recharge stations for electric vehicles in buildings (and in parking spaces attached to buildings)	**7.4**	-1,574	0.1	0.1	—		Y				S	S	0.1	0.0	E	
Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	**7.5**	-780	0.0	0.0	—		Y				S	S	0.0	0.0	E	
Installation, maintenance and repair of renewable energy technologies	**7.6**	-556	0.0	0.0	—		Y				S	S	0.0	0.0	E	
OpEx from environmentally sustainable activities (that comply with the taxonomy) (A.1)		**-937,539**	**52.2**	**52.22**	**—**								**52.22**	**53.09**		

The proportion of OpEx from products or services associated with economic activities that comply with the taxonomy-2022 disclosure

				Substantial contribution criteria		No significant harm criteria ("Do no significant harm")										
Economic activities	Code	Absolute Opex (€ thousands)	Proportion of Opex(%)	Climate change mitigation (%)	Climate change adaptation (%)	Climate change mitigation (Y/N)	Adaptation to climate change (Y/N)	Water and marine resources (Y/N)	Circular economy (Y/N)	Pollution (Y/N)	Biodiversity and ecosystems (Y/N)	Minimum guarantees (Y/N)	Proportion of the turnover that complies with the taxonomy (%), year N	Proportion of the turnover that complies with the taxonomy (%), year N-1	Category (enabling activity) (E)	Category (transitional activity) (T)
A.2. Eligible but not environmentally sustainable activities according to the taxonomy (activities that do not comply with the taxonomy)																
Electricity generation from wind power	**4.3**	-3,719	0.2													
Electricity generation from hydropower	**4.5**	0.18	-0.0													
Transmission and distribution of electricity	**4.9**	-529,596	29.5													
Electricity generation from gaseous fossil fuels	**4.29**	-201,568	11.2													
OpEx from eligible but not environmentally sustainable activities according to the taxonomy (activities that do not comply with the taxonomy) (A.2)		**-734,883**	**40.9**													
Total (A.1 + A.2)		**1,672,422**	**93.2**													
B. Non-eligible activities according to the taxonomy																
OpEx from non-eligible activities according to the taxonomy (B)		**-122,844**	**6.8**													
Total (A+B)		**1,795,266**	**100**													

VI. About this report

Iberdrola has been a world leader in transparency and in its commitment to a sustainable and environmentally-friendly growth model since 2004, the year in which the company prepared its first Sustainability Report. Continuing with this commitment, Iberdrola once again submits its *Statement of Non-Financial Information. Sustainability Report* 2022, authorised for issuance by its Board of Directors on 21 February 2023.

Iberdrola publishes this report so as to allow its Stakeholders to see the company's performance in the area of sustainability in 2022. The report contains relevant information on the social dividend provided by the group and on its contribution to the Sustainable Development Goals of the 2030 Agenda of the United Nations, pursuant to the commitments made in the *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) areas, considered to be essential factors 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 2022, and is subject to the same approval, deposit and publication standards as said reports. By issuing this report, Iberdrola, S.A. complies with the provisions of Section 262 of *the Companies Act (Ley de Sociedades de Capital) and Article 49 of the Code of Commerce (Código de Comercio)* as amended by Law 11/2018 of 28 December on non-financial and diversity information, which transposes into the Spanish legal system Directive 2014/95/EU, reporting with the detail required by these laws on environmental and social aspects, the management of people, diversity, respect for human rights, and the fight against corruption and bribery, particularly describing the risks, policies and results connected to all of these issues.

This section also complies with the provisions of *Article 8 of Regulation 852/2020* on the establishment of a framework to facilitate sustainable investments ("*Regulation on Taxonomy of Sustainable Activities*"), and *Delegated Regulation (EU) 2021/2178*, which implements the above-mentioned Article 8 and establishes the methodology for reporting the degree of eligibility and alignment with the Taxonomy. It also complies with the C*omplementary Climate Delegated Act to accelerate decarbonisation*, approved by the European Commission on 2 February 2022 (and last updated on 11 July 2022).

This report has been prepared in accordance with the reporting requirements and recommendations of the *Consolidated Set of Global Reporting Initiative (GRI)*[95] *Sustainability Reporting Standards* ("in accordance GRI"). The document also complies with the information requirements of the GRI Electric Utilities Sector Supplement. The company has also reported on the reporting requirements and recommendations of the Sustainability Accounting Standards Board (SASB) in its specific standard for Electric Utilities & Power Generators. References to the GRI and SASB indicators covered in each section have been added in the texts (e.g.: **GRI 2-6 SASB IF-EU-000.B**).

Anyone reading the *Statement of Non-Financial Information. Sustainability Report 2022* may also access the *Annual Financial Report 2022* and the *Annual Corporate Governance Report 2022*, as well as the microsite with Annual Non-Financial Information which will be available in its online version, all of which can be accessed 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*.

[95] The most recent version of these standards is now available and, similarly, this report is in line with and updated according to the guidelines and reporting principles of the new GRI Universal Standards 2021.

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

Notes:

- The report boundary is described in this document in chapter "VI. About this report".
- 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 2021 and 2020 data with regard to those published in last year's report due to rounding of figures. Those cases in which recalculations have been performed are indicated with a footnote. As the percentage interests in certain companies may not be 100%, sums may not correspond to the total presented due to rounding.

VI.1. Scope of information

Introduction on the scope of information

Iberdrola has followed the GRI recommendations for defining the boundary of this report, taking into account the entities over which it has control, those over which it has significant influence, and those activities that are significant for the group from the economic, environmental and social standpoint.

For purposes of this report, the following terms have the meanings set forth below:

- "Iberdrola" or the "company": the Spanish company Iberdrola, S.A., parent company of the Iberdrola group.
- "Iberdrola Group" or the "group": Iberdrola (as parent company) and the group of subsidiaries over which Iberdrola has the power of control or joint control.
- "Minority-owned companies" (or "investees"): the group of companies in which Iberdrola has a percentage interest but not the power to exercise control. At these minority-owned companies Iberdrola promotes the policies approved within the group through the governance bodies of such companies and includes information on those considered significant in terms of sustainability.

The document *Consolidated Financial Statements, Consolidated Management Report, and Audit Report* for financial year 2022 lists all of the companies in which Iberdrola has direct or indirect ownership interests.

Information boundaries of this report

Time scope

■ **GRI 2-3**

2022. The report is published on an annual basis and covers a 12-month calendar year for the financial year from 1/01/2022 to 31/12/2022. This document is published on 24/02/2023 following the preparation hereof by the Board of Directors of Iberdrola, S.A. on 21/02/2023.

Organisational scope

■ **GRI 2-2 2-6**

The preparation of this report considers the following frames of reference, which determine its structure, scope and contents:

- The financial information published in this report must be consistent with the financial statements and, therefore, comply with the relevant Spanish and European legal provisions.
- Sustainability, or ESG, information is prepared by applying a reporting standard or framework pursuant to Spanish legislation. Iberdrola has opted to use the GRI Standards, in its "in accordance GRI" option, taking into account the scope of this standard, its recognition and universality, and over a decade of experience in its application.

To reconcile these frames of reference, Iberdrola has established two quantitative reporting boundaries for the report: global boundary and report boundary:

Global boundary (Iberdrola consolidated total)

Relates to all group companies, their subsidiaries and investees.

The financial information included in this *Statement of Non-Financial Information. Sustainability Report* 2022 is based on the *Annual Financial Report* for financial year 2022. It therefore corresponds to the global boundary defined above.

Report boundary (Iberdrola total)

Comprising Iberdrola, S.A. and the consolidated subsidiaries under its control[96], which operate in the countries and carry out the activities shown in the table below.

This *Consolidated Statement of Non-Financial Information 2022* covers the companies forming part of the Iberdrola Group, listed in Appendix I of the *Annual Financial Report 2022* of Iberdrola, S.A. and its subsidiaries.

Significant countries and activities for the Iberdrola group in terms of sustainability(1) and included in the 2022 reporting boundary

	Group office	Electricity production		Transmission and/or Distribution of electricity or gas	Electricity and/or gas supply (2) (3)		Gas storage	Real estate
		Conventional	Renewable (4)		Wholesale market	Retail market		
Spain(5)	X	X	X	X	LIB	LIB /REG		X
United Kingdom	X		X	X	LIB	LIB		
US	X	X	X	X	LIB	REG		
Brazil (6)	X	X	X	X	LIB	REG/LIB		
Mexico	X	X	X		LIB	LIB		X
Portugal	X		X		LIB	LIB		
Australia	X	X	X					
Germany	X		X		LIB	LIB		
Greece	X		X(7)					
Hungary	X		X					
France	X		X(8)		LIB	LIB		
Poland	X		X					
Romania	X		X					
Italy	X		X		LIB	LIB		
Ireland	X		X		LIB	LIB		
Canada	X						X(9)	
Other countries (10)	X							X

1. The countries set out herein are those in which the company does business, with facilities and employees. Countries in which the company makes purchases of general supplies and procures fuel are not included. The workforce reported is as at year-end.
2. Types of sales activities:
   - LIB: activities in liberalised markets, independent of distribution activities.
   - REG: activities in regulated markets, together with distribution activities. The supply to these markets has not been considered as an activity in the wholesale market.

[96] With regard to co-controlled subsidiaries, such as companies owning nuclear generation assets, in addition to installed capacity and production indicators, other indicators are reported where considered relevant.

3. Environmental information on sales activities in Germany is not consolidated, because it is not yet integrated into the corporate systems as at the date of preparation of this report. It will be included in future reports to the extent the systems collect this information. These activities are not considered to be material in the context of the group
4. It includes the activities of hydroelectric, wind and solar generation. Environmental information on construction projects is not included, except in the area of biodiversity.
5. Any reference to the 7th Collective Bargaining Agreement includes the following companies at 31 de diciembre de 2022: Iberdrola, S.A., Iberdrola España, S.A.U., Iberdrola Generación, S.A.U., Iberdrola Generación España, S.A.U., Iberdrola Generación Nuclear, S.A.U., Iberdrola Clientes, S.A.U., Iberdrola Operación y Mantenimiento, S.A.U., i-DE Redes Eléctricas Inteligentes, S.A. (Sociedad Unipersonal), Iberdrola Infraestructuras y Servicios de Redes, S.A.U., Iberdrola Renovables Energía, S.A.U. and Iberdrola Ingeniería y Construcción, S.A.U.
6. The environmental performance of solar activities is not included in Brazil.
7. Renewables activities in Cyprus are included in Greece.
8. Activities related to the Saint Brieuc offshore facility, currently under development, as well as Aalto Power's assets.
9. Activities are not significant from the environmental standpoint. Labour information is included in the information for the United States.
10. Other countries: Bulgaria, Qatar, Netherlands, Japan, South Africa, Norway, Taiwan, Singapore, Vietnam, Morocco. In social information relating to people (excluding salary remuneration data), Belgium, Qatar, Hungary, Japan, Latvia, Romania, Singapore, Vietnam, Taiwan, Sweden and South Korea are reported. These countries are not included in the environmental information or the other social information as the activities are not considered relevant in terms of sustainability.

At affiliate nuclear plants, the percentage interest held by Iberdrola in each of them is used to consolidate environmental performance data: Vandellós (28%); Almaraz (52.69%); Trillo (49%) and Ascó (15%). For social information, on the other hand, because of the structure of the available information systems, nuclear plants are consolidated according to the percentage interest held by Iberdrola in the economic interest grouping created for that purpose; such interest is 51.44% in the case of Trillo-Almaraz and 14.59% in the case of Ascó-Vandellós. A 50% share of the environmental and social data corresponding to the activities of Nuclenor, S.A. is applied according to the participation method.

Summary of the information boundaries by country

Following the GRI recommendation, the information in this report is structured by country. The table below shows the structure of information by country applied to the boundaries described above:

Structure of information by country in this report	
Report boundary (Iberdrola Total) = Iberdrola, S.A., controlled subsidiaries and co-controlled affiliates considered to be significant for sustainability purposes.	Spain United Kingdom United States Brazil Mexico IEI Germany, Australia, France, Greece (includes Cyprus), Hungary, Ireland, Italy, Poland, Portugal, Romania (*) IEI also includes Belgium, Bulgaria, Qatar, Japan, Latvia, Singapore and Vietnam in the social information relating to people.
Global boundary (consolidated Iberdrola Total) = report boundary plus the information of affiliates consolidated by the equity method that are not considered significant for purposes of this report.	Information reflected in the corporate boundary of the Consolidated Financial Statements.

Limitations on the scope of information

Iberdrola believes that this report reflects the economic, environmental and social performance of the company in a reasonable and balanced manner, on the understanding that the exceptions to the scope of the report described in the table "*"Significant countries and activities for the Iberdrola group in terms of sustainability and included in the 2022 reporting boundary"* do not significantly alter the consolidated indicators and therefore do not affect the reader's assessment of the company's performance.

Explanatory footnotes are added in case a particular indicator could not be compiled in accordance with the reporting boundary.

Significant changes to the organisation and its supply chain

■ GRI 2-3 2-6

Changes in activities and/or in operations

In the course of their business, the various subsidiaries and affiliates of Iberdrola have engaged in transactions that change the composition of their assets in 2022, including the following:

- In the Retail Business, the largest complex in Europe for green hydrogen for industrial use has been built. The plant has a capacity of 20 MW of electrolysers and is fed from a 100 MW photovoltaic solar plant with 20 MWh of battery storage capacity. The complex will supply green hydrogen to produce green fertilisers at the Fertiberia plant.
- In the Renewables Business, the following notable corporate transactions were carried out during the year.

    - In the United States, AVANGRID Renewables restructured Vineyard Wind, LLC in a joint venture with Copenhagen Infrastructure (CIP). After the operation, AVANGRID Renewables owns 100% of lease area 534, housing the Park City Wind (804 MW) and Commonwealth Wind (1,200 MW) projects, and CIP owns 100% of lease area 522.
    - In Australia, Iberdrola Renovables Australia acquired the rights to the Mount James wind farm (1,000 MW) in Queensland, a region which the company believes will play a significant role in achieving the objective of decarbonising the country's economy.
    - In the United Kingdom, an agreement has been reached for the purchase of seventeen photovoltaic solar energy projects, with an aggregate capacity of more than 800 MW. Contracts have been concluded, separately, with the companies Elgin Energy, the owner of 12 projects, and Lightsource BP, which controlled the rest.
    - In Poland, Iberdrola has concluded a preliminary agreement for the acquisition of two wind farms and six photovoltaic plants, a total of 98 MW, with the company Augusta Energy sp. z o.o., a joint venture of Greenvolt's subsidiary V-ridium Power Group and the asset manager KGAL.

- In Brazil, Neoenergia has reached an agreement for the exchange of assets with Eletrobras. In the exchange, the company will receive 49% of the Dardanelos hydroelectric plant, and will come to hold 100% of the share capital, consolidating the plant as a major asset. It will also include 0.04% of Coelba, Cosern, and Afluente distributors. Eletrobras will receive 51% of the shares in the Teles Pires hydroelectric plant and 51% of the shares in Baguari. The exchange will occur in 2023.
- In Germany, Iberdrola has signed an agreement with Energy Infrastructure Partners (EIP) for the sale of 49% of the Wikinger offshore wind farm, in which Iberdrola will retain a 51% majority share.

In addition, in January 2023 Iberdrola Renovables Energía, S.A. and its subsidiary Iberenova Promociones, S.A. have signed a framework agreement to co-invest in renewable assets in Spain, contributing to accelerating the country's decarbonisation. The agreement includes the acquisition by NBIM Iberian Reinfra AS (NBIM Iberian), a member of the group headed by Norges Bank, of a 49% share in the capital of several Iberdrola Group companies that own onshore wind and photovoltaic solar projects in Spain. The total project portfolio of these companies totals 1,265 MW (137 MW of which are already operating and 1,128 MW of which are under development). Once NBIM Iberian acquires these shares, Iberenova Promociones and NBIM Iberian will contribute their respective shares in the project owners to a holding in which each company will also hold respectively a 51% and 49% capital share.

Iberdrola Renovables Energía will continue to retain indirect control over the project owners and manage the development of non-operational projects until they commence commercial operation and, and the Iberdrola Group will continue to provide the operation and maintenance services required for the operation thereof. The agreement provides that the parties can expand it to other renewable assets in addition to those making up its initial boundary perimeter in Spain or in other countries.

Changes in capital structure

The shareholders acting at the General Shareholders' Meeting of Iberdrola held on 17 June 2022 approved two increases in capital by means of a scrip issue in order to once again implement the *Iberdrola Retribución Flexible,* optional dividend system, implementing the first increase in capital in July 2022 and the second in February 2023. To offset the dilutive effect of the capital increases and to maintain earnings per share, a capital reduction was implemented in July 2022 under the terms approved at the aforementioned Shareholders' Meeting.

Changes in supply chain

New market conditions, mainly affected by the war in Ukraine, have driven the raw materials market upwards. This has particular impact on the gas chain due to the high prices of this raw material in Europe, as well as the increase in the purchase prices of new equipment, materials and works.

VI.2. Defining report content. Materiality Analysis

GRI 3-1

Iberdrola directly identifies material aspects for its Stakeholders and for the company itself, by preparing its own materiality study, with the advice of an independent outside firm, based on in-house and outside sources.

Iberdrola has evolved in the methodology of this study this year, taking into account the recommendations of the GRI standards and considering the contents of the latest draft standards published by EFRAG. This methodological evolution maintains the dual materiality approach applied in the past, and thus considers both the impacts that the company might have on the economy, the environment and people, including human rights, and the (positive and negative) impacts that a material issue might have on Iberdrola.

The methodology applied, which is described below, considers the nature of the industry in which the company operates, the activities it performs, the policies that it applies in the field of sustainable development, long-term objectives, particularly ESG objectives, and its engagement with its Stakeholders. It is described in three phases: identification of material issues, evaluation of external impacts, and evaluation of internal impacts.

1. Identification of material issues

During this phase, different sources of information were analysed to obtain a list of potential issues, e.g. issues that might pose a risk to the company (negative impact) or constitute an opportunity (positive impact), both for stakeholders (external impact) and for the Company (internal impact) over a time period of one to three years. The sources of information used included:

i. Internal sources of information including documents like the *Statement of Non-Financial Information - Sustainability Report 2021*, *the Integrated Report*, the *Iberdrola's Corporate Policies*, the corporate website...
ii. External sources of information included the latest public reports from major influencers, including the European Commission, the World Economic Forum, and the International Energy Agency.

The issues identified as significant in the Iberdrola global stakeholder engagement model were later analysed, cross-comparing these issues with the sustainability aspects already identified.

These sources have led to a list that brings together the results of the sources of information used (internal, external, and Global Stakeholder Engagement Model).

2. Evaluation of external potential impacts (non-financial materiality)

To evaluate external potential impact, external and internal sources were used, as in the identification phase, and the following steps were taken:

i. The potential impacts and opportunities for each of the previously identified material issues were identified, considering at this point the main Stakeholders affected.
ii. An impact assessment scale was defined, based on EFRAG recommendations as well as on the GRI standards, considering the potential severity and associated likelihood.
iii. To calculate severity and likelihood, preferentially qualitative judgments based on the sources used were applied.

3. Evaluation of internal potential impacts (financial materiality)

To evaluate internal potential impact, preferential internal sources were used, and the following steps were taken:

i. The potential impacts (risks and opportunities) for each of the previously identified material issues were identified.
ii. An impact assessment scale was defined, based on EFRAG recommendations as well as on the GRI standards. The same negative impact and opportunities scale was used as in the analysis of external impact.
iii. The organisations in charge of managing the risks and opportunities identified analysed them, documenting their conclusions by means of structured surveys.
iv. Finally, the results of all the above were consolidated and standardised. This consolidation included, as additional information, the evaluation in the Global Stakeholder Engagement Model, which is widely deployed in the group and is informed by areas and businesses.

As a result of all the above, it is concluded that the material issues continue to be those identified in previous years, namely the following 18 issues:

■ GRI 3-2

All material issues identified are listed in the "GRI Content Index " section of this chapter, and the information presented on each material issue can be found in the corresponding chapter of this report.

GRI 2-12

The Board's Sustainable Development Committee oversees the process and results of the materiality study of which this report is part, and informs the Board of Directors, which prepares this Statement of Non-Financial Information, containing the list of material issues shown in the figure above, on 22 December 2022.

More detailed information on the most relevant issues for the company's stakeholders can be found in the "Stakeholder Engagement" section.

VI.3. Disclosures from the Statement of Non-Financial Information

The table below sets out the pages of this document in which you can find the information required by *Law 11/2018 of 28 December on non-financial information and diversity*:

Disclosures from the Statement of Non-Financial Information

	GRI Disclosures[97]	SNFI pages
Description of the group's business model		
business environment	2-1 2-6 2-22	5-9, 15-17, 18, 20-24, 37-38 62-63, 67-68, 106, 205, 226
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	2-23	14, 30-31 ,65-66, 91, 204, 214, 223, 227
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	3-1 3-2 3-3	63, 71-73, 259-261
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	205-1 407-1 408-1 409-1 413-1	15, 33-35, 109-110, 184-186, 190-191, 215-219
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.	3-3	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	3-3 2-23 201-2 308-1 308-2	29-30, 36, 57-59, 72-73, 92, 95-96, 183, 214-216, 222
environmental evaluation or certification procedures		
resources dedicated to the prevention of environmental risks		
application of the precautionary principle		
amount of reserves and coverage for environmental risks		
Specifically:		
– Pollution:		
measures to prevent, reduce or repair carbon emissions that seriously affect the environ; taking into account any form of atmospheric pollution specific to an activity	305-5 305-7	78-78, 303
including noise and light pollution.	Non-material indicator for the company, as described in the Materiality Analysis 2022 (page 259).	
– Circular economy and waste prevention and management:		
measures for the prevention, recycling, reuse, other forms of recovery and elimination of waste	3-3 301-2 306-1 (2020) 306-2 (2020) 306-3 (2020) 306-4 (2020) 306-5 (2020)	81, 89-91
actions to combat food waste.	Non-material indicator for the company, as described in the Materiality Analysis 2022 (page 259).	

[97] 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[97]	SNFI pages
– Sustainable use of resources:		
water consumption and supply in accordance with local limitations	3-3 301-1 301-2 302-1 302-2 302-4 303-1 303-2 (2018) 303-3 303-5 (2018)	81-88, 301
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	3-3 201-2 305-1 305-2 305-3 305-4 305-5	36, 57, 74-78, 302-303
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	3-3 304-1 304-2 304-3 304-4	92-104, 301
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	3-3 2-7 2-8 405-1	127, 129, 304-314, 323-324
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	401-1	132
average remuneration and evolution thereof broken down by gender, age and professional or similar classification;	405-2	141
salary gap	405-2	141
remuneration of same or average job positions of the company	405-2	141
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	2-19 2-20 2-21	*211-214, Note 49 to the Annual Financial Statement 2022*
implementation of labour disengagement policies	3-3	140
employees with disabilities	405-1	128
– Organisation of work:		
organisation of work time	3-3	140
number of hours of absenteeism	403-9 401-3	140, 148-150, 320-321
measures to facilitate enjoyment of reconciliation and encouragement of the responsible co-exercise of responsibility by both parents	401-3 3-3	140
– Health and safety:		
occupational health and safety conditions	3-3 403-1 (2018) 403-2 (2018) 403-3 (2018) 403-7 (2018)	142-143, 144-145
occupational accidents, particularly the frequency and seriousness thereof broken down by gender	403-9 (2018)	148, 320-321
occupational diseases; broken down by gender	403-10 (2018)	150

Disclosures from the Statement of Non-Financial Information

	GRI Disclosures[97]	SNFI pages
– Social relations:		
organisation of social dialogue, including procedures to inform and consult with staff and negotiate with them	407-1 2-23	31, 110, 111-112, 184-186, 214-215
percentage of employees covered by collective bargaining agreements by country	2-30	133-134
balance of collective bargaining agreements, particularly in the field of workplace health and safety	403-4 (2018)	146
– Training:		
policies implemented in the field of training	3-3 404-2	154-155
total hours of training by professional category	404-1	155, 322
– Universal accessibility of disabled persons	3-3	135-137
– Equality:		
measures adopted to promote equality of treatment and opportunities between women and men	3-3 405	135-141
equality plans (Chapter III of Organic Law 3/2007, of 22 March, for the effective equality of women and men)	405	135-141
protocols against sexual and gender-based harassment	405 406	138-139
measures adopted to promote the employment, integration and universal accessibility of disabled persons	405	135-141
policy against all types of discrimination and, if applicable, management of diversity	406-1	139
III. Information regarding respect for human rights:		
application of human rights due diligence procedures	3-3 2-23 2-26 410-1	30-31, 111-112, 194, 214-215, 219
prevention of the risks of violating human rights and, if applicable, measures to mitigate, manage and repair possible abuses	407-1 408-1 409-1	110, 184-186
complaints of human rights violations	406-1 411-1	139, 192-193
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	139, 184-186
IV. Information regarding the fight against corruption and bribery:		
measures adopted to prevent corruption and bribery	3-3 2-23 2-26 205-1 205-2 205-3	30-31, 215-220, 227
measures to combat money laundering	205-1 205-2	215-218
contributions to non-profit foundations and entities	2-28 201-1	200, 221-223
V. Information about the company:		
– Commitments of the company to sustainable development:		
impact of the company's operations on employment and local development	3-3 203-1 203-2 204-1 413-1	180, 190-191, 229-230
impact of the company's operations on local communities and on the land	3-3 203-1 203-2 411-1 413-1 413-2	180, 190-193, 229-230
relations with local players and types of dialogue therewith	2-29 413-1	117, 166-148, 190-191
association or sponsorship activities	2-23 2-28 201-1 415-1	221-224

Disclosures from the Statement of Non-Financial Information

	GRI Disclosures[97]	SNFI pages
– Subcontracting and suppliers:		
inclusion of social, gender equality and environmental issues in the purchasing policy	3-3 2-23 308-1 414-1	*Purchasing Policy* 184-186
consideration in relations with suppliers and subcontractors of their social and environmental responsibility	308-1 414-1	183-186
supervision and auditing systems and results thereof	308-2 414-2	183-186
– Consumers:		
grievance systems, complaints received and resolution thereof	416-2 417-2 417-3 418-1	168-170, 176
– Tax information:		
profits per country	207-4 (2019)	199
taxes on profit paid	207-4 (2019)	197-199
public subsidies received	201-4	229
EU Taxonomy		
EU activities taxonomy	N/A	237-248

VI.4. GRI content index

GRI 1 2-5

Independent External Assurance

Iberdrola engages in an audit of its annual information, the annual financial statements and directors' reports (individual and consolidated with those of its subsidiaries) through KPMG Auditores, S.L., as well as the Statement of Non-Financial Information. Sustainability Report. The External Independent Assurance Report is included at the beginning of this document.

GRI content index

GRI indicator	Content description	Location (SNFI-SR page) and/or response	Omission	External assurance	Relation to SDGs
Universal Standards					
GRI 1 Foundation 2021 (Note: does not require disclosure of information)					
Statement of use	Iberdrola has prepared the report in accordance with GRI Standards for the period from 01/01/2022 to 31/12/2022.				
GRI 1 used	GRI 1: Foundation 2021				
Sector standards	Suplement for companies in the electric utility sector. This index includes the subjects and content required by said supplement, published in 2014. The * symbol indicates the general standard disclosures and aspects of the GRI Standards where specific sector information is requested.				
GRI 2 General disclosures 2021					
1. The organization and its reporting practices					
2-1	Organisation details	**16, 21, 27**		✓	
2-2	Entities included in the organization's sustainability reporting	**253-255**		✓	
2-3	Reporting period, frequency and contact point	**253, 256, 291**		✓	
2-4	Update of the information	Indicators 2-21, 302-1, 303-4, 303-5, 305-3, 404-1 have been recalculated, explaining the reformulation in detail in the indicators themselves.		✓	
2-5	External assurance	**268**		✓	
2. Activities and workers					
2-6	Activities, value chain and other business relationships	**16, 17, 20, 21, 27, 178-179, 180-186, 250-251, 256-257**		✓	

GRI content index

GRI indicator	Content description	Location (SNFI-SR page) and/or response	Omission	External assurance	Relation to SDGs
2-7	Employees	127, 304-315		✓	8
2-8	Workers who are not employees	128, 129		✓	
3. Governance					
2-9	Governance structure and composition	23-26		✓	5, 16
2-10	Nomination and selection of the highest governance body	207, 208		✓	5, 16
2-11	Chair of the highest governance body	24		✓	16
2-12	Role of the highest governance body in overseeing the management of impacts	22, 24-26, 30-33, 35, 208, 211, 261		✓	16
2-13	Delegation of responsibility for managing impacts	24, 25, 211		✓	
2-14	Role of highest governance body in sustainability reporting	Iberdrola's Board of Directors is the body responsible for approval of the Statement of Non-Financial Information. Sustainability Report 2022, which was formilated on 21 February 2023 (following a report from the Sustainable Development Committee), the date of preparation of the company's annual financial statements for financial year 2022. This report will be submitted to the shareholders for approval at the General Shareholders' Meeting,		✓	
2-15	Conflicts of interest	Section D.6 of the Annual Corporate Governance Report for financial year 2022 describes the mechanisms established to detect, determine, and resolve potential conflicts of interest between Iberdrola and its directors, senior officers, and significant shareholders.		✓	16
2-16	Communication of critical concerns	117-124, 209-213		✓	
2-17	Collective knowledge of highest governance body	211, 212, 208-210		✓	4
2-18	Evaluation of the performance of the highest governance body	210		✓	
2-19	Remuneration policies	211, 212		✓	
2-20	Process to determine remuneration	211, 212		✓	16
2-21	Annual total compensation ratio	214		✓	
4. Strategy, policy and practices					
2-22	Statement on sustainable development strategy	5		✓	
2-23	Policy commitments	14, 30, 31-33, 71-72, 108-109, 214-215		✓	16
2-24	Embedding policy commitments	21, 22, 26		✓	
2-25	Processes to remedy negative impacts	112-114		✓	
2-26	Mechanisms for seeking advice and raising concerns	219		✓	16
2-27	Compliance with laws and regulations	230, 231		✓	
2-28	Membership associations	221-223		✓	

GRI content index

GRI indicator	Content description	Location (SNFI-SR page) and/or response	Omission	External assurance	Relation to SDGs
5. Stakeholder engagement					
2-29	Approach to stakeholder engagement	117-124, 166-168		✓	
2-30	Collective bargaining agreements	133, 134		✓	8
GRI 3 Material topics 2021					
3-1	Process of determining material topics	259, 260		✓	
3-2	List of material topics	260		✓	
Biodiversity *					
3-3	Management of material topics	92, 93, 94, 183		✓	6, 7, 8, 12, 13, 14, 15
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	96-98		✓	
304-2	Significant impacts of activities, products, and services on biodiversity	94, 95, 96		✓	
304-3	Habitats protected or restored	101-104		✓	
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	98, 301		✓	
308-2	Negative environmental impacts in the supply chain and actions taken	183		✓	
EU 11	Average generation efficiency of thermal plants by energy source and by regulatory regime	87		✓	
Smart grids and quality of supply*					
3-3	Management of material topics	188		✓	1, 2, 3, 5, 7, 8, 9, 10, 11, 12, 13, 14, 17
203-1	Infrastructure investments and services supported	230		✓	
EU 4	Length of above and underground transmission and distribution lines by regulatory regime	20, 295		✓	
EU 12	Transmission and distribution losses as a percentage of total energy	86		✓	
EU 28	Power outage frequency	165		✓	
EU29	Average power outage duration	166		✓	

Climate change*					
3-3	Management of material topics	37-58, 74, 85		✓	2, 3, 5, 7, 8, 9, 12, 13, 14, 15
201-2	Financial implications and other risks and opportunities due to climate change	38-39, 46-58		✓	
302-1	Energy consumption within the organisation	85-86		✓	
302-2	Energy consumption outside of the organisation	88		✓	
305-1	Direct GHG emissions (Scope 1)	75, 76, 302		✓	
305-2	Energy indirect (Scope 2) GHG emissions	77		✓	
305-3	Other indirect (Scope 3) GHG emissions	78		✓	
305-4	GHG emissions intensity	74		✓	
305-5	Reduction of GHG emissions	78		✓	
305-7	Nitrogen oxides (NOx), sulphur oxides (SOx) and other significant air emissions	78, 79, 303		✓	
EU 1	Installed capacity, broken down by primary energy source and by regulatory regime	19		✓	
EU 2	Net energy output broken down by primary energy source and by regulatory regime	19, 20		✓	
EU 12	Transmission and distribution losses as a percentage of total energy	86, 87		✓	
Circular economy*					
3-3	Management of material topics	81, 85,89		✓	3, 6, 7, 8, 12, 13, 14, 15
301-1	Materials used by weight or volume	81		✓	
301-2	Recycled input materials used	81		✓	
302-1	Energy consumption within the organisation	85-86		✓	
302-2	Energy consumption outside of the organisation	88		✓	
306-1	Waste generation and significant waste-related impacts	89		✓	
306-2	Management of significant waste-related impacts	89		✓	
306-3	Waste generated	89, 90		✓	
306-4	Waste diverted from disposal	90		✓	
306-5	Waste directed to disposal	91		✓	

Energy transition*					
3-3	Management of material topics	85		✓	7, 8, 12, 13, 14
302-1	Energy consumption within the organisation	85-86		✓	
302-2	Energy consumption outside of the organisation	88		✓	
302-4	Reduction of energy consumption	87		✓	
302-5	Reductions in energy requirements of products and services	88		✓	
EU 1	Installed capacity, broken down by primary energy source and by regulatory regime	19		✓	
EU 2	Net energy output broken down by primary energy source and by regulatory regime	19		✓	
EU 3	Number of residential, industrial, institutional and commercial customer accounts	17, 20, 294		✓	
EU 11	Average generation efficiency of thermal plants by energy source and by regulatory regime	87		✓	
Connectivity, digitalisation and cybersecurity					
3-3	Management of material topics	114		✓	16
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	176		✓	
Water Availability and Management*					
3-3	Management of material topics	82		✓	6, 8, 12
303-1	Interactions with water as a shared resource	82		✓	
303-2	Management of water discharge-related impacts	82		✓	
303-3	Water withdrawal	82, 83, 301		✓	
303-4	Water discharge	82-85		✓	
303-5	Water consumption	84		✓	
Customer satisfaction*					
3-3	Management of material topics	166-171, 175-176, 188-189		✓	1, 7, 12, 16
417-1	Requirements for product and service information and labelling	169		✓	
417-2	Incidents of non-compliance concerning product and service information and labelling	169		✓	
417-3	Incidents of non-compliance concerning marketing communications	169		✓	
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	176		✓	
EU 27	Number of residential disconnections for non-payment, broken down by duration of disconnection and by regulatory regime	189, 325		✓	
EU 28	Power outage frequency	165		✓	
EU 29	Average power outage duration	166		✓	

Human rights and local communities*					
3-3	Management of material topics	**108-115, 189-194**		✓	1, 2, 8, 16
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	**110-112, 184**		✓	
408-1	Operations and suppliers at significant risk for incidents of child labour	**110-112, 184**		✓	
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour	**110-112, 184**		✓	
410-1	Security personnel trained in human rights policies or procedures	**194**		✓	
411-1	Incidents of violations involving rights of indigenous peoples	**192, 193**		✓	
413-1	Operations with local community engagement, impact assessments and development programs	**190, 191**		✓	
413-2	Operations with significant actual and potential negative impacts on local communities	**190**		✓	
EU 22	Number of people physically or economically displaced and compensation, broken down by type of project	**191, 192**		✓	
EU 25	Number of injuries and fatalities to the public involving company assets, including legal judgments, settlements and pending legal cases of diseases	**171**		✓	
Recruitment, development and retention of human capital*					
3-3	Management of material topics	**126, 128, 130-131, 151-155**		✓	4, 5, 8, 10
401-1	New employee hires and employee turnover	**130-132, 315-318**		✓	
402-1	Minimum notice periods regarding operational changes	**134**		✓	
404-1	Average hours of training per year per employee	**155, 322**		✓	
404-2	Programs for upgrading employee skills and transition assistance programs	**154, 155**		✓	
404-3	Percentage of employees who receive regular performance and career development appraisals	**156**		✓	
405-2	Ratio of basic salary and remuneration of women to men	**141** In application of Requirement 6 of GRI 1, the company considers that the pay gap indicator segmented by professional category and country is not applicable, replacing it with an indicator segmented by age. The nature of the industry and the limited representation of women in technical careers for the last three decades mean that age explains the pay gap better than occupational category.		✓	

Safety and Health*					
3-3	Management of material topics	**142-147**		✓	3, 8, 16
403-1	Occupational health and safety management system	**142, 143**		✓	
403-2	Hazard identification, risk assessment and incident investigation	**144, 145**		✓	
403-3	Occupational health services	**145**		✓	
403-4	Worker participation, consultation and communication on occupational health and safety	**146**		✓	
403-5	Worker training on occupational health and safety	**146, 147**		✓	
403-6	Promotion of worker health	**146, 147**		✓	
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	**145**		✓	
403-8	Workers covered by an occupational health and safety management system	**143, 144**		✓	
403-9	Work-related injuries	**148-150, 320**		✓	
403-10	Work-related ill health	**150**		✓	
410-1	Security personnel trained in human rights policies or procedures	**194**		✓	
416-1	Assessment of the health and safety impacts of product and service categories	**170**		✓	
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	**170**		✓	
EU 18	Percentage of contractor and subcontractor employees that have undergone relevant health and safety training	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.		✓	
EU 25	Number of injuries and fatalities to the public involving company assets, including legal judgements, settlements and pending legal cases of diseases	**171**		✓	
Vulnerable customers*					
3-3	Management of material topics	**188**		✓	1, 7
EU 27	Number of residential disconnections for non-payment, broken down by duration of disconnection and by regulatory regime	**189, 325**		✓	

Responsible supply chain*					
3-3	Management of material topics	180-182, 183, 184-185, 229		✓	1, 2, 3, 5, 7, 8, 9, 10, 11, 16, 17
203-2	Significant indirect economic impacts	229		✓	
204-1	Proportion of spending on local suppliers	180		✓	
308-1	New suppliers that were screened using environmental criteria	183			
308-2	Negative environmental impacts in the supply chain and actions taken	183		✓	
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	110-112, 184		✓	
408-1	Operations and suppliers at significant risk for incidents of child labour	110-112, 184		✓	
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour	110-112, 184		✓	
414-2	Negative social impacts in the supply chain and actions taken	184-185		✓	
EU 28	Power outage frequency	165		✓	
Diversity and equal opportunity*					
3-3	Management of material topics	126, 135-141		✓	5, 8, 10, 16
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	129		✓	
401-1	New employee hires and employee turnover	130-132, 315-318		✓	
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	134		✓	
401-3	Parental leave	140		✓	
405-1	Diversity of governance bodies and employees	24, 127, 128, 323, 324		✓	
405-2	Ratio of basic salary and remuneration of women to men	141		✓	
406-1	Incidents of discrimination and corrective actions taken	139		✓	

Ethics and equality					
3-3	Management of material topics	172, 175-176, 184-185, 194-197, 214-217, 221-224		✓	5, 8, 16
205-1	Operations assessed for risks related to corruption	215-217		✓	
205-2	Communication and training about anti-corruption policies and procedures	217-218		✓	
205-3	Confirmed incidents of corruption and actions taken	219, 220		✓	
206-1	Legal actions for anti-competitive behaviour, anti-trust and monopoly practices	172		✓	
207-1	Approach to tax	194		✓	
207-2	Tax governance, control, and risk management	195, 196		✓	
207-3	Stakeholder engagement and management of concerns related to tax	196		✓	
207-4	Country-by-country reporting	199		✓	
414-2	Negative social impacts in the supply chain and actions taken	184-185		✓	
415-1	Political contributions	224		✓	
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	176		✓	
Transparency and public policies*					
3-3	Management of material topics	71-73, 175-176, 193-194, 221-224		✓	2, 3, 5, 7, 8, 9, 12, 13, 14, 15, 16
201-4	Financial assistance received from government	229		✓	
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	129		✓	
207-1	Approach to tax	194		✓	
207-2	Tax governance, control, and risk management	195, 196		✓	
207-3	Stakeholder engagement and management of concerns related to tax	196		✓	
207-4	Country-by-country reporting	199		✓	
305-1	Direct GHG emissions (Scope 1)	75, 76, 302		✓	
305-4	GHG emissions intensity	74		✓	
305-5	Reduction of GHG emissions	78		✓	
415-1	Contribution to political parties and/or representatives	224		✓	
418-1	Substantiated complaints regarding breaches of customer privacy and loss of customer data	176		✓	

Economic and financial performance					
3-3	Management of material topics	194, 228, 229		✓	1, 2, 3, 5, 7, 8, 9, 10, 11, 13, 17
201-1	Direct economic value generated and distributed	228, 298		✓	
201-2	Financial implications and other risks and opportunities due to climate change	37, 58		✓	
203-2	Significant indirect economic impacts	229		✓	
207-1	Approach to tax	194		✓	
207-2	Tax governance and risk management	195, 196		✓	
207-3	Stakeholder engagement and management of concerns related to tax	196		✓	
207-4	Country-by-country reporting	199		✓	
Socially responsible investment and sustainable finance*					
3-3	Management of material topics	228, 231-236, 237-248		✓	2, 5, 6, 7, 8, 9, 13, 14, 15
201-1	Direct economic value generated and distributed	228, 298, 299		✓	
201-2	Financial implications and other risks and opportunities due to climate change	37-58		✓	
304-2	Significant impacts of activities, products, and services on biodiversity	94-96		✓	
305-1	Direct GHG emissions (Scope 1)	75, 76, 302		✓	
305-4	GHG emissions intensity	74		✓	
305-5	Reduction of GHG emissions	78		✓	
EU 1	Installed capacity, broken down by primary energy source and by regulatory regime	19		✓	
EU2	Net energy output broken down by primary energy source and by regulatory regime	19		✓	

VI.5. SASB content index

SASB content index

Dimension	Material topics	Metric - Code	Metric	Page / Response
Environment	Greenhouse gas emissions and energy resource planning	IF-EU-110a.1	(1) Gross global Scope 1 emissions	Pág. 74-76
		IF-EU-110a.1	(2) Emissions-limiting regulations	Pág. 76
		IF-EU-110a.1	(3) Emissions-limiting regulations	Pág. 76
		IF-EU-110a.2	Greenhouse gas (GHG) emissions associated with power deliveries	8.328.229 t CO2 eq
		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	GRI 305-4 "Climate Action chapter" chapter "Our ESG+F proposal"
		IF-EU-110a.4	(1) Number of customers served in markets subject to renewable portfolio standards (RPS)	Only applies to the United States. Avangrid Renewables serves 2 large retail customers in Oregon as an electricity service provider (ESS). ESS entities are subject to Oregon's RPS statute (ORS 469A).
		IF-EU-110a.4	(2) percentage fulfilment of RPS target by market1	Only applies to the United States. The rule for the most recent compliance year, 2020, is 145%.

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Dimension	Material topics	Metric - Code	Metric	Page / Response
Environment	Air quality	IF-EU-120a.1	Air emissions of the following pollutants (percentage of each in or near areas of dense population): (1) NOx (excluding N2O)	58.186 t Page 79
			Air emissions of the following pollutants (percentage of each in or near areas of dense population): (2) SOx	1.011 t Page 79
			Air emissions of the following pollutants (percentage of each in or near areas of dense population): (3) particles (PM10)	1.165 t Page 79
			Air emissions of the following pollutants (percentage of each in or near areas of dense population): (4) lead (Pb)	Not applicable. These emissions are associated with coal combustion which Iberdrola did not produce in 2022 as it closed all its coal-fired power plants in 2020
			Air emissions of the following pollutants (percentage of each in or near areas of dense population): (5) mercury (Hg)	
	Water management	IF-EU-140a.1	(1) Total water withdrawn, percentage in regions with high or extremely high baseline water stress	1.719.052 ML high 18% extremely high 10%
			(2) Total water consumed, percentage in regions with high or extremely high baseline water stress	88,076 ML alto 42,4 % extremely high 34,2%
		IF-EU-140a.2	Number of incidents of non-compliance associated with water quantity and/or quality permits, standards, and regulations	5 incidents
		IF-EU-140a.3	Description of water management risks and discussion of strategies and practices to mitigate those risks	Non-material indicator, as the overall level of risk in extraction and consumption is very low. Information is likewise published in the CDP Water report.
	Coal ash management	IF-EU-150a.1	Amount of coal combustion residuals (CCR) generated, percentage recycled	Iberdrola has closed all its coal-fired power plants in 2020.
		IF-EU-150a.2	Total number of coal combustion residual (CCR) impoundments, broken down by hazard potential classification and structural integrity assessment	

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Dimension	Material topics	Metric - Code	Metric	Page / Response
	Energy affordability	IF-EU-240a.1	Average retail electric rate for (1) residential customers	Page 296
		IF-EU-240a.1	Average retail electric rate for (2) commercial customers	Page 296
		IF-EU-240a.1	Average retail electric rate for (3) industrial customers	Page 296
		IF-EU-240a.2	Typical monthly electric bill for residential customers for (1) 500 kWh	Page 296
		IF-EU-240a.2	Typical monthly electric bill for residential customers for (2) 1,000 kWh of electricity delivered per month	Page 296
		IF-EU-240a.3	Number of residential customer electric disconnections for non-payment, percentage reconnected within 30 days	Page 189, 326
		IF-EU-240a.4	Discussion of impact of external factors on customer affordability of electricity, including the economic conditions of the service territory	Page 15, 188
Human capital	Workforce health and safety	IF-EU-320a.1	(1) Total recordable incident rate (TRIR)	Page 148
		IF-EU-320a.1	(2) fatality rate	Page 148
		IF-EU-320a.1	(3) near miss frequency rate (NMFR)	Page 148
Business model and innovation	End-use efficiency and demand	IF-EU-420a.1	Percentage of electric utility revenues from rate structures that (1) are decoupled and (2) contain a lost revenue adjustment mechanism (LRAM)	The applicable percentage in the tariff structures applicable to the United States were: (1) 78 % and (2) 0 %
		IF-EU-420a.2	Percentage of electric load served by smart grid technology	Page 59
		IF-EU-420a.3	Customer electricity savings from efficiency measures, by market	Page 88

SASB content index

Dimension	Material topics	Metric - Code	Metric	Page / Response
Leadership and governance	Nuclear safety & emergency management	IF-EU-540a.1	Total number of nuclear power units, broken down by U.S. Nuclear Regulatory Commission (NRC) action matrix column	Not applicable as there are no nuclear power plants in the United States.
		IF-EU-540a.2	Description of efforts to manage nuclear safety and emergency preparedness	Not applicable as there are no nuclear power plants in the United States.
	Grid resiliency	IF-EU-550a.1	Number of incidents of non-compliance with physical and/or cybersecurity standards or regulations	AVANGRID did not experience any breaches of NERC's Critical Infrastructure Protection (CIP) standards leading to physical security or cyber security events. Any such event would have been reported under CIP-008-6, as required by requirement R4 of CIP-008-6. This indicator does not apply to the rest of the group's companies, as this regulation only applies to the United States.
		IF-EU-550a.2	(1) System Average Interruption Duration Index (SAIDI)	Page 166
		IF-EU-550a.2	(2) System Average Interruption Frequency Index (SAIFI)	Page 165
		IF-EU-550a.2	(3) Customer Average Interruption Duration Index (CAIDI), inclusive of major event days 5	Page 166

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Dimension	Material topics	Metric - Code	Metric	Page / Response
Activity Metrics		IF-EU-000.A	Number of: (1) residential customers served	Page 294
		IF-EU-000.A	Number of: (2) commercial customers served	Page 294
		IF-EU-000.A	Number of: (3) industrial customers served	Page 294
		IF-EU-000.B	Total electricity delivered to: (1) residential customers	Page 297
		IF-EU-000.B	Total electricity delivered to: (2) commercial customers	Page 297
		IF-EU-000.B	Total electricity delivered to: (3) industrial customers	Page 297
		IF-EU-000.B	Total electricity delivered to: (4) all other retail customers	Page 297
		IF-EU-000.B	Total electricity delivered to: (5) wholesale customers	Page 297
		IF-EU-000.C	Length of transmission and distribution lines	Page 295
		IF-EU-000.D	Total electricity generated, percentage by major energy source, percentage in regulated markets	Page 19 The vast majority of our United States assets are in unregulated markets.
		IF-EU-000.E	Total wholesale electricity purchased	The Iberdrola group operates in a number of markets, simultaneously carrying out electricity generation activities, supply on regulated markets, marketing on deregulated markets, and electricity trading on spot and forward markets. For this reason, this indicator is not considered to describe any significant aspect of business performance.

VI.6. Content index in relation to the principles of the Global Compact

The table below shows the connection between the GRI indicators of this report and the 10 Global Compact Principles. 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	Associated GRI indicators	Related SDGs
Human rights	Principle 1. Businesses should support and respect the protection of internationally proclaimed human rights.	201-1, 202-1, 203-1, 203-2, 204-1, 205-2, 205-3, 206-1, 207-1, 207-2, 207-3, 207-4, 2-7, 2-8, 2-9, 2-10, 2-11, 2-12, 2-15, 2-23, 2-26, 2-27, 2-30, 301-1, 301-2, 302-1, 302-2, 303-1, 303-2, 303-3, 303-4, 303-5, 304-1, 304-2, 304-3, 304-4, 305-1, 305-2, 305-3, 305-7, 306-1, 306-2, 306-3, 401-1, 401-3, 402-1, 403-1, 403-2, 403-3, 403-4, 403-5, 403-6, 403-7, 403-8, 403-9, 404-1, 404-2, 404-3, 405-1, 405-2, 406-1, 407-1, 408-1, 409-1, 410-1, 411-1, 413-2, 414-1, 414-2, 415-1, 416-2, 417-3, 418-1	
	Principle 2. Businesses should make sure they are not complicit in human rights abuses.	414-2	

Global Compact content index

Issue	Global Compact Principles	Associated 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.	201-1, 202-1, 203-1, 203-2, 204-1, 205-2, 205-3, 206-1, 207-1, 207-2, 207-3, 207-4, 2-10, 2-11, 2-12, 2-15, 2-23, 2-26, 2-30, 2-7, 2-8, 2-9, 301-1, 301-2, 302-1, 302-2, 305-1, 305-2, 305-3, 305-7, 306-1, 306-2, 306-3, 2-27, 401-1, 401-3, 402-1, 403-1, 403-2, 403-3, 403-4, 403-5, 403-6, 403-7, 403-8, 403-9, 404-1, 404-2, 404-3, 405-1, 405-2, 406-1, 407-1, 408-1, 409-1, 410-1, 413-2, 414-1, 414-2, 415-1, 416-2, 417-3, 418-1		
	Principle 4. Businesses should uphold the elimination of all forms of forced and compulsory labour.	201-1, 202-1, 203-1, 203-2, 204-1, 205-2, 205-3, 206-1, 207-1, 207-2, 207-3, 207-4, 2-10, 2-11, 2-12, 2-15, 2-23, 2-26, 2-30, 2-7, 2-8, 2-9, 301-1, 301-2, 302-1, 302-2, 305-1, 305-2, 305-3, 305-7, 306-1, 306-2, 306-3, 2-27, 401-1, 401-3, 402-1, 403-1, 403-2, 403-3, 403-4, 403-5, 403-6, 403-7, 403-8, 403-9, 404-1, 404-2, 404-3, 405-1, 405-2, 406-1, 407-1, 408-1, 409-1, 410-1, 413-2 , 414-1, 414-2, 415-1, 416-2, 417-3, 418-1		
	Principle 5. Businesses should uphold the effective abolition of child labour.	201-1, 202-1, 203-1, 203-2, 204-1, 205-2, 205-3, 206-1, 207-1, 207-2, 207-3, 207-4, 2-10, 2-11, 2-12, 2-15, 2-23, 2-26, 2-30, 2-7, 2-8, 2-9, 301-1, 301-2, 302-1, 302-2, 305-1, 305-2, 305-3, 305-7, 306-1, 306-2, 306-3, 2-27, 401-1, 401-3, 402-1, 403-1, 403-2, 403-3, 403-4, 403-5, 403-6, 403-7 , 403-8, 403-9, 404-1, 404-2, 404-3, 405-1, 405-2, 406-1, 407-1, 408-1, 409-1, 410-1, 413-2, 414-1, 414-2, 415-1, 416-2, 417-3, 418-1	  	  
	Principle 6. Businesses should uphold the elimination of discrimination in respect of employment and occupation.	2-7 202-1, 401-1, 401-3, 404-1, 404-3, 405-2, 406-1		

Global Compact content index

Issue	Global Compact Principles	Associated GRI indicators	Related SDGs
Environment	Principle 7. Businesses should support a precautionary approach to environmental challenges.	201-1, 201-2, 203-1, 207-1, 207-2, 207-3, 207-4, 301-1, 301-2, 302-1, 302-2, 303-1, 303-2, 303-3, 303-4, 303-5, 304-1, 304-2, 304-3, 304-4, 305-1, 305-2, 305-3, 305-4, 305-5, 305-7, 306-1, 306-2, 306-3, 411-1, 413-2, 417-1	
	Principle 8. Businesses should undertake initiatives to promote greater environmental responsibility.	301-1 a 306-3, 308-2	
	Principle 9. Businesses should encourage the development and diffusion of environmentally friendly technologies.	201-1, 201-2, 203-1, 207-1, 207-2, 207-3, 207-4, 301-1, 301-2, 302-1, 302-2, 303-1, 303-2, 303-3, 303-4, 303-5, 304-1, 304-2, 304-3, 304-4, 305-1, 305-2, 305-3, 305-4, 305-5, 305-7, 306-1, 306-2, 306-3, 411-1, 413-2, 417-1	
Anti-corruption	Principle 10. Businesses should work against corruption in all its forms, including extortion and bribery.	2-23, 2-26 205-2, 205-3, 415-1	

VI.7. Task Force on Climate-Related Financial Disclosures content index

The index below provides links to Iberdrola contents on climate-related risks and opportunities as recommended by the TCFD:

Content index Task Force on Climate-Related Financial Disclosures

	TCFD recommendation	Link to Iberdrola content	Chapter	Page
Governance	a) Describe the oversight of climate-related risks and opportunities	SNFI-SR 2022Statement of Non-Financial Information – Sustainability Report 2022	• I.2. Governance and Sustainability System • Climate governance • Comprehensive Risk System	29, 33-35, 44-46
		Annual Financial Report 2022	Management Report sections 4.1 Comprehensive Risk Control and Management System 4.6.4 ESG	279, 307
	b) Describe management's role in assessing and managing climate-related risks and opportunities.	SNFI-SR 2022Statement of Non-Financial Information – Sustainability Report 2022	• I.2. Governance and Sustainability System • Climate governance • Comprehensive Risk System	29, 33-35, 44-46
		Annual Financial Report 2022	Management Report sections 4.1 Comprehensive Risk Control and Management System 4.6.4 ESG	279, 307
Strategy	a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	SNFI-SR 2022Statement of Non-Financial Information – Sustainability Report 2022	• Long-term risks and opportunities • Management of climate opportunities and risks	33-35, 46-57
		Annual Financial Report 2022	Management Report sections • 4.1 Comprehensive Risk Control and Management System • 4.6.2 Climate change	279, 304
	b) Describe the impact of climate related risks and opportunities on the organization's businesses, strategy, and financial planning.	SNFI-SR 2022Statement of Non-Financial Information – Sustainability Report 2022	• Long-term risks and opportunities • Management of climate opportunities and risks • Climate Action Plan	33-35, 46-57, 37-44
		Annual Financial Report 2022	• Financial Statements Note 6 (Climate Change and Paris Agreement section) • 1.8 Strategic foundations for the 2023 – 2025 period	55, 246
	c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	SNFI-SR 2022Statement of Non-Financial Information – Sustainability Report 2022	• Management of climate opportunities and risks	46-57
		Annual Financial Report 2022	• Financial Statements Note 6 (Climate Change and Paris Agreement section)	55

Content index Task Force on Climate-Related Financial Disclosures

	TCFD recommendation	Link to Iberdrola content	Chapter	Page
Risk management:	a) Describe the organisation's processes to identify and assess climate-related risks.	2022Statement of Non-Financial Information – Sustainability Report	• Long-term risks and opportunities	33-35
		Annual Financial Report 2022	Management Report sections • 4.1 Comprehensive Risk Control and Management System • 4.6.2 Climate change	279, 304
	b) Describe the organisation's processes to manage climate-related risks.	2022Statement of Non-Financial Information – Sustainability Report	• Long-term risks and opportunities	33-35
		Annual Financial Report 2022	Management Report sections • 4.1 Comprehensive Risk Control and Management System • 4.6.2 Climate change	279, 304
	c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management	SNFI-SR 2022Statement of Non-Financial Information – Sustainability Report 2022	• Long-term risks and opportunities	33-35
		Annual Financial Report 2022	Management Report sections • 4.1 Comprehensive Risk Control and Management System • 4.6.2 Climate change	279, 304
Metrics and objectives	a) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	SNFI-SR 2022Statement of Non-Financial Information – Sustainability Report 2022	• Indicators and metrics • Emissions reduction and climate change	58, 74-79
		Annual Financial Report 2022	• Financial Statements Note 6 (Climate Change and Paris Agreement section)	55
	b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	SNFI-SR 2022Statement of Non-Financial Information – Sustainability Report 2022	• Inventory of Greenhouse Gas (GHG) Emissions	74
	c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets	SNFI-SR 2022Statement of Non-Financial Information – Sustainability Report 2022	• Indicators and metrics • Emissions reduction and climate change	58, 74-79
		Annual Financial Report 2022	• Plan 2023-2025	246

Contact point for questions regarding the report

GRI 2-3

General questions regarding this report may be mailed to Iberdrola's ESG Division at Plaza Euskadi 5, 48009 Bilbao, Bizkaia – Spain, or sent to ESG@iberdrola.es.

The addresses and telephone numbers of Iberdrola's international centres, available contact channels, Customer Services and the Queries Mailbox can be found in the Contact section of the website.

VII. Annexes

- Annex 1: Information Supplementary to the Statement of Non-Financial Information - Sustainability Report *2022*
- Annex 2: Statement

VII.1. Annex 1: Information Supplementary to the Statement of Non-Financial Information - Sustainability Report 2022

Key figures

GRI EU3 SASB IF-EU-000.A

Electricity users (Millions)[98]

		2022	2021	2020
Spain	Residential	8.2	8.0	8.0
	Industrial	0.2	0.2	0.2
	Commercial	1.8	1.7	1.7
	Institutional	0.1	0.1	0.1
	Other	0.0	0.0	0.0
	Total users	**10.4**	**10.0**	**10.0**
	Users that are producers of electricity	**0.1**	**0.0**	**0.0**
United Kingdom	Residential	2.7	2.7	2.7
	Industrial	0.1	0.1	0.1
	Commercial	0.1	0.1	0.1
	Institutional	0.0	0.0	0.0
	Other	0.0	0.0	0.0
	Total users	**2.8**	**2.8**	**2.8**
	Users that are producers of electricity	**0.1**	**0.1**	**0.1**
United States	Residential	2.0	2.0	2.0
	Industrial	0.0	0.0	0.0
	Commercial	0.3	0.3	0.3
	Institutional	0.0	0.0	0.0
	Other	0.0	0.0	0.0
	Total users	**2.3**	**2.3**	**2.3**
	Users that are producers of electricity	**0.0**	**0.0**	**0.0**
Brazil	Residential	14.2	13.9	12.6
	Industrial	0.0	0.0	0.0
	Commercial	1.1	1.1	0.9
	Institutional	0.2	0.2	0.2
	Other	0.5	0.6	0.6
	Total users	**16.0**	**15.7**	**14.3**
	Users that are producers of electricity	**0.4**	**0.1**	**0.0**
Mexico[99]	Residential	0.0	0.0	0.0
	Industrial	0.0	0.0	0.0
	Commercial	0.0	0.0	0.0
	Institutional	0.0	0.0	0.0
	Other	0.0	0.0	0.0
	Total users	**0.0**	**0.0**	**0.0**
	Users that are producers of electricity	**0.0**	**0.0**	**0.0**

[98] User information reported for Spain, the United Kingdom, Mexico and Rest of Europe are provided by the GenerationElectricity Production and RetailCustomers Business, as they correspond to liberalised markets. For the United States and Brazil they are provided by the Networks Business as they correspond to regulated markets.
[99] There are 4,513 industrial customers in Mexico.

Electricity users (Millions)[98]

		2022	2021	2020
Rest of World	Residential	0.4	0.7	0.6
	Industrial	0.0	0.0	0.0
	Commercial	0.1	0.1	0.1
	Institutional	0.0	0.0	0.0
	Other	0.0	0.0	0.0
	Total users	**0.5**	**0.8**	**0.7**
	Users that are producers of electricity	**0.0**	**0.0**	**0.0**
Iberdrola total	Residential	27.5	27.2	25.9
	Industrial	0.4	0.3	0.3
	Commercial	3.4	3.3	3.1
	Institutional	0.3	0.3	0.3
	Other	0.5	0.6	0.6
	Total users	**32.1**	**31.7**	**30.1**
	Users that are producers of electricity	**0.7**	**0.2**	**0.1**

■ GRI EU4 ■ SASB IF-EU-000.C

Power lines (Km)

		Transmission			Distribution		
		2022	2021	2020	2022	2021	2020
Spain	Overhead	0	0	0	159,475	160,857	162,284
	Underground	0	0	0	111,517	108,738	107,845
	Total	**0**	**0**	**0**	**270,991**	**269,595**	**270,129**
United Kingdom	Overhead	3,790	3,756	3,709	38,292	38,392	38,478
	Underground	787	737	636	68,206	67,796	67,441
	Total	**4,577**	**4,493**	**4,345**	**106,498**	**106,188**	**105,919**
United States	Overhead	13,412	13,400	13,483	138,654	136,540	140,074
	Underground	605	605	598	18,792	17,499	16,666
	Total	**14,018**	**14,005**	**14,081**	**157,446**	**154,039**	**156,740**
Brazil	Overhead	2,333	2,333	679	705,516	686,324	654,135
	Underground	0	0	0	3,262	3,160	755
	Total	**2,333**	**2,333**	**679**	**708,777**	**689,484**	**654,890**
Iberdrola total	Overhead	19,536	19,489	17,871	1,041,936	1,022,113	994,971
	Underground	1,392	1,342	1,234	201,777	197,193	192,707
	Total	**20,928**	**20,831**	**19,105**	**1,243,713**	**1,219,306**	**1,187,678**

SASB IF-EU-240a.1

Average retail electric rate in regulated markets (local currency/kWh)[100]

		2022	
United States	Residential	0.20	$/KWh
	Industrial	0.13	$/KWh
	Commercial	0.17	$/KWh
Brazil	Residential	0.60	RM/KWh
	Industrial	0.61	R$/KWh
	Commercial	0.65	R$/KWh

SASB IF-EU-240a.2

Average retail electric rate for residential customers in regulated markets (local currency)

		2022	
United States	500 kW/h	102.7	$/KWh
	1.000 kW/h	189.5	$/KWh
Brazil	500 kW/h	500	R$/KWh
	1.000 kW/h	1,000	R$/KWh

[100] Does not include other markets as they are liberalised markets (Spain, United Kingdom, Mexico and IEI)

SASB IF-EU-000.B

Total electricity supplied (MWh)

		2022	2021
Spain	Retail customers	62,820,000	59,107,000
	Residential customers	27,884,000	31,042,000
	Commercial customers	0	0
	Industrial customers	34,936,000	28,065,000
	Other retail customers	0	0
	Wholesale customers	0	0
	Iberdrola total	**62,820,000**	**59,107,000**
United Kingdom	Retail customers	18,482,000	19,383,000
	Residential customers	9,622,000	10,704,000
	Commercial customers	2,700,000	6,317,000
	Industrial customers	6,160,000	2,362,000
	Other retail customers	0	0
	Wholesale customers	0	0
	Iberdrola total	**18,482,000**	**19,383,000**
United States	Retail customers	36,701,791	36,430,608
	Residential customers	16,081,026	12,301,724
	Commercial customers	14,292,383	6,119,954
	Industrial customers	6,221,022	1,837,109
	Other retail customers	107,360	36,430,608
	Wholesale customers	0	0
	Iberdrola total	**36,701,791**	**36,430,608**
Brazil	Retail customers	72,583,966	66,255,986
	Residential customers	22,749,235	22,713,958
	Commercial customers	14,770,241	12,149,668
	Industrial customers	21,905,757	17,752,399
	Other retail customers	13,158,733	13,639,961
	Wholesale customers	3,178,264	0
	Iberdrola total	**75,762,230**	**66,255,986**
Mexico	Retail customers	19,051	19,753
	Residential customers	0	0
	Commercial customers	0	0
	Industrial customers	19,051	19,753
	Other retail customers	0	0
	Wholesale customers[101]	37,523	34,908
	Iberdrola total	**56,574**	**54,661**
Rest of World	Retail customers	10,838,000	10,112,000
	Residential customers	2,387,000	2,838,000
	Commercial customers	8,451,000	7,274,000
	Industrial customers	0	0
	Other retail customers	0	0
	Wholesale customers	0	0
	Iberdrola total	**10,838,000**	**10,112,000**
Iberdrola total	Retail customers	201,444,808	191,308,347
	Residential customers	78,723,261	83,469,779
	Commercial customers	40,213,624	38,042,392
	Industrial customers	69,241,830	54,319,106
	Other retail customers	13,266,093	15,477,070
	Wholesale customers	3,215,787	34,908
	Iberdrola total	**204,660,595**	**191,343,255**

[101] Corresponds to CFE.

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 *Annual Financial Report 2022.*

GRI 201-1

Economic value generated, distributed and retained (€ millions)[102]			
		2022	**2021**
Spain	Revenue (sales and other income) (+)	23,107	15,280
	Direct economic value generated (+)	**23,107**	**15,280**
	Operating costs (-)	16,253	8,626
	Employee remuneration (excluding company social security costs) (-)	861	911
	Payments to providers of capital (-)	1,798	1,347
	Payments to government administrations (-)	1,740	1,586
	Investments to the benefit of the community (verified according to the LBG Model) (-)	24	22
	Economic value distributed (-)	**20,676**	**12,492**
	Economic value retained (=)	**2,432**	**2,787**
United Kingdom	Revenue (sales and other income) (+)	9,976	6,273
	Direct economic value generated (+)	**9,976**	**6,273**
	Operating costs (-)	7,429	3,942
	Employee remuneration (excluding company social security costs) (-)	465	366
	Payments to providers of capital (-)	536	347
	Payments to government administrations (-)	197	341
	Investments to the benefit of the community (verified according to the LBG Model) (-)	15	27
	Economic value distributed (-)	**8,642**	**5,023**
	Economic value retained (=)	**1,335**	**1,251**
United States	Revenue (sales and other income) (+)	8,384	5,895
	Direct economic value generated (+)	**8,384**	**5,895**
	Operating costs (-)	4,109	2,714
	Employee remuneration (excluding company social security costs) (-)	1,110	961
	Payments to providers of capital (-)	721	498
	Payments to government administrations (-)	870	753
	Investments to the benefit of the community (verified according to the LBG Model) (-)	5	4
	Economic value distributed (-)	**6,815**	**4,930**
	Economic value retained (=)	**1,568**	**964**
Brazil	Revenue (sales and other income) (+)	9,103	7,397
	Direct economic value generated (+)	**9,103**	**7,397**
	Operating costs (-)	6,079	5,290
	Employee remuneration (excluding company social security costs) (-)	422	315
	Payments to providers of capital (-)	1,486	820
	Payments to government administrations (-)	180	179
	Investments to the benefit of the community (verified according to the LBG Model) (-)	5	3
	Economic value distributed (-)	**8,172**	**6,607**
	Economic value retained (=)	**932**	**793**

[102] 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)[102]

		2022	2021
Mexico	Revenue (sales and other income) (+)	4,375	3,929
	Direct economic value generated (+)	**4,375**	**3,929**
	Operating costs (-)	3,173	2,662
	Employee remuneration (excluding company social security costs) (-)	71	60
	Payments to providers of capital (-)	480	477
	Payments to government administrations (-)	150	177
	Investments to the benefit of the community (verified according to the LBG Model) (-)	2	2
	Economic value distributed (-)	**3,876**	**3,378**
	Economic value retained (=)	**499**	**548**
Other countries	Revenue (sales and other income) (+)	876	2,194
	Direct economic value generated (+)	**876**	**2,194**
	Operating costs (-)	373	1,768
	Employee remuneration (excluding company social security costs) (-)	66	71
	Payments to providers of capital (-)	93	28
	Payments to government administrations (-)	118	89
	Investments to the benefit of the community (verified according to the LBG Model) (-)	0	0
	Economic value distributed (-)	**650**	**1,956**
	Economic value retained (=)	**225**	**237**
Iberdrola consolidated total	Revenue (sales and other income) (+)	55,821	40,967
	Direct economic value generated (+)	**55,821**	**40,967**
	Operating costs (-)	37,415	25,002
	Employee remuneration (excluding company social security costs) (-)	2,995	2,685
	Payments to providers of capital (-)	5,114	3,517
	Payments to government administrations (-)	3,255	3,125
	Investments to the benefit of the community (verified according to the LBG Model) (-)	52	58
	Economic value retained (-)	**48,830**	**34,386**
	Economic value retained (=)	**6,991**	**6,581**

Pre-tax profit (€ millions)[103]

	2022	2021	2020
Spain	2,981	3,824	2,223
United Kingdom	665	624	957
United States	1,129	496	461
Brazil	874	803	624
Mexico	414	506	639
IEI	230	49	150
Iberdrola consolidated total	**6,292**	**6,301**	**5,053**

[103] Includes the consolidated results from ongoing activities.
The results from Other Business, Corporation, and Adjustments is included in Iberdrola Spain

Environmental dimension

Water

Total water withdrawal by source

■ GRI 303-3

Use of water in thermal generation 2022 (ML)[104]

	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	1,489,176	127	4,110	1,484,939	55,069	1,439,869
United Kingdom[105]	51	47	3	0	0	0
United States	3,285	184	13	3,089[106]	1,853	1,234
Brazil	39,958	83	56	39,820	0	39,820
Mexico	186,570	69	1,906	184,596	19,665	149,850
IEI	11	2	1	8	0	5
Total	**1,719,051**	**512**	**6,089**	**1,712,452**	**76,587**	**1,630,778**

Biodiversity

Threatened species included in the UICN Red List and national and regional lists

■ GRI 304-4

IUCN Red List Classification

	Critically endangered (CR)	Endangered (EN)	Vulnerable (VU)	Near threatened (NT)	Least concern (LC)
Spain	7	28	46	50	547
United Kingdom	2	5	8	11	151
United States - Canada	2	15	12	12	40
Brazil	4	20	46	36	933
Mexico	0	4	8	13	364
IEI	0	2	7	11	209
Total	**15**	**69**	**121**	**116**	**1,865**

[104] Withdrawal of water at the thermal generation facilities (coal, combined cycle, nuclear and cogeneration)
[105] United Kingdom does not have thermal generation
[106] Water for cooling is not broken down, included in water from services.

Emissions

Direct greenhouse gas emissions at production facilities, Scope 1 (per GHG Protocol)

■ GRI 305-1

CO2 emissions at Scope 1 production facilities (t)

	2022	2021	2020
Spain	**4,123,265**	**4,477,856**	**4,667,569**
Generating plants	2,954,193	2,985,589	3,310,122
Cogeneration	1,164,259	1,487,273	1,354,198
Other emissions	4,813	4,994	3,249
United Kingdom	**0**	**0**	**0**
Generating plants	0	0	0
Cogeneration	0	0	0
United States	**1,050,346**	**1,306,778**	**1,173,419**
Generating plants	0	0	0
Cogeneration	1,012,134	1,267,066	1,139,068
Other emissions	38,212	39,712	34,351
Brazil	**19,337**	**921,137**	**699,722**
Generating plants	19,337	921,137	699,722
Cogeneration	0	0	0
Mexico	**6,110,556**	**6,029,997**	**5,968,099**
Generating plants	5,447,776	5,268,632	5,210,591
Cogeneration	662,781	761,365	757,507
IEI	**42,851**	**18,395**	**10,056**
Generating plants	0	0	0
Cogeneration	0	0	0
Other emissions	42,851	18,395	10,056
Total	**11,346,355**	**12,754,162**	**12,518,865**
Generating plants	*8,421,306*	*9,175,358*	*9,220,435*
Cogeneration	*2,839,174*	*3,515,703*	*3,250,773*
Other emissions	*85,876*	*63,101*	*47,656*

NOx, SOx and other significant air emissions[107]

■ GRI 305-7

Emissions of NOX (t) from generation and cogeneration plants	2022	2021	2020
Spain	4,462	5,652	5,125
United Kingdom	0	0	0
United States	68	134	149
Brazil	2	194	141
Mexico	53,655	52,692	57,102
Total	**58,187**	**58,672**	**62,517**

Emissions of sulphur dioxide (SO2) (t) from generation and co-generation plants	2022	2021	2020
Spain	435	603	735
United Kingdom	0	0	0
United States	5	6	6
Brazil	0	10	4
Mexico	572	561	607
Total	**1,012**	**1,180**	**1,352**

Emissions of particulates (t) from generation and cogeneration plants	2022	2021	2020
Spain	50	67	71
United Kingdom	0	0	0
United States	17	21	19
Brazil	0	0	0
Mexico	1,098	1,086	1,181
Total	**1,165**	**1,174**	**1,271**

[107] Own and third-party plants have been included in the calculation of emissions of NOx, SOx and particulates

Social dimension

Employment[108]

■ GRI 2-7

Total workforce by employment type, gender, age and region at year-end

		Full-time			Part-time		
		2022	2021	2020	2022	2021	2020
Spain	Men	**7,514**	**7,596**	**7,586**	**2**	**2**	**1**
	Up to 30 years old	557	536	438	0	0	0
	Between 31 and 50 years old	4,513	4,453	4,340	2	2	0
	More than 51 years old	2,444	2,607	2,807	0	0	0
	Women	**2,186**	**2,128**	**2,007**	**0**	**1**	**0**
	Up to 30 years old	212	191	133	0	1	0
	Between 31 and 50 years old	1,458	1,413	1,342	0	0	0
	More than 51 years old	516	524	532	0	0	0
	Total	**9,700**	**9,724**	**9,593**	**2**	**3**	**1**
	Up to 30 years old	769	727	571	0	1	0
	Between 31 and 50 years old	5,971	5,866	5,683	2	2	1
	More than 51 years old	2,960	3,131	3,340	0	0	0
United Kingdom	Men	**3,938**	**3,767**	**3,671**	**35**	**43**	**43**
	Up to 30 years old	905	706	640	2	4	2
	Between 31 and 50 years old	1,996	1,969	1,927	10	12	16
	More than 51 years old	1,037	1,092	1,104	23	27	25
	Women	**1,436**	**1,434**	**1,362**	**346**	**464**	**487**
	Up to 30 years old	280	217	199	16	12	13
	Between 31 and 50 years old	822	812	800	258	356	385
	More than 51 years old	334	405	363	72	96	89
	Total	**5,374**	**5,201**	**5,033**	**381**	**507**	**530**
	Up to 30 years old	1,185	923	839	18	16	15
	Between 31 and 50 years old	2,818	2,781	2,727	268	368	401
	More than 51 years old	1,371	1,497	1,467	95	123	114

[108] As the percentage interests in certain companies may not be 100%, the sums added may not correspond to the total presented due to rounding

Total workforce by employment type, gender, age and region at year-end

		Full-time			Part-time		
		2022	2021	2020	2022	2021	2020
United States[109]	Men	**5,487**	**5,332**	**5,052**	**2**	**1**	**1**
	Up to 30 years old	945	874	743	0	0	0
	Between 31 and 50 years old	2,813	2,602	2,408	0	0	0
	More than 51 years old	1,729	1,856	1,901	2	1	1
	Women	**2,076**	**2,008**	**1,969**	**8**	**8**	**9**
	Up to 30 years old	285	230	215	0	0	0
	Between 31 and 50 years old	997	925	893	5	6	6
	More than 51 years old	794	853	861	3	2	3
	Total	**7,569**	**7,340**	**7,021**	**10**	**9**	**10**
	Up to 30 years old	1,231	1,104	958	0	0	0
	Between 31 and 50 years old	3,814	3,527	3,301	5	6	6
	More than 51 years old	2,524	2,709	2,762	5	3	4
Brazil	Men	**12,053**	**11,481**	**9,396**	**396**	**873**	**1,144**
	Up to 30 years old	2,841	2,996	2,601	82	159	243
	Between 31 and 50 years old	8,492	7,769	6,104	283	666	837
	More than 51 years old	720	716	691	31	48	64
	Women	**2,777**	**2,501**	**2,074**	**180**	**203**	**200**
	Up to 30 years old	908	804	653	53	62	62
	Between 31 and 50 years old	1,761	1,587	1,316	103	119	119
	More than 51 years old	108	110	105	24	22	19
	Total	**14,830**	**13,982**	**11,470**	**576**	**1,076**	**1,344**
	Up to 30 years old	3,749	3,800	3,254	135	221	305
	Between 31 and 50 years old	10,253	9,356	7,420	386	785	956
	More than 51 years old	828	826	796	55	70	83
Mexico	Men	**1,032**	**1,032**	**1,045**	**0**	**0**	**0**
	Up to 30 years old	198	227	247	0	0	0
	Between 31 and 50 years old	725	713	712	0	0	0
	More than 51 years old	109	92	86	0	0	0
	Women	**273**	**264**	**262**	**0**	**0**	**0**
	Up to 30 years old	78	88	107	0	0	0
	Between 31 and 50 years old	185	168	149	0	0	0
	More than 51 years old	10	8	6	0	0	0
	Total	**1,305**	**1,296**	**1,307**	**0**	**0**	**0**
	Up to 30 years old	276	315	354	0	0	0
	Between 31 and 50 years old	910	881	861	0	0	0
	More than 51 years old	119	100	92	0	0	0

[109]This table represents individuals who identify as men or women, so the figures segmented by gender may not coincide with the total because of people who identify as another gender or who choose not to disclose this information.

Total workforce by employment type, gender, age and region at year-end

		Full-time			Part-time		
		2022	2021	2020	2022	2021	2020
IEI	Men	**652**	**545**	**548**	**1**	**0**	**0**
	Up to 30 years old	87	85	80	0	0	0
	Between 31 and 50 years old	489	389	410	0	0	0
	More than 51 years old	76	71	58	1	0	0
	Women	**318**	**272**	**270**	**3**	**0**	**0**
	Up to 30 years old	64	55	56	1	0	0
	Between 31 and 50 years old	239	202	192	1	0	0
	More than 51 years old	15	15	22	1	0	0
	Total	**970**	**817**	**818**	**4**	**0**	**0**
	Up to 30 years old	151	140	136	1	0	0
	Between 31 and 50 years old	728	591	602	1	0	0
	More than 51 years old	91	86	80	2	0	0
Iberdrola total	Men	**30,676**	**29,753**	**27,298**	**436**	**919**	**1,189**
	Up to 30 years old	5,533	5,424	4,749	84	163	245
	Between 31 and 50 years old	19,028	17,895	15,901	295	680	853
	More than 51 years old	6,115	6,434	6,647	57	76	90
	Women	**9,066**	**8,607**	**7,944**	**537**	**676**	**696**
	Up to 30 years old	1,827	1,585	1,363	70	75	75
	Between 31 and 50 years old	5,462	5,107	4,692	367	481	510
	More than 51 years old	1,777	1,915	1,889	100	120	111
	Total	**39,748**	**38,360**	**35,242**	**973**	**1,595**	**1,885**
	Up to 30 years old	**7,361**	**7,009**	**6,112**	**154**	**238**	**320**
	Between 31 and 50 years old	**24,494**	**23,002**	**20,594**	**662**	**1,161**	**1,364**
	More than 51 years old	**7,893**	**8,349**	**8,537**	**157**	**196**	**201**

Total workforce by contract type, gender, professional category and region

		Permanent contract			Temporary contract		
		2022	2021	2020	2022	2021	2020
Spain	**Men**	**7,512**	**7,590**	**7,576**	**5**	**8**	**11**
	Leadership	724	841	862	0	0	0
	Qualified Technicians	3,194	3,078	2,885	2	2	7
	Skilled workers and support personnel	3,594	3,671	3,829	3	6	4
	Women	**2,185**	**2,126**	**2,004**	**1**	**3**	**4**
	Leadership	272	323	334	0	0	0
	Qualified Technicians	1,451	1,312	1,184	0	1	3
	Skilled workers and support personnel	462	491	486	0	2	1
	Total	**9,697**	**9,716**	**9,580**	**5**	**11**	**15**
	Leadership	996	1,164	1,196	0	0	0
	Qualified Technicians	4,645	4,390	4,069	2	3	10
	Skilled workers and support personnel	4,056	4,162	4,315	3	8	5
United Kingdom	**Men**	**3,956**	**3,802**	**3,707**	**17**	**8**	**7**
	Leadership	240	576	536	0	1	1
	Qualified Technicians	2,642	2,156	2,108	15	6	6
	Skilled workers and support personnel	1,074	1,070	1,063	2	1	0
	Women	**1,765**	**1,888**	**1,837**	**17**	**10**	**12**
	Leadership	102	258	234	1	0	0
	Qualified Technicians	1,242	1,074	1,020	13	8	11
	Skilled workers and support personnel	421	556	583	3	2	1
	Total	**5,721**	**5,690**	**5,544**	**34**	**18**	**19**
	Leadership	342	834	770	1	1	1
	Qualified Technicians	3,884	3,230	3,128	28	14	17
	Skilled workers and support personnel	1,495	1,626	1,646	5	3	1
United States[110]	**Men**	**5,481**	**5,300**	**5,051**	**8**	**33**	**2**
	Leadership	237	232	214	0	0	0
	Qualified Technicians	2,007	1,863	1,711	0	0	0
	Skilled workers and support personnel	3,237	3,205	3,126	8	33	2
	Women	**2,083**	**2,015**	**1,978**	**1**	**1**	**0**
	Leadership	102	96	88	0	0	0
	Qualified Technicians	1,036	943	844	0	0	0
	Skilled workers and support personnel	945	976	1,046	1	1	0
	Total	**7,570**	**7,315**	**7,029**	**9**	**34**	**2**
	Leadership	339	328	302	0	0	0
	Qualified Technicians	3,046	2,806	2,555	0	0	0
	Skilled workers and support personnel	4,185	4,181	4,172	9	34	2

[110] This table represents individuals who identify as men or women, so the figures segmented by gender may not coincide with the total because of people who identify as another gender or who choose not to disclose this information

Total workforce by contract type, gender, professional category and region

		Permanent contract			Temporary contract		
		2022	2021	2020	2022	2021	2020
Brazil	**Men**	**12,447**	**12,343**	**10,537**	**2**	**11**	**3**
	Leadership	289	286	254	0	0	0
	Qualified Technicians	2,027	1,868	1,707	0	1	1
	Skilled workers and support personnel	10,131	10,189	8,576	2	10	2
	Women	**2,957**	**2,702**	**2,272**	**0**	**2**	**2**
	Leadership	117	102	97	0	0	0
	Qualified Technicians	1,454	1,301	1,193	0	0	1
	Skilled workers and support personnel	1,386	1,299	982	0	2	1
	Total	**15,404**	**15,045**	**12,809**	**2**	**13**	**5**
	Leadership	406	388	351	0	0	0
	Qualified Technicians	3,481	3,169	2,900	0	1	2
	Skilled workers and support personnel	11,517	11,488	9,558	2	12	3
Mexico	**Men**	**964**	**959**	**973**	**68**	**73**	**72**
	Leadership	79	78	81	0	0	0
	Qualified Technicians	487	499	517	30	20	30
	Skilled workers and support personnel	398	382	375	38	53	42
	Women	**247**	**250**	**248**	**26**	**14**	**14**
	Leadership	20	16	16	1	0	0
	Qualified Technicians	206	214	210	23	10	14
	Skilled workers and support personnel	21	20	22	2	4	0
	Total	**1,211**	**1,209**	**1,221**	**94**	**87**	**86**
	Leadership	99	94	97	1	0	0
	Qualified Technicians	693	713	727	53	30	44
	Skilled workers and support personnel	419	402	397	40	57	42
IEI	**Men**	**639**	**522**	**523**	**14**	**23**	**25**
	Leadership	80	76	98	0	0	0
	Qualified Technicians	459	352	339	14	23	25
	Skilled workers and support personnel	100	94	86	0	0	0
	Women	**308**	**261**	**260**	**13**	**11**	**10**
	Leadership	14	12	22	0	0	0
	Qualified Technicians	292	246	231	13	11	10
	Skilled workers and support personnel	2	3	7	0	0	0
	Total	**947**	**783**	**783**	**27**	**34**	**35**
	Leadership	94	88	120	0	0	0
	Qualified Technicians	751	598	570	27	34	35
	Skilled workers and support personnel	102	97	93	0	0	0

Total workforce by contract type, gender, professional category and region

		Permanent contract			Temporary contract		
		2022	2021	2020	2022	2021	2020
Iberdrola total	Men	**30,999**	**30,516**	**28,367**	**114**	**156**	**120**
	Leadership	1,649	2,089	2,045	0	1	1
	Qualified Technicians	10,816	9,816	9,267	61	52	69
	Skilled workers and support personnel	18,534	18,611	17,055	53	103	50
	Women	**9,545**	**9,242**	**8,599**	**58**	**41**	**42**
	Leadership	627	807	791	2	0	0
	Qualified Technicians	5,681	5,090	4,682	49	30	39
	Skilled workers and support personnel	3,237	3,345	3,126	6	11	3
	Total	**40,550**	**39,758**	**36,966**	**171**	**197**	**162**
	Leadership	**2,276**	**2,896**	**2,836**	**2**	**1**	**1**
	Qualified Technicians	**16,500**	**14,906**	**13,949**	**110**	**82**	**108**
	Skilled workers and support personnel	**21,774**	**21,956**	**20,181**	**59**	**114**	**53**

Total workforce by contract type, gender, age and region at year-end

		Permanent contract			Temporary contract		
		2022	2021	2020	2022	2021	2020
Spain	Men	**7,512**	**7,590**	**7,575**	**5**	**8**	**11**
	Up to 30 years old	555	533	436	2	3	2
	Between 31 and 50 years old	4,513	4,450	4,332	2	5	9
	More than 51 years old	2,444	2,607	2,807	0	0	0
	Women	**2,185**	**2,126**	**2,004**	**1**	**3**	**3**
	Up to 30 years old	211	191	132	0	2	0
	Between 31 and 50 years old	1,458	1,412	1,340	0	1	3
	More than 51 years old	516	523	532	0	0	0
	Total	**9,697**	**9,716**	**9,579**	**5**	**11**	**14**
	Up to 30 years old	766	724	568	3	5	2
	Between 31 and 50 years old	5,971	5,862	5,672	2	6	12
	More than 51 years old	2,960	3,130	3,339	0	0	0
United Kingdom	Men	**3,956**	**3,802**	**3,707**	**17**	**8**	**7**
	Up to 30 years old	898	710	642	9	0	0
	Between 31 and 50 years old	2,000	1,974	1,937	6	7	6
	More than 51 years old	1,058	1,118	1,128	2	1	1
	Women	**1,765**	**1,888**	**1,837**	**17**	**10**	**12**
	Up to 30 years old	286	226	209	10	3	3
	Between 31 and 50 years old	1,075	1,162	1,177	5	6	8
	More than 51 years old	404	500	451	2	1	1
	Total	**5,721**	**5,690**	**5,544**	**34**	**18**	**19**
	Up to 30 years old	1,184	936	851	19	3	3
	Between 31 and 50 years old	3,075	3,136	3,114	11	13	14
	More than 51 years old	1,462	1,618	1,579	4	2	2
United States[111]	Men	**5,481**	**5,300**	**5,051**	**8**	**33**	**2**
	Up to 30 years old	942	854	743	3	20	0
	Between 31 and 50 years old	2,808	2,589	2,407	5	13	1
	More than 51 years old	1,731	1,857	1,901	0	0	1
	Women	**2,083**	**2,015**	**1,978**	**1**	**1**	**0**
	Up to 30 years old	285	229	215	0	1	0
	Between 31 and 50 years old	1,002	931	899	0	0	0
	More than 51 years old	796	855	864	1	0	0
	Total	**7,570**	**7,315**	**7,029**	**9**	**34**	**2**
	Up to 30 years old	1,228	1,083	958	3	21	0
	Between 31 and 50 years old	3,814	3,520	3,306	5	13	1
	More than 51 years old	2,528	2,712	2,765	1	0	1
Brazil	Men	**12,447**	**12,343**	**10,537**	**2**	**11**	**3**
	Up to 30 years old	2,922	3,149	2,842	1	6	2
	Between 31 and 50 years old	8,774	8,430	6,940	1	5	1
	More than 51 years old	751	764	755	0	0	0
	Women	**2,957**	**2,702**	**2,272**	**0**	**2**	**2**
	Up to 30 years old	961	864	713	0	2	2
	Between 31 and 50 years old	1,864	1,706	1,435	0	0	0
	More than 51 years old	132	132	124	0	0	0
	Total	**15,404**	**15,045**	**12,809**	**2**	**13**	**5**
	Up to 30 years old	3,883	4,013	3,555	1	8	4
	Between 31 and 50 years old	10,638	10,136	8,375	1	5	1
	More than 51 years old	883	896	879	0	0	0

[111] This table represents individuals who identify as men or women, so the figures segmented by gender may not coincide with the total because of people who identify as another gender or who choose not to disclose this information.

Total workforce by contract type, gender, age and region at year-end

		Permanent contract			Temporary contract		
		2022	2021	2020	2022	2021	2020
Mexico	Men	**964**	**959**	**973**	**68**	**73**	**72**
	Up to 30 years old	174	191	216	24	36	31
	Between 31 and 50 years old	684	677	674	41	36	38
	More than 51 years old	106	91	83	3	1	3
	Women	**247**	**250**	**248**	**26**	**14**	**14**
	Up to 30 years old	64	81	98	14	7	9
	Between 31 and 50 years old	174	161	144	11	7	5
	More than 51 years old	9	8	6	1	0	0
	Total	**1,211**	**1,209**	**1,221**	**94**	**87**	**86**
	Up to 30 years old	238	272	314	38	43	40
	Between 31 and 50 years old	858	838	818	52	43	43
	More than 51 years old	115	99	89	4	1	3
IEI	Men	**639**	**522**	**523**	**14**	**23**	**25**
	Up to 30 years old	83	78	75	4	7	5
	Between 31 and 50 years old	480	377	392	9	12	18
	More than 51 years old	76	67	56	1	4	2
	Women	**308**	**261**	**260**	**13**	**11**	**10**
	Up to 30 years old	60	52	56	5	3	0
	Between 31 and 50 years old	232	194	183	8	8	9
	More than 51 years old	16	15	21	0	0	1
	Total	**947**	**783**	**783**	**27**	**34**	**35**
	Up to 30 years old	143	130	131	9	10	5
	Between 31 and 50 years old	712	571	575	17	20	27
	More than 51 years old	92	82	77	1	4	3
Iberdrola total	Men	**30,999**	**30,516**	**28,366**	**114**	**156**	**120**
	Up to 30 years old	5,574	5,515	4,954	43	72	40
	Between 31 and 50 years old	19,259	18,497	16,682	64	78	73
	More than 51 years old	6,166	6,504	6,730	6	6	7
	Women	**9,545**	**9,242**	**8,599**	**58**	**41**	**41**
	Up to 30 years old	1,867	1,643	1,423	29	18	14
	Between 31 and 50 years old	5,805	5,566	5,178	24	22	25
	More than 51 years old	1,873	2,033	1,998	4	1	2
	Total	**40,550**	**39,758**	**36,965**	**171**	**197**	**161**
	Up to 30 years old	**7,442**	**7,158**	**6,377**	**73**	**90**	**54**
	Between 31 and 50 years old	**25,068**	**24,063**	**21,860**	**88**	**100**	**98**
	More than 51 years old	**8,040**	**8,537**	**8,728**	**10**	**7**	**9**

Total workforce by employment type, gender, professional category and region at year-end

		Full-time			Part-time		
		2022	2021	2020	2022	2021	2020
Spain	**Men**	**7,514**	**7,596**	**7,586**	**2**	**2**	**1**
	Leadership	724	841	862	0	0	0
	Qualified Technicians	3,194	3,079	2,891	2	1	1
	Skilled workers and support personnel	3,596	3,675	3,833	1	1	0
	Women	**2,186**	**2,128**	**2,007**	**0**	**1**	**0**
	Leadership	272	323	334	0	0	0
	Qualified Technicians	1,451	1,313	1,187	0	0	0
	Skilled workers and support personnel	463	492	486	0	1	0
	Total	**9,700**	**9,724**	**9,593**	**3**	**3**	**1**
	Leadership	996	1,164	1,196	0	0	0
	Qualified Technicians	4,645	4,392	4,078	2	1	1
	Skilled workers and support personnel	4,059	4,167	4,319	1	2	0
United Kingdom	**Men**	**3,938**	**3,767**	**3,671**	**35**	**43**	**43**
	Leadership	238	567	533	2	10	4
	Qualified Technicians	2,632	2,138	2,088	25	24	26
	Skilled workers and support personnel	1,068	1,062	1,050	8	9	13
	Women	**1,436**	**1,434**	**1,362**	**346**	**464**	**487**
	Leadership	94	217	194	9	41	40
	Qualified Technicians	1,050	870	818	205	212	213
	Skilled workers and support personnel	292	347	350	132	211	234
	Total	**5,374**	**5,201**	**5,033**	**381**	**507**	**530**
	Leadership	332	784	727	11	51	44
	Qualified Technicians	3,682	3,008	2,906	230	236	239
	Skilled workers and support personnel	1,360	1,409	1,400	140	220	247
United States[112]	**Men**	**5,487**	**5,332**	**5,052**	**2**	**1**	**1**
	Leadership	237	232	214	0	0	0
	Qualified Technicians	2,005	1,862	1,710	2	1	1
	Skilled workers and support personnel	3,245	3,238	3,128	0	0	0
	Women	**2,076**	**2,008**	**1,969**	**8**	**8**	**9**
	Leadership	102	96	88	0	0	0
	Qualified Technicians	1,030	937	838	6	6	6
	Skilled workers and support personnel	944	975	1,043	2	2	3
	Total	**7,569**	**7,340**	**7,021**	**10**	**9**	**10**
	Leadership	339	328	302	0	0	0
	Qualified Technicians	3,038	2,799	2,548	8	7	7
	Skilled workers and support personnel	4,192	4,213	4,171	2	2	3

[112] This table represents individuals who identify as men or women, so the figures segmented by gender may not coincide with the total because of people who identify as another gender or who choose not to disclose this information.

Total workforce by employment type, gender, professional category and region at year-end

		Full-time			Part-time		
		2022	2021	2020	2022	2021	2020
Brazil[113]	**Men**	**12,053**	**11,481**	**9,396**	**396**	**873**	**1,144**
	Leadership	289	286	254	0	0	0
	Qualified Technicians	2,024	1,856	1,695	3	13	13
	Skilled workers and support personnel	9,740	9,339	7,447	393	860	1,131
	Women	**2,777**	**2,501**	**2,074**	**180**	**203**	**200**
	Leadership	117	102	97	0	0	0
	Qualified Technicians	1,448	1,297	1,189	6	4	5
	Skilled workers and support personnel	1,212	1,102	788	174	199	195
	Total	**14,830**	**13,982**	**11,470**	**576**	**1,076**	**1,344**
	Leadership	406	388	351	0	0	0
	Qualified Technicians	3,472	3,153	2,884	9	17	18
	Skilled workers and support personnel	10,952	10,441	8,235	567	1,059	1,326
Mexico	**Men**	**1,032**	**1,032**	**1,045**	**0**	**0**	**0**
	Leadership	79	78	81	0	0	0
	Qualified Technicians	517	519	547	0	0	0
	Skilled workers and support personnel	436	435	417	0	0	0
	Women	**273**	**264**	**262**	**0**	**0**	**0**
	Leadership	21	16	16	0	0	0
	Qualified Technicians	229	224	224	0	0	0
	Skilled workers and support personnel	23	24	22	0	0	0
	Total	**1,305**	**1,296**	**1,307**	**0**	**0**	**0**
	Leadership	100	94	97	0	0	0
	Qualified Technicians	746	743	771	0	0	0
	Skilled workers and support personnel	459	459	439	0	0	0
IEI	**Men**	**652**	**545**	**548**	**1**	**0**	**0**
	Leadership	80	76	98	0	0	0
	Qualified Technicians	472	375	364	1	0	0
	Skilled workers and support personnel	100	94	86	0	0	0
	Women	**318**	**272**	**270**	**3**	**0**	**0**
	Leadership	14	12	22	0	0	0
	Qualified Technicians	302	257	241	3	0	0
	Skilled workers and support personnel	2	3	7	0	0	0
	Total	**970**	**817**	**818**	**4**	**0**	**0**
	Leadership	94	88	120	0	0	0
	Qualified Technicians	774	632	605	4	0	0
	Skilled workers and support personnel	102	97	93	0	0	0

[113] 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		
		2022	2021	2020	2022	2021	2020
Total Iberdrola	Men	**30,676**	**29,753**	**27,298**	**436**	**919**	**1,189**
	Leadership	1,647	2,080	2,042	2	10	4
	Qualified Technicians	10,844	9,829	9,295	33	39	41
	Skilled workers and support personnel	18,185	17,843	15,961	402	870	1,144
	Women	**9,066**	**8,607**	**7,944**	**537**	**676**	**696**
	Leadership	620	766	751	9	41	40
	Qualified Technicians	5,510	4,898	4,497	220	222	224
	Skilled workers and support personnel	2,936	2,943	2,696	308	413	432
	Total	**39,748**	**38,360**	**35,242**	**974**	**1,595**	**1,885**
	Leadership	**2,267**	**2,846**	**2,793**	**11**	**51**	**44**
	Qualified Technicians	**16,357**	**14,727**	**13,792**	**253**	**261**	**265**
	Skilled workers and support personnel	**21,124**	**20,786**	**18,657**	**710**	**1,283**	**1,576**

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New hires by region, gender and age group[114]

		Men			Women		
		2022	2021	2020	2022	2021	2020
Spain	By age group	**394**	**382**	**215**	**208**	**164**	**101**
	Up to 30 years old	182	188	85	82	89	44
	Between 31 and 50 years old	201	186	124	122	73	55
	More than 51 years old	11	8	6	4	2	2
	By age group (%)	**5.24**	**5.03**	**2.83**	**9.50**	**7.70**	**5.03**
	Up to 30 years old	32.69	35.08	19.41	38.71	46.35	33.08
	Between 31 and 50 years old	4.45	4.18	2.86	8.34	5.17	4.10
	More than 51 years old	0.45	0.31	0.21	0.78	0.38	0.38
	Total workforce	**7,516**	**7,598**	**7,587**	**2,186**	**2,129**	**2,008**
United Kingdom	By age group	**582**	**390**	**262**	**238**	**137**	**116**
	Up to 30 years old	309	177	108	124	63	52
	Between 31 and 50 years old	240	185	134	102	63	58
	More than 51 years old	33	28	20	12	11	6
	By age group (%)	**14.65**	**10.24**	**7.05**	**13.36**	**7.22**	**6.27**
	Up to 30 years old	34.07	24.93	16.82	41.89	27.51	24.53
	Between 31 and 50 years old	11.96	9.34	6.90	9.44	5.39	4.90
	More than 51 years old	3.11	2.50	1.77	2.96	2.20	1.33
	Total workforce	**3,973**	**3,810**	**3,714**	**1,782**	**1,898**	**1,849**
United States[115]	By age group	**817**	**738**	**669**	**419**	**243**	**238**
	Up to 30 years old	310	336	288	163	83	91
	Between 31 and 50 years old	390	323	326	202	121	109
	More than 51 years old	117	79	55	54	39	38
	By age group (%)	**14.88**	**13.84**	**13.24**	**20.11**	**12.05**	**12.03**
	Up to 30 years old	32.80	38.44	38.76	57.19	36.09	42.33
	Between 31 and 50 years old	13.86	12.41	13.54	20.16	13.00	12.13
	More than 51 years old	6.76	4.25	2.89	6.78	4.56	4.40
	Total workforce	**5,489**	**5,333**	**5,053**	**2,084**	**2,016**	**1,978**
Brazil	By age group	**1,085**	**2,152**	**1,508**	**494**	**525**	**278**
	Up to 30 years old	556	1,032	754	271	290	153
	Between 31 and 50 years old	521	1,110	745	220	231	122
	More than 51 years old	8	10	9	3	4	3
	By age group (%)	**8.72**	**17.42**	**14.31**	**16.71**	**19.42**	**12.23**
	Up to 30 years old	19.02	32.71	26.51	28.20	33.49	21.40
	Between 31 and 50 years old	5.94	13.16	10.73	11.80	13.54	8.50
	More than 51 years old	1.07	1.31	1.19	2.27	3.03	2.42
	Total workforce	**12,449**	**12,354**	**10,540**	**2,957**	**2,704**	**2,274**

[114] Percentage calculated on headcount at year-end for each of the categories
[115] This table represents individuals who identify as men or women, so the figures segmented by gender may not coincide with the total because of people who identify as another gender or who choose not to disclose this information.

New hires by region, gender and age group[114]

		Men			Women		
		2022	2021	2020	2022	2021	2020
Mexico[116]	By age group	**129**	**62**	**75**	**43**	**20**	**34**
	Up to 30 years old	47	37	36	22	8	18
	Between 31 and 50 years old	78	25	35	20	12	16
	More than 51 years old	4	0	4	1	0	0
	By age group (%)	**12.50**	**6.01**	**7.18**	**15.75**	**7.58**	**12.98**
	Up to 30 years old	23.74	16.30	14.58	28.21	9.09	16.82
	Between 31 and 50 years old	10.76	3.51	4.92	10.81	7.14	10.74
	More than 51 years old	3.67	0	4.65	0.10	0.00	0.00
	Total workforce	**1,032**	**1,032**	**1,045**	**273**	**264**	**262**
IEI	By age group	**182**	**158**	**140**	**98**	**83**	**86**
	Up to 30 years old	36	44	37	38	29	29
	Between 31 and 50 years old	137	103	98	57	52	52
	More than 51 years old	9	11	5	3	2	5
	By age group (%)	**27.87**	**28.99**	**25.55**	**30.53**	**30.52**	**31.85**
	Up to 30 years old	41.38	51.77	46.25	58.46	52.73	51.79
	Between 31 and 50 years old	28.02	26.48	23.90	23.75	25.74	27.08
	More than 51 years old	11.69	15.49	8.62	18.75	13.33	0.23
	Total workforce	**653**	**545**	**548**	**321**	**272**	**270**
Iberdrola total	By age group	**3,189**	**3,882**	**2,869**	**1,500**	**1,172**	**853**
	Up to 30 years old	1,440	1,814	1,308	700	562	387
	Between 31 and 50 years old	1,567	1,932	1,462	723	552	412
	More than 51 years old	182	136	99	77	58	54
	By age group (%)	**10.25**	**12.66**	**10.07**	**15.62**	**12.63**	**9.87**
	Up to 30 years old	25.64	32.47	26.19	36.90	33.86	26.91
	Between 31 and 50 years old	8.11	10.40	8.73	12.40	9.88	7.92
	More than 51 years old	2.95	2.09	1.47	4.10	2.85	2.70
	Total workforce	**31,112**	**30,672**	**28,487**	**9,603**	**9,283**	**8,641**

[116] Of the total turnover reported in Mexico, 46 were temporary positions of union personnel, which is governed by the union contract with SUTERM, and due to the nature of the temporary employment itself there are discharges and subsequent returns of the same worker. They should therefore not be considered as final terminations or new hires

Persons leaving the company by region, gender and age group

		Men			Women		
		2022	2021	2020	2022	2021	2020
Spain	By age group	467	418	244	146	91	47
	Up to 30 years old	54	6	3	30	7	5
	Between 31 and 50 years old	83	54	40	47	28	21
	More than 51 years old	329	358	201	69	56	21
	By age group (%)	6.21	5.50	3.22	6.66	4.27	2.34
	Up to 30 years old	9.72	1.12	0.69	14.16	3.65	3.76
	Between 31 and 50 years old	1.84	1.21	0.92	3.22	1.98	1.56
	More than 51 years old	13.48	13.73	7.16	13.32	10.69	3.95
	Total workforce	**7,516**	**7,598**	**7,587**	**2,186**	**2,129**	**2,008**
United Kingdom	By age group	418	294	299	355	88	162
	Up to 30 years old	53	34	29	38	14	11
	Between 31 and 50 years old	202	89	75	179	42	69
	More than 51 years old	163	171	195	138	32	82
	By age group (%)	10.52	7.72	8.05	19.92	4.64	8.76
	Up to 30 years old	5.84	4.79	4.52	12.84	6.11	5.19
	Between 31 and 50 years old	10.07	4.49	3.86	16.57	3.60	5.82
	More than 51 years old	15.38	15.28	17.27	33.99	6.39	18.14
	Total workforce	**3,973**	**3,810**	**3,714**	**1,782**	**1,898**	**1,849**
United States	By age group	660	471	340	352	220	132
	Up to 30 years old	99	72	45	62	32	14
	Between 31 and 50 years old	200	146	113	133	78	53
	More than 51 years old	361	253	182	157	110	65
	By age group (%)	12.02	8.83	6.73	16.89	10.91	6.67
	Up to 30 years old	10.48	8.24	6.06	21.75	13.91	6.51
	Between 31 and 50 years old	7.11	5.61	4.69	13.27	8.38	5.90
	More than 51 years old	20.86	13.62	9.57	19.70	12.87	7.52
	Total workforce	**5,489**	**5,333**	**5,053**	**2,084**	**2,016**	**1,978**
Brazil	By age group	996	983	718	245	197	179
	Up to 30 years old	279	225	165	70	59	74
	Between 31 and 50 years old	586	522	437	147	109	97
	More than 51 years old	131	236	116	28	29	8
	By age group (%)	8.00	7.96	6.81	8.29	7.29	7.87
	Up to 30 years old	9.55	7.13	5.80	7.28	6.81	10.35
	Between 31 and 50 years old	6.68	6.19	6.30	7.89	6.39	6.76
	More than 51 years old	17.44	30.89	15.36	21.21	21.97	6.45
	Total workforce	**12,449**	**12,354**	**10,540**	**2,957**	**2,704**	**2,274**

Persons leaving the company by region, gender and age group

		Men			Women		
		2022	2021	2020	2022	2021	2020
Mexico[117]	**By age group**	**129**	**76**	**76**	**34**	**19**	**20**
	Up to 30 years old	33	16	19	15	9	8
	Between 31 and 50 years old	88	51	41	19	10	12
	More than 51 years old	8	9	16	0	0	0
	By age group (%)	**12.50**	**7.36**	**7.27**	**12.45**	**7.20**	**7.63**
	Up to 30 years old	16.67	7.05	7.69	19.23	10.23	7.48
	Between 31 and 50 years old	12.14	7.15	5.76	10.27	5.95	8.05
	More than 51 years old	7.34	9.78	18.61	0.00	0.00	0.00
	Total workforce	**1,032**	**1,032**	**1,045**	**273**	**264**	**262**
IEI	**By age group**	**86**	**68**	**28**	**58**	**23**	**9**
	Up to 30 years old	15	13	1	14	11	3
	Between 31 and 50 years old	58	49	25	41	9	6
	More than 51 years old	13	6	2	3	3	0
	By age group (%)	**13.17**	**12.48**	**5.11**	**18.07**	**8.46**	**3.33**
	Up to 30 years old	17.24	15.29	1.25	21.54	20.00	5.36
	Between 31 and 50 years old	11.86	12.60	6.10	17.08	4.46	3.13
	More than 51 years old	16.88	8.45	3.45	0.19	0.20	0.00
	Total workforce	**653**	**545**	**548**	**321**	**272**	**270**
Iberdrola total[118]	**By age group**	**2,756**	**2,310**	**1,705**	**1,190**	**638**	**549**
	Up to 30 years old	533	366	262	229	132	115
	Between 31 and 50 years old	1,217	911	731	566	276	258
	More than 51 years old	1,005	1,033	712	395	230	176
	By age group (%)	**8.86**	**7.53**	**5.99**	**12.39**	**6.87**	**6.35**
	Up to 30 years old	9.49	6.55	5.25	12.07	7.95	8.00
	Between 31 and 50 years old	6.30	4.90	4.36	9.71	4.94	4.96
	More than 51 years old	16.29	15.87	10.57	21.03	11.30	8.80
	Total workforce	**31,112**	**30,672**	**28,487**	**9,603**	**9,283**	**8,641**

[117] Of the total turnover reported in Mexico, 46 were temporary positions of union personnel, which is governed by the union contract with SUTERM, and due to the nature of the temporary employment itself there are discharges and subsequent returns of the same worker. They should therefore not be considered as final terminations or new hires.

[118] This table represents individuals who identify as men or women, so the figures segmented by gender may not coincide with the total because of people who identify as another gender or who choose not to disclose this information.

GRI EU15

Employees eligible to retire in the next 5 years

		By professional category (no.)			By professional category (%)		
		2022	2021	2020	2022	2021	2020
Spain	Leadership	85	105	106	8.55	9.01	8.86
	Qualified technicians	288	288	295	6.20	6.56	7.23
	Skilled workers and support personnel	550	567	619	13.54	13.60	14.33
	Total	**923**	**960**	**1,020**	**9.51**	**9.87**	**10.63**
United Kingdom	Leadership	5	30	28	1.46	3.59	3.63
	Qualified technicians	118	147	154	3.02	4.53	4.90
	Skilled workers and support personnel	116	176	188	7.73	10.80	11.41
	Total	**239**	**353**	**370**	**4.15**	**6.18**	**6.65**
United States	Leadership	61	56	108	17.99	17.07	35.76
	Qualified technicians	587	597	930	19.27	21.28	36.40
	Skilled workers and support personnel	710	833	1,573	16.93	19.76	37.69
	Total	**1,358**	**1,486**	**2,611**	**17.92**	**20.22**	**37.14**
Brazil	Leadership	24	22	25	5.91	5.67	7.12
	Qualified technicians	70	50	58	2.01	1.58	2.00
	Skilled workers and support personnel	103	84	85	0.89	0.73	0.89
	Total	**197**	**156**	**168**	**1.28**	**1.04**	**1.31**
Mexico	Leadership	2	2	8	2.00	2.13	8.25
	Qualified technicians	6	5	23	0.80	0.67	2.98
	Skilled workers and support personnel	1	1	10	0.22	0.22	2.28
	Total	**9**	**8**	**41**	**0.69**	**0.62**	**3.14**
IEI	Leadership	4	4	7	4.26	4.55	5.83
	Qualified technicians	4	3	4	0.51	0.47	0.66
	Skilled workers and support personnel	1	1	2	0.98	1.03	0.02
	Total	**9**	**8**	**13**	**0.92**	**0.98**	**1.59**
Iberdrola total	Leadership	181	219	282	7.95	7.56	9.94
	Qualified technicians	1,073	1,090	1,464	6.46	7.27	10.42
	Skilled workers and support personnel	1,481	1,662	2,477	6.78	7.53	12.24
	Total	**2,735**	**2,971**	**4,223**	**6.72**	**7.44**	**11.37**

GRI 403-9

Number of accidents by type, region and gender (own personnel)

		Men			Women			Total		
		2022	2021	2020	2022	2021	2020	2022	2021	2020
Spain	Fatal	0	0	0	0	0	0	0	0	0
	With leave	15	18	16	1	3	0	16	21	16
	With major consequences	2	1	1	0	0	0	2	1	1
	Without leave	37	28	30	8	10	2	45	38	32
United Kingdom	Fatal	0	0	1	0	0	0	0	0	1
	With leave	1	4	6	0	0	0	1	4	6
	With major consequences	0	0	0	0	0	0	0	0	0
	Without leave	27	27	17	6	0	0	33	27	17
United States	Fatal	0	0	0	0	0	0	0	0	0
	With leave	49	38	41	7	6	5	56	44	46
	With major consequences	13	1	1	2	0	0	15	1	1
	Without leave	471	302	234	53	26	38	524	328	272
Brazil	Fatal	0	3	2	0	0	0	0	3	2
	With leave	7	12	8	0	1	1	7	13	9
	With major consequences	0	1	1	0	0	0	0	1	1
	Without leave	94	113	86	15	6	8	109	119	94
Mexico	Fatal	0	0	1	0	0	0	0	0	1
	With leave	2	0	1	0	0	0	2	0	1
	With major consequences	0	0	0	0	0	0	0	0	0
	Without leave	0	3	3	0	0	1	0	3	4
IEI	Fatal	0	0	0	0	0	0	0	0	0
	With leave	0	1	0	1	0	0	1	1	0
	With major consequences	0	0	0	0	0	0	0	0	0
	Without leave	3	1	0	0	0	0	3	1	0
Iberdrola total	Fatal	0	3	4	0	0	0	**0**	**3**	**4**
	With leave	74	73	72	9	10	6	**83**	**83**	**78**
	With major consequences	15	3	3	2	0	0	**17**	**3**	**3**
	Without leave	632	474	370	82	42	49	**714**	**516**	**419**

Absenteeism by region (hours lost)

		2022	2021	2020
Spain	Occupational injury and disease	37,004	32,540	24,381
	Common illness and COVID-19	539,189	561,526	483,852
	Total	**576,192**	**594,066**	**508,233**
United Kingdom	Occupational injury and disease	104	1,147	1,776
	Common illness and COVID-19	321,409	295,701	288,312
	Total	**321,513**	**296,848**	**290,088**
United States	Occupational injury and disease	23,952	14,432	10,576
	Common illness and COVID-19	293,252	297,818	274,245
	Total	**317,204**	**312,250**	**284,821**
Brazil	Occupational injury and disease	2,912	7,864	1,264
	Common illness and COVID-19	264,283	188,031	129,094
	Total	**267,195**	**195,895**	**130,358**
Mexico	Occupational injury and disease	1,616	0	0
	Common illness and COVID-19	54,704	73,631	90,360
	Total	**56,320**	**73,631**	**90,360**
IEI	Occupational injury and disease	68	8	0
	Common illness and COVID-19	28,579	21,831	23,488
	Total	**28,647**	**21,839**	**23,488**
Iberdrola total	Occupational injury and illness	65,656	55,991	37,997
	Common illness and COVID-19	1,501,416	1,438,538	1,289,351
	Total	**1,567,072**	**1,494,529**	**1,327,348**

GRI 404-1

Average training hours per average employee, broken down by professional category, region and gender

		Men			Women			Total		
		2022	2021	2020	2022	2021	2020	2022	2021	2020
Spain	Leadership	32.9	39.9	42.3	35.7	46.0	48.4	33.7	41.6	44.0
	Qualified technicians	57.0	58.3	61.6	58.9	62.2	64.8	57.6	59.4	62.5
	Skilled workers and support personnel	60.3	48.1	47.1	29.1	27.0	37.0	56.7	45.6	46.0
	Total workforce	**56.1**	**51.2**	**52.0**	**49.1**	**51.2**	**55.2**	**54.5**	**51.2**	**52.7**
United Kingdom	Leadership	7.8	21.1	22.4	7.9	15.0	23.6	7.9	19.2	22.8
	Qualified technicians	26.9	31.7	20.0	15.5	13.4	10.3	23.1	25.6	16.9
	Skilled workers and support personnel	271.9	101.4	80.6	55.9	11.0	10.3	201.9	69.9	54.9
	Total workforce	**92.6**	**49.9**	**38.6**	**25.7**	**12.9**	**11.9**	**70.8**	**37.6**	**29.7**
United States	Leadership	15.5	20.2	12.6	16.5	22.4	18.7	15.8	20.8	14.4
	Qualified technicians	21.8	21.2	17.0	19.9	18.5	15.0	21.2	20.3	16.4
	Skilled workers and support personnel	62.3	57.3	35.3	49.7	33.1	41.7	59.5	51.5	36.9
	Total workforce	**45.8**	**43.2**	**28.2**	**33.6**	**26.0**	**29.4**	**42.5**	**38.5**	**28.6**
Brazil	Leadership	79.1	100.8	73.9	88.7	93.0	65.5	81.7	98.7	71.7
	Qualified technicians	63.2	68.9	48.5	59.6	66.7	52.8	61.8	68.0	50.3
	Skilled workers and support personnel	96.8	99.7	97.3	114.0	113.0	98.8	98.8	101.1	97.5
	Total workforce	**91.1**	**94.9**	**88.5**	**86.6**	**89.0**	**73.0**	**90.3**	**93.9**	**85.7**
Mexico	Leadership	66.7	84.3	90.1	151.7	46.5	71.5	83.3	77.8	87.0
	Qualified technicians	60.0	57.5	36.2	83.1	58.6	44.6	67.0	57.8	38.6
	Skilled workers and support personnel	74.3	85.7	68.5	81.0	50.9	33.5	74.6	83.9	66.5
	Total workforce	**66.5**	**71.1**	**53.2**	**87.8**	**57.2**	**45.1**	**70.9**	**68.2**	**51.6**
IEI	Leadership	17.4	13.3	17.3	20.0	18.7	22.5	17.8	14.1	18.3
	Qualified technicians	22.6	20.3	21.4	19.0	16.6	20.5	21.1	18.8	21.1
	Skilled workers and support personnel	42.0	65.0	29.7	24.5	10.0	16.4	41.6	63.2	28.4
	Total workforce	**25.0**	**27.4**	**22.0**	**19.1**	**16.7**	**20.5**	**23.0**	**23.9**	**21.6**
Iberdrola total	Leadership	32.2	41.5	38.9	35.3	39.1	39.8	**33.1**	**40.8**	**39.2**
	Qualified technicians	43.4	46.0	38.8	41.5	42.6	38.0	**42.7**	**44.8**	**38.5**
	Skilled workers and support personnel	93.0	80.9	71.8	74.1	56.5	51.3	**90.2**	**77.2**	**68.5**
	Total workforce	**72.7**	**66.8**	**58.5**	**52.4**	**47.3**	**43.1**	**67.9**	**62.3**	**54.9**

Diversity and equal opportunity

GRI 405-1

Total workforce by region, gender and professional category

		Men			Women			Total		
		2022	2021	2020	2022	2021	2020	2022	2021	2020
Spain	Leadership	724	841	862	272	323	334	996	1,164	1,196
	Qualified technicians	3,196	3,080	2,891	1,451	1,313	1,187	4,647	4,393	4,078
	Skilled workers and support personnel	3,596	3,677	3,833	463	493	486	4,059	4,170	4,319
	Total	**7,516**	**7,598**	**7,586**	**2,186**	**2,129**	**2,007**	**9,702**	**9,727**	**9,593**
United Kingdom	Leadership	240	577	537	103	258	234	343	835	771
	Qualified technicians	2,657	2,162	2,114	1,255	1,082	1,031	3,912	3,244	3,145
	Skilled workers and support personnel	1,076	1,071	1,063	424	558	584	1,500	1,629	1,647
	Total	**3,973**	**3,810**	**3,714**	**1,782**	**1,898**	**1,849**	**5,755**	**5,708**	**5,563**
United States [119]	Leadership	237	232	214	102	96	88	339	328	302
	Qualified technicians	2,007	1,863	1,711	1,036	943	844	3,046	2,806	2,555
	Skilled workers and support personnel	3,245	3,238	3,128	946	977	1,046	4,194	4,215	4,174
	Total	**5,489**	**5,333**	**5,053**	**2,084**	**2,016**	**1,978**	**7,579**	**7,349**	**7,031**
Brazil	Leadership	289	286	254	117	102	97	406	388	351
	Qualified technicians	2,027	1,869	1,708	1,454	1,301	1,194	3,481	3,170	2,902
	Skilled workers and support personnel	10,133	10,199	8,578	1,386	1,301	983	11,519	11,500	9,561
	Total	**12,449**	**12,354**	**10,540**	**2,957**	**2,704**	**2,274**	**15,406**	**15,058**	**12,814**
Mexico	Leadership	79	78	81	21	16	16	100	94	97
	Qualified technicians	517	519	547	229	224	224	746	743	771
	Skilled workers and support personnel	436	435	417	23	24	22	459	459	439
	Total	**1,032**	**1,032**	**1,045**	**273**	**264**	**262**	**1,305**	**1,296**	**1,307**
IEI	Leadership	80	76	98	14	12	22	94	88	120
	Qualified technicians	473	375	364	305	257	241	778	632	605
	Skilled workers and support personnel	100	94	86	2	3	7	102	97	93
	Total	**653**	**545**	**548**	**321**	**272**	**270**	**974**	**817**	**818**
Iberdrola total	Leadership	1,649	2,090	2,046	629	807	791	**2,278**	**2,897**	**2,837**
	Qualified technicians	10,877	9,868	9,335	5,730	5,120	4,721	**16,610**	**14,988**	**14,056**
	Skilled workers and support personnel	18,586	18,714	17,105	3,244	3,356	3,128	**21,833**	**22,070**	**20,233**
	Total	**31,112**	**30,672**	**28,486**	**9,603**	**9,283**	**8,640**	**40,721**	**39,955**	**37,126**

[119] This table represents individuals who identify as men or women, so the figures segmented by gender may not coincide with the total because of people who identify as another gender or who choose not to disclose this information.

GRI 405-1

Total workforce by region, gender and age

		Hombres			Mujeres			Total		
		2022	2021	2020	2022	2021	2020	2022	2021	2020
Spain	Up to 30 years old	557	536	438	212	192	133	769	728	571
	Between 31 and 50 years old	4,515	4,455	4,341	1,459	1,413	1,343	5,973	5,868	5,684
	More than 51 years old	2,444	2,607	2,808	516	524	532	2,960	3,131	3,340
	Total	**7,516**	**7,598**	**7,587**	**2,186**	**2,129**	**2,008**	**9,702**	**9,727**	**9,595**
United Kingdom	Up to 30 years old	907	710	642	296	229	212	1,203	939	854
	Between 31 and 50 years old	2,006	1,981	1,943	1,080	1,168	1,185	3,086	3,149	3,128
	More than 51 years old	1,060	1,119	1,129	406	501	452	1,466	1,620	1,581
	Total	**3,973**	**3,810**	**3,714**	**1,782**	**1,898**	**1,849**	**5,755**	**5,708**	**5,563**
United States [120]	Up to 30 years old	945	874	743	285	230	215	1,231	1,104	958
	Between 31 and 50 years old	2,813	2,602	2,408	1,002	931	899	3,819	3,533	3,307
	More than 51 years old	1,731	1,857	1,902	797	855	864	2,529	2,712	2,766
	Total	**5,489**	**5,333**	**5,053**	**2,084**	**2,016**	**1,978**	**7,579**	**7,349**	**7,031**
Brazil	Up to 30 years old	2,923	3,155	2,844	961	866	715	3,884	4,021	3,559
	Between 31 and 50 years old	8,775	8,435	6,941	1,864	1,706	1,435	10,639	10,141	8,376
	More than 51 years old	751	764	755	132	132	124	883	896	879
	Total	**12,449**	**12,354**	**10,540**	**2,957**	**2,704**	**2,274**	**15,406**	**15,058**	**12,814**
Mexico	Up to 30 years old	198	227	247	78	88	107	276	315	354
	Between 31 and 50 years old	725	713	712	185	168	149	910	881	861
	More than 51 years old	109	92	86	10	8	6	119	100	92
	Total	**1,032**	**1,032**	**1,045**	**273**	**264**	**262**	**1,305**	**1,296**	**1,307**
IEI	Up to 30 years old	87	85	80	65	55	56	152	140	136
	Between 31 and 50 years old	489	389	410	240	202	192	729	591	602
	More than 51 years old	77	71	58	16	15	22	93	86	80
	Total	**653**	**545**	**548**	**321**	**272**	**270**	**974**	**817**	**818**
Iberdrola total	Up to 30 years old	5,617	5,587	4,994	1,897	1,660	1,438	**7,515**	**7,247**	**6,432**
	Between 31 and 50 years old	19,323	18,575	16,755	5,830	5,588	5,203	**25,156**	**24,163**	**21,958**
	More than 51 years old	6,172	6,510	6,738	1,877	2,035	2,000	**8,050**	**8,545**	**8,738**
	Total	**31,112**	**30,672**	**28,487**	**9,603**	**9,283**	**8,641**	**40,721**	**39,955**	**37,128**

[120] This table represents individuals who identify as men or women, so the figures segmented by gender may not coincide with the total because of people who identify as another gender or who choose not to disclose this information

Access to electricity

GRI EU27

Residential disconnections by region (no.)

		2022	2021	2020
Spain	Paid up to 48 h after disconnection	71,652	55,004	14,429
	Paid between 48 h and one week after disconnection	4,918	4,857	1,097
	Paid between one week and one month after disconnection	5,712	5,489	1,402
	Paid between one month and one year	2,356	2,705	435
	Paid after more than one year	0	0	0
	Outstanding and unclassified	0	0	0
	Total	**84,638**	**68,055**	**17,363**
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	71,056	38,434	2,886
	Paid between 48 h and one week after disconnection	2,993	1,088	436
	Paid between one week and one month after disconnection	2,468	396	94
	Paid between one month and one year	147	168	11
	Paid after more than one year	0	0	0
	Outstanding and unclassified	0	5,958	17,267
	Total	**76,664**	**46,044**	**20,694**
Brazil	Paid up to 48 h after disconnection	975,361	860,392	755,348
	Paid between 48 h and one week after disconnection	141,847	148,968	117,778
	Paid between one week and one month after disconnection	201,814	206,197	162,100
	Paid between one month and one year	172,546	196,706	129,890
	Paid after more than one year	44	15	91
	Outstanding and unclassified	0	0	0
	Total	**1,491,612**	**1,412,278**	**1,165,207**
Rest of Europe	Paid up to 48 h after disconnection	3,377	5,056	7,188
	Paid between 48 h and one week after disconnection	374	845	946
	Paid between one week and one month after disconnection	536	862	1,093
	Paid between one month and one year	262	299	980
	Paid after more than one year	0	0	0
	Outstanding and unclassified	0	0	0
	Total	**4,549**	**7,062**	**10,207**
Iberdrola total	Paid up to 48 h after disconnection	1,121,446	958,886	779,851
	Paid between 48 h and one week after disconnection	150,132	155,758	120,257
	Paid between one week and one month after disconnection	210,530	212,944	164,689
	Paid between one month and one year	175,311	199,878	131,316
	Paid after more than one year	44	15	91
	Outstanding and unclassified	0	5,958	17,267
	Total	**1,657,463**	**1,533,439**	**1,213,471**

Residential reconnections of electricity following payment of unpaid bills, by region (No.)

		2022	2021	2020
Spain	Less than 24 h after payment	83,916	67,153	17,233
	Between 24 h and one week after payment	966	808	193
	More than one week after payment	129	77	23
	Unclassified	0	0	0
	Total	**85,011**	**68,038**	**17,449**
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	36,665	39,483	2,576
	Between 24 h and one week after payment	302	550	746
	More than one week after payment	2,305	4	105
	Unclassified	0	5,582	14,020
	Total	**39,272**	**45,619**	**17,447**
Brazil	Less than 24 h after payment	1,290,892	1,101,405	967,833
	Between 24 h and one week after payment	183,871	181,233	108,919
	More than one week after payment	77,568	88,746	96,792
	Unclassified	0	0	0
	Total	**1,552,331**	**1,371,384**	**1,173,544**
Rest of World	Less than 24 h after payment	4,121	5,744	9,058
	Between 24 h and one week after payment	699	1,423	1,525
	More than one week after payment	101	198	158
	Unclassified	0	0	0
	Total	**4,921**	**7,365**	**10,741**
Iberdrola total	Less than 24 h after payment	1,415,594	1,213,785	996,700
	Between 24 h and one week after payment	185,838	184,014	111,383
	More than one week after payment	80,103	89,025	97,078
	Unclassified	0	5,582	14,020
	Total	**1,681,535**	**1,492,406**	**1,219,181**

■ SASB IF-EU-240a.3

The percentage of disconnections restored for residential customers within 30 days of the disconnection date was 97% in Spain 80% in the United States and in 98% in Brazil. For the rest of Europe, the percentage of residential customers whose service was restored within 30 days was 79.4% in France, 86% in Italy and 89% in Portugal.

Statement of Non-Financial Information.

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