



02

Innovation strategy



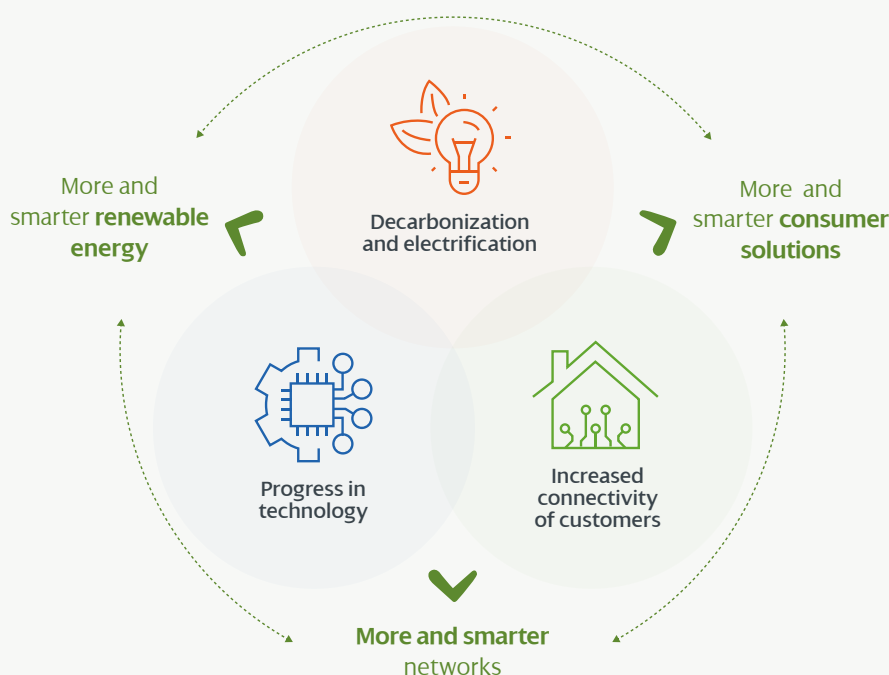
02. Innovation, a strategic pillar for Iberdrola

We are **the world's leading private energy company in terms of R&D&I investment, according to the European Commission.**

In addition, Iberdrola is among the companies that most support start-ups in Europe. The Iberdrola Group views innovation as a strategic variable to guarantee the sustainability, efficiency and competitiveness of the company.

2.1. Vision and Strategy R&D&I

Our vision in terms of R&D&I is to promote the development of **innovative and sustainable technologies**, aligned with the key drivers of the transformation of the energy sector: the **decarbonisation of generation**, through the massive integration of renewable energies, boosting smart grids and **demand-side electrification**, mainly in transport (through electric vehicles), building (through electric heat pumps) and industry. We are also committed to promoting new uses of electricity, such as the production of **green hydrogen**, which is essential to reduce emissions from high-temperature industrial processes and sectors that are difficult to decarbonise, such as heavy transport, shipping and aviation. This will improve our processes, operating conditions and the safety of our facilities, while reducing our environmental impact.



Our R&D&I efforts are organised along **five main lines**:



New products and services which respond to customer needs with more personalisation of content and offerings.



Disruptive technologies which are becoming increasingly efficient, sustainable and respectful to the environment, optimising the functioning of facilities and processes, and of products and services that are more innovative and competitive.



Digitisation and automation in all businesses and processes to create value in the asset management lifecycle, the optimisation and aggregation of the grid, and the design of integrated services for the new digital customer profile. The digital transformation will be based on new technologies, such as blockchain, Big Data, IoT, Virtual Reality, Artificial Intelligence, etc., at all levels of the Group.



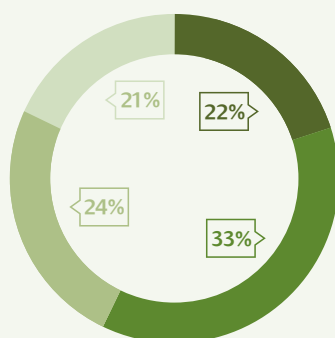
Innovation with start-ups, entrepreneurs and suppliers. We are pioneers in promoting innovation with start-ups, entrepreneurs and suppliers with the aim of developing new disruptive business models, promoting the exchange of knowledge and acting as a driving force among our partners.



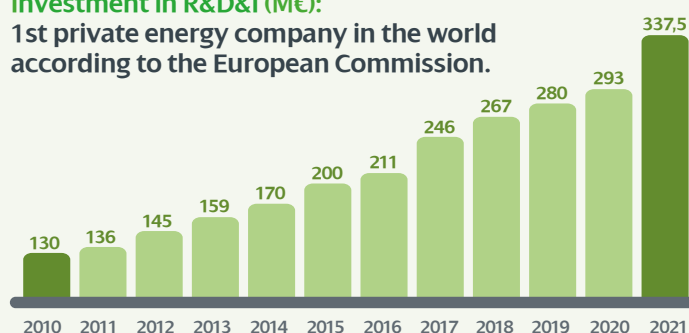
A culture of innovation and talent by transferring knowledge, attracting talent and promoting an entrepreneurial spirit.

Percentage of investment in R&D&I by strategic areas:

- Generation and Customers
- Renewable
- Networks
- Systems



Investment in R&D&I (M€): 1st private energy company in the world according to the European Commission.



During 2021, we invested €337.5

million in R&D&I, which represents an accumulated investment of more than €2 billion in the last decade, having increased resources in this area by 15% compared to the previous year. These resources have been allocated primarily to projects related to renewable energy, smart grids, digital transformation, green hydrogen and the development of customised solutions for our customers. In doing so, we accelerate the energy transition by successfully addressing not only the climate crisis, but also by improving energy security, competitiveness and sustainable creation of jobs along the entire value chain.

In the coming years, in line with the company's current investment plan, **we plan to invest €2 billion in innovative initiatives by 2025 and €4 billion by 2030**, doubling our R&D&I efforts by the end of the decade.

We will continue to consolidate our business model based on more **renewable energy**, **more grids**, **more storage** and **more smart solutions** for our customers.

Planned investment
in innovative initiatives

by 2025

2.000 M€

by 2030

4.000 M€

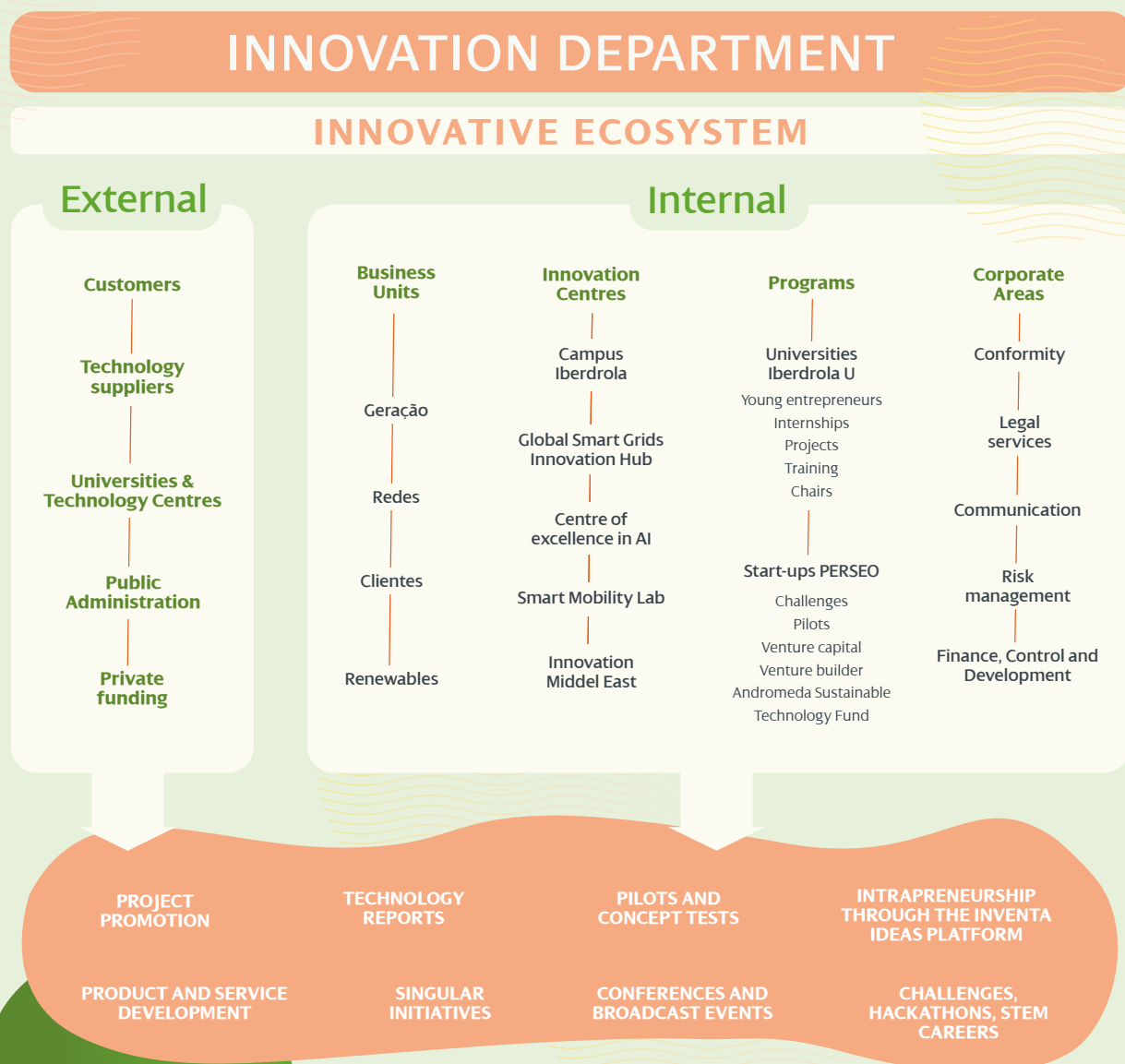


2.2. R&D&I Management

For the execution of our innovative activity we rely on a decentralised and open innovation model:

Decentralised, because the process is carried out independently in each business unit, with support and coordination from the Innovation Division.

Open, as we consider ourselves to be a technology-driven company, and as such, it is our vocation to involve the Group's technology suppliers, such as universities, technology centres and equipment manufacturers, which form part of its day-to-day operations, in our innovation process.



In addition, in order to ensure that the R&D&I activities of all the Group's businesses are coordinated and structured, **in mid-2007 we implemented an R&D&I Management System, in accordance with the current UNE 166002:2021 Standard and certified by AENOR**, which allows us to systematise and standardise criteria in R&D&I activities in a global, efficient manner.

This R&D&I Management System has allowed us to value innovation as a basic activity of an organisation that is managed in a consistent, efficient way, articulated according to a group of well-defined and documented processes, with people in charge of the different activities and assigning resources appropriately.



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