



Report Corporate Environmental Footprint Year 2020

June 2021



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Introduction

Iberdrola publishes its Corporate Environmental Footprint report to provide transparent information to Group stakeholders about the overall environmental impact its activities have.

The Corporate Environmental Footprint (CEF) is a multi-criteria measure of a company's environmental behaviour, from a life cycle perspective. The CEF consists of a compilation and evaluation of the inputs, outputs and potential environmental impacts of the activities associated with a company's portfolio of goods or services, whilst also taking the supply chain into account.

This report presents the results for the calculation of the CEF for 2020 with the following considerations:

- Includes emissions from Iberdrola's activities in the subholding companies: Iberdrola España (Spain), ScottishPower (United Kingdom), Avangrid (United States), Neoenergia (Brazil), Iberdrola México (Mexico), Iberdrola Energia Internacional (Portugal, France, Italy, Germany, Greece, Australia, Romania and Hungary).
- These aspects have been consolidated for operational control purposes¹.
- In the reporting criteria for its generation assets, Iberdrola distinguishes between “**own**” **production and installed capacity and production and installed capacity for “third parties”**. The latter reflects the particular operating conditions of some of our plants in Mexico, which Iberdrola operates under the direction of the Federal Electricity Commission (CFE) as an Independent Power Producer (IPP).

Under these conditions, emissions from IPP stations are excluded from Scope 1 according to the requirement of “...full authority to introduce and implement their operational policies at the operation”, so that their emissions are reported in Scope 3 of this report.

The Corporate Environmental Department within the Innovation, Sustainability and Quality Division is the body responsible for preparing this report.

The report has been prepared in accordance with the requirements established in the ISO/TS 14072:2014 standard “Environmental management — Life cycle assessment — Requirements and guidelines for organisational life cycle assessment”.

The verification of aspects of the Corporate Environmental Footprint has been carried out with a **limited assurance** engagement.

1 With the exception of the nuclear power stations and partly controlled cogeneration stations in Spain and hydropower stations in Brazil, which are accounted for on a share basis in keeping with the Sustainability Report.

Iberdrola today

What we are

With over 170 years of history behind us, Iberdrola is now a global energy leader, the number one producer of wind power, and one of the world's biggest electricity utilities in terms of market capitalisation.

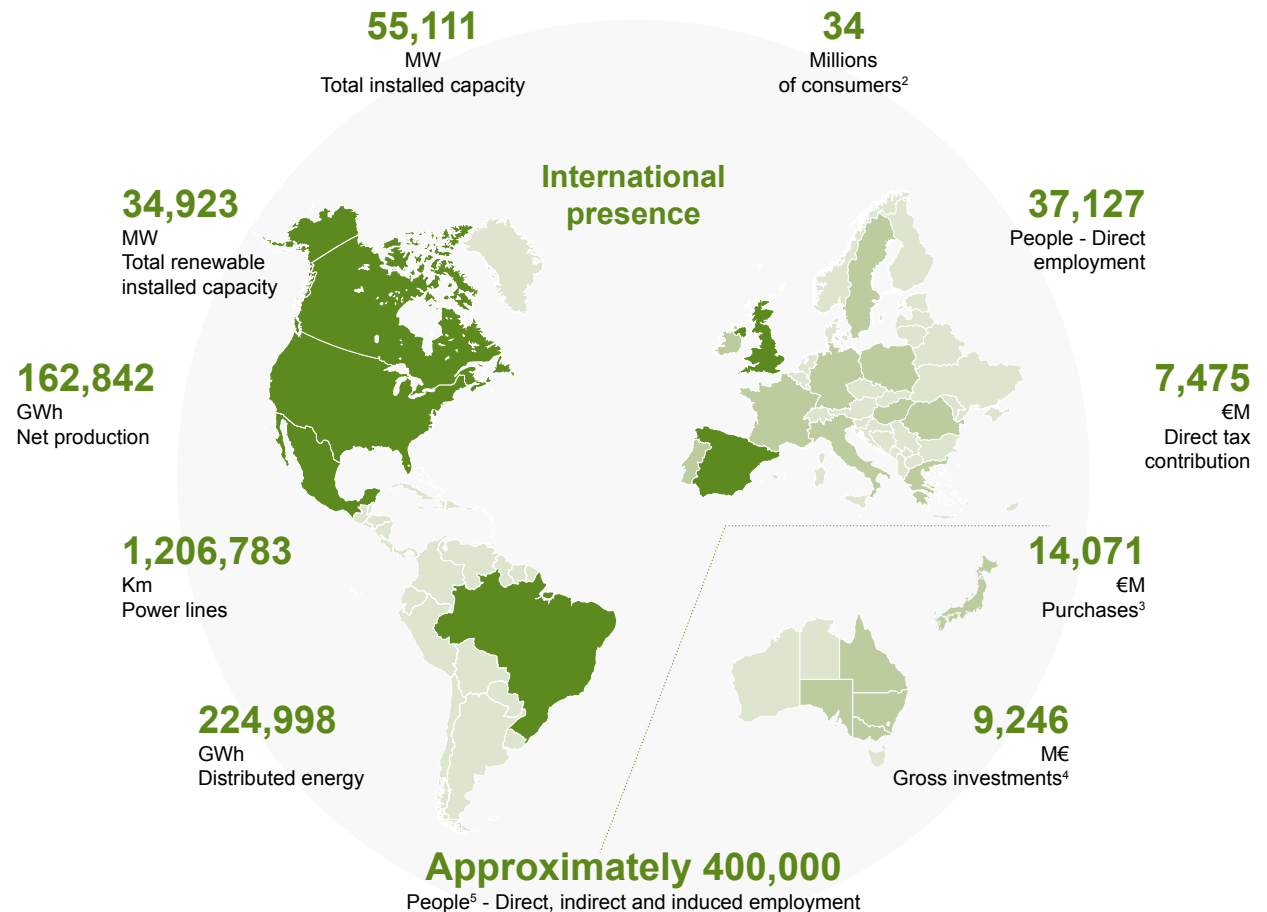
The group supplies energy to almost 100 million people in dozens of countries and has more than 600,000 shareholders, a workforce comprising more than 37,000 employees, and assets worth more than €122 billion.

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

— Ignacio Galán, Iberdrola group chairman —

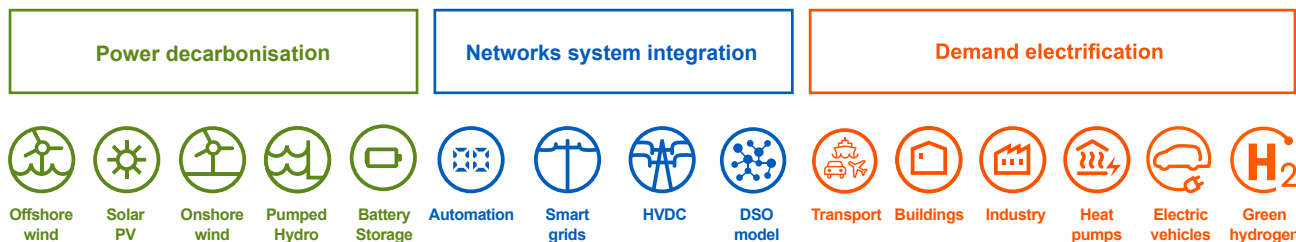
“ In this decade, we plan to invest €150 billion to triple our renewable capacity and double our network assets ”

Key figures of the group¹



- (1) At year-end 2020.
- (2) Consumers: for electric power, total number of customers is used where there are areas of electricity distribution and retailing, supply points are used for the other areas. For gas: total number of gas customers is used, except for the United States, where total number of supply points is used.
- (3) Volume awarded during the year. Amount invoiced in 2020: €8,494 million.
- (4) Net total investments for financial year 2020 were €8,436 million.
- (5) Data from a Study of Iberdrola's Impact, prepared by PwC, for financial year 2019.

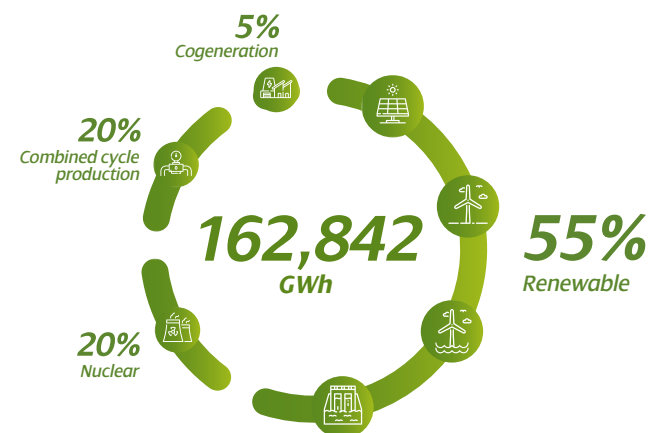
Iberdrola strongly believes that **the transition to a carbon neutral economy by 2050 is technologically possible, economically viable and socially necessary**. The decarbonisation of the economy is a great opportunity to create wealth, generate employment and improve the state of the planet and the health of people. The group is, therefore, committed to leading the energy transition, a journey it first embarked on twenty years ago. Since then, it has invested 120 billion euros, to which it will add another 75 by 2025. This commitment will be achieved by encouraging:



The Iberdrola group has undertaken to reduce its emission intensity to 50 gCO₂/kWh globally by 2030, thus achieving an 86% reduction in three decades, in addition to being carbon neutral globally by 2050.

Iberdrola is today positioned as a leader in renewable energies and smart grids, activities that form the backbone of the decarbonisation of the electricity sector.

Electricity production¹



(1) of 2020 net output

Electric networks²



(2) At 31 December 2020



Overhead lines:

17,871 km
of transmission lines

994,971 km
of distribution lines



Underground lines

1,234 km
of transmission lines

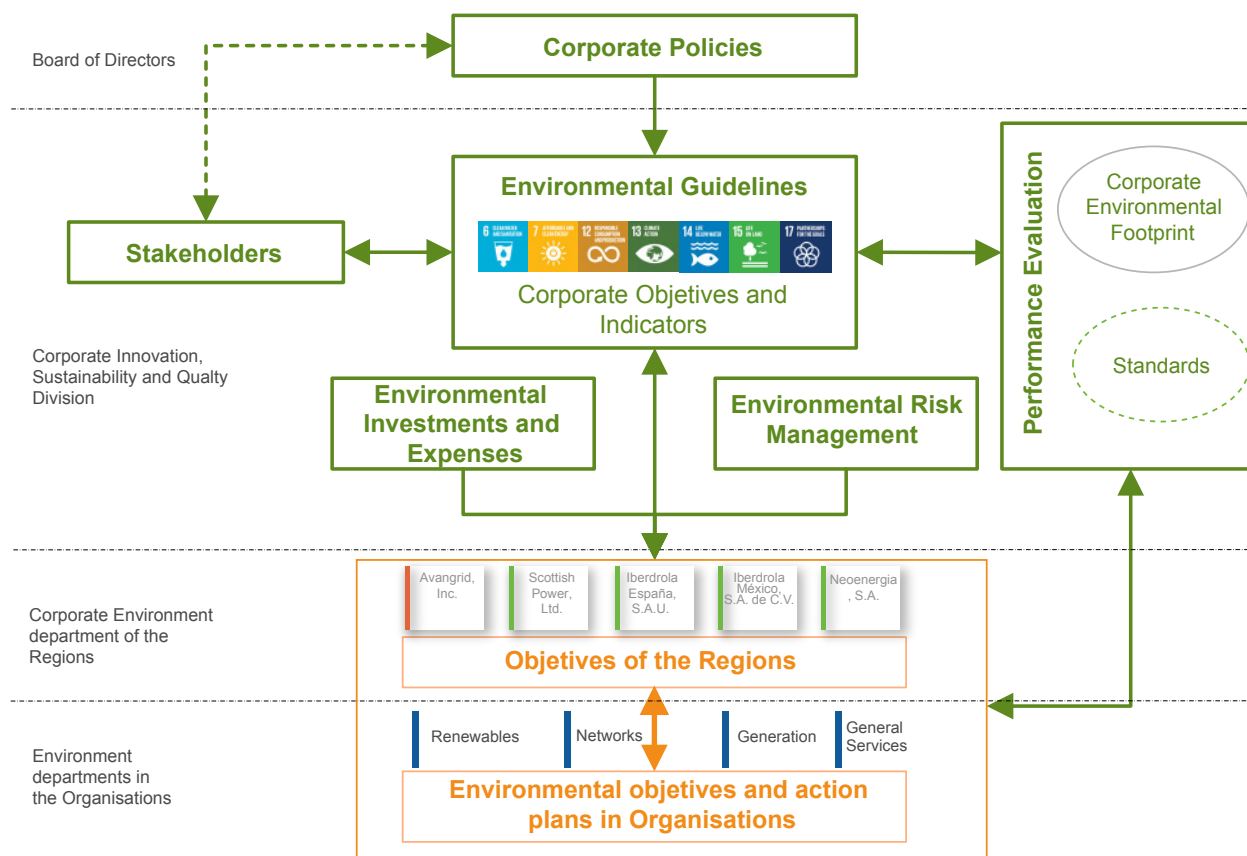
192,707 km
of distribution lines

The Corporate Environmental Footprint is an important element in the company's environmental management model, the ultimate purpose of which is to align the environmental dimension within the company's sustainability model, integrating universality of service, safety, energy efficiency and reduction of the Company's environmental impact.

The group's environmental management model is underpinned by the integration of ISO standards:

- 14001
- 14064
- 14072
- 14024
- 50001
- EMAS, etc.

Having calculated the Corporate Environmental Footprint at Iberdrola entails the following for the Group:



THE CALCULATION OF THE CORPORATE ENVIRONMENTAL FOOTPRINT IN IBERDROLA



Goals of the CEF

The general objectives of Iberdrola's CEF are to:

OBJECTIVES

Identify, evaluate and interpret the meaning of the environmental aspects and impacts related to the management systems as defined in the ISO 14001:2015 standard.

Be a strategic tool for comprehensive environmental assessment, which can lead to the adoption of management decisions that relate business competitiveness to the management of the environmental variable.

Be a tool for decision making, in order to prioritise actions aimed at reducing the most relevant environmental impacts of the organisation.

Help monitor an organisation's performance and enable the traceability of the environmental improvements.

Report on the evolution of the organisation's environmental impacts for a certain period of time.

Be a communication tool for the stakeholders.

“

Comparison between Iberdrola and other companies in the sector is not the objective behind calculating the CEF, as there are not yet rules that allow comparable limits and conditions to be established.”

Scope of the CEF

Limits of the organisation

As is the case when calculating the Carbon Footprint, as indicated in the introductory considerations herein, the consolidation of the life cycle inventory inputs and outputs into the Corporate Environmental Footprint is tackled from an operational control approach.

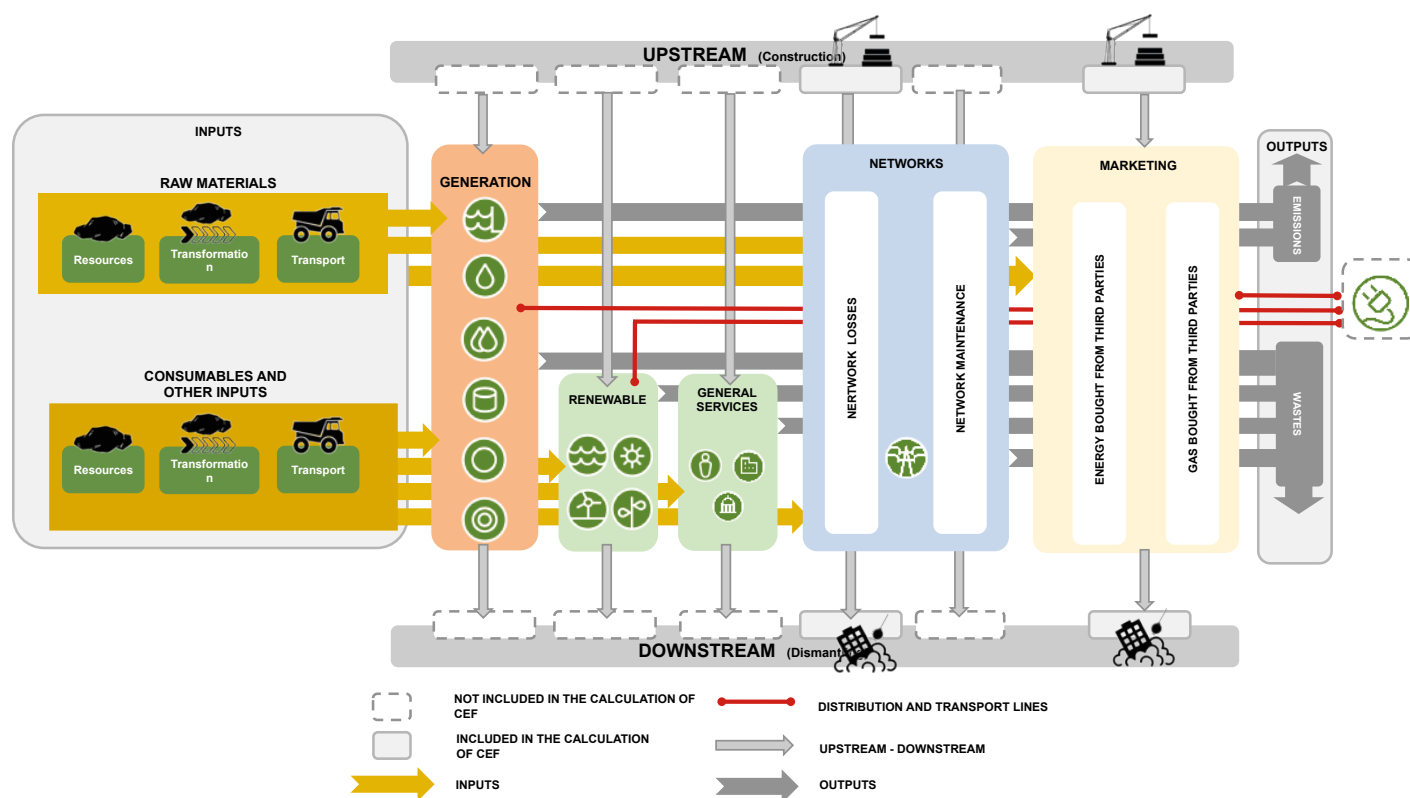


Figure 1 Limits to the Iberdrola Corporate Environmental Footprint Calculation

The share percentages are specified in the Notes to the Consolidated Annual Financial Statements and Consolidated Management Report corresponding to the financial year ending 31 December 2020.

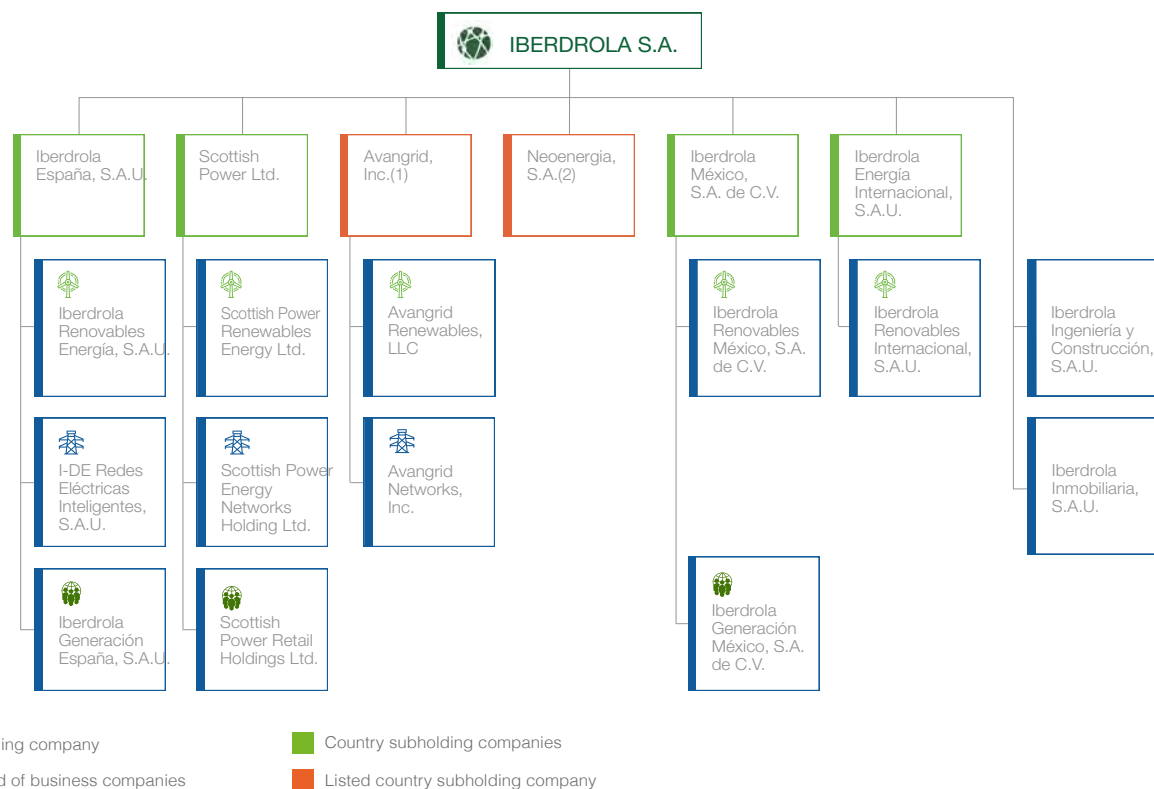
Iberdrola has sought to identify and adapt to the needs of each of the countries in which it operates. The company has used the experiences of each market to reinforce its brand values and, beyond the location of

the business, has created a brand culture based on a global-local balance.

The information included within the scope of the life cycle inventory of the Corporate Environmental Footprint corresponds to the company structure of the group, which comprises the company, subholding companies, parent companies of the business units and investee companies.

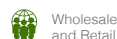
The CEF report is presented at the subholding company level:

- Iberdrola España (Spain)
- ScottishPower (United Kingdom)
- Avangrid (United States of America)
- Neoenergia (Brazil)
- Iberdrola México (Mexico)
- Iberdrola Energía Internacional (Portugal, France, Italy, Germany, Greece, Australia, Romania and Hungary)



¹ Avangrid, Inc. is 81.50% owned by Iberdrola, S.A.

² Neoenergia, S.A. is 50% + 1 share indirectly owned by Iberdrola, S.A.



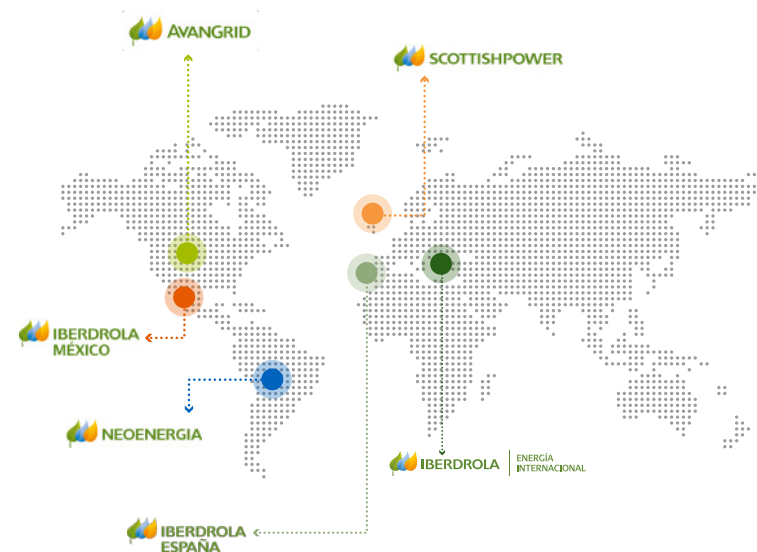
Wholesale and Retail



Networks



Renewables



Operational Limits

Iberdrola defines the scope of its analysed environmental aspects as direct and indirect regarding the operations carried out within the limits of the organisation. These scopes enable a distinction to be made insofar as whether the environmental impact is caused by IBERDROLA's own activity, by an activity that the company cannot control or by external agents.

- **SCOPE 1. Direct activities.** Aspects or activities in sources that are owned or controlled by the IBERDROLA Group (generation, distribution and marketing and general services; such as boilers, fleet vehicles, production process, etc.). It includes the entire life cycle of the raw materials used, consumables, water, waste, etc.; that is, everything within the organisational boundaries.
- **SCOPE 2. Indirect activities associated with energy consumption.** Aspects or indirect activities associated with the generation of electricity, steam or heat acquired for consumption in IBERDROLA's stations and offices.
- **SCOPE 3. Other indirect activities.** Indirect aspects or activities that are a result of the company's activities but are neither owned nor controlled by IBERDROLA.

	ASPECT GROUPS (Inputs and outputs)
SCOPE 1	Water consumption
	Atmospheric emissions
	Fleet car use ²
	Fugitive emissions into the air
	Fuel consumption ³
	Land occupation by power stations
SCOPE 2	Land occupation by the lines
	Fleet car use ⁴
	Electricity consumed in power stations
	Distributed electricity losses
	Electricity consumed in offices
SCOPE 3	Employee business trips
	Water consumption
	Fleet car use ⁵
	Employee business trips
	Employee commuting
	Fuel consumption
	Marketing of energy bought from third parties
	Marketing of gas bought from third parties
	Fuel consumption of buildings ⁶
	Use of consumables
	Use of chemical products
	Hazardous waste
	Radioactive waste
	Non-hazardous waste

2. With the exception of the electric and hybrid car and only use emissions

3. Use emissions

4. Counting the electric and hybrid car only use emissions

5. Except use emissions

6. Except use emissions

Changes relevant to the calculation of the CEF

The following significant changes affecting the drafting of this report took place in 2020.

- New version of the EcolInvent database from version 3.4 to 3.6, which has meant that all factors have been recalculated.
- Incorporation of Iberdrola Energía Internacional's (IEI) activities into the Environmental Footprint calculation.

Exclusions

This section details elements excluded from Iberdrola's Corporate Environmental Footprint. The excluded aspects represent less than 3% of the Iberdrola CEF and are presented below:

- The aspects associated with upstream and downstream (construction/dismantling) aspects for generation and non-generation facilities, offices and the distribution and transportation lines owned by Iberdrola.
- Waste management in offshore parks.
- Radioactive emissions in the operating phase of nuclear power stations.
- Employee commutes to the workplace by motorcycle.
- Consumables that do not have a significant impact on the end result of the footprint.
- The aspects of the dams for hydraulic generation.
- Moving sources at generation facilities are not reported owing to a significance level of less than 5%.



Functional Unit and base year

Functional Unit

The functional unit is the reference on the basis of which all data are gathered concerning materials sourcing, electricity generation and end-of-life of the object under analysis.

In the case of IBERDROLA's corporate environmental footprint analysis, the reporting unit considered is:

"The activities carried out in one year by IBERDROLA (generation, transmission, marketing and general corporate support services), considering all the input and output aspects occurring not only in the organisation but also upstream and downstream, and the environmental impact of the energy generation of third-party companies for subsequent retailing by IBERDROLA".

The activity includes the impact associated with the input and output aspects for generation, distribution, transmission and trading of gas and electricity, the management of buildings related to these activities and the company's corporate support services.

Base Year

Taking into account the relevance of the changes reflected in the section "Changes relevant to the calculation of the CEF", which prevent the transformation of the previous year's data, the decision was taken to consider 2019 as the base year for successive comparisons of the evolution of Iberdrola's Corporate Environmental Footprint (in line with the base year of the GHG report).



Methodology

The environmental impact assessment methodology used for calculating Iberdrola's Corporate Environmental Footprint is **ReCiPe**⁷, based on UNE-EN ISO 14040:2006 and UNE-EN ISO 14044:2006 standards, which is applied to quantitatively analyse the life cycle of company products/services.

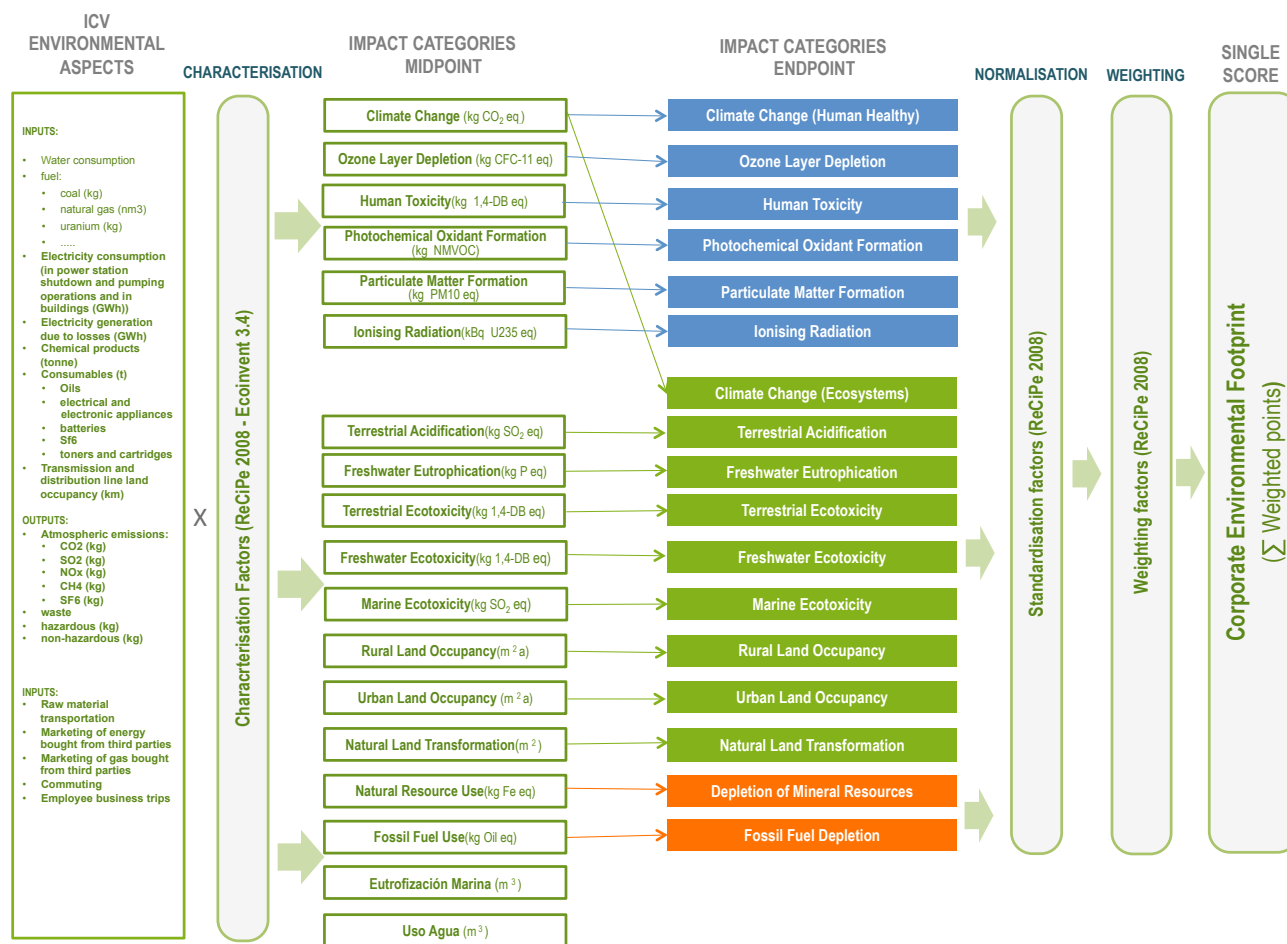
Two data formats are used for interpreting the results, namely Midpoints and Endpoints, both available in the **ReCiPe** method:

- **MidPoint**: expression format for the different environmental impact categories based on the magnitudes associated with the emission or generation parameters for the analysed environmental impact. The ReCiPe methodology includes a total of 18 different impact categories.
- **EndPoint**: expression format for the different environmental impact categories based on the consequences of this impact on the environment. While this data format is less accurate than the Midpoint format, it nevertheless simplifies the interpretation of the results considerably by encompassing all the environmental impact categories in a single aggregated value (based on a total environmental impact score expressed in points).

7. The **ReCiPe** methodology was created by the Netherlands National Institute for Public Health and the Environment (RIVM), the Institute of Environmental Sciences of the University of Leiden (CML), the consultancy PRé Consultants and the Faculty of Science at Radboud University.

The **SimaPro 9⁸**, tool has been selected, as a tool that can simulate any product through a Life Cycle Inventory, to make the necessary calculations for assigning characterisation, normalisation and weighting factors for the selected environmental impact assessment methodologies; and display the results in both numeric values as well as in a broken down percentage distribution.

Version 3.6 of the Ecoinvent inventory database was used.



Impact assessment methodology

ReCiPe



Software

SimaPro 9

Inventory data base



8. Developed by the Dutch consulting firm PRé Consultants



Uncertainty and maximum relative importance

The estimated uncertainty of the CEF activities is a combination of the uncertainties in the characterisation factors and in the corresponding activity data.

The characterisation factors used to create the CEF are extracted from official sources and are specific to each category of source and the Ecoinvent database. The selection of these characterisation factors is intended to minimise uncertainty as much as possible. Unless clear evidence to the contrary is available, it is assumed that probability density functions are normal.

The uncertainty of the activity data is minimised since most of the raw input data, used for the calculation of the CEF, are pre-verified by independent entities. These sources are:

- Non-Financial Report (Sustainability Report).
- ETS Emissions Report.
- Greenhouse Gas Report (GHG).

(All data is managed and processed through the environmental management software Sygris)

A maximum relative importance level of 5% has been set with respect to total footprint.

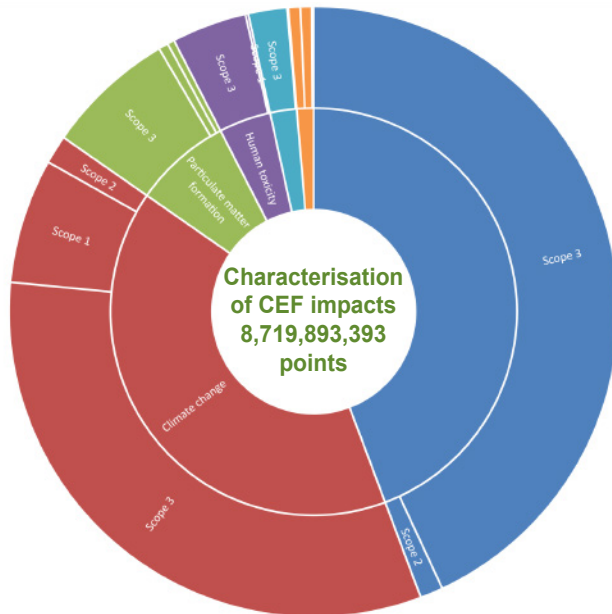


Corporate Environmental Footprint Results

Endpoint Score

The calculation of the Endpoint provides us with a final value for the company's global environmental performance by grouping the different environmental impacts into a single score. In turn, the Endpoint score values for each impact category are also reported.

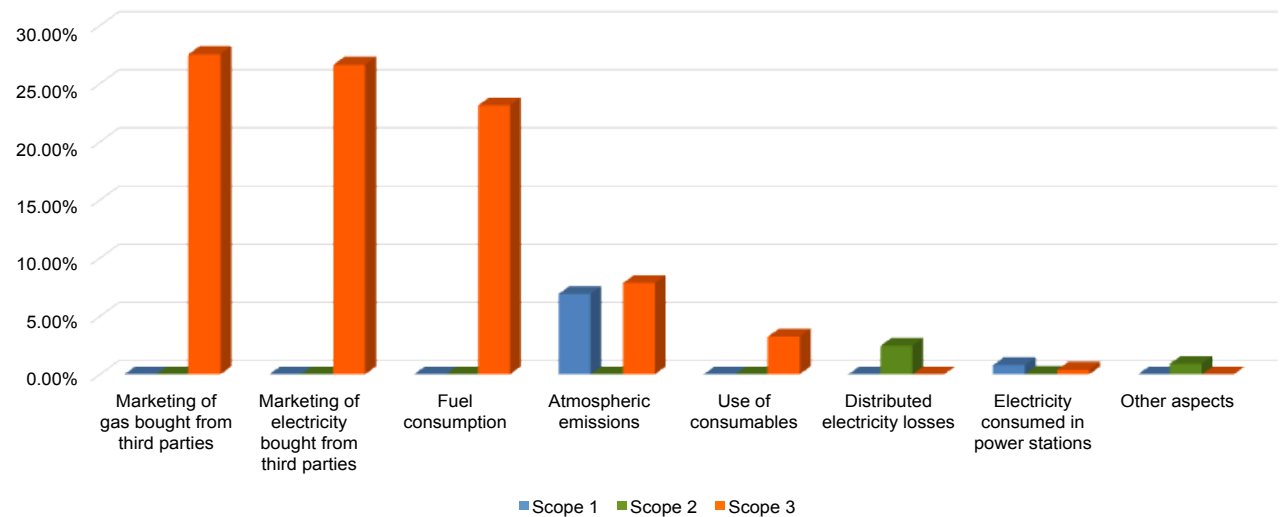
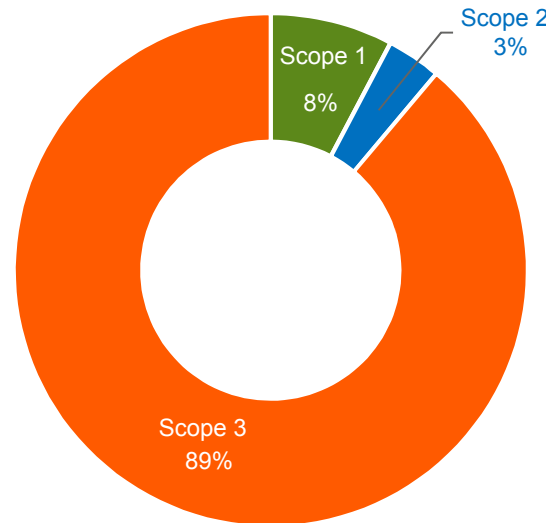
		IBERDROLA GROUP ENVIRONMENTAL FOOTPRINT
IMPACT CATEGORY	Score (Points)	
Climate change (Human health)	3,247,934,573	8,719,893,393
Ozone layer depletion	517,427	
Human toxicity	360,604,673	
Photochemical ozone formation	184,509	
Particulate matter formation	675,577,787	
Ionising radiation	9,597,851	
Climate change (Ecosystems)	273,571,130	
Soil acidification	370,612	
Freshwater eutrophication	302,613	
Soil ecotoxicity	359,059	
Freshwater ecotoxicity	1,041,761	
Marine ecotoxicity	177,813	
Rural land occupancy	33,329,159	
Urban land occupancy	54,551,572	
Natural land transformation	15,896,649	
Mineral resource depletion	184,751,123	
Fossil fuel depletion	3,861,125,081	



Distribution by impacts - aspects of the CEF

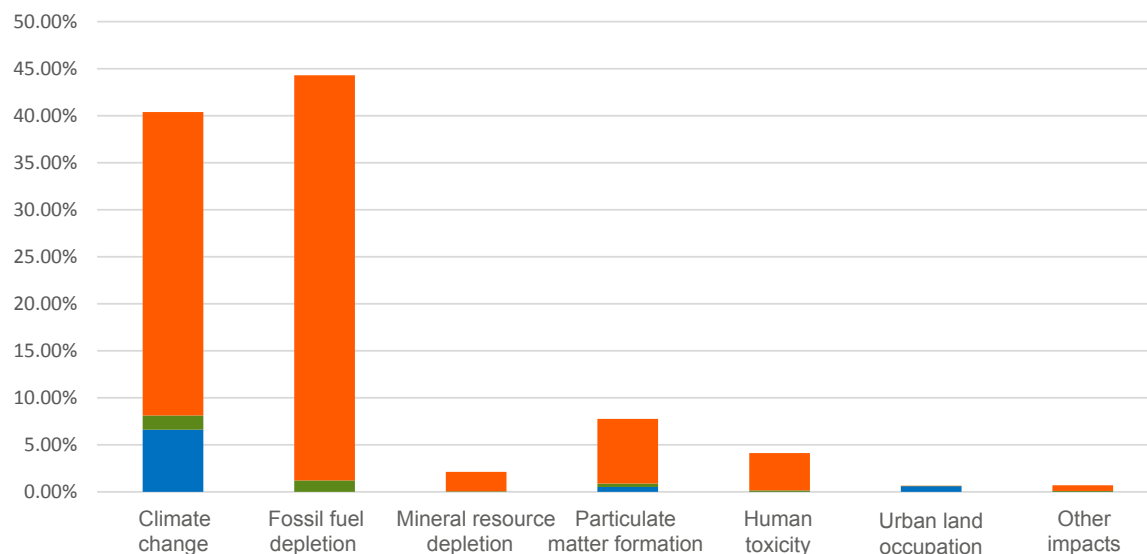
Fossil fuel depletion and climate change (to human health and ecosystems) are the impacts that make the greatest contribution to the footprint, mainly in Scope 3, which accounts for 89% of the total impact of the CEF.

Gas trading, electricity trading and fuel consumption are the environmental aspects that contribute most to the CEF, contributing more than 75% of the total CEF.



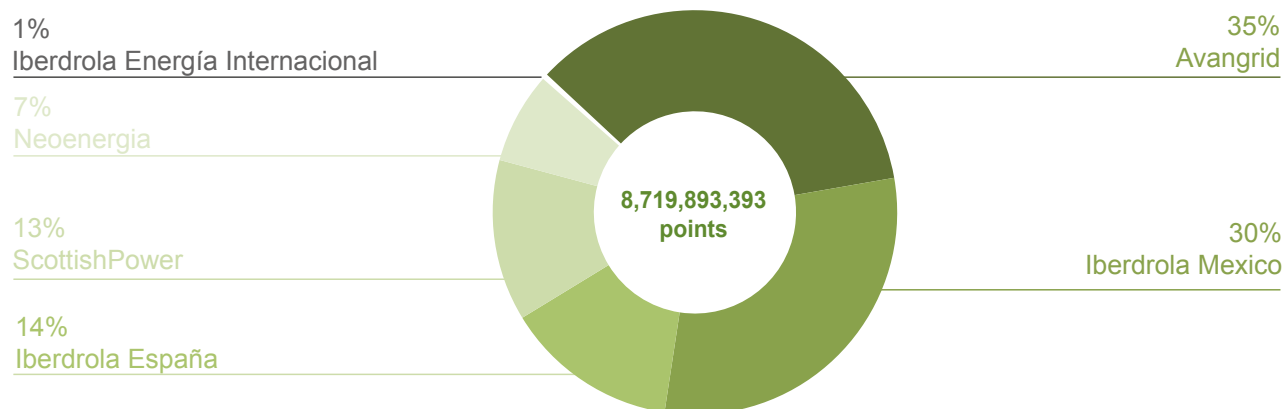
Distribution of environmental aspects by Scope

By Scope, the impact that contributes most to Scope 1 is climate change, although its total contribution to the footprint in this scope is less than 7%.



Distribution of impacts by scope

In terms of contribution to the CEF by Subholding, the largest contributors are Avangrid and Iberdrola Mexico, which contribute 65% of the footprint.

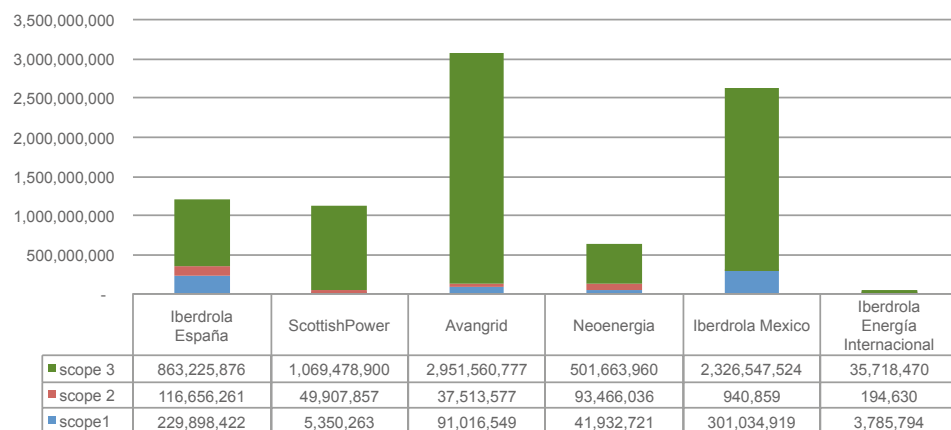


Contribution by Subholding to the CEF



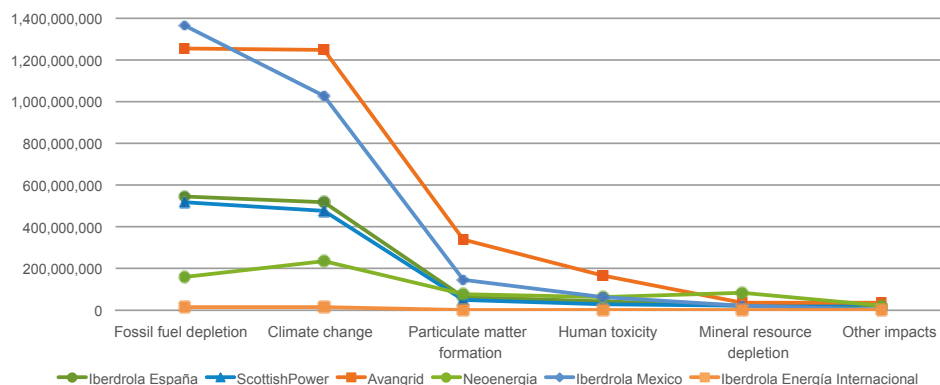
The distribution by sub-holding scope evidences the influence of scope 3 on the total impact of the CEF.

Scope 3 accounts for more than 70% of the impact on the CEF, reaching values of more than 95% of the impact in some subholding companies (Scottish Power, Avangrid).



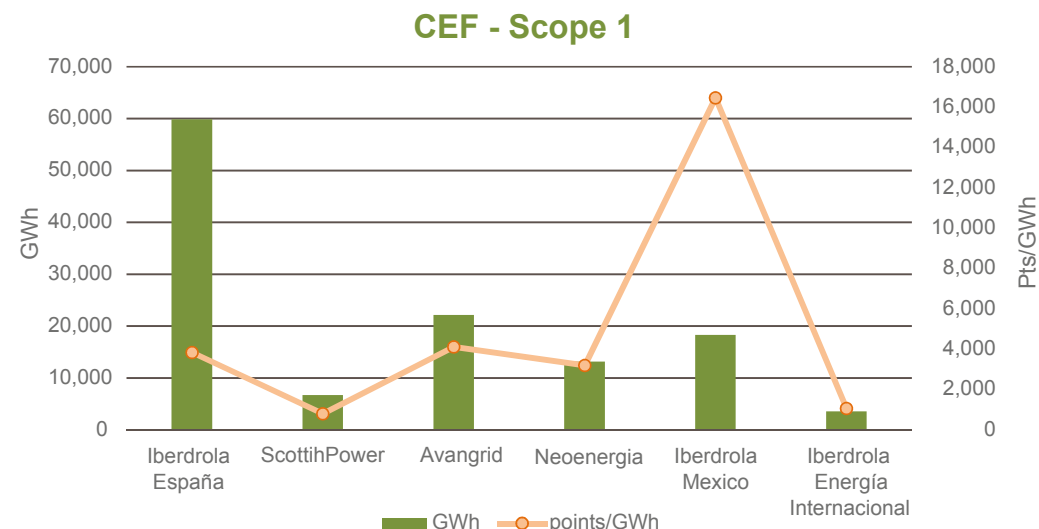
Points by Scope and Subholding

Fossil resource depletion and climate change as can be seen by subholding have the greatest impact on the CEF.



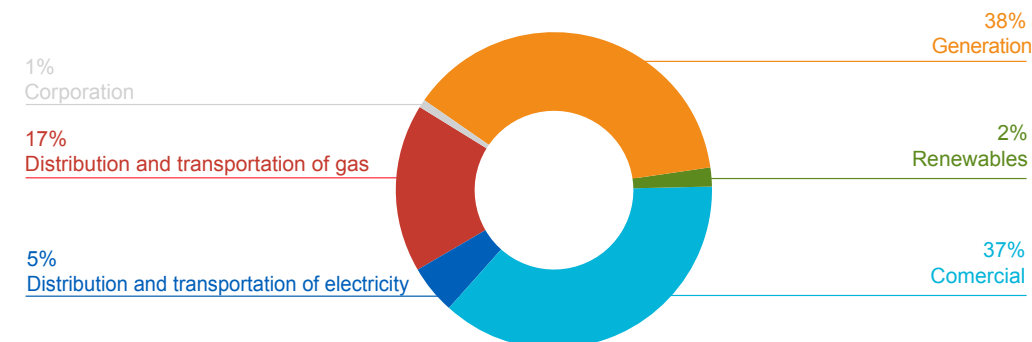
Distribution of the impacts of the CEF by country

The analysis of the unit impact of the CEF per GWh produced is performed on the value of the CEF for Scope 1, to avoid the deviation that Scope 3 generates on the CEF.



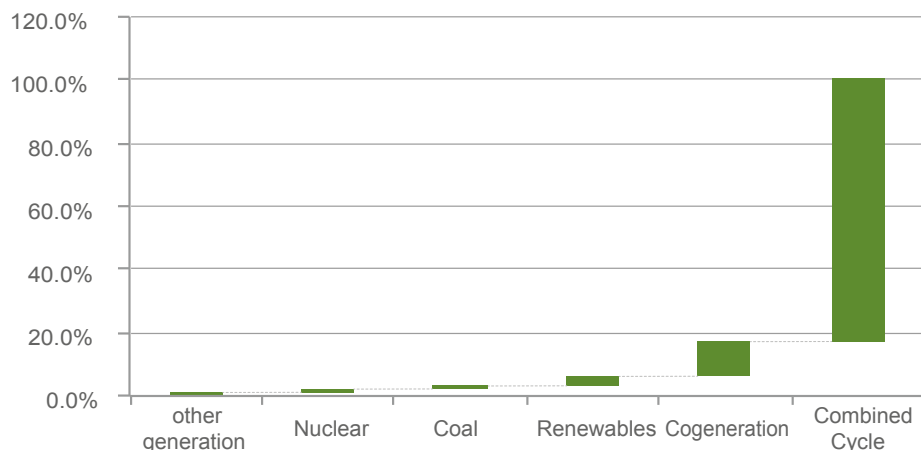
Scope 1 Points per subholding per net GWh produced

The contribution to total CEF by business is:

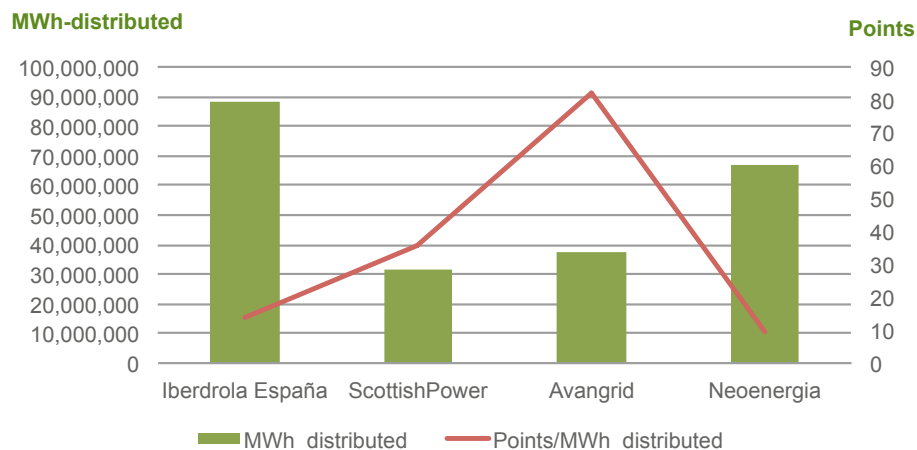


Commercial's contribution is due to electricity sold to third parties, which is not own-generation, and gas sold to end customers.

The contribution of each technology to the CEF is:



In electricity distribution activities, the environmental footprint generated per MWh distributed is:



Depends on whether the energy distributed is own or third-party energy.

The relative impact of Iberdrola's CEF per consumer⁹ is:

2020	34 million consumers	256 Points / Customer
2019	34 million consumers	265 Points / Customer
2018	33.6 million consumers	271 Points / Customer

Midpoint Score

Midpoint characterisation values provide information on company activity from the Life Cycle perspective in each one of the 18 environmental impact categories in their characteristic units for each impact category.

The values for the impacts generated by Iberdrola activity for each scope are indicated below from the life cycle perspective.

IMPACT CATEGORY - 2020	UNIT	SCOPE 1	SCOPE 2	SCOPE 3
Climate change	t CO ₂ eq	12,942,232	2,965,569	63,229,668
Ozone layer depletion	kg CFC-11 eq	10	398	7,178
Human toxicity	t 1.4-DB eq	6,593	642,792	16,926,406
Photochemical oxidant formation	t NMVOC	24,178	6,070	131,007
Particulate matter formation	t PM10 eq	5,861	4,261	78,515
Ionising radiation	tBq U235 eq	0	1,700,430	18,256,505
Terrestrial acidification	t SO ₂ eq	14,067	8,184	124,205
Freshwater eutrophication	t P eq	0	644	14,944
Soil ecotoxicity	t 1.4-DB eq	6	205	5,261
Freshwater ecotoxicity	t 1.4-DB eq	2	56,290	2,732,360
Marine ecotoxicity	t 1.4-DB eq	46	49,706	2,262,073
Rural land occupancy	km ² y	0	823	5,508
Urban land occupancy	km ² y	5,778	28	239
Natural land transformation	km ²	0	4	19
Marine eutrophication	t N eq	913	599	9,040
Water depletion	hm ³	0	197	524
Natural resource depletion	t Fe eq	0	100,269	3,068,181
Fossil fuel depletion	t oil eq	0	794,083	27,846,662

9. **Consumers**; for electricity, where there are distribution and retail electricity areas, the total number of customers is used; for all other areas, the supply points. For gas: the total number of gas customers is used, except for the US where the total number of supply points is included.

The distribution of the most representative impacts by Subholding and scope is shown below. These impacts analysed account for 97% of Iberdrola's total CEF. In addition, the impact of freshwater depletion (water use) will be analysed for its relevance to the Water Footprint study.

- **Climate Change:** (Carbon Footprint). Impact on climate change analysed from a life cycle perspective (represents 41% of Iberdrola's total CEF).

Climate Change (t CO ₂ eq)							
	Spain	United Kingdom	USA	Brazil	Mexico	IEI	Total
Scope 1	4,712,782	22,364	1,441,137	724,200	6,031,079	10,671	12,942,232
Scope 2	1,096,150	443,678	308,561	1,106,280	9,130	1,770	2,965,569
Scope 3	5,829,840	10,255,181	26,338,301	3,443,116	17,004,501	358,729	63,229,668

- **Fossil fuel depletion:** (represents 44% of Iberdrola's total CEF).

Fossil fuel depletion (t oil eq)							
	Spain	United Kingdom	USA	Brazil	Mexico	IEI	Total
Scope 1	-	-	-	-	-	-	-
Scope 2	371,654	160,473	91,045	167,525	2,909	477	794,083
Scope 3	3,669,321	3,694,177	9,199,684	1,013,759	10,137,037	132,684	27,846,662

- **Particulate Matter Formation:** (8% of Iberdrola's total CEF).

Particulate matter formation (t PM10 eq)							
	Spain	United Kingdom	USA	Brazil	Mexico	IEI	Total
Scope 1	1,523	6	61	44	4,227	-	5,861
Scope 2	1,147	385	1,060	1,648	18	2	4,261
Scope 3	5,671	5,786	43,382	8,484	15,058	135	78,515

- **Human Toxicity:** (4% of Iberdrola's total CEF).

Human toxicity (t 1,4-DB eq)							
	Spain	United Kingdom	USA	Brazil	Mexico	IEI	Total
Scope 1	4,725	1	635	1,230	2	0	6,593
Scope 2	204,232	77,407	182,293	174,899	2,455	1,506	642,792
Scope 3	1,780,866	1,294,874	7,888,853	2,874,712	3,069,289	17,811	16,926,406

- **Freshwater Depletion:** (water use)

Freshwater depletion (m ³)							
	Spain	United Kingdom	USA	Brazil	Mexico	IEI	Total
Scope 1	-	-	-	-	-	-	-
Scope 2	13,832,457	2,262,332	1,754,113	178,914,501	17,968	15,992	196,797,363
Scope 3	42,131,594	21,530,181	71,057,560	381,516,116	7,159,037	259,596	523,654,084





Base Year

We consider 2019 as the base year (recalculated with Ecoinvent 3.6 data):

IMPACT CATEGORY END POINT	Score (Points)	IBERDROLA GROUP ENVIRONMENTAL FOOTPRINT
Climate change (Human health)	3,372,660,285	7,796,426,088
Ozone layer depletion	544,091	
Human toxicity	322,155,767	
Photochemical ozone formation	178,445	
Particulate matter formation	655,516,762	
Ionising radiation	9,245,895	
Climate change (Ecosystems)	284,031,341	
Soil acidification	393,807	
Freshwater eutrophication	266,334	
Soil ecotoxicity	344,422	
Freshwater ecotoxicity	986,808	
Marine ecotoxicity	167,747	
Rural land occupancy	29,014,902	
Urban land occupancy	49,059,773	
Natural land transformation	32,127,292	
Mineral resource depletion	36,995,882	
Fossil fuel depletion	3,002,736,535	

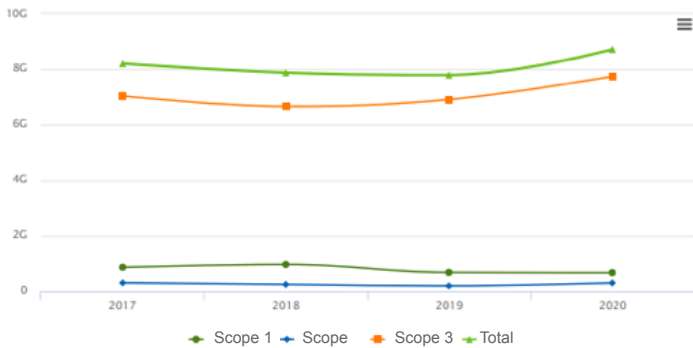
IMPACT CATEGORY MID POINT	UNIT	SCOPE 1	SCOPE 2	SCOPE 3
Climate change	t CO ₂ eq	13,418,726	2,995,136	65,751,695
Ozone layer depletion	kg CFC-11 eq	230	386	7,362
Human toxicity	t 1.4-DB eq	5,397	651,127	15,045,834
Photochemical oxidant formation	t NMVOC	20,162	6,420	129,484
Particulate matter formation	t PM10 eq	4,975	4,464	76,551
Ionising radiation	tBq U235 eq	0	1,599,517	17,625,598
Terrestrial acidification	t SO ₂ eq	12,292	9,317	134,052
Freshwater eutrophication	t P eq	0	684	13,023
Soil ecotoxicity	t 1.4-DB eq	5	172	5,071
Freshwater ecotoxicity	t 1.4-DB eq	2	48,942	2,592,406
Marine ecotoxicity	t 1.4-DB eq	38	43,513	2,136,864
Rural land occupancy	km ² y	0	706	4,744
Urban land occupancy	km ² y	5,204	24	208
Natural land transformation	km ²	0	4	39
Marine eutrophication	t N eq	760	592	9,325
Water depletion	hm ³	2	175	1,366
Natural resource depletion	t Fe eq	0	86,228	1,858,880
Fossil fuel depletion	t oil eq	0	837,128	27,561,550

Conclusions

The 2020 CEF has calculated all its characterisation factors according to Ecoinvent version 3.6.

From the information presented it can be concluded that:

- 89% of the impact on points corresponds to Scope 3, indirect activities that are a consequence of Iberdrola's activities, but which are neither owned nor controlled by us and therefore the capacity to act is limited.
- The major impacts contributing to CEF are fossil fuel depletion with 44% and climate change with 41%.



The graph shows the evolution of the CEF in the last 4 years, the increase observed this year is mainly due to the growth of the commercial impact.

This increase in scope 3 is due to the commercial increase in gas and electricity sales.

Iberdrola will continue to make progress in its environmental performance by increasing renewable power, improving its distribution networks and taking an additional set of measurements, focusing especially on the impacts that the footprint reveals to be the most relevant: climate change and the depletion of fossil resources.

*Measure, in order to reduce.
That is the key.*

Date of verification: 20 June 2021



Annexes

Annex I. Inventory of scopes

Scope 1

Subcategory	Aspect	Units
Water consumption	Consumption of water from power stations	m ³
	CO ₂	t
	CO	t
Atmospheric emissions	CH ₄	t
	Mercury (Hg)	t
	Mercury (Hg)	kg
	N ₂ O	t
	NO _x	t
	Particulates	t
	SO ₂	t
	SF ₆	kg
	CFC-11 gas refrigeration systems	kg
	NMVOC	kg
Fleet car use	Iberdrola National Diesel Car	km
	National Electric Car	km
	National Ethanol Car	km
	National Petrol Car	km
	National LPG Car	km
	National Hybrid Car	km
	National unspecified car	km
Fugitive Emissions into the Air	CFC-11	kg
	Fugitive CH ₄ emissions	t
	Fugitive SF ₆ emissions	kg
	Coolant gas emissions in buildings	t
	R-410	kg
Fuel consumption in buildings	Natural Gas (CH ₄)	GJ
	Diesel	L
	Propane (LPG)	MJ
Occupation of power station land	Land occupation by power stations	km ²
Land occupation by the lines	Overhead line	km
	Distribution line	km

Scope 2

Subcategory	Aspect	Units
Fleet car use	Electric car	km
	Hybrid car	km
Electricity consumed in power stations	National and International Iberdrola Mix	GWh
Distributed electricity losses	National and International Iberdrola Mix	GWh
Electricity consumed in offices	National and International Iberdrola Mix	GWh

Scope 3

Subcategory	Aspect	Units
Water consumption	Collected office water	m ³
	Diesel car	km
	Electric car	km
Fleet car use	Ethanol Car	km
	Petrol car	km
	LPG Car	km
	Hybrid car	km
	Unspecified car	km
	Bus	personkm
	Short-haul flights	km
Employee business trips	Long-haul flights	km
	Medium-haul flights	km
	Rental car	km
	Unspecified employee car	km
	Train (business trips)	personkm
	Petrol car	km
	Diesel car	km
Employee commuting	Bus	km
	Train/tube	km
	Electric car	km
	Natural Gas (CH ₄)	Nm3
	Fuel Oil	t
Fuel consumption	Diesel	m ³
	Uranium	kg

Subcategory	Aspect	Units
Marketing of energy bought from third parties	Iberdrola country mix	GWh
	Iberdrola international mix	GWh
Marketing of gas bought from third parties	Industrial	kWh
	Residential	kWh
Fuel consumption of buildings	Liquefied Gas	GJ
	Natural Gas (CH ₄)	GJ
	Diesel	L
	Propane (LPG)	MJ
	Transformer oil	kg
Use of consumables	Oils and Lubricating Grease	t
	Electrical and Electronic Appliances	kg
	paper	kg
	Toners and cartridges	kg
	Transformers	kg
	Lighting equipment	kg
	... / ...	kg
	38% solution of hydrochloric acid (HCl)	t
Use of chemical products	Sulphuric acid (H ₂ SO ₄)	t
	Amine	t
	Ammonia (NH ₃)	t
	... / ...	t
	To landfill	kg
Hazardous waste	To recycling	kg
	To energy recovery	kg
	... / ...	kg
Radioactive waste	Low-low concreted	m ³
	Low-low not concreted	m ³
	Low-low El Cabril	m ³
	Medium-low concreted	m ³
	Medium-low not concreted	m ³
	Medium-low El Cabril	m ³
	Registration	m ³
	to landfill	kg
Non-hazardous waste	To recycling	kg
	... / ...	kg

Annex II. Definition of the impact categories

Climate change

The global warming potential is the capacity of a greenhouse gas to affect radiative forcing capacity, expressed in terms of a substance of reference and a time horizon. It is related to the capacity to influence changes in the average global temperature at the surface-air interface, climate parameters and the effects thereof.

Unit: kg CO₂ (carbon dioxide) equivalent

Ozone Depletion

Impact category corresponding to the depletion of the stratospheric ozone layer caused by the emission of substances that deplete the ozone layer such as long-lived gases containing chlorine and bromine.

Unit: kg CFC-11 (trichlorofluoromethane) equivalent

Human Toxicity

The harmful human health effects from the absorption of toxic substances through the inhalation of air, ingestion of food or water, penetration through the skin to the extent that they are related with cancer.

Unit: kg 1,4-DB (dichlorobenzene) equivalent

Photochemical oxidant formation

The formation of ozone at the ground level of the troposphere because of photochemical oxidation of volatile organic compounds (VOC) and CO in the presence of nitrogen oxides (NO_x) and sunlight. They are harmful to vegetation, respiratory tracts and artificial materials.

Unit: kg NMVOCs (Non-methane volatile organic compounds)

Particulate Matter Formation

It corresponds to the harmful effects on human health due to particle emissions and their precursors (NO_x, SO_x, NH₃). Small particles with a diameter of less than 10 microns.

Unit: equivalent kilograms PM10 equivalent

Ionising Radiation

The harmful effects on human health caused by radiative discharges.

Unit: kBq U235 (uranium 235) equivalent

Terrestrial acidification

Effects caused by the presence of acidifying substance on the ground surface. Emissions of NO_x , NH_3 and SO_x lead to releases of hydrogen ions (H^+) when the gases are mineralised. The protons contribute to the acidification of the soil.

Unit: kg SO_2 (sulphur dioxide) equivalent

Freshwater eutrophication

Nutrients from dumping in freshwater accelerate the growth of algae and other vegetation in water. The degradation of organic material consumes oxygen, resulting in oxygen deficiency and, in some cases, fish kill. Eutrophication translates the quantity of emission of substances into a common measure expressed as the oxygen required for the degradation of dead biomass.

Unit: kg P (phosphorus) equivalent

Marine Eutrophication

Nutrients from dumping into marine water increase the growth of algae and other water vegetation. The degradation of organic material consumes oxygen, resulting in oxygen deficiency and, in some cases, fish kill. Eutrophication translates the quantity of emission of substances into a common measure expressed as the oxygen required for the degradation of dead biomass.

Unit: kg N (nitrogen) equivalent

Terrestrial ecotoxicity

The toxic impacts affecting the terrestrial surface are harmful for various species and alter the structure and function of the ecosystem. This is the result of a series of different toxicological mechanisms caused when releasing substances having a direct effect on the health of the ecosystem.

Unit: kg 1,4-DB equivalent (dichlorobenzene)

Freshwater Ecotoxicity

The toxic impacts affecting freshwater are harmful for various species and alter the structure and function of the ecosystem. This is the result of a series of different toxicological mechanisms caused when releasing substances having a direct effect on the health of the ecosystem.

Unit: kg 1,4-DB equivalent (dichlorobenzene)

Marine Ecotoxicity

The toxic impacts affecting marine waters are harmful for various species and alter the structure and function of the ecosystem. This is the result of a series of different toxicological mechanisms caused when releasing substances having a direct effect on the health of the ecosystem.

Unit: kg 1,4-DB equivalent (dichlorobenzene)

Agricultural land occupation

The usage (occupation) of a rural land surface for activities such as farming. Land occupation considers the effects of the use of the land, extension of the surface involved and duration of the occupation.

Unit: m^2y (square metres per time measured in years)

Urban land occupation

The usage (occupation) of an urban land surface for activities such as roadways, housing, etc. Land occupation considers the effects of the use of the land, extension of the surface involved and duration of the occupation.

Unit: m^2y (square metres per time measured in years)

Natural land transformation

The conversion (transformation of a natural land surface for activities such as farming, roadways, housing, mining, etc. Land transformation considers the effects of the use of the land and extension of the surface involved.

Unit: m^2 (square metres)

Water Depletion

Environmental impact category referring to water depletion. Water is a resource that is becoming scarce and increasingly more valuable on the planet. Awareness of the water scarcity and depletion has led to the development of the Water Footprint as a concept.

Unit: m³ (cubic metres)

Mineral resource depletion (Metal depletion)

Environmental impact category that refers to the depletion of mineral resources such as metals or rocks. This category refers to the consumption of materials extracted from nature (measured in weight).

Unit: kg Fe (iron) equivalent

Fossil fuel depletion

Environmental impact category that refers to the use of fuels made from petroleum, coal or non-renewable natural gas. It is measured in energy units.

Unit: kg oil equivalent

Single score (Points)

Score referring to the globality of the entire impact associated with certain environmental aspects. Obtained through a calculation in different steps, standardising and weighting different environmental impact categories to yield a single final number.

Unit: Pt (points)

Annex III. General requirements and comments

Critical review considerations

The verification of the Corporate Environmental Footprint by an independent external entity constitutes its critical review.

This verification has been drafted by AENOR's expert audit team, in accordance with the requirements established in the ISO/TS 14072-1:2014 standard "Environmental management — Life cycle assessment — Requirements and guidelines for organisational life cycle assessment". The aim of the verification is to provide interested parties with a professional and independent judgement on the information and data contained in the Corporate Environmental Footprint Report of IBERDROLA, S.A.

Data collection

The qualitative and quantitative data included in the inventory have been collected for the processes included within the boundaries of the organisation. The data is collected under three approaches, depending on the data available: power station and/or facility, business and country.

Iberdrola used a new environmental management software to collect inventory data that allows facilities to enter data via the website, therefore reducing the risk of data transcription errors.

The data covers one year, with data from the 2020 financial year being used.

The collection of annual data for the modelling of the impact factors of the electricity mixes used has used the most up-to-date public sources in each region to obtain representative results in terms of time and location.

Data validation

The data and results in this report have been validated and verified by an independent third party through the following analyses:

- Strategic analysis
- Risk analysis
- Process analysis

Data not included is identified in the Exclusions section.

Setting the system limits

In accordance with the iterative nature of LCA, decisions regarding the data to be included are based on sensitivity analyses and the results obtained on previous environmental footprints.

Allocation procedure for reuse and recycling

The environmental loads allocation model used is the so-called “*allocation recycled content*” or “*cut-off*”.

Annex IV. AENOR Verification Declaration



Verification Statement of AENOR for IBERDROLA, S.A of the Corporate Environmental Footprint for the year 2020

CASE FILE: 1995/0014/GEN/06

Introduction

IBERDROLA, S.A. (hereinafter the company) has commissioned AENOR INTERNACIONAL, S.A.U. (AENOR) to carry out a limited review of its corporate environmental footprint derived from its activities during 2020. The aforementioned inventory is listed in the Corporate Environmental Footprint Report of Iberdrola S.A. 2020, June 2021.

Inventory of corporate environmental footprint issued by the Organization: IBERDROLA, S.A. with registered office in C/ Tomás Redondo 1. 28033 Madrid (Spain)

Representative of the Organization: Mr Bernardo LLANEZA FOLGUERAS of Corporate Environment, belonging to the Directorate of Innovation, Sustainability and Quality.

IBERDROLA, S.A. was responsible for reporting its corporate environmental footprint in accordance with the requirements set out in ISO/TS 14072-1:2014 "Environmental management -- Life cycle assessment -- Requirements and guidelines for organizational life cycle assessment".

Purpose

The purpose of the verification is providing stakeholders with a professional and independent judgement on the information and data contained in the IBERDROLA Group Corporate Environmental Footprint Report mentioned above.

Scope of the Verification

The scope of verification is established for the activities provided by the company's companies in the regions (sub-holdings) of Spain, United Kingdom, United States, Mexico, Brazil and International (rest of the world). See Annex I)

During the verification, the information was analysed in the light of the operational control approach, with the exception of the nuclear power plants and the co-generations of Spain, which is accounted for participation share, aligning itself with the Sustainability Report.

In addition, for some of the power production plants in Mexico, the Independent Energy Production Plants (PIE), in which CFE decides its mode of operation, its impacts have been reported in Scope 3 and it is indicated that Iberdrola does not have full control of the operation.

Cutting criteria

Not all companies in the group are included in the calculation of the HAC due to the objective difficulty of incorporating them into corporate systems in a way that allows external verification of them. It may be noted that these limits entail:

- o More than 99% of the group's consolidated turnover.
- o More than 95% of the equivalent employees in the group.

Functional Unit

It is the reference in respect of which all data on material collection, electricity generation and end-of-life of the subject matter of this analysis are collected:

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"The activity carried out in one year by Iberdrola (generation, transmission, marketing and general corporate support services), accounting for all aspects of entry and exit that occur both in the organization as upstream and downstream, and the environmental impacts of the generation of electricity of third parties for the subsequent commercialization by Iberdrola".

Allocation criteria

Due to the reporting unit established and since each of the study facilities do not give the case of products or facilities shared between IBERDROLA and third parties, there are no allocation criteria.

In addition, for some of the power production plants in Mexico, the Independent Energy Production Plants (PIE), in which CFE decides its mode of operation, its impacts have been reported in Scope 3 and it is indicated that Iberdrola does not have full control of the operation.

Operating limits and exclusions

Iberdrola defines the scope of its direct and indirect analyzed environmental aspects for operations carried out within the limits of the organization. Similar to the scopes allow to distinguish whether the environmental impact is due to the own activity of IBERDROLA or is due to an activity over which the company has no control or is due to external agents.

SCOPE 1. Direct activities. Aspects or activities in sources owned or controlled by IBERDROLA Group (generation, distribution and marketing and general services; such as boilers, fleet vehicles, production process). Includes the entire life cycle of the raw materials used, consumables, water, waste, etc; that is, everything within the organizational boundaries.

SCOPE 2. Indirect activities associated with energy consumption. Indirect aspects or activities associated with the generation of electricity, steam or heat acquired for consumption in IBERDROLA plants and offices.

SCOPE 3. Other indirect activities. Indirect aspects or activities that are a consequence of the company's activities, but occur in sources that are not owned or controlled by IBERDROLA.

Exclusions

- The aspects associated with the construction and/or dismantling of facilities, offices and distribution lines owned by Iberdrola.
- Waste management from offshore parks.
- General services businesses in Mexico.
- Radioactive emissions in the operation phase of nuclear power plants.
- Chemicals with a significance of less than 5% of total chemicals.
- The movement of employees to the workplace by motorcycle.
- Consumables whose impact on the final result of the footprint is not significant.
- Aspects from photovoltaic solar plants.
- Aspects from reservoirs for hydraulic generation.
- Aspects from Mobile sources in generation facilities are not reported.

Baseline Year

IBERDROLA has selected 2020 as the historical baseline year due to the changes applied:

- Perimeter input of activities of Iberdrola Energía Internacional (rest of the word)
 - Peaking plants in Australia
 - Electricity and gas distribution in Italy, Germany and Portugal
- It is maintained the redistribution of the impacts of Mexico's thermal generation plants in:
 - Independent Energy Production Plants (PIE) count your footprint in scope 3.
 - Rest of plants count their footprint in scope 1.

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- Use of Ecoinvent 3.6 version as data base for life cycle analysis, instead of 3.4 version
- Waste are sorted by LER code and final disposition is taken into account

Taking into account the relevance of the changes reflected in the section "Changes in the HAC", which prevent the transformation of the data of the previous base year, the decision is taken to consider the 2019 as the base year for successive comparisons of the evolution of Iberdrola's Corporate Environmental Footprint.

Using data base life cycle analysis Ecoinvent 3.6 version, instead of 3.4 version, has made a recalculation of baseline year 2019 values.

Agreed Assurance Level

It was agreed with the company to establish a limited level of assurance in verification.

Agreed Relative Importance

For verification, it was agreed that omissions, distortions or errors that can be quantified and result in a difference greater than 5% from the total in endpoints will be considered material discrepancies.

Criteria

- 1) ISO/TS 14072:2014 "Environmental management -- Life cycle assessment -- Requirements and guidelines for organizational life cycle assessment".
- 2) The environmental impact assessment methodology used in the calculation of the Corporate Environmental Footprint of IBERDROLA is the ReCiPe methodology (version 3.6), based on the STANDARDS UNE-EN ISO 14040:2006 and UNE-EN ISO 14044:2006, which quantitatively analyzes the life cycle of the company's products/services.

The SimaPro 8 tool has been chosen. This tool allows to simulate any product through a Life Cycle Inventory, performs the necessary calculations of allocation of characterization factors, standardization and weighting of the selected environmental impact assessment methodologies and displays the results in both numerical values and distribution in disaggregated percentages.

The Ecoinvent Inventory Database version 3.4 has been used

- 3) UNE-EN ISO 14064-3:2012: Specification with guidance for validation and verification of greenhouse gas declarations

The purpose of the verification has been the "Corporate Environmental Footprint Year 2020 - Iberdrola Report", June 2021.

AENOR expressly disclaims any liability for decisions, investment or otherwise, based on this statement.

Conclusion

The 2020 Corporate Environmental Footprint Of IBERDROLA and its affiliated companies has been verified according to the requirements of the reference standard.

The verification included the review of the calculation methodology, as well as the data finally reported and as indicated below.

It should be noted that the verification of the Corporate Environmental Footprint has been integrated into the management model of the company, whose objective is to ensure that the strategic nature of the environmental variable for Iberdrola is implemented in the operation of the business, thus promoting the increase of the overall efficiency.

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As a general conclusion of the verification, taking into account the agreed limited assurance and given that no inaccuracy or irregularity has been detected:

In our opinion, there is no evidence to suggest that the information on the corporate environmental footprint of the organization reported in the "Tax Environmental Footprint Report Exercise 2020 - Iberdrola" of June 2021, is not a faithful representation of the environmental impacts of its activities.

Consistent with this Statement, the data finally verified are then related to the data:

MidPoint characterization:

IMPACT CATEGORY	UNITS	SCOPE 1	SCOPE 2	SCOPE 3
Climate change	t CO ₂ eq	12.942.232	2.965.569	63.229.668
Destruction of the Ozone layer	kg CFC-11 eq	10	398	7.178
Human Toxicity	t 1,4-DB eq	6.593	642.792	16.926.406
Formation of photochemical oxidizers	t NMVOC	24.178	6.070	131.007
Formation of particles	t PM10 eq	5.861	4.261	78.515
Ionizing Radiation	tBq U235 eq	0	1.700.430	18.256.505
Earth Acidification	t SO ₂ eq	14.067	8.184	124.205
Freshwater Eutrophication	t P eq	0	644	14.944
Ecotoxicity to the soil	t 1,4-DB eq	6	205	5.261
Ecotoxicity to Freshwater	t 1,4-DB eq	2	56.290	2.732.360
Ecotoxicity to sea water	t 1,4-DB eq	46	49.706	2.262.073
Occupation of agricultural land	km ² a	0	823	5.508
Occupation of urban land	km ² a	5.778	28	239
Transformation of natural land	km ²	0	4	19
Eutrophication fijación marina	t N eq	913	599	9.040
Use of water	hm ³	0	197	524
Natural resources depletion	t Fe eq	0	100.269	3.068.181
Fossil fuel depletion	t oil eq	0	794.083	27.846.662

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EndPoint points:

IMPACT CATEGORY	Score (EndPoints)	CORPORATE ENVIRONMENTAL FOOTPRINT GROUP IBERDROLA
Climate change (Human health)	3.247.934.573	8.719.893.393
Destruction of the Ozone layer	517.427	
Human Toxicity	360.604.673	
Formation of photochemical oxidizers	184.509	
Formation of particles	675.577.787	
Ionizing Radiation	9.597.851	
Climate change (Ecosystems)	273.571.130	
Earth Acidification	370.612	
Freshwater Eutrophication	302.613	
Ecotoxicity to the soil	359.059	
Ecotoxicity to Freshwater	1.041.761	
Ecotoxicity to sea water	177.813	
Occupation of agricultural land	33.329.159	
Occupation of urban land	54.551.572	
Transformation of natural land	15.896.649	
Natural resources depletion	184.751.123	
Fossil fuel depletion	3.861.125.081	

Lead Verificator: Juan HERNÁN DÍEZ
Madrid June 15th 2021

Technical Review: Fernando SEGARRA ORERO



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ANNEX I

Companies included in the 2020 inventory of IBERDROLA, S.A. which has been verified::

