

Green financing

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

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

In the capital markets, the company issued its first *green* bond in 2014, and since then has intensified its financing through this type of instrument focused on Socially Responsible Investing (SRI) investors, with many more issues and in various areas: both public and private issues, involving senior and subordinated debt (hybrid bonds) issued by the corporation or its subsidiaries (Avangrid green bonds in November 2017 and May 2019, and Neoenergia *green* infrastructure debentures in June 2019).

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

Iberdrola has issued a total of 12 *green* bonds from the Corporation¹. The issue dates, as well as the principal characteristics thereof, are as follows:

¹ Does not include the *green* bonds issued by Avangrid or the *green* infrastructure debentures issued by Neoenergia, which are subject to specific Frameworks and which will be reported in the respective Sustainability Reports of these companies.

Green bonds

ISIN	Issue date	Issuer	Public / Private	Senior / Subordinate	Face value (€ millions)	Maturity	Coupon
XS1057055060	24-Apr-14	Iberdrola International	Public	Senior	750	Oct-22	2.50%
XS1398476793	21 Apr-16	Iberdrola International	Public	Senior	1,000	Apr-26	1.13%
XS1490726590	15-Sep-16	Iberdrola International	Public	Senior	700	Sep-25	0.38%
XS1527758145	07-Dec-16	Iberdrola Finanzas	Public	Senior	750	Mar-24	1%
XS1564443759	20-Feb-2017 (extended on 22-Jun-2017)	Iberdrola Finanzas	Private	Senior	250	Feb-24	Euribor 3 M + 0.67%
XS1575444622	07-Mar-17	Iberdrola Finanzas	Public	Senior	1,000	Mar-25	1%
XS1682538183	06-Sep-17	Iberdrola Finanzas	Public	Senior	750	Sep-27	1.25%
XS1721244371	22-Nov-17	Iberdrola International	Public	Subordinate	1,000	Perpetual	1.875%
XS1797138960	26-Mar-18	Iberdrola International	Public	Subordinate	700	Perpetual	2.625%
XS1847692636	28-Jun-18	Iberdrola Finanzas	Public	Senior	750	Oct-26	1.25%
XS1924319301	21-Dec-18	Iberdrola Finanzas	Private	Senior	44 ²	Oct-25	3.724%
XS1890845875	05-Feb-19	Iberdrola International	Public	Subordinate	800	Perpetual	3.25%

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

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

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

² USD 50 million nominal value.

Green loans signed with development institutions for projects under construction

Lender	Project	Date	Borrower	Type	Amount (€M)
ICO	Tamega	30-May-2019	Iberdrola Financiación	Corporate	400
ICO	Núñez de Balboa	11-Jul-2019	Iberdrola Financiación	Corporate	140
EIB	Núñez de Balboa	11-Jul-2019	Iberdrola Financiación	Corporate	145
EIB	Cavar	4-Nov-2019	Renovables de la Ribera ³	Corporate	25

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


In most cases, there is also a certification by VigeoEiris (independent expert) regarding the eligibility of the (re)financed assets and their suitability for the Framework.⁴

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

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

³ Renovables de la Ribera is a company that is 50% owned by Iberdrola. The financing obtained is guaranteed by Iberdrola in the amount of its percentage ownership interest.

⁴ As described in the Framework, this certification or “Second Party Opinion” is required in the case of a public transaction, understood as those bonds issued through a public underwriting process. The standard is not restrictive, and there can also be *Second Party Opinions* in private transactions (such as the ICO loan) if so required by the lender.



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

The conclusions of VigeoEiris, including the controversies identified in the *green* issues, together with the eligibility standards, are described in the *Second Party Opinion* corresponding to each *green* transaction. In the case of the bonds⁵, this information is available in the [Information related to green finance](#) section of the corporate website.

The table below summarises the environmental benefits in 2019 related to investments financed or refinanced with outstanding *green* financings underwritten by Iberdrola.⁶

⁵ Excludes the loans, as they are private contracts between a reduced number of parties.

⁶ Does not include the *green* bonds issued by Avangrid or the *green* infrastructure debentures issued by Neoenergia, which are subject to specific Frameworks and which will be reported in the respective *Sustainability Reports* of these companies.

Related environmental benefits

Financing (ISIN code for bonds)	Area of investment	Installed capacity attributable to the financing (MW)	2019 output attributable to the financing (GWh)	CO ₂ avoided in 2019 due to the financing (Tm)
XS1057055060	Renewables ⁷	480	1,075	205,705
XS1398476793	Renewables	736	1,504	317,179
XS1490726590	Renewables	403	786	200,520
XS1527758145	Renewables	540	1,192	226,572
XS1564443759	Renewables	164	403	144,266
XS1575444622	Renewables	338	1,032	372,137
XS1682538183	Renewables	278	690	245,595
XS1721244371	Renewables	650	1,276	325,496
XS1797138960	Renewables	519	309	65,446
XS1847692636	Renewables	228	60	15,349
XS1924319301	Renewables	23	62	32,744
XS1890845875	Renewables	231	232	93,265
IBE México loan	Renewables	188	438	230,709
Támega ICO loan	Renewables	310	N/A ⁸	N/A ⁸
Nuñez de Balboa ICO loan	Renewables	241	N/A ⁸	N/A ⁸
Nuñez de Balboa EIB loan	Renewables	250	N/A ⁸	N/A ⁸
Renovables de la Ribera EIB loan	Renewables	27	N/A ⁸	N/A ⁸

⁷ Among others.

⁸ Projects in construction phase

Report on Green Financing Returns

April 2014 Bond (ISIN code XS1057055060)

○ Assets allocated

Area	Technology	Name of project	Location	Start-up year	Installed capacity attributable to the bond (MW) ⁹
Distribution	Networks	Renewable generation connection in Scotland	United Kingdom	2011-2016	N/A
Distribution	Networks	Strengthen international connection in Scotland	United Kingdom	2011-2016	N/A
Distribution	Networks	Castile-La Mancha photovoltaic connection plan	Spain	2011-2014	N/A
Distribution/Smart grids	Networks	STAR project	Spain	2011-2018	N/A
Renewables	Onshore wind	Pico Collalbas	Spain	2006	30
Renewables	Onshore wind	Carrascosa	Spain	2006	37
Renewables	Onshore wind	Sierra Menera	Spain	2006	40
Renewables	Onshore wind	Clares	Spain	2006	32
Renewables	Onshore wind	Escalón	Spain	2006	30
Renewables	Onshore wind	Tarayuela	Spain	2006	28
Renewables	Onshore wind	Morón de Almazán	Spain	2006	47
Renewables	Onshore wind	Los Campillos	Spain	2006	34
Renewables	Onshore wind	Dólar I	Spain	2006	49
Renewables	Onshore wind	Dólar III	Spain	2006	6
Renewables	Onshore wind	Cerro Blanco	Spain	2009	3
Renewables	Onshore wind	Grijota	Spain	2006	4
Renewables	Onshore wind	Mark Hill	United Kingdom	2011	12
Renewables	Onshore wind	Collados	Spain	2011	10
Renewables	Onshore wind	Fuentesalada	Spain	2011	44
Renewables	Onshore wind	Cabras	Spain	2012	22
Renewables	Onshore wind	Layna	Spain	2012	50

○ Total amount invested by area

Area	Investment allocated to the bond (€ millions)
Distribution	94
Distribution/Smart grids	80
Renewables	576
TOTAL	750

⁹ Installed capacities attributable to each green financing transaction take into account the proportion represented by the allocated amount of the total investment in each of them.

○ **Sustainability indicators in the area of distribution**

Name of project	Increase in capacity within the horizon of the investment plan (MW)
Renewable generation connection in Scotland	2,167
Strengthen international connection in Scotland	6,640
Castile-La Mancha photovoltaic connection plan	604

○ **Sustainability indicators in the area of smart grids**

STAR Project	Status as of 2011¹⁰	Status as of 2012
Smart meters (no.)	154,428	449,441
Smart meters installed (%)	1.44	4.16
Transformer centres adapted for remote management (no.)	583	2,692
Transformer centres adapted for remote management (%)	0.88	4.01

○ **Sustainability indicators in the area of renewable energy¹¹**

Installed capacity attributable to the bond (MW)	2019 production attributable to the bond (GWh)	CO₂ avoided due to the bond (Tm)¹²
480	1,075	205,705

¹⁰ Takes data from 2011 and 2012 in order to allow for identification of profits from investments made.

¹¹ Emissions avoided take into account the percentage of production of each facility that corresponds to the percentage of the amount invested and installed capacity allocated to each *green* bond issue.

¹² Emissions avoided, reported throughout this Report on Green Financing Returns, have been calculated as a product of 2019 production attributable to the bond and the emission factor for the country in which the assets are geographically located. Sources: REE, DEFRA, European Environment Agency, CRE.

April 2016 Bond (ISIN code XS1398476793)

○ Assets allocated

Area	Technology	Name of project	Location	Start-up year	Installed capacity attributable to the bond (MW)
Renewables	Onshore wind	Alvao	Portugal	2009	42
Renewables	Onshore wind	Puerto de Malaga	Spain	2008	12
Renewables	Onshore wind	Cortijo Linera	Spain	2008	28
Renewables	Onshore wind	Cabezas	Spain	2009	17
Renewables	Onshore wind	Centenar	Spain	2009	40
Renewables	Onshore wind	Majal Alto	Spain	2009	50
Renewables	Onshore wind	Retuerta	Spain	2009	38
Renewables	Onshore wind	Saucito	Spain	2009	30
Renewables	Onshore wind	Tallisca	Spain	2009	40
Renewables	Onshore wind	Valdefuentes	Spain	2009	28
Renewables	Onshore wind	Torrecilla	Spain	2009	16
Renewables	Onshore wind	Coterejon II	Spain	2009	6
Renewables	Onshore wind	Altamira	Spain	2009	49
Renewables	Onshore wind	Lirios	Spain	2010	48
Renewables	Onshore wind	Nogueira	Spain	2010	3
Renewables	Onshore wind	Alto de la Degollada	Spain	2010	50
Renewables	Onshore wind	Gomera	Spain	2010	12
Renewables	Onshore wind	Savalla	Spain	2010	18
Renewables	Onshore wind	Conesa II	Spain	2011	32
Renewables	Onshore wind	Espartal	Spain	2012	6
Renewables	Onshore wind	Torrecilla II	Spain	2012	22
Renewables	Onshore wind	Gomera II	Spain	2012	6
Renewables	Onshore wind	Las Cabras	Spain	2012	22
Renewables	Onshore wind	Carrascosa	Spain	2006	1
Renewables	Onshore wind	Arecleoch	United Kingdom	2011	120

○ Total amount invested by area

Area	Investment allocated to the bond (€ millions)
Renewables	1,000

○ Sustainability indicators

Installed capacity attributable to the bond (MW)	2019 production attributable to the bond (GWh)	CO ₂ avoided due to the bond (Tm)
736	1,504	317,179

September 2016 Bond (ISIN code XS1490726590)

○ Assets allocated

Area	Technology	Name of project	Location	Start-up year	Installed capacity attributable to the bond (MW)
Renewables	Onshore wind	Whitelee Ext	United Kingdom	2012	139
Renewables	Onshore wind	Middleton	United Kingdom	2013	12
Renewables	Onshore wind	Lynemouth	United Kingdom	2012	26
Renewables	Onshore wind	Beinn An Tuirc 2	United Kingdom	2013	44
Renewables	Onshore wind	Carland Cross Ext	United Kingdom	2013	20
Renewables	Onshore wind	Coal Clough Repowering	United Kingdom	2014	16
Renewables	Onshore wind	Blacklaw Ext	United Kingdom	2016	38
Renewables	Onshore wind	Blacklaw Ext Ph2	United Kingdom	2016	25
Renewables	Onshore wind	Dersalloch	United Kingdom	2016	69
Renewables	Onshore wind	Ewe Hill	United Kingdom	2016	14

○ Total amount invested by area

Area	Investment allocated to the bond (€ millions)
Renewables	700

○ Sustainability indicators

Installed capacity attributable to the bond (MW)	2019 production attributable to the bond (GWh)	CO ₂ avoided due to the bond (Tm)
403	786	200,520

December 2016 Bond (ISIN code XS1527758145)

○ Assets allocated

Area	Technology	Name of project	Location	Start-up year	Installed capacity attributable to the bond (MW)
Renewables	Onshore wind	Doña Benita	Spain	2008	32
Renewables	Onshore wind	Sabina	Spain	2008	48
Renewables	Onshore wind	Vieiro	Spain	2008	20
Renewables	Onshore wind	Argañoso	Spain	2009	21
Renewables	Onshore wind	Bullana	Spain	2009	36
Renewables	Onshore wind	Carril	Spain	2008	27
Renewables	Onshore wind	Cerro Blanco	Spain	2009	37
Renewables	Onshore wind	Cotera	Spain	2009	17
Renewables	Onshore wind	Paramo Vega	Spain	2009	17
Renewables	Onshore wind	Radona I	Spain	2009	23
Renewables	Onshore wind	Radona II	Spain	2009	30
Renewables	Onshore wind	Sombrio	Spain	2008	27
Renewables	Onshore wind	Valdecarrion	Spain	2010	32
Renewables	Onshore wind	Valdeperondo	Spain	2010	44
Renewables	Onshore wind	Viñas	Spain	2010	35
Renewables	Onshore wind	Bolaños	Spain	2008	24
Renewables	Onshore wind	Dos Pueblos	Spain	2008	20
Renewables	Onshore wind	Nacimiento	Spain	2008	24
Renewables	Onshore wind	Tacica de Plata	Spain	2008	26

○ Total amount invested by area

Area	Investment allocated to the bond (€ millions)
Renewables	750

○ Sustainability indicators

Installed capacity attributable to the bond (MW)	2019 production attributable to the bond (GWh)	CO ₂ avoided due to the bond (Tm)
540	1,192	226,572

February 2017 Bond (ISIN code XS1564443759)

○ Assets allocated

Area	Technology	Name of project	Location	Start-up year	Installed capacity attributable to the bond (MW)
Renewables	Onshore wind	Bureba	Spain	2010	11
Renewables	Onshore wind	Cueza	Spain	2010	8
Renewables	Onshore wind	Candal	Spain	2012	30
Renewables	Onshore wind	Cerro Higuera	Spain	2009	24
Renewables	Onshore wind	Dólar III	Spain	2006	8
Renewables	Onshore wind	Venta III	Mexico	2012	44
Renewables	Onshore wind	Dos Arbolitos	Mexico	2015	39

○ Total amount invested by area

Area	Investment allocated to the bond (€ millions)
Renewables	250

○ Sustainability indicators

Installed capacity attributable to the bond (MW)	2019 production attributable to the bond (GWh)	CO ₂ avoided due to the bond (Tm)
164	403	144,266

March 2017 Bond (ISIN code XS1575444622)

○ Assets allocated

Area	Technology	Name of project	Location	Start-up year	Installed capacity attributable to the bond (MW)
Renewables	Onshore wind	Valdelanave	Spain	2012	6
Renewables	Onshore wind	Ventosa del Ducado	Spain	2012	42
Renewables	Onshore wind	Peñaflor III	Spain	2012	49
Renewables	Onshore wind	Peñaflor IV	Spain	2012	49
Renewables	Offshore wind	Wikinger	Germany	2017	193

○ Total amount invested by area

Area	Investment allocated to the bond (€ millions)
Renewables	1,000

○ Sustainability indicators

Installed capacity attributable to the bond (MW)	2019 production attributable to the bond (GWh)	CO ₂ avoided due to the bond (Tm)
338	1,032	372,137

September 2017 Bond (ISIN code XS1682538183)

○ Assets allocated

Area	Technology	Name of project	Location	Start-up year	Installed capacity attributable to the bond (MW)
Renewables	Onshore wind	Whitelee Ext	United Kingdom	2012	78
Renewables	Onshore wind	Clachan Flats	United Kingdom	2009	15
Renewables	Onshore wind	Mark Hill	United Kingdom	2011	44
Renewables	Onshore wind	Ewe Hill 16	United Kingdom	2017	7
Renewables	Onshore wind	Hare Hill Ext	United Kingdom	2017	30
Renewables	Offshore wind	Wikinger	Germany	2017	103

○ Total amount invested by area

Area	Investment allocated to the bond (€ millions)
Renewables	750

○ Sustainability indicators

Installed capacity attributable to the bond (MW)	2019 production attributable to the bond (GWh)	CO ₂ avoided due to the bond (Tm)
278	690	245,595

November 2017 Bond (ISIN code XS1721244371) (hybrid)

○ Assets allocated

Area	Technology	Name of project	Location	Start-up year	Installed capacity attributable to the bond (MW)
Renewables	Onshore wind	Whitelee	United Kingdom	2008	253
Renewables	Onshore wind	Harestanes	United Kingdom	2014	136
Renewables	Onshore wind	Kilgallioch	United Kingdom	2017	239
Renewables	Onshore wind	Glen App	United Kingdom	2017	22

○ Total amount invested by area

Area	Investment allocated to the bond (€ millions)
Renewables	1,000

○ Sustainability indicators

Installed capacity attributable to the bond (MW)	2019 production attributable to the bond (GWh)	CO ₂ avoided due to the bond (Tm)
650	1,276	325,496

March 2018 Bond (ISIN code XS1797138960) (hybrid)

○ Assets allocated

Area	Technology	Name of project	Location	Start-up year	Installed capacity attributable to the bond (MW)
Renewables	Offshore wind	East Anglia (until 30/08/2019) ¹³	United Kingdom	2019	213
Renewables	Offshore wind	East Anglia (since 31/08/2019)	United Kingdom	2019	21
Renewables	Offshore wind	Wikinger (since 31/08/2019)	Germany	2017	3
Renewables	Onshore wind	Whitelee (since 31/08/2019)	United Kingdom	2008	28
Renewables	Onshore wind	Ewe Hill 16 (since 31/08/2019)	United Kingdom	2017	15
Renewables	Onshore wind	Hare Hill Extension (since 31/08/2019)	United Kingdom	2017	3
Renewables	Onshore wind	Dos Arbolitos (since 31/08/2019)	Mexico	2015	7
Renewables	Hydroelectric	Támega (since 31/08/2019)	Portugal	2023	107
Renewables	Onshore wind	Dólar III (since 31/08/2019)	Spain	2006	36
Renewables	Onshore wind	Cabezuelo (since 31/08/2019)	Spain	2006	30
Renewables	Onshore wind	Cruz de Carrutero (since 31/08/2019)	Spain	2011	30
Renewables	Onshore wind	Viñas (since 31/08/2019)	Spain	2010	1
Renewables	Onshore wind	Ferreira II (since 31/08/2019)	Spain	2006	50
Renewables	Onshore wind	Hueneja (since 31/08/2019)	Spain	2006	50
Renewables	Onshore wind	Sil Expansion (since 31/08/2019)	Spain	2006	40
Renewables	Onshore wind	Vieiro (since 31/08/2019)	Spain	2006	20
Renewables	Onshore wind	Luzón-Norte (since 31/08/2019)	Spain	2006	38
Renewables	Onshore wind	Bordecorex Norte (since 31/08/2019)	Spain	2006	42

○ Total amount invested by area

Area	Investment allocated to the bond (€ millions)
Renewables	700

○ Sustainability indicators

Installed capacity attributable to the bond (MW)	2019 production attributable to the bond (GWh)	CO ₂ avoided due to the bond (Tm)
519	309	65,446

¹³ From the time of its issue, the bond was used to partially finance the East Anglia offshore wind project. As a result of the sale of ScottishPower Renewables (UK) Limited's interest (40%) in East Anglia One Ltd., the investment in East Anglia was reduced and it was therefore necessary to reassign the use of funds from the bond to other assets pursuant to the general principles of the Framework. The investment in these assets replaces 40% of what was originally assigned to East Anglia effective 30 August 2019 (date of the sale). The time that each asset has been assigned to the transaction during the year has been taken into account to calculate production and CO₂ avoided attributable to the bond.

June 2018 Bond (ISIN code XS1847692636)

○ Assets allocated

Area	Technology	Name of project	Location	Start-up year	Installed capacity attributable to the bond (MW)
Renewables	Offshore wind	EAST ANGLIA	United Kingdom	2019	228

○ Total amount invested by area

Area	Investment allocated to the bond (€ millions)
Renewables	750

○ Sustainability indicators

Installed capacity attributable to the bond (MW)	2019 production attributable to the bond (GWh)	CO ₂ avoided due to the bond (Tm)
228	60	15,349

December 2018 Bond (ISIN code XS1924319301)

○ Assets allocated

Area	Technology	Name of project	Location	Start-up year	Installed capacity attributable to the bond (MW)
Renewables	Onshore wind	Dos Arbolitos	Mexico	2015	23

○ Total amount invested by area

Area	Investment allocated to the bond (€M)
Renewables	44

○ Sustainability indicators

Installed capacity attributable to the bond (MW)	2019 production attributable to the bond (GWh)	CO ₂ avoided due to the bond (Tm)

23	62	32,744
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April 2018 loan (Iberdrola Mexico)

○ Assets allocated

Area	Technology	Name of project	Location	Start-up year	Installed capacity attributable to the loan (MW)
Renewables	Onshore wind	VENTOSA	Mexico	2009	102
Renewables	Onshore wind	BII NEE STIPA	Mexico	2010	26
Renewables	Onshore wind	VENTA III	Mexico	2012	59

○ Total amount invested by area

Area	Investment allocated to the bond (€M)
Renewables	325 ¹⁴

○ Sustainability indicators

Installed capacity attributable to the bond (MW)	2019 production attributable to the loan (GWh)	CO ₂ avoided due to the loan (Tm)
188	438	230,709

¹⁴ Exchange rate used €1 = \$1.23 (April 2018).

February 2019 Bond (ISIN code XS1890845875) (hybrid)

○ Assets allocated

Area	Technology	Name of project	Location	Start-up year	Installed capacity attributable to the bond (MW)
Renewables	Offshore wind	EAST ANGLIA	United Kingdom	2019	180
Renewables	Offshore wind	WIKINGER	Germany	2017	51

○ Total amount invested by area

Area	Investment allocated to the bond (€ millions)
Renewables	800

○ Sustainability indicators

Installed capacity attributable to the bond (MW)	2019 production attributable to the bond (GWh)	CO ₂ avoided due to the bond (Tm)
231	232	93,265

Támega ICO loan (30/05/2019)

Area	Technology	Name of project	Location	Start-up year	Installed capacity attributable to the loan (MW)
Renewables	Hydroelectric	Támega	Portugal	2023	310

○ Amount of planned investment: €1,495 million

Area	Investment allocated to the loan (€ millions)
Renewables	400

○ Sustainability indicators

Installed capacity attributable to the loan (MW)	2019 production attributable to the loan (GWh)	CO ₂ avoided due to the loan (Tm)
310	N/A	N/A

Núñez Balboa ICO Loan (11/07/2019)

Area	Technology	Name of project	Location	Start-up year	Installed capacity attributable to the loan (MW)
Renewables	Photovoltaic solar	Núñez de Balboa	Spain	2020	241

- **Amount of planned investment: €290 million**

Area	Investment allocated to the loan (€ millions)
Renewables	140

- **Sustainability indicators**

Installed capacity attributable to the loan (MW)	2019 production attributable to the loan (GWh)	CO ₂ avoided due to the loan (Tm)
241	N/A	N/A

Núñez de Balboa EIB Loan (11/07/2019)

Area	Technology	Name of project	Location	Start-up year	Installed capacity attributable to the loan (MW)
Renewables	Photovoltaic solar	Núñez de Balboa	Spain	2020	250

- **Amount of planned investment: €290 million**

Area	Investment allocated to the loan (€ millions)
Renewables	145

- **Sustainability indicators**

Installed capacity attributable to the loan (MW)	2019 production attributable to the loan (GWh)	CO ₂ avoided due to the loan (Tm)
250	N/A	N/A

Renovables de la Ribera EIB Loan (04/11/2019)

Area	Technology	Name of project	Location	Start-up year	Installed capacity attributable to the loan (MW)
Renewables ⁽¹⁾	Photovoltaic solar	Nuñez de Balboa	Spain	2020	27

- **Amount of planned investment¹⁵: €52.25 million**

Area	Investment allocated to the loan (€ millions)
Renewables	25

- **Sustainability indicators**

Installed capacity attributable to the loan (MW)	2019 production attributable to the loan (GWh)	CO ₂ avoided due to the loan (Tm)
27	N/A	N/A

¹⁵ Only takes into account 50%, the value of Iberdrola's interest.

External

Independent Assurance Report on *Green* Financing



This version of our report is a free translation of the original, which was prepared in Spanish. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation.

Independent Verification Report

To the Management of Iberdrola S.A.:

We have carried out our work to provide a limited assurance on the information related to (re)financed project of the Green Bonds in 2019, 2018, 2017, 2016 and 2014 (ISIN XS1890845875, ISIN XS1924319301, ISIN XS1847692636, ISIN XS1797138960, ISIN XS1721244371, ISIN XS1682538183, ISIN XS1575444622, ISIN XS1564443759, ISIN XS1527758145, ISIN XS1490726590, ISIN XS1398476793, ISIN XS1057055060) issued by Iberdrola International B.V. and Iberdrola Finanzas, S.A.U., as well as the subscription of a green bank loan by Iberdrola Mexico, S.A., the subscription of two green loan between Iberdrola Financiación, S.A.U. and Instituto de Crédito Oficial, Corporate State-owned Entity, the subscription of a green loan between Iberdrola Financiación, S.A.U. and European Investment Bank, as well as the subscription of a green loan between Renovables de la Ribera, S.L. and European Investment Bank (hereinafter, "Financial Instruments") contained in the "Report on Green Financing Returns" 2019 of Iberdrola, S.A. and its subsidiaries (hereinafter, "Iberdrola") for the year ended 31 December 2019, and prepared in accordance with the "Iberdrola Framework for Green Financing" document (hereinafter, "the Framework"), available in the web page <https://www.iberdrola.com/shareholders-investors/investors/fixed-income/information-related-to-green-bonds>.

The aspects of the information subject of our review are the following:

- The application of the eligibility criteria in the projects financed by the Financial Instruments described in the Framework, and the final list of assets or projects re(financed).
- The allocation of the funds obtained through the Financial Instruments to the assets or projects financed by them and that the capital invested in the refinanced assets or projects is attributable to the Financial Instruments.
- The verification that the sustainability indicators are prepared in accordance with their calculation methodology, defined in the mentioned "Report on Green Financing Returns", including the description of material exceptions.
- Verification that the information related to the "controversies" referred to in "Report on Green Financing Returns", is included in the "Second Party Opinion" of those public bond issued, as indicated in "the Framework", at the time of the issuance of the Bonds published on the website <https://www.iberdrola.com/shareholders-investors/investors/fixed-income/information-related-to-green-bonds>.



Responsibility of Parent company's management

Management of Iberdrola is responsible for the preparation, content and presentation of the "Report on Green Financing Returns", in accordance with the requirements included in the Framework in which the eligibility criteria of the projects, the allocation of funds, the sustainability indicators and the information related to the "controversies" are described.

Management's responsibility includes establishing, implementing and maintaining the internal control required to ensure that the information included in the "Report on Green Financing Returns" is free from any material misstatement due to fraud or error.

Management of Iberdrola is also responsible for defining, implementing, adapting and maintaining the management systems from which the information required to prepare the mentioned "Report on Green Financing Returns", is obtained.

Our responsibility

Our responsibility is to issue a limited assurance report based on the procedures that we have carried out and the evidence obtained. Our limited assurance engagement was done in accordance with the International Standard on Assurance Engagements 3000 (Reviewed) "Assurance Engagements other than Audits or Reviews of Historical Financial Information", issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC).

The scope of a limited assurance engagement is substantially less extensive than the scope of a reasonable assurance engagement and thus, less security is provided.

The procedures that we have carried out are based on our professional judgment and have included consultations, observation of processes, document inspection, analytical procedures and random sampling test. The general procedures employed are described below:

- Meetings with Iberdrola's personnel from various departments who have been involved in the preparation of the "Report on Green Financing Returns" 2019 in order to know the characteristics of the projects (re)financed by the Financial Instruments, the internal management procedures and systems in place, the data collection process and the environment control.
- Verification of the application of the eligibility criteria, described in the Framework, for the selection of projects (re)financed by the Financial Instruments.
- Analysis of the procedures used for gathering and validating the information and data presented in the sustainability indicators included in the "Report on Green Financing Returns" 2019.
- Verification of the traceability of the funds obtained through the Financial Instruments to finance projects and verification that the investments undertaken by Iberdrola in the projects refinanced have been made in accordance with the Framework criteria.
- Verification that the information related to the "controversies" referred to in "Report on Green Financing Returns" is included in the "Second Party Opinion" for the public Green Bonds issued.



- Verification through random sampling tests revisions and substantive tests of the information related to sustainability indicators. We have also verified whether they have been appropriately compiled from the data provided by Iberdrola's sources of information.
- Obtainment of a management representation letter from the Parent company's management.

Our Independence and Quality Control

We have fulfilled our work in accordance with the independence requirements and other ethical requirements of the Code of Ethics for Professional Accountants of the International Ethics Standard Board for Accountants (IESBA), which are based on basic principles of integrity, objectivity, professional competence and diligence, confidentiality and professional conduct.

Our firm applies the International Standard on Quality Control 1 (ISQC 1) and thus employs an exhaustive quality control system which includes documented policies and procedures on the compliance of ethical requirements, professional standards, statutory laws and applicable regulations.

Limited assurance conclusion

As a result of the procedures carried out and the evidence obtained, no matters have come to our attention which may lead us to believe that:

- The list of assets or projects financed by the Financial Instruments included in "Report on Green Financing Returns" does not comply, in all its significant aspects, with the eligibility criteria described in the Framework.
- The funds obtained through the Financial Instruments have not been assigned to the assets or projects financed by them and that the capital invested in the refinanced assets or projects is not attributable to the Financial Instruments.
- The sustainability indicators contain significant errors or have not been prepared, in all their significant aspects, in accordance with what is indicated in the Framework and as indicated in "Report on Green Financing Returns" in relation to its calculation.
- The "controversies" referred to in the "Report on Green Financing Returns", have not been included in the "Second Party Opinion" at the time of issuance of public Financial Instruments.

Use and distribution

Our report is only issued to the Management of Iberdrola, in accordance with the terms and conditions of our engagement letter. We do not assume any liability to third parties other than Iberdrola's Management.

PricewaterhouseCoopers Auditores, S.L.

Original in Spanish signed by
Pablo Bascones

5 March 2020

