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Second Party Opinion And European Green Bond Pre-Issuance Review

Iberdrola European Green Bond Factsheet

May 7, 2025

Location: Spain **Sector:** Utilities (generation)

Alignment Summary

Aligned = ✓ Conceptually aligned = o Not aligned = ×

- ✓ European Green Bond Regulation (EuGBR)
- ✓ Green Bond Principles, ICMA, 2021 (with June 2022 Appendix 1)

See Alignment Assessment for more detail.

EuGB factsheet Shade: Dark green

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Dark green

Activities that correspond to the long-term vision of a low-carbon climate resilient future.

Our Shades of Green Analytical Approach >

Strengths

Iberdrola has a robust climate action plan backed by targets aligned with the 1.5 Celsius (C) scenario. As part of its climate action plan, it commits to reduce absolute scope 1, 2, and 3 emissions by 65% by 2030 and by 90% before 2040 against a 2020 baseline. Its overarching goal is to achieve net zero emissions by 2040. These targets have been approved by the Science-Based Targets initiative as aligned with the 1.5 C scenario.

Iberdrola's factsheet includes information on how it expects European Green Bonds (EuGBs) to impact the company's taxonomy key performance indicators (KPIs). Specifically, it intends to increase the EU Taxonomy-aligned capital expenditure (capex) KPI by about 90% by 2026 (from 88.8% in 2023 and 89% in 2024).

The issuer commits to publish annually an allocation and an impact report, going beyond EuGB regulation requirements. We also view positively that Iberdrola will seek external reviews of its annual reporting until the bonds mature.

Weaknesses

No weaknesses to report.

Areas to watch

Iberdrola has not disclosed the estimated environmental impacts of the EuGBs in its factsheet. The factsheet states that these will be provided in the post-issuance impact report, annually, and until the maturity date of the relevant European Green Bond given the uncertainty of the specific projects that will be financed for each EuGB issued.

Shades of Green Projects Assessment Summary

Over the three years following issuance of the financing, Iberdrola expects to allocate an amount equivalent to the net proceeds of EuGBs mostly to renewable energy and smart grid projects. It intends to provide a more precise allocation at issuance in a bond-by-bond factsheet.

Renewable energy	**Dark green**
4.1 Electricity generation using solar photovoltaic technology	
4.3 Electricity generation from wind power	
4.5 Electricity generation from hydropower	
4.10 Storage of electricity	

Smart grids	**Dark green**
4.9 Transmission and distribution of electricity	

Sustainable customer solutions	**Medium green**
7.3 Installation, maintenance and repair of energy efficiency equipment	
7.5 Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	
7.6 Installation, maintenance and repair of renewable energy technologies	

Electric mobility	**Dark green**
7.4 Installation, maintenance and repair of charging stations for electric vehicles in buildings (and in parking spaces attached to buildings)	
4.9 Transmission and distribution of electricity	

See Analysis Of Eligible Projects for more detail.

European Green Bond (EuGB) Pre-Issuance Review Summary

We understand Iberdrola's EuGB Factsheet has been completed in line with Articles 4 to 8 and Annex 1 of EuGBR and aligns with the requirements of the EuGBR.

Iberdrola will use the EuGBs net proceeds (excluding deduction costs) to finance and refinance capex associated to assets that are already Taxonomy-aligned, particularly smart grids and renewable energy generation in Spain, the U.K., and the U.S. An estimated amount of cumulative deduction costs deducted from the proceeds will be provided in each bond specific factsheet.

The issuer can finance future capex in projects that have not yet entered operation, provided activities are aligned with the Taxonomy at the time of allocation. Additionally, it can finance and refinance capex associated to operational activities that are aligned with the Taxonomy. There will be no allocation toward transitional activities. The Issuer and Iberdrola do not intend to allocate to activities related to nuclear energy and fossil gas.

Of Iberdrola's capex in 2023, 88.8% is aligned with the EU Taxonomy. Through the issuance of EuGBs the company intends to increase its KPI (aligning capex with the Taxonomy) by approximately 90% by 2026. The company intends to have the EuGBs contribute to Iberdrola's broader environmental strategy, including climate change mitigation (CCM) as referred to in Article 9 of Regulation (EU) 2020/852.

These bonds will facilitate Iberdrola's transition through investments in assets that contribute to reducing scope 1, 2, and 3 emissions by 65% by 2030 and by 90% before 2040 against a 2020 baseline, in line with its overarching objective to become net zero emissions by 2040. Investing in renewable generation, increasing storage capacity and promoting new technologies such as hybridization and long-term storage will allow the company to reduce its scope 1 and 3 emissions. Additionally, investing in smart grids will impact its scope 2 and 3 emissions. Finally, by investing in green solutions for its customers, Iberdrola can contribute to the continued decarbonization and electrification of energy demand, reducing further its indirect emissions.

Alignment opinion	EuGB pre-issuance review
✓	EuGB factsheet completed as per Annex I of the EuGBR
✓	Article 4: Use of the proceeds of EuGB

Article 4 summary table

Economic activity	Technical screening criteria (TSC)		Minimum safeguards (Issuer level)	Overall alignment
	Substantial contribution	Do no significant harm		
4.1 Electricity generation using solar photovoltaic technology	✓	✓		✓
4.3 Electricity generation from wind power	✓	✓		✓
4.5 Electricity generation from hydropower	✓	✓		✓
4.9 Transmission and distribution of electricity	✓	✓		✓
4.10 Storage of electricity	✓	✓		✓
7.3 Installation, maintenance and repair of energy efficiency equipment	✓	✓	✓	✓
7.4 Installation, maintenance and repair of charging stations for electric vehicles in buildings (and in parking spaces attached to buildings)	✓	✓		✓
7.5 Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	✓	✓		✓

7.6 Installation, maintenance and repair of renewable energy technologies	✓	✓		✓

N.A.	**Article 5: Flexibility in the use of the proceeds of EuGBs**
N.A.	**Article 6: Financial assets**
N.A.	**Article 7: Capital expenditure (capex) plan**
✓	**Article 8: Application of the TSC and grandfathering**

Aligned = ✓ Not aligned = ✗ Not covered by the technical screening criteria = Not applicable = **N.A.**

See EuGB Pre-Issuance Review for more detail.

Issuer Sustainability Context

This section provides an analysis of the issuer's sustainability management and the embeddedness of the financing factsheet within its overall strategy.

Company Description

Iberdrola S.A. is a fully integrated power utility operating networks in Spain, the U.S., the U.K., and Brazil, which together contributed 43% of EBITDA in 2023. It also operates in other countries. The company was founded in 1840 and is based in Bilbao, Spain. It generates electricity from renewable sources, such as onshore and offshore wind, hydro, solar photovoltaic, as well as through batteries. Additionally, Iberdrola has a nonrenewable power-generation asset base in Spain, composed of combined-cycle gas turbine (CCGT) plants and legacy nuclear plants. The company is also involved in the purchase and sale of electricity and gas on wholesale markets; energy retail supply activities, such as gas and electricity, and other products and services, including hydrogen, as well as nonrenewable generation. As of 2023, Iberdrola has a total installed capacity of 62,883 megawatts (MW), of which 42,187 MW was renewable generation, 67% of total. It also has over 1.276,500 kilometers of power lines.

Instruments under the factsheet will be issued by Iberdrola Finanzas S.A.U and guaranteed by Iberdrola S.A.

Material Sustainability Factors

Climate transition risk

Power generation is the largest direct source of greenhouse gas emissions globally, making this sector highly susceptible to the growing public, political, legal, and regulatory pressure to accelerate climate goals. Policymakers and regulators are more often pushing for a faster transition to lower-carbon energy, especially as these technologies become more mature and cost competitive. Over the past decade, we have seen multibillion-dollar impairments for most polluting assets, reflecting their weaker economics as taxes increase and they are displaced by new, cleaner technologies. In addition, more stringent decarbonization rules may sometimes restrict their license to operate.

Physical climate risks

Given fixed assets, generators are relatively more exposed to physical climate risks than other sectors. For stakeholders, extreme weather events, including wildfires, hurricanes, and storms, are becoming more frequent and severe and can result in power outages for large populations of users. As water is often a significant resource for hydro, nuclear, and fossil-fuel based power plants, exposure to flooding, drought, or warmer temperatures can also negatively affect operations. In turn, these

dynamics, coupled with regulatory pressure to preserve security of supply, are driving participants to enhance the resilience of assets. Physical climate risks generally involve significant financial losses for operators due to repairs, and more importantly from exposure to extreme power price spikes or claims due to business disruption. We expect these dynamics to continue but vary regionally, depending on regulatory responses.

Waste and recycling

The power generation sector constructs and operates large generating assets that produce large quantities of waste. Nuclear power, in particular, generates hazardous radioactive waste that has a long half-life and lacks viable disposal options. This can prompt community resistance for disposal sites. In addition, end-of-life management--the dismantling, and recycling or processing of waste--exposes companies to financial, reputational, or litigation risks if not properly planned and provisioned, especially for nuclear plants.

Access and affordability

The affordability and reliability of power systems are under pressure from climate-related efforts, exacerbating the high impacts for stakeholders and credit. Power generation is an essential service that must remain accessible, affordable, and reliable for end users, given its critical role in supporting human well-being and global economic development. Service disruptions or steep price increases may be amplified by the necessary investments for the energy transition and physical climate risks. This will likely drive up energy costs. This in turn can affect households' purchasing power and the competitive strengths of local industries and lead to local and regional public opposition. We believe this affordability pressure adds both complexity and uncertainty to the roll-out of the energy transition. The business model for power plants may evolve depending on the pace and extent of the transformation of the energy mix and the necessary evolution of the market design and regulation.

Safety

Safety is an important risk in the power generation sector that is generally well managed. However, nuclear generation can lead to low-probability, high-impact risks associated with the potential for weapon proliferation along with maximum credible accidental radiation from the operation of plants, with devastating workforce and regional consequences. In March 2019, Iberdrola signed a protocol agreement for the closure of the nuclear plants between 2025 and 2035.

Issuer And Context Analysis

The eligible project categories address climate transition and physical climate risks. These are the most important material sustainability factors for Iberdrola. Investments in renewable energy, smart grids, sustainable customer solutions, and electric mobility are key to mitigating climate transition risks. Iberdrola has invested more than €140 billion in the energy transition since 2000. This has moved its electric system toward a more decarbonized generation mix, increasing its installed capacity free of emissions. It has therefore achieved a significant reduction in emissions. Physical climate risks are also relevant because power generation assets and transmission and distribution lines (particularly overhead, which represent approximately 93% of transmission lines and 84% of distribution lines in 2023) are highly exposed to the effects of climate change.

Financed projects support Iberdrola's plan to reduce its greenhouse gas emissions. As part of its climate action plan, Iberdrola commits to reduce absolute scope 1, 2, and 3 emissions by 65% by 2030 and by 90% before 2040 against a 2020 baseline. It aims to achieve net zero emissions by 2040. Iberdrola commits to having residual emissions neutralized. These targets have been approved by the Science-Based Targets initiative as aligned with the 1.5 C scenario. To achieve its goals, the company plans to invest by 2026 about €15.5 billion in renewable generation, increase storage capacity and promote new technologies such as hybridization and long-term storage. The company aims to reach 52 gigawatts (GW) of renewable installed capacity by 2030. Additionally, it will invest €21.5 billion in networks with the aim of reaching 100% integrated smart

grids by 2030 (85% expected in 2026). The company will continue providing green solutions to customers to promote decarbonization of electricity demand and electrification. Finally, it will continue to acquire renewable energy for its own consumption, and to tackle grid-losses, which represented approximately 57% of scope 2 emissions in 2023.

Iberdrola assesses physical climate risk, using relevant climate scenarios, for all its activities. It has analyzed the evolution of the main climate threats based on regionalized projections obtained from climate tools in the various regions in which it operates, including Copernicus (Europe), UK Climate Projections, and the INPE platform (Brazil), among others. The analysis considered two scenarios: RCP 8.5, and RCP 4.5 over 2030-2070. The findings of the analysis for the company's various assets identify extreme weather events (storm, winds, precipitation, and floods) as one of the main threats for the various technologies and jurisdictions. As part of its analysis, the company measures the resiliency, recovery, and adaptability of its assets and invests in mitigation measures. For instance, Iberdrola has made electricity grids more resilient to the increasing frequency and severity of extreme events. It has done so by continuing to invest heavily in upgrading its network to integrated smart grids, which makes them more reliable. It has also improved incident response processes, both in terms of handling customers affected and network downtime.

We view favorably Iberdrola's defined strong targets as part of its circular economy management plan. By 2030 the company intends to achieve 100% recycling of blades and photovoltaic panels (50% in 2025). In this regard, in 2023 it has created the company EnergyLoop together with FCC, to provide a commercial and scalable solution to the recycling of wind turbines. Additionally, Iberdrola intends to ensure 50% of the steel it procures by 2030 to be low-emissions steel.

In the field of nuclear power, Iberdrola continues to maintain high levels of safety, reliability, and efficiency. During 2023, company has implemented the PRiSM tool at the Cofrentes plant, for real-time monitoring of the main facilities and early identification of possible degradation processes using machine learning methods. Regarding radioactive waste from its nuclear plants in Spain, we note its management is handled by the Spanish National Radioactive Waste company (Enresa), which prepares it for reuse, segregation, recycling, and recovery as part of its safe management. According to Law 25/1964 on nuclear energy, the state assumes ownership of the radioactive waste.

Alignment Assessment

This section provides an analysis of the factsheet's alignment to Green Bond principles.

Alignment Summary

Aligned = ✓ Conceptually aligned = o Not aligned = ×

✓ Green Bond Principles, ICMA, 2021 (with June 2022 Appendix 1)

✓ Use of proceeds

We apply a shade of green assessment to all the factsheet's green project categories and note that the issuer commits to allocate an amount equal to the net proceeds exclusively to eligible green projects. The issuer uses the EU Taxonomy's climate mitigation substantial contribution criteria for its activities, which helps the company assess the eligibility of its assets. Please refer to the Analysis Of Eligible Projects section for more information on our analysis of the environmental benefits of the expected use of proceeds.

Finally, the issuer can both finance and refinance capex associated to EU Taxonomy-aligned projects, in line with the gradual approach under the EuGBR.

✓ Process for project evaluation and selection

The factsheet outlines the process to evaluate and select potential projects, with environmental objectives clearly outlined for all project categories. The eligible projects are identified by the controlling department and evaluated by Finance and Treasury department. Furthermore, the alignment with the Taxonomy criteria will be ensured by the sustainable development team within the environmental, social, and governance division. The potential environmental and social risks associated with the projects are identified and managed through do no significant harm (DNSH) and minimum safeguard requirements as outlined in the EU Taxonomy. Iberdrola ensures that all its outstanding and future Green Bonds, including European Green Bonds, do not finance any of the activities of the EU Paris Aligned Benchmark (EU PAB) exclusions.

✓ Management of proceeds

Iberdrola has established a dedicated process to track the net proceeds from instruments issued under its factsheet and allocate them within 24 months after the issuance of a green instrument, in line with market practice. Upon receipt, the proceeds will be managed by Iberdrola's financing and treasury department, which is responsible for the allocation of green financing proceeds to eligible green assets. Unallocated proceeds will be temporarily held in cash, time deposits with banks, or other forms of available short-term liquid funding.

✓ Reporting

The issuer commits to report annually on the allocation and impact of the net proceeds until maturity of the EuGBs issued under the factsheet. The allocation report will include information at project level, including a description of the project, total amount of proceeds allocated, and share of refinancing, if applicable. Iberdrola also commits to publish a post issuance impact report detailing the environmental impact of the bond proceeds along with the impact indicators outlined in the factsheet. Both reports will be made available through Iberdrola's public website on its green finance page.

Analysis Of Eligible Projects

This section provides details of our analysis of eligible projects, based on their environmental benefits and risks, using the "Analytical Approach: Shades Of Green Assessments".

Overall Shades of Green assessment

Iberdrola expects to allocate an equivalent amount of the net proceeds from the EuGBs primarily to renewable energy and smart grid projects. A more precise allocation will be provided at issuance in a bond-by-bond factsheet. Therefore, we assess the factsheet as Dark green.

EuGB factsheet Shade: **Dark green**

Activities that correspond to the long-term vision of a low-carbon climate resilient future.

Our Shades of Green Analytical Approach >

Green project categories

Renewable energy

Assessment	Description
Dark green	Electricity generation using solar photovoltaic technology and wind power: Activities include the construction and operation of electricity generation facilities that produce electricity using solar photovoltaic (PV) technology, and electricity from wind power (onshore and offshore). Electricity generation from hydropower: activities include hydroelectric facilities that comply with any of the following criteria: • The electricity generation facility is a run-of-river plant and does not have an artificial reservoir. • The power density of the electricity generation facility is above 5 watts per square meter. • the life-cycle greenhouse gas emissions from the generation of electricity from hydropower are lower than 100 grams of carbon dioxide equivalent per kilowatt hour (CO_2e/kWh). Storage of electricity: Activities include the construction and operation of facilities that store electricity and return it at a later time in the form of electricity.

Analytical considerations

- Renewable energy projects such as solar PV, wind, hydroelectric power and electricity storage are key elements in limiting global warming to well-below 2 C, provided their negative impacts on the local environment, and physical risks are sufficiently mitigated.
- The company's investments in wind, solar, hydropower plants, and electricity storage support the Paris Agreement's modelled pathways. These imply that almost all electricity is supplied from zero or low-carbon sources by 2050. In addition, Iberdrola has taken steps to address physical climate risks, impacts on biodiversity, and circularity in the value chain. As a result, we assess these projects as Dark green.

- Iberdrola expects the majority of net proceeds in this category to be directed toward financing offshore wind farms (mainly in the U.K.), followed by solar power, with a smaller share allocated to battery storage and hydropower assets. In terms of jurisdictions, renewable energy assets will primarily be in Spain, the U.S., and the U.K. Some will be located in Mexico, Australia, Germany, and France. In Spain, renewables were responsible for 56.8% of electricity generation in 2024. In the U.S. it accounted for 30% in the same year and in the U.K for 46% in 2023.
- Renewable energies projects like wind, solar, and hydropower plants can have negative impact on local biodiversity. For all projects included in the category Iberdrola ensures compliance with local environmental regulations by completing environmental impact assessments (EIAs) and implementing mitigation measures when necessary. Further, for sites located close to biodiversity-sensitive areas, it implements relevant mitigation and compensation measures. Iberdrola follows the conservation hierarchy in all its projects: avoid, reduce, restore, and regenerate. For instance, for the construction of plants the company strategically selects sites outside of biodiversity-sensitive and protected areas, promotes technological solutions that minimize change in land use, establishes plans for the identification and management of invasive species, and plans to restore and offset residual impacts on threatened habitats, among other actions. Iberdrola also implements a net balance accounting framework to better evaluate the positive and negative impacts of its activity, facilities, and processes.
- There are carbon emission considerations at various steps of the lifecycle of solar PV panels, hydropower plants, and wind turbines. These range from the sourcing and manufacturing of materials, their transportation, and the equipment's end of life. We note that Iberdrola has not yet conducted the LCA assessment for its assets. However, as part of it's net-zero commitments across the entire value-chain, such emissions will be mitigated. To promote circularity of financed assets, Iberdrola commits to applying the four 'R's approach: redesign, reduce, reuse, and recycle. It aims to reduce raw material consumption, extending assets' operational lifespan with the possibility of providing them with a second life, as well as to minimize the waste generation by providing adequate treatment.
- The factsheet also covers projects related to energy storage, including battery energy storage systems (BESS) and pumped hydropower, though expected allocation of proceeds will be minor. Such systems balance energy supply and demand by storing excess energy and releasing it when needed. The issuer further informed us that chemical energy storage will not be financed. It has confirmed that energy stored will be fully renewable, meaning no storage of electricity generated using fossil fuels will be financed. Risks highlighted in the paragraphs above are applicable to energy storage projects as well, for example those related to life-cycle emissions and local environmental impacts. We understand that Iberdrola's approaches to such risks will apply equally to its energy storage investments.
- Iberdrola performs a physical climate risk assessments across all its eligible projects. For more information, please see the issuer sustainability context above.

Smart grids

Assessment	Description
Dark green	• General network investments in the interconnected European system that facilitate the full decarbonization of the system as defined by the EU Taxonomy. The average emissions factor of the system network (five-year moving average) is below the threshold value of 100 grams CO_2e/kWh, measured on a life cycle basis. • IT systems supporting network control, demand side response and distributed generation dispatching within the interconnected European system. The average emissions factor of the system network (five-year moving average) is below the threshold value of 100 grams CO_2e/kWh, measured on a life cycle basis. • Projects intended to support access to energy, especially in areas of lower penetration or isolated and distributed generation within the interconnected European system. The average emissions factor of the system network (five-year moving average) is below the threshold value of 100 grams CO2e/kWh, measured on a life cycle basis.

Analytical considerations

- Transmission and distribution grids need to be modernized and expanded to facilitate the electrification and decarbonization of the economy through the integration of rising shares of renewable energy. Investment in strengthening electricity grids, coupled with energy efficiency measures, can boost reliability and flexibility, while offering feasible medium- to-long-term solutions with both mitigation and adaptation benefits.
- Through this project category the issuer will invest in the expansion, enhancement, and maintenance of electric distribution systems to meet the expected increase in electricity demand in the interconnected European System, particularly in Spain and the U.K. While electricity demand in Europe has dropped since 2021, The European Union's commitment to achieving net zero emissions by 2050 has led to increasingly ambitious policies concerning emissions, renewables, electric vehicles (EVs), and heat pumps. These policies may foster the growth of 1%-7% annual electricity demand to 2030, as forecasted by governments and system operators. We view positively that the network serves current and growing communities, households, and businesses, and that proceeds will not be dedicated to finance connections to potential high-emitting end users or those associated with fossil fuel activities. We understand that as a proxy for this commitment, any direct grid connections of power plants other than wind, solar, or hydro energy will be excluded.
- The electricity grid in Spain is relatively clean (56.8% in 2024). Wind contributes approximately 23% of this, followed by solar PV (17%). In the U.K., renewables contribute to approximately 46% of the electricity grid in 2023 (wind power is the largest source at 29.4%). According to the latest data, the average emission factor of Spain and the UK's electricity grids is calculated at 108 grams and 124 grams CO_2/kWh, respectively. Both figures are slightly above the EU's taxonomy threshold of 100 grams CO_2/kWh. This said, we assess this activity as Dark green considering the necessity of electrifying the economy to achieve a low-carbon and climate-resilient future and given the high percentage of renewable energy currently being transmitted through the grids in both countries.
- We view Iberdrola's investments in IT systems supporting network control, demand side response, and distributed generation dispatching as a Dark green solution given its role in facilitating the increased integration of renewables to the grid.
- With respect to physical climate risks, the issuer identifies and evaluates the impact of climate change on its operations and implements measures to mitigate these. Such risks are material to Iberdrola's network assets, particularly to overhead transmission and distribution lines. In this regard, Iberdrola continues to invest heavily in upgrading its network to integrated smart grids, with the aim of making them more reliable and streamlining the company's ability to respond to incidents, both in terms of customers affected and network downtime.
- Investments can include both overground, underground, and undersea lines. This can give rise to biodiversity and ecosystem risk. Iberdrola assesses the biodiversity risks and impacts of its technologies, including changes in the state and extent of ecosystems brought about by the development of new grid infrastructures, the use and degradation of natural resources, and the interaction with species during the development, operation and maintenance of network infrastructure. At each of the facilities, these potential impacts are analyzed and quantified to ensure appropriate mitigation and remediation measures are implemented.

Sustainable customer solutions

Assessment	Description
Medium green	• Heating electrification as heat pumps: Iberdrola's activities cover the installation, replacement, maintenance, and repair of heating, ventilation, and air conditioning (HVAC) and water heating systems, including equipment related to district heating services, with highly efficient technologies. • Projects that improve the energy efficiency in buildings: The issuer confirms the projects will align with the addition of insulation to existing envelope components, the installation and replacement of energy efficient light sources, installation, replacement, maintenance and repair of HVAC and water heating systems with highly efficient technologies. • Smart meters: installation, maintenance and repair of smart meters for gas, heat, cool, and electricity.

- Distributed generation as Iberdrola's "Smart Solar": installation, maintenance, and repair of solar PV systems as well as solar hot water panels and the ancillary technical equipment for both technologies.

Analytical considerations

- Energy efficiency measures are necessary to transition to a low-carbon economy, but their climate benefits and risks vary. These help in reducing energy consumption and, consequently, result in decreased emissions. Efforts to improve energy efficiency should be backed by rigorous quantitative performance metrics and should aim to reduce additional environmental impacts.
- Some activities outlined in the factsheet align with the necessary steps to decarbonize buildings, namely the implementation of renewable energy power sources, such as heat pumps, and energy-efficient technologies. We consider such investments Dark green given these measures can reduce energy consumption, and subsequently emissions.
- We assess investments in the installation, maintenance, and repair of renewable energy technologies as Dark green, considering their role in a low carbon, climate resilient future.
- Additionally, we view the replacement of outdated technologies with smart energy technology such as aerothermal systems, HVAC, and thermostats, to improve energy management. Adding insulation to a building's existing envelope components can significantly reduce heat loss in winter and heat gain in summer, thereby lowering energy consumption for heating and cooling. Given that the company does not commit to a significant performance threshold improvement, nor commits to carrying out life cycle assessments of these technologies to ensure an adequate improvement in terms of emission reduction, we assess this activity as Light green.
- Investments in smart energy meters can help Iberdrola's customers monitor the energy consumption reduce energy demand and, consequently, mitigate its indirect emissions. Smart meters for gas are also eligible under this activity, and while Iberdrola expects the allocation of proceeds to these technologies to be minimal, their inclusion contributes to the Light green shade of this activity.

Electric mobility

Assessment	Description
Dark green	Infrastructure for the electrification of transport: Construction and operation of EV charging stations and supporting electric infrastructure for the electrification of transport.

Analytical considerations

- We see charging stations as a key technology for a low-carbon climate-resilient future because they can help promote the transition to low-carbon transport. The issuer is planning to invest only in charging stations, which can offer lifecycle emissions savings compared to conventional internal combustion engines, depending on whether their manufacturing and charging are fueled by renewable energy. We therefore assess this category as Dark green.
- The availability of charging infrastructure for EVs is key to the transition toward cleaner transportation, where electrification is a central technology. Charging stations can also be used by hybrid vehicles, involving some fossil-fuel use.
- Actual emissions reduction vehicles can provide depends on the electricity source of the charging station. If the charging stations use a local grid, the reductions depend on the grid's profile. The type of EV using the asset is also a factor.
- The construction of charging stations faces some upstream risks from the mining of essential minerals such as copper or aluminum for cabling. The extraction processes for these materials can lead to environmental harm, water pollution, labor exploitation, and community conflicts. Charging stations are also subject to supply chain risks, namely from the extraction of the minerals lithium and cobalt.
- The financing may include the installation and maintenance of solar panels for customers to generate their own electricity to charge the electric vehicles.

S&P Global Ratings' Shades of Green

Assessments	Dark green	Medium green	Light green	Yellow	Orange	Red
Description	Activities that correspond to the long-term vision of an LCCR future.	Activities that represent significant steps toward an LCCR future but will require further improvements to be long-term LCCR solutions.	Activities representing transition steps in the near-term that avoid emissions lock-in but do not represent long-term LCCR solutions.	Activities that do not have a material impact on the transition to an LCCR future, or, Activities that have some potential inconsistency with the transition to an LCCR future, albeit tempered by existing transition measures.	Activities that are not currently consistent with the transition to an LCCR future. These include activities with moderate potential for emissions lock-in and risk of stranded assets.	Activities that are inconsistent with, and likely to impede, the transition required to achieve the long-term LCCR future. These activities have the highest emissions intensity, with the most potential for emissions lock-in and risk of stranded assets.
Example projects	Solar power plants	Energy efficient buildings	Hybrid road vehicles	Health care services	Conventional steel production	New oil exploration

Note: For us to consider use of proceeds aligned with ICMA Principles for a green project, we require project categories directly funded by the financing to be assigned one of the three green Shades.

LCCR--Low-carbon climate resilient. An LCCR future is a future aligned with the Paris Agreement; where the global average temperature increase is held below 2 degrees Celsius (2 C), with efforts to limit it to 1.5 C, above pre-industrial levels, while building resilience to the adverse impact of climate change and achieving sustainable outcomes across both climate and non-climate environmental objectives. Long term and near term--For the purpose of this analysis, we consider the long term to be beyond the middle of the 21st century and the near term to be within the next decade. Emissions lock-in--Where an activity delays or prevents the transition to low-carbon alternatives by perpetuating assets or processes (often fossil fuel use and its corresponding greenhouse gas emissions) that are not aligned with, or cannot adapt to, an LCCR future. Stranded assets--Assets that have suffered from unanticipated or premature write-downs, devaluations, or conversion to liabilities (as defined by the University of Oxford).

European Green Bond Regulation Pre-Issuance Review

This section provides an opinion on whether the issuer's pre-issuance European Green Bond (EuGB) factsheet is complete and aligns with the requirements of the Analytical Approach: European Green Bond External Review.

Alignment Summary

Aligned = ✓ Not aligned = ✗

✓ European Green Bond Regulation (EuGBR)

Alignment Assessment

Aligned = ✓ Not aligned = ✗ Not applicable = **N.A.**

✓ EuGB factsheet completed as per Annex I of the EuGBR

We believe Iberdrola's factsheet is complete and includes all the information required in Annex 1 of the EuGBR regulation.

The factsheet describes Iberdrola's environmental strategy and the rationale for why it aims to issue green bonds labeled as EuGBs. These bonds will facilitate Iberdrola's transition by investing in capex associated to EU Taxonomy aligned assets, particularly for smart grids and renewable energy generation mainly in Spain, the U.K., and the U.S. These bonds will facilitate Iberdrola's transition through investments in assets that contribute to reducing scope 1, 2, and 3 emissions by 65% by 2030 and by 90% before 2040 against a 2020 baseline, in line with its overarching objective to become net zero emissions by 2040.

Pursuant of Article 19a(2)(a)(iii) Regulation (EU) 2013/34, Iberdrola adopted its accelerated climate transition plan in 2022 and presented it to the United Nations in 2023. The plan establishes its roadmap aimed at achieving zero net emissions of CO_2 equivalent by 2040. The factsheet describes how the EuGBs will contribute to this plan. Namely, by investing in renewable generation, increasing storage capacity and promoting new technologies like hybridization, and long-term storage, Iberdrola will reduce its scope 1 and 3 emissions. Additionally, investing in smart grids will impact its scope 2 and 3 emissions. Finally, by investing in green solutions for its customers Iberdrola contributes to the continued decarbonization and electrification of the energy demand, hence reducing further its indirect emissions.

Iberdrola's factsheet includes information on how EuGB bonds are expected to impact the company's Taxonomy KPIs. Specifically, it intends to increase the Taxonomy-aligned capex KPI by approximately 90% by 2026 (from 89% in 2024). Additionally, it states that EuGBs may indirectly contribute to Iberdrola's taxonomy-aligned turnover, though it does not provide specific information to the extent. Finally, the EuGBs will not be used to finance opex and hence the issuance of EuGBs will not impact opex related taxonomy KPI's.

Iberdrola has not disclosed in its EuGB factsheet the estimated environmental impacts of the EuGBs. The factsheet states that these will be provided in the post-issuance impact report, annually and until the maturity date of the relevant European Green Bond given the uncertainty of the specific projects that will be financed for each EuGB issued. We note that it commits to publish and obtain an external review of its EuGB Allocation Report, and Impact Report, going beyond the EuGBr requirements. Through the latter, Iberdrola will disclose the actual impact of the bonds. These reports will adhere to the requirements outlined in Annexes II and III of the EuGBR and may include additional voluntary data. The Impact Report will include a disclosure of project level performance indicators including attributable greenhouse gas emissions avoided, or attributable capacity (MW) or attributable lifetime extension (years) to the financing instrument.

The factsheet includes information on the project evaluation process. The list of eligible projects is prepared by the control department together with the business units (renewables, networks, sustainable customer solutions, and sustainable mobility), and evaluated by the finance and treasury department to ensure compliance with its factsheet.

✓ Article 4: Use of the proceeds of EuGBs

We believe Iberdrola's factsheet is aligned with article 4 of the EuGBR.

Iberdrola commits to allocate an amount equal to the net proceeds to finance and refinance capex associated to assets already fully aligned with the EU Taxonomy. There will be no deduction of issuance costs related to the underwriting and or placement from the issue price of the relevant European Green Bond. The company commits to providing an estimate of the cumulative issuance costs that are deducted from the proceeds in each bond-specific factsheet. The proceeds will be tracked, monitored, and managed according to a gradual approach.

Iberdrola expects majority of proceeds to finance or refinance capex related to smart grids in Spain and the U.K, and to renewable energy generation projects primarily in Spain, the U.S., and the U.K., and residually in Mexico, Australia, Germany, and France. Remaining proceeds may be used by the issuer for the installation, maintenance and repair of energy efficient equipment; instruments and devices for measuring, regulation and controlling energy performance of buildings; and renewable energy technologies, and to a lesser extent for the construction and operation of EV charging stations in continental Europe and the UK.

The issuer can finance future capex in projects that have not yet entered operation, provided activities are aligned with the Taxonomy at the time of allocation. Additionally, it can finance and refinance capex associated with operational activities that are aligned with the Taxonomy. We believe this contributes substantially to the EU climate mitigation objective while doing no significant harm to other environmental objectives. There will be no allocation toward transitional activities. The Issuer and Iberdrola do not intend to allocate to activities related to nuclear energy and fossil gas

In implementing the projects, Iberdrola has processes and policies that, in our view, align with the four components of the minimum safeguards.

EU Taxonomy alignment analysis

4.1 Electricity generation using solar photovoltaic technology –NACE code: D35.1.1

Iberdrola expects to allocate a large percentage of net proceeds toward renewable energy projects, particularly to the financing and refinancing of capex associated to the construction and operation of solar PV power plants. The construction of 4 GW solar technology will be completed mostly in the U.S., Italy and Spain between 2024 and 2026.

Opinion	Key findings
Substantial contribution: Technical screening criteria assessment	
✓	• We consider Iberdrola's financing related to electricity generation using solar PV technology aligned with the TSC for a substantial contribution to the EU' s climate mitigation objective.
Do no significant harm (DNSH): Technical screening criteria assessment	
✓	• According to the EU Taxonomy, this activity must not harm EU climate adaptation, the circular economy and biodiversity objectives. We consider the issuer's activity to be aligned with the DNSH TSC for climate adaptation, circular economy, and biodiversity (please see the generic DNSH table for the analysis of the DNSH criteria on climate adaptation and biodiversity). • For DNSH to the circular economy, Iberdrola has integrated principles of high durability, recyclability, ease of dismantling, and refurbishment. For example, under Iberdrola's circular economy plan 2030, the company has set an ambitious target to achieve 100% reusability and recyclability of photovoltaic blades and panels by 2030, as well as circular construction and dismantling. To achieve these objectives, the company is commits to applying the four 'R's: redesign, reduce, reuse, and recycle. It also closely collaborates with suppliers to increase the use and consumption of materials with low environmental impact and high recyclability and durability.

4.3 Electricity generation from wind power –NACE code: D35.1.1

Iberdrola expects to allocate a large percentage of net proceeds toward renewable energy projects. Of this, it expects a substantial amount to be directed toward the financing and refinancing of capex associated to the construction and operation of electricity generation facilities that produce electricity from wind power onshore and offshore. Over half of investments in renewable energy will be directed toward offshore wind, with projects currently underway in Germany, the U.S., and the U.K. In terms of onshore wind, projects in the Iberian Peninsula, the U.S., the U.K., and Australia will account for around 1.2 GW electrical power capacity. Thus, the activity will substantially contribute to climate change mitigation objective, in our view.

Opinion	Key findings
Substantial contribution: Technical screening criteria assessment	
✓	• We consider Iberdrola's financing related to electricity generation from wind power aligned with the TSC for a substantial contribution to the EU' s climate mitigation objective.
Do no significant harm (DNSH): Technical screening criteria assessment	
✓	• According to the TSC, this activity must not harm EU climate adaptation, water, circular economy, and biodiversity objectives. We consider the issuer's activity to be aligned with the DNSH TSC for climate adaptation, water, circular economy, and biodiversity (please see the generic DNSH table for the analysis of the DNSH criteria on climate adaptation).With regards to water, Iberdrola commits to ensuring the activity will not hamper the achievement of good environmental status (GES) as set out in Directive 2008/56/EC of the European Parliament and of the Council. In relation to the construction of offshore wind farms, Iberdrola commits to ensuring that energy, including underwater noise, is at levels that do not adversely affect the marine environment by conducting comprehensive EIAs. As part of the EIAs, specific measures include conducting noise impact assessments, using bubble curtains for noise mitigation, setting thresholds, spatial and temporal noise management, such as avoiding construction and operations during sensitive times for marine species or avoiding high-importance or sensitive habitats, like marine protected areas or critical feeding areas. • In terms of DNSH to biodiversity, the issuer commits to ensuring the activity does not hamper the achievement of good environmental status as set out in Directive 2008/56/EC, as well as implementing measures to prevent or mitigate impacts in relation to that Directive's Descriptors 1 (biodiversity) and 6 (seabed integrity). For example, burial of medium voltage (MV) will help reduce physical impact on the seabed by avoiding exposure of cables that could damage the seabed or disrupt benthic (seabed) habitats. In addition, the use of drones for the inspection of wind farms will reduce the need for physical intrusive inspections, helping to minimize seabed disturbances and potential harm to marine species. Iberdrola also commits to conducting periodic monitoring of the operation of the systems, which will help detect and mitigate potential negative impacts. As part of the EIAs, Iberdrola establishes threshold values to mitigate adverse effects of physical disturbance. • For DNSH to the circular economy, Iberdrola has integrated principles of high durability, recyclability, ease of dismantling and refurbishment. The circular economy strategies outlined in the electricity generation from solar PV technology also apply (please see the DNSH criteria for Solar PV technology).

4.5 Electricity generation from hydropower –NACE code: D35.1.1

We understand that only a minor amount of the proceeds will be allocated to finance or refinance capex associated to the construction and operation of hydropower plants for electricity generation (around 4% of the total proceeds). Further, the assets are or will be located mainly in Spain and other EU countries such as Portugal.

Opinion	Key findings
Substantial contribution: Technical screening criteria assessment	
✓	We consider Iberdrola's financing related to the electricity generation from hydropower aligned with the TSC for a substantial contribution to the EU's climate mitigation objective.

- Iberdrola confirms that the eligible projects will only include the financing of hydropower plants where the plant is either run-of-river without an artificial reservoir or where the power density of the electricity generation facility is above 5 watts per square meter. These activities can substantially contribute to climate change mitigation, in our view.

Do no significant harm (DNSH): Technical screening criteria assessment

- According to the EU Taxonomy, this activity must not harm EU climate adaptation, water, and biodiversity objectives. We consider the issuer's activity to be aligned with the DNSH TSC for climate adaptation, water, and biodiversity objectives (please see the generic DNSH table for the analysis of the DNSH criteria on climate adaptation and biodiversity).
- Iberdrola confirms that all relevant regulations are followed in relation to the water DNSH criteria. It confirms its adherence to the provisions of Directive 2000/60/EC, particularly Article 4 and 11, which mandate the sustainable management of water resources, by demonstrating that each river basin contributes to the ecological and passage flows outlined in the Hydrological Plans. Where necessary, Iberdrola is actively developing projects to safeguard the ecological integrity of river sections downstream of its dams.
- The company conducts EIAs for all its existing hydroelectric plants, that it complements with specific action plans tailored to the characteristics of the affected ecosystems. These plans focus on pollution prevention, biodiversity preservation, environmental restoration, and stakeholder collaboration. These initiatives are designed to compensate for the loss of ecosystems during construction, through the restoration of the environmental ecosystems. The measures encompass ensuring effective fish migration through the installation of fish-friendly turbines and guidance structures, among other factors. Iberdrola annually monitors the effectiveness of those measures by basin through the dedicated action plans.

✓

- For new hydropower plants, in accordance with Article 4, paragraph 7 of Directive 2000/60/EC, Iberdrola ensures that an EIA is conducted prior to the construction of new sites. This assessment evaluates all potential key impacts on the status of water bodies within the river basin, as well as on protected habitats and species that depend on these water bodies. Following the submission of the EIA, an environmental impact statement is obtained, and all feasible measures are adopted to mitigate adverse effects on the water bodies. For new projects currently under development, an EIA has been performed that shows the plants do not entail any actual or potential deterioration or compromise the achievement of good status of the specific water body it relates to, nor of the water bodies in the same river basin district. Furthermore, the company confirms that all technically feasible and ecologically relevant mitigation measures are implemented to reduce adverse impacts on water as well as on protected habitats and species directly dependent on water. Specific examples of initiatives implemented include the use of floating buoys as a visual and/or physical barrier to mark restricted or designated areas in water bodies, hunting fencing channels, and hydraulic studies of fish passages. Furthermore, the issuer states that where relevant, it implements compensatory measures ensuring that the projects do not increase the fragmentation of water bodies.

4.9 Transmission and distribution of electricity –NACE codes: D35.1.2, D35.1.3

The issuer expects to allocate a large percentage of net proceeds to finance or refinance capex related to smart grids. The assets are or will be located in Spain and the U.K. A minor amount of the proceeds could be allocated toward the construction and operation of EV charging stations and supporting electric infrastructure for the electrification of transport. The assets are or will be located in continental Europe and the U.K.

Opinion **Key findings**

Substantial contribution: Technical screening criteria assessment

We consider Iberdrola's financing related to the transmission and distribution of electricity aligned with the TSC for a substantial contribution to the EU's climate mitigation objective.

- For the financing and refinancing of smart grids, Iberdrola confirms that the system is the interconnected European system, and the average emissions factor of the system network (five-year moving average) is below the threshold value of 100 grams CO_2e/kWh, measured on a life cycle basis.

✓

- The company confirms that proceeds will not be dedicated to finance connections to potential high-emitting end users (above 100 grams CO_2/kWh) or those associated with fossil fuel activities
- The proceeds will also be used to finance or refinance the installation of IT systems for supporting network control, demand side response and distributed generation dispatching. The company confirms that metering installations are compliant with the smart metering requirements of Article 20 of Directive (EU) 2019/944.

- Residual proceeds could be used to a lesser extent for the construction and operation of EV charging stations and supporting electric infrastructure for the electrification of transport. Given the nature of these assets, we note it will not be dedicated to the transport or storage of fossil fuels.

Do no significant harm (DNSH): Technical screening criteria assessment

- According to the EU Taxonomy, this activity must not harm EU climate adaptation, circular economy, pollution prevention, and biodiversity objectives. We consider the issuer's activity to be aligned with the DNSH TSC for climate adaptation, circular economy, pollution prevention, and biodiversity (please see the generic DNSH table for the analysis of the DNSH criteria on climate adaptation and biodiversity).
- Iberdrola has confirmed a waste management plan is in place to ensure maximal reuse or recycling at end of life in accordance with the waste hierarchy.

✓

- The construction of overground high voltage lines follows the principles of the IFC General Environmental, Health and Safety Guidelines. Measures are implemented to limit impact of electromagnetic radiation on human health, to well below 300 gigahertz magnetic fields in all countries where the activity applies. Iberdrola has occupational health and safety certifications and complies with all international standards and laws.
- Additionally, Iberdrola has strictly controlled the installations' PCB contained in the oil of transformers since before 2000. In coherence with the Stockholm convention, on the elimination of equipment that contains between 50 ppm and 500 ppm PCB by Dec. 31, 2025, a plan has been established to fulfill its total elimination by the end of 2025. Processes with PCBs of more than 50 ppm have been identified and their elimination is monitored through SAP. We understand that Iberdrola will only finance electric grids that do not use PCBs according to Stockholm convention guidelines, and therefore consider this criterion to be met.

4.10 Storage of electricity –NACE code: Not identified by the issuer

A minor amount of the proceeds will be allocated toward the construction and operation of storage of electricity plants. The assets are or will mainly be located in Spain, the U.K., and Australia.

Opinion **Key findings**

Substantial contribution: Technical screening criteria assessment

We consider Iberdrola's financing related to the storage of electricity aligned with the TSC for a substantial contribution to the EU's climate mitigation objective.

✓

- The issuer confirmed that only pumped hydropower and BESS will be eligible for financing under this category. For the latter, the activity covers the "installation, maintenance and repair of solar transpired collectors and the ancillary technical equipment; installation, maintenance and repair of thermal or electric energy storage units and the ancillary technical equipment," which is in line with activity 7.6 "Installation, maintenance and repair of renewable energy technologies".

Do no significant harm (DNSH): Technical screening criteria assessment

- According to the EU Taxonomy, this activity must not harm EU climate adaptation, water, circular economy, and biodiversity objectives. We consider the issuer's activity to be aligned with the DNSH TSC for climate adaptation, water, circular economy, and biodiversity objectives (please see the generic DNSH table for the analysis of the DNSH criteria on climate adaptation and biodiversity).

✓

- For water, since the issuer confirmed that only pumped hydropower connected to the river body is eligible, the activity 4.5 "Electricity generation from hydropower" DNSH requirements apply. Please, see the answers provided to the dedicated activity above.
- Iberdrola has confirmed a waste management plan is in place to ensure maximal reuse or recycling at end of life in accordance with the waste hierarchy.

7.3 Installation, maintenance and repair of energy efficiency equipment –NACE codes: F42, F43, M71, C16, C17, C22, C23, C25, C27, C28, S95.21, S95.22, C33.12

A minor amount of the proceeds can be allocated toward the installation and maintenance of energy efficient technologies.

Opinion	Key findings
	Substantial contribution: Technical screening criteria assessment
✓	We consider Iberdrola's financing related to the installation, maintenance and repair of energy efficiency equipment aligned with the TSC for a substantial contribution to the EU's climate mitigation objective. • The financed activities encompass the installation, replacement, maintenance, and repair of HVAC and water heating systems, including equipment for district heating services, utilizing highly efficient technologies. • In addition, the financing will also include the activities such as installation or replacement of energy-efficient lighting and insulate existing envelope components to enhance the energy efficiency in the building. • Iberdrola confirmed that these activities comply with Directive 2010/31/EU and where applicable, are rated in the highest two energy efficiency classes according to Regulation (EU) 2017/1369 and its delegated acts.
	Do no significant harm (DNSH): Technical screening criteria assessment
✓	• According to the EU Taxonomy, these activities must not harm climate adaptation, pollution prevention EU objectives. We consider this issuer's activity as aligned with the DNSH TSC for climate adaptation and pollution prevention (please see the generic DNSH table for the analysis of the DNSH criteria on climate adaptation, and pollution prevention). • The company confirms building components and materials comply with the criteria set out in Appendix C to this Annex. • Regarding the handling of asbestos, Iberdrola confirms it hires professionals to ensure it complies with applicable legislation, whether local, national or international.

7.4 Installation, maintenance and repair of charging stations for electric vehicles in buildings (and in parking spaces attached to buildings)– NACE codes: F42, F43, M71, C16, C17, C22, C23, C25, C27, C28

A minor amount of the proceeds could be allocated toward the construction and operation of EV charging stations and the associated infrastructure for electric vehicles.

Opinion	Key findings
	Substantial contribution: Technical screening criteria assessment
✓	We consider Iberdrola's financing related to the installation, maintenance and repair of charging stations for EVs in buildings (and in parking spaces attached to buildings) aligned with the TSC for a substantial contribution to the EU's climate mitigation objective. • Iberdrola's activities are directed toward construction and operation of EV charging stations. In addition, the financing may include the installation and maintenance of solar panels for customers to generate their own electricity to charge the electric vehicles.
	Do no significant harm (DNSH): Technical screening criteria assessment
✓	• According to the EU Taxonomy, this activity must not harm EU climate adaptation. We consider the issuer's activity to be aligned with the DNSH TSC for climate adaptation (please see the generic DNSH table for the analysis of the DNSH criteria on climate adaptation).

7.5 Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings –NACE codes: F42, F43, M71, C16, C17, C22, C23, C25, C27, C28

A minor amount of the proceeds could be allocated toward the installation, maintenance, and repair of energy performance instruments and devices for buildings.

Opinion	Key findings
Substantial contribution: Technical screening criteria assessment	
✓	We consider Iberdrola's financing related to the installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings aligned with the TSC for a substantial contribution to the EU's climate mitigation objective. • The financing involves the installation, maintenance, and repair of smart meters for gas, heat, cooling, and electricity.
Do no significant harm (DNSH): Technical screening criteria assessment	
✓	• According to the EU Taxonomy, these activities must not harm the climate adaptation EU objective. We consider this issuer's activity as aligned with the DNSH TSC for climate adaptation (please see the generic DNSH table for the analysis of the DNSH criteria on climate adaptation).

7.6 Installation, maintenance and repair of renewable energy technologies –NACE codes: F42, F43, M71, C16, C17, C22, C23, C25, C27, C28

A minor amount of the proceeds could be allocated toward the installation and maintenance of renewable energy technologies.

Opinion	Key findings
Substantial contribution: Technical screening criteria assessment	
✓	We consider Iberdrola's financing related to the installation, maintenance, and repair of renewable energy technologies aligned with the TSC for a substantial contribution to the EU's climate mitigation objective. • The financing includes the installation, maintenance, and repair of solar photovoltaic systems and solar hot water panels, along with the associated technical equipment for both technologies.
Do no significant harm (DNSH): Technical screening criteria assessment	
✓	• According to the EU Taxonomy, these activities must not harm the climate adaptation EU objectives. We consider this issuer's activity as aligned with the DNSH TSC for climate adaptation (please see the generic DNSH table for the analysis of the DNSH criteria on climate adaptation).

Aligned = ✓ Not aligned = ✗

Analysis of the generic DNSH

Opinion	Environmental objective	Key findings
✓	Climate adaptation	Iberdrola has analyzed the evolution of the main climate threats based on regionalized projections obtained from climate tools in the various regions in which it operates, including Copernicus (Europe), UK Climate Projections, and the INPE platform (Brazil). The analysis considered two scenarios: RCP 8.5, and RCP 4.5 in line with the recommended EU Taxonomy scenarios, over the 2030–2070-time-horizon. As part of its analysis, the company measures the resiliency, recovery and adaptability of its assets and invests in mitigation and adaptation measures. As part of Iberdrola's physical risk

		assessment, a list of adaptation measures has been identified for each type of technology, and specific relevant adaptation solutions are applied for all existing and new assets.
✓	Sustainable water	Iberdrola carries out EIAs that include water risks, and it complies with all relevant legislation regarding the preservation of water quality and the achievement of good water status and good ecological potential. It confirms it applies measures with the aim to compensate for the loss of ecosystems during construction, through its restoration in the project environment.
✓	Pollution prevention	Iberdrola confirms it meets the generic criteria for pollution prevention and control regarding the use of harmful substances. It states that information is collected and analyzed for each activity, and that a questionnaire defined by Regulation (EU) 2020/852 of the European Parliament and the Climate Delegated Act 2139-2021 is completed. Supporting documentation is provided where applicable, which is validated by specialized personnel.
✓	Biodiversity protection	For all projects in scope of financing, Iberdrola ensures compliance with local environmental regulations by completing EIAs. For sites and operations located in or near biodiversity-sensitive areas it sets an environmental monitoring plan that includes specific mitigation and compensation measures. Furthermore, whenever a significant impact to the environment is detected, corrective actions are defined, considering technical and economic feasibility. The identification of risks and opportunities also entails the creation of an action plan.

Aligned = ✓ Not aligned = ✗

Minimum safeguards assessment at issuer level

Opinion	Key findings
✓	• Iberdrola's commitment to human rights is formalized in its Policy on Respect for Human Rights approved by the board of directors in 2015 and last revised in December 2023. This policy establishes the mandatory principles of conduct for all its employees, as well as the need for the group to have the necessary procedures and governance systems in place to guarantee respect for human rights with respect to its businesses, countries in which it operates, and its supply chain. • The company has established a human rights due diligence process to ensure the identification of actual and potential impacts on human rights, the integration of the conclusions of this analysis and relevant action, follow-up on the company's responses, and communication of the way in which negative consequences are dealt with. In accordance with the UNGP, Iberdrola has also implemented a system to monitor the due diligence measures adopted, allowing for examination of the way in which the company has responded to an impact, and whether this response served to prevent and mitigate it. • Iberdrola carries out a human rights risk analysis at 100% of its main locations of operation (a total of 306 locations of operation). As a result of this analysis, risks were identified in 2023 in the following human rights issues: working conditions (49% of locations); environmental impact (34%); occupational health and safety (12%); public safety (12%); indigenous peoples (22%); and land and property (22%). The locations where these risks were identified included countries such as the U.S., Brazil, Mexico, and Greece. Similarly, Iberdrola assesses the risks of 100% of its supply chain, considering both general supplies and fuel procurement. The company has developed mechanisms to file complaints and grievances in accordance with the UNGP. These include ethical mailboxes available online, on-site complaint channels, corporate inboxes, and judicial and/or administrative complaints, among others. Information on the management of human rights risks can be found on Iberdrola's sustainability report, which is published annually on its website. • Regarding corruption, the company has a code of ethics and an anti-corruption and anti-fraud policy, both of which are available on its website. It has also implemented a crime prevention program for the entire group through which its compliance unit can track, investigate, and respond to allegations or incidents relating to corruption. The company carries out annual training initiatives for its employees at all levels of the company in all countries of operation. To analyze the risk of corruption in procurement, the company uses the Transparency International Corruption Perceptions Index 2022 (TI CPI 2022) as a source to classify countries according to their level of risk. • Additionally, Iberdrola ensures compliance with tax provisions and seeks to prevent and reduce significant tax risks. To this end, it has a robust tax risk prevention model, which is duly monitored, updated, and aligned with applicable legal requirements. The company's global tax division approves and periodically reviews guidelines for the evaluation and management of tax risk applicable to all companies of the group. It is also the body responsible for tax compliance within the company, in coordination with its compliance unit.

- The company has a competition-law compliance policy that explicitly states the group's commitment to maintaining effective competition in the markets in which it operates. It mandates that the group adheres to all applicable regulatory requirements and rejects any collusive, abusive, restrictive, or anti-competitive practices. Additionally, the company promotes employee awareness on this topic and trains both professionals and management teams, as well as the board of directors in relation to competition issues.
- Following the European Commission's recommendations on minimum safeguards and by the company's confirmation, Iberdrola has not been convicted under any of the four core topics of the minimum safeguards.

Aligned = ✓ Not aligned = ✗

✓ Article 5: Flexibility in the use of the proceeds of EuGBs

Iberdrola has confirmed that it will not make use of the flexibility in the use of proceeds. The factsheet establishes that 100% of the nominal proceeds (without excluding deduction costs) will be allocated in accordance with article 4. We consider article 5 to be inapplicable for this factsheet.

✓ Article 6: Financial assets

This factsheet does not include any allocation to financial assets; therefore, we consider article 6 to be inapplicable.

✓ Article 7: Capex plan

The issuer plans to allocate an amount equivalent to the nominal proceeds to the financing or refinancing of activities that are already fully aligned with the EU Taxonomy using the gradual approach, therefore we consider Article 7 to be inapplicable.

✓ Article 8: Application of the TSC and grandfathering

Iberdrola commits to meet the requirements for gradual approach under article 8. Iberdrola confirms proceeds will be allocated in alignment with the TSC applicable at the time of issuance of the bond. Additionally, where TSC are amended after the issuance of the bond, the following proceeds will be allocated in alignment with the amended TSC no later than seven years after the date of application of the amended criteria.

Other Pre-Issuance Review Contents

General information

Date of issuance of the bond(s) or tranches of the bond(s): Not known at this time

Date of publication of the EuGB factsheet: May 7, 2025

Legal name of the issuer: Iberdrola Finanzas, S.A.U.

Legal entity identifier of the issuer: 5493004PZNZWWBOUV388

Name of the bond(s) assigned by the issuer: Not known at this time

International securities identification numbers (ISIN) of the bond(s) and its/their tranches: Not known at this time

Identity and contact details of the external reviewer:

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Person primarily responsible for approving the review: Florence Devevey, Analytical Manager EMEA Region, Sustainable Finance

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Introductory statements, sources, assessment methodologies, and key assumptions

For the EuGB Pre-Issuance Review, we apply our Analytical Approach: European Green Bond External Reviews, which describes S&P Global Ratings' analytical approach for providing an external review of a European Green Bond (EuGB), specifically pre-issuance reviews under Regulation (EU) 2023/2631 of the European Parliament and of the Council (EuGBR). Our pre-issuance, post-issuance, and impact report external reviews are point-in-time analyses and are not surveilled. Additionally, they rely on the accuracy, timeliness, and completeness of the information provided by the issuer. Our pre-issuance review of an EuGB factsheet's alignment with the EuGBR does not automatically apply to all transactions under the factsheet.

The EuGBR requires reviewers to state, '"this review represents an independent opinion of the external reviewer and is to be relied upon only to a limited degree."' Although we do not provide any assurance regarding the information provided to us, we assess whether the issuer has demonstrated how it meets the requirements of the EuGBR. Our EuGB external reviews are not credit ratings, do not assess credit quality, and do not factor into our credit ratings.

The document we assess is the issuer's EuGB pre-issuance factsheet. We review the issuer's rationale in the factsheet as to why its financed economic activities meet the EU Taxonomy's requirements. Nevertheless, we may require additional information from the issuer to make an assessment, given the potential length and specificity of the technical screening criteria and minimum safeguards requirements.

Other information

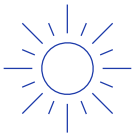
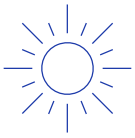
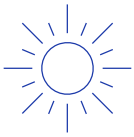
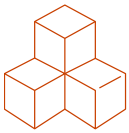
Within the analysis of this Factsheet, we believe there are relevant aspects that complement the alignment analysis with the EuGBR and provide greater transparency to investors. Please refer to the following sections of the report:

- Issuer Sustainability Context--Our opinion on how the financing contributes to addressing what we consider to be the issuer's most material sustainability factors.
- Shades of Green Assessment--Our qualitative assessment of how consistent an economic activity or financial investment is with a low-carbon, climate-resilient future.
- Alignment Assessment--Our opinion on whether the financing documentation aligns with certain third-party published sustainable finance principles and guidelines identified by the issuer.

Mapping To The U.N.'s Sustainable Development Goals

Where the financing documentation references the Sustainable Development Goals (SDGs), we consider which SDGs it contributes to. We compare the activities funded by the financing to the International Capital Markets Association (ICMA) SDG mapping and outline the intended linkages within our SPO analysis. Our assessment of SDG mapping does not affect our alignment opinion.

This factsheet intends to contribute to the following SDGs:

Use of proceeds		
Renewable Energy	 **7. Affordable and clean energy***	 **13. Climate action**
Smart Grids	 **7. Affordable and clean energy**	 **13. Climate action**
Sustainable Customer Solutions	 **7. Affordable and clean energy**	 **9. Industry, innovation and infrastructure**
Electric Mobility	 **7. Affordable and clean energy**	 **9. Industry, innovation and infrastructure**

*The eligible project categories link to these SDGs in the ICMA mapping.

Related Research

- FAQ: Applying Our Integrated Analytical Approach For Second Party Opinions, March 6, 2025
- Analytical Approach: European Green Bond External Reviews, Oct. 31, 2024
- FAQ: Applying Our Analytical Approach For European Green Bond External Reviews, Oct. 31, 2024
- Analytical Approach: EU Taxonomy Assessment, Oct. 31, 2024
- Analytical Approach: Shades Of Green Assessments, July 27, 2023
- S&P Global Ratings ESG Materiality Maps, July 20, 2022

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