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## BRIEFING NOTE

*In his contribution to the 'BBVA Sustainable Finance Forum', held this morning in Madrid.*

### **Ignacio Galán emphasised that the environment offers an opportunity for creating wealth, jobs and wellbeing**

- **The Chairman of Iberdrola also highlighted the importance of the electricity sector in the transition to a low-carbon economy, a process in which all the stakeholders, both public and private, must play their part**
- **Galán noted that there is a need for a stable, predictable regulatory framework under which companies can make the investments required for the decarbonisation and electrification of the economy.**

The Chairman of Iberdrola, Ignacio Galán, took part this morning in the panel discussion *Why are companies including climate change in their strategies?* that formed part of the *BBVA Sustainable Finance Forum*, organised by the bank at its Madrid headquarters and opened by the Vice-President of the Government, Soraya Sáenz de Santamaría, and the Chairman of BBVA, Francisco González.

In his contribution, Galán said that a commitment to a sustainable future is compatible with company value creation and that, in addition to being a moral imperative, it is also an opportunity for growth and the creation of wealth, jobs and prosperity.

Iberdrola is a good example of this: in 2001 it decided to make a pioneering commitment to clean energies, smart grids and storage, areas in which it has since invested 95 billion Euros.

After implementing this strategy, the company has gone from occupying 20th place in the world ranking of power companies by market

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capitalisation to become the fourth worldwide and the first in Europe that is completely private. It has also multiplied its asset base by six and tripled its net profits, which has allowed it to gradually increase its dividends, in line with its results.

Ignacio Galán also noted that the leap to an efficient, low carbon economy must involve all the stakeholders - from producers to domestic and industrial consumers - both public and private.

During this transition, the role of the electricity sector will be key, as the Chairman of Iberdrola explained: “The International Energy Agency predicts a growth in world electricity demand of 60% by 2040 and an investment of 20 trillions of dollars. We are in the right sector. In a recent report, the European Commission and the Spanish Expert Commission on energy transition posited the increasing importance of electricity, and a greater contribution from renewables in meeting the environmental goals.”

### A stable, predictable regulatory framework

Galán emphasised the need for a stable, predictable regulatory framework under which companies will be able to make the investments required for the decarbonisation and electrification of the economy. In this regard, he asserted that mobilising this huge investment will require collective, coordinated action by governments, the private sector and society as a whole.

In addition, he stated that the financial sector must play an important part in the transition to a low carbon economy, both because of its role in mobilising capital for sustainable investments and because of the increasing demand for information on the actions taken by companies to tackle climate change, which means that the criterion of sustainability must be included among business opportunities.

According to Ignacio Galán, “Those companies that best manage the risks and opportunities arising from climate change, but also those providing more information in a more transparent manner will be the ones preferred by investors, leading to the mobilisation of capital for sustainable investments.”

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Iberdrola was the first Spanish company to issue a green bond, in April 2014. Since then, the group has performed 10 transactions of this kind, becoming the world's leading corporate issuer of green bonds in both 2016 and 2017. It currently has around 7.4 billion Euros in green financing, including a 600 million dollar bond issued by its US subsidiary AVANGRID in 2017.

Iberdrola was also the first Spanish company to launch a hybrid green bond and last year it became a pioneer in the banking market by being the first Spanish company to underwrite a green loan, namely with BBVA and for the sum of 500 million Euros.

It also attained this position in Latin America, when, on 20th April, Iberdrola Mexico underwrote the region's first corporate green loan, for 400 million dollars.

In addition, at the beginning of the year, Iberdrola signed the largest credit deal in the world under sustainability criteria, for 5.3 billion Euros, with a reference interest rate differential linked to the reduction of the group's emissions intensity.

The company also recently defined its *Framework for Green Financing* for the process of issuance, monitoring and external assurance, to guarantee investors the transparency and integrity of the criteria used.

This financing strategy fits into the inclusion by Iberdrola of the United Nations 2030 Agenda and Sustainable Development Goals (GDS) in all the company's actions. The company is focusing its efforts on goals 7 and 13 (Affordable and Clean Energy, and Climate Action) but also strives, both directly and indirectly, to support compliance with all the other goals.