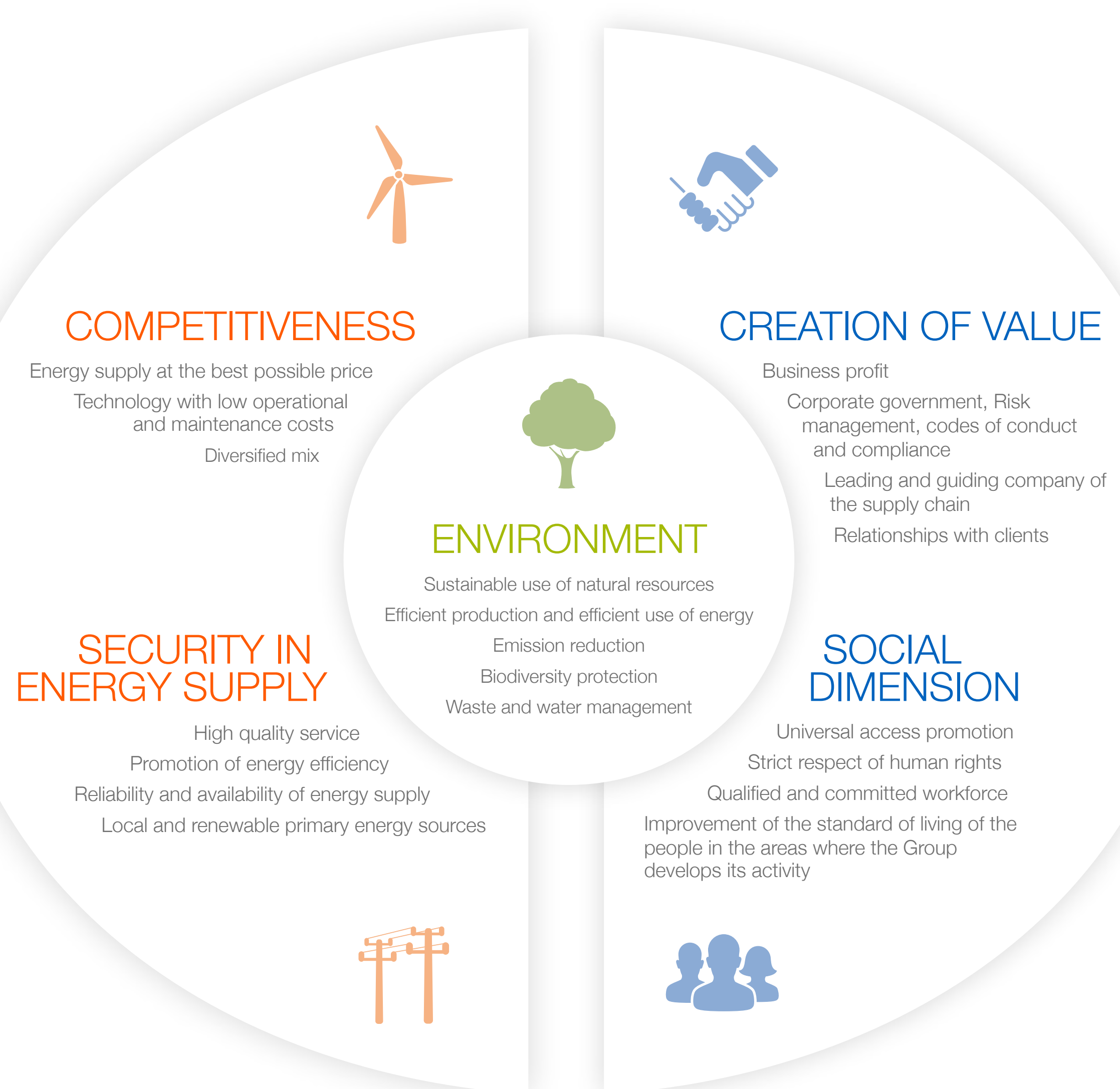


# IBERDROLA

## MODEL FOR A SUSTAINABLE COMPANY IN THE ENERGY SECTOR

### ENERGY SUSTAINABILITY

### BUSINESS SUSTAINABILITY



### ECONOMIC PERFORMANCE



	UNIT (1)	2017	2016	2015
<b>RESOURCES</b>				
Total assets	M €	110,688	106,706	104,664
Equity	M €	42,733	40,687	40,956
Financial leverage (2)	%	43.5	42.0	40.7
Investments during financial year	M €	5,891	4,264	3,223
<b>PROCESSES AND OPERATIONS</b>				
Revenues	M €	31,263.3	29,215.4	31,418.7
Operating expenses	M €	20,446	18,624	20,995
Employee compensation	M €	2,517	2,260	2,187
Personal Costs	M €	2,172	1,810	1,933
Payments to providers of capital	M €	2,916	2,692	1,646
Cash taxes paid	k €	542,169	743,362	691,622
Community contributions (LGB)	M €	63	36	30
Retained earnings	M €	4,049	4,390	4,817
<b>RESULTS</b>				
EBITDA	M €	7,319	7,934	7,397
Earnings before tax (EBIT)	M €	2,026	3,879	2,987
Net profit	M €	3,423	2,944	2,422
Market capitalization (at 31 December)	M €	40,811	39,661	40,811
Stock price (at 31 December)	€	6.46	6.23	6.55
P.E.R.	multiple	13.51	14.74	17.14
Earnings per share	€/share	0.44	0.42	0.41

### SOCIAL PERFORMANCE



	UNIT (1)	2017	2016	2015
<b>RESOURCES</b>				
NUMBER OF EMPLOYEES	nº	34,255	30,591	30,938
NUMBER OF EMPLOYEES IN FULL-TIME EQUIVALENT (FTE)	nº	33,772	28,355	28,837
Supply points	M	34.4	34.1	33.8
Electricity	M	30.3	30.0	29.7
Gas	M	4.0	4.1	3.7
VOLUME OF PURCHASES	M €	8,614	7,508	5,093
Social development funds	M €	341.2	106.7	46.0
Community contributions	M €	63.0	57.7	38.0
Rural electrification programs	M €	278.2	49.0	8.0
Accumulated beneficiaries Electricity for All program	M	3,900	2,439	1,810
R&D	M €	246	211	200
<b>PROCESSES AND OPERATIONS</b>				
Full-time contracts	%	97	96	96
Indefinite time period contracts	%	99.4	98.4	98.4
Employees with collective bargaining agreement	%	77.8	79.3	76.6
Hours of training	M	1.5	1.4	0.9
Hours of training per employee	h	42	45	39
No. of suppliers with orders in the corporate system during the year	nº	>22,000	>17,990	>17,000
<b>RESULTS</b>				
<b>EMPLOYMENT, HEALTH AND JOB SAFETY</b>				
Average age of workforce	age	44.38	44.40	44.06
Average years of service of workforce	age	15.07	15.77	15.88
Male/female diversity	%	77/23	76/24	76/24
Women board of directors	%	36	36	36
Women in executive management	%	17	14	11
Ratio of basic initial salary to local minimum wage salary	%	140.72	150.63	152.36
Injury rate (IR)		0.36	0.36	0.28
Occupational disease rate (ODR)		0.02	0.01	0.02
Lost day rate (LDR)		14.96	9.66	18.27
Absentee rate (AR)		5,171.71	5,508.74	5,993.25
Employee turnover	%	7.85	7.32	7.00
Fatalities	nº	0	0	0
<b>QUALITY OF SERVICE AND CUSTOMER SERVICE</b>				
Total amount of fines relating to the environment	M €	3,881	2,376	1,521
Fines imposed in the social and economic areas	M €	58,892	208,759	(3)
<b>QUALITY OF SUPPLY CHAIN</b>				
Sustainable management of the supply chain				
Amount awarded to qualified suppliers CSR	%	87	89	94
Number of suppliers with CSR Scoring	nº	1,787	1,667	1,536
Purchases in "risk" countries	%	25.0	21.4	10.8
Purchases from local suppliers	%	88	84	85

### ENVIRONMENTAL PERFORMANCE



	UNIT (1)	2017	2016	2015
<b>RESOURCES</b>				
Installed capacity	MW	48,447	47,049	46,471
Total net electricity production	GWh	137,632	142,465	136,794
Total net production (electricity + steam)	GWh	143,706	149,869	140,364
Environmental investments	M €	2,240	2,262	1,014
Environmental expenses	M €	513	527	669
<b>PROCESS AND OPERATION</b>				
Fuel consumption	GJ	760,201,810	764,386,296	795,373,571
Renewable Energy Use	GJ	1,382,360	1,353,528	785,610
Production with local sources of energy	%	94	90	88
Water use	hm³	80	82	73
Water consumption / Overall production	m³ / GWh	597	573	533
<b>RESULTS</b>				
Emissions-free installed capacity	%	66.6	66.4	63.0
Renewable installed capacity	%	60.1	59.1	55.7
Emission-free production	%	53.8	56.7	52.5
Renewable energy production	%	36.9	39.6	35.6
Specific CO2 emissions	kgCO2/MWh	186	177	225
SO2 emissions	t	5,392	7,088	17,592
NOX emissions	t	16,152	20,971	32,306
Particulate emissions	t	1,272	1,208	1,515
Fly ash produced	t	174,523	256,399	693,875
Volatile organic compounds (VOC)	t	435	487	569
Mercury emissions (Hg)	Kg	33	153	167
Waste generated (ash + hazardous and non-hazardous waste)	t	1,237,387	1,236,050	1,457,305
Waste recycled (ash + hazardous and non-hazardous waste)	t	533,242	565,406	813,243
Hazardous waste per electricity generated	t/GWh	0.064	0.071	0.180
Energy produced under certified environmental management systems	%	80.0	82.4	84.2
CO2 avoided due to efficiency initiatives	kt	23,460	16,461	19,269
Direct CO2 emissions, Scope 1	kt	26,846	26,691	31,741
Indirect CO2 emissions, Scope 2	kt	3,415	2,728	971
Indirect CO2 emissions, Scope 3	kt	20,592	18,338	27,928

(1) M = millions; k = thousands - (2) Defined as: net debt/ (net debt + equity) - (3) Not published due to change of criteria