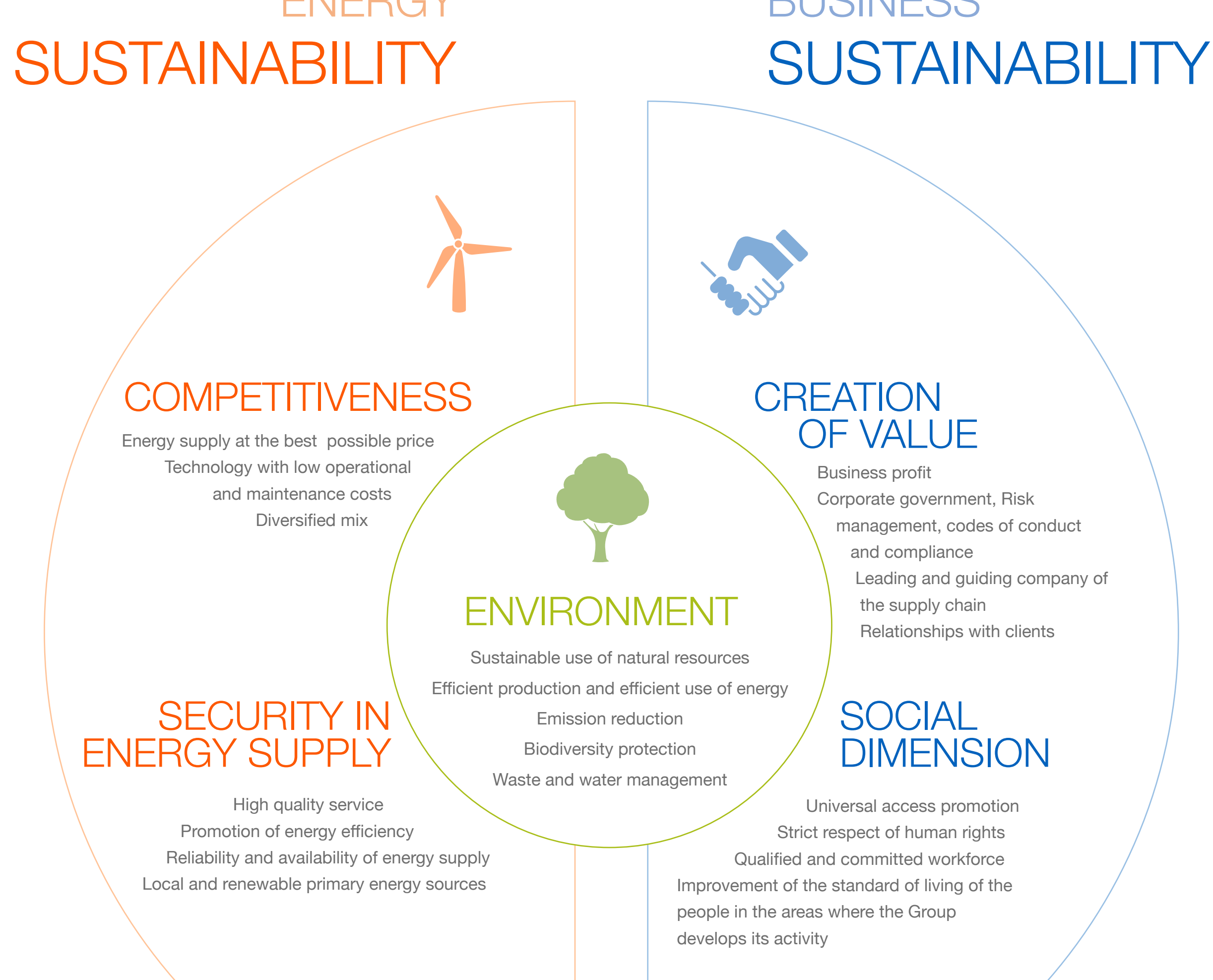


IBERDROLA

MODEL FOR A SUSTAINABLE COMPANY IN THE ENERGY SECTOR



ECONOMIC PERFORMANCE



RESOURCE	UNIT (1)	2018	2017	2016
Total assets	M €	112,841	110,689	106,706
Equity	M €	43,976	42,733	40,687
Financial leverage ⁽²⁾	%	43.7	43.5	42
Investments during financial year	M €	5,320	5,891	4,264
PROCESSES AND OPERATIONS				
Revenues	M €	35,075.9	31,263.3	29,215.4
Operating expenses	M €	22,433	20,446	18,624
Employee compensation	M €	2,387	2,517	2,260
Personal Costs	M €	2,020	2,172	1,810
Payments to providers of capital	M €	2,402	2,916	2,692
Cash taxes paid	k €	332,891	542,169	743,362
Tax contribution	M €	7,939	7,111	7,128
Community contributions (LBG)	M €	54	63	36
Retained earnings	M €	5,901	4,049	4,390
RESULTS				
EBITDA	M €	9,349	7,319	7,934
Earnings before tax (EBIT)	M €	4,320	1,773	3,748
Net profit	M €	3,014	2,804	2,705
Market capitalization (at 31 December)	M €	44,208	40,811	39,661
Stock price (at 31 December)	€	6.91	6.46	6.23
P.E.R.	multiple	14.67	14.55	14.66
Earnings per share	€/share	0.47	0.44	0.42

SOCIAL PERFORMANCE



RESOURCE	UNIT (1)	2018	2017	2016
NUMBER OF EMPLOYEES	n°	34,078	34,255	30,591
NUMBER OF EMPLOYEES IN FULL-TIME EQUIVALENT (FTE)	n°	33,747	33,772	28,355
Supply points	M	34.7	34.4	34.1
Electricity	M	30.7	30.3	30
Gas	M	4.0	4.0	4.1
VOLUME OF PURCHASES	M €	7,500	8,614	7,508
Social Development funds	M €	243	341.2	106.7
Rural electrification programs	M €	189.6	278.2	49.0
Accumulated beneficiaries Electricity for All program	n°	5,400,000	3,900,000	2,439,000
R&D	M €	267	246	211
PROCESSES AND OPERATIONS				
Full-time contracts	%	95	97	96
Indefinite time period contracts	%	99	99.4	98.4
Employees with collective bargaining agreement	%	78.9	77.8	79.3
Hours of training	M	1.6	1.5	1.4
Hours of training per employee	h	45	42	45
No. of suppliers with orders in the corporate system during the year	n°	>23,300	>22,000	>17,990
RESULTS				
EMPLOYMENT, HEALTH AND JOB SAFETY				
Average age of workforce	age	42.55	44.38	44.4
Average years of service of workforce	age	13.66	15.07	15.77
Male/female diversity	%	77/23	77/23	76/24
Women board of directors	%	36	36	36
Women in executive management	%	16	17	14
Ratio of basic initial salary to local minimum wage salary	%	136.54	140.72	150.63
Injury rate (IR)		0.28	0.36	0.36
Occupational disease rate (ODR)		0.01	0.02	0.01
Lost day rate (LDR)		13.79	14.96	9.66
Absentee rate (AR)		4,615.21	5,171.71	5506.74
Employee turnover	%	10.70	7.85	7.32
Fatalities	n°	0	0	0
QUALITY OF SERVICE AND CUSTOMER SERVICE				
Total amount of fines relating to the environment	M €	7,538	3,881	2,376
Fines imposed in the social and economic areas	M €	59,545	58,892	208,759
QUALITY OF SUPPLY CHAIN				
Sustainable management of the supply chain				
Amount awarded to qualified suppliers CSR	%	89	87	89
Number of suppliers with CSR Scoring	n°	2,014	1,787	1,667
Purchases in "risk" countries	%	25.8	25.0	21.4
Purchases from local suppliers	%	85	88	84

ENVIRONMENTAL PERFORMANCE



RESOURCE	UNIT (1)	2018	2017	2016
Installed capacity	MW	47,448	48,447	47,049
Total net electricity production	GWh	145,557	137,549	142,465
Total net production (electricity + steam)	GWh	149,679	142,692	149,869
Environmental investments	M €	2,132	2,240	2,262
Environmental expenses	M €	550	513	527
PROCESSES AND OPERATIONS				
Fuel consumption	GJ	705,935,390	780,201,810	784,386,296
Renewable Energy Use	GJ	500,314	451,088	482,988
Production with local sources of energy	%	93	94	90
Water use	hm ³	89	80	82
Water consumption/Overall production	m ³ /GWh	610	597	573
RESULTS				
Emissions-free installed capacity	%	68.2	66.6	66.4
Renewable installed capacity	%	61.5	60.1	59.1
Emission-free production	%	58.6	53.8	56.7
Renewable energy production	%	42.4	36.9	39.6
Specific CO ₂ emissions	t	163	187	177
SO ₂ emissions	t	3,515	5,392	7,088
NOX emissions	t	12,751	16,152	20,971
Particulate emissions	t	886	1,272	1,208
Fly ash produced	t	92,440	174,523	256,399
Volatile organic compounds (VOC)	t	335	435	487
Mercury emissions (Hg)	kg	29.8	33	153
Waste generated (ash + hazardous and non-hazardous waste)	t	654,755	1,237,387	1,236,050
Waste recycled (ash + hazardous and non-hazardous waste)	t	364,694	533,242	565,406
Hazardous waste per electricity generated	t/GWh	0.088	0.064	0.071
Energy produced under certified environmental management systems	%	82.0	79.8	82.4
CO ₂ avoided due to efficiency initiatives	kt	19,484	23,460	16,461
Direct CO ₂ emissions, Scope 1	kt	24,568	27,059	26,691
Indirect CO ₂ emissions, Scope 2	kt	2,544	3,415 ⁽³⁾	2,728
Indirect CO ₂ emissions, Scope 3	kt	40,199	42,448 ⁽³⁾	18,337

(1) M = millions; k = Thousands. - (2) Defined as: net debt/ (net debt + equity) - (3) New items included
Data close Full Year 2018

TARGETS

ENVIRONMENTAL PERFORMANCE

- CO₂ EMISSIONS**
Reduce the intensity of emissions 30% by 2020 compared to 2007 (progress 100%), reduce the intensity of emissions 50% by 2030 compared to 2007 (progress 91%) and to become carbon neutral in 2050.
- GHG EMISSIONS**
Iberdrola commits to reduce absolute Scope 1, 2 and 3 GHG emissions 20% by 2030 from a 2017 base-year (progress 38%). Validated by Science Based Targets initiative (SBTi).
- RENEWABLES**
Increase in installed renewable capacity of 9% during 2018 and 2019 by launching 2,600 MW.
- BIODIVERSITY**
Iberdrola is committed to continual improvement of our biodiversity protection standards with the aim of achieving, in 2030, a positive net balance in all new generation infrastructures developments, applying the principles of the mitigation hierarchy and avoiding the use of protected areas for their location (progress 100%).
- WATER**
Maintain the rate revenues/water used above 50% of the utilities in the coming 5 years (progress 100%).
- ENERGY EFFICIENCY**
To maintain the use of local sources of energy above 80% during the next five years (progress 100%).
- SUSTAINABLE MOBILITY**
Installation of 25,000 charging points for electric vehicles until 2021.

SOCIAL PERFORMANCE

- HEALTH AND SAFETY**
Target of zero accidents. In order to achieve this target, Iberdrola has a Strategic Occupational Health and Safety Plan.
- GENDER**
Ensuring that female directors continue to account for at least 30% of the Board of Directors by the year 2020 (progress 100%).
- ELECTRICITY ACCESS**
Objective in the "Electricity for all" program to provide electricity to 16,000,000 people who currently do not have access by 2030 (progress 34%).