

5.4 Ethics and Social Responsibility

Compliance Unit

Iberdrola has a Compliance Unit, as a collective, internal and permanent body linked to the Corporate Social Responsibility Committee of the Board of Directors.

There are also Audit and Compliance Committees at the level of each country subholding company and/or head of business company. Their duties include promoting a culture of ethical behaviour and zero tolerance for the commission of unlawful acts or fraud.

Iberdrola’s Compliance System is made up of the substantive rules, formal procedures and major activities within the group to encourage the organisation to act in accordance with applicable ethical principles and legal provisions, through a set of procedures and actions designed to prevent, detect and react to irregular actions, fraud or actions contrary to the Iberdrola group’s *Code of Ethics* or applicable laws and regulations.

Main activities in the area of ethics and compliance

Within the framework of the Compliance System, the group engages in various monitoring actions and systems in different areas relating to regulatory compliance.

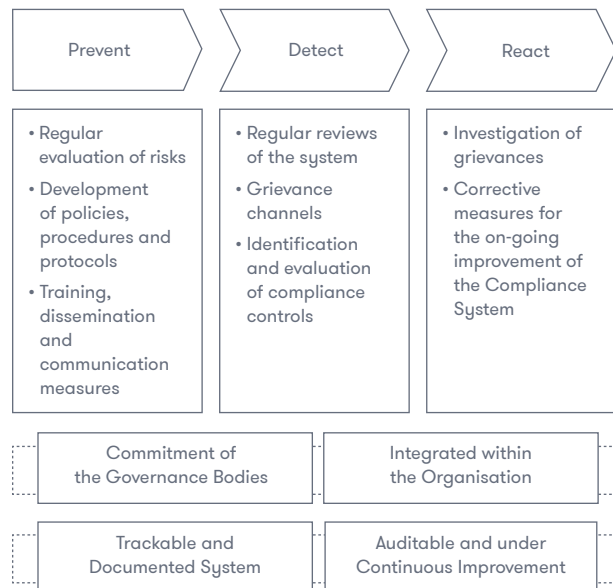
These include (i) the crime prevention programmes, which are developed within the provisions of the Spanish Criminal Code (without prejudice to additional actions required by the laws of any other jurisdiction in which the group does business), (ii) measures for compliance with the *Code of Ethics*, which includes specific training and communication plans for all professionals of the group, as well as the grievance channels, and (iii) specific internal rules on fraud and corruption.

Iberdrola also has a Compliance Unit Office (the “Office”), managed by the Iberdrola’s Compliance Director and made up of members representing the areas or functions with responsibility or powers in areas relating to compliance. These functions are coordinated through the Office, thus ensuring the effective functioning of the Compliance System as a whole.

Powers of the Unit

The Compliance Unit has powers related to the *Code of Ethics*, the *Anti-Corruption and Anti-Fraud Policy*, the *Crime Prevention Policy*, the *Internal Regulations for Conduct in the Securities Markets*, legal provisions regarding the separation of activities, and all other powers that may be entrusted thereto by the Corporate Social Responsibility Committee or the Board of Directors of the company or that are established in Iberdrola’s Corporate Governance System.

The Iberdrola group’s compliance system



Principal recognitions

In 2017 AENOR granted Iberdrola certification under the *UNE-ISO 37001* standard, by which it is verified that the company has an effective anti-bribery management system, resulting in Iberdrola being the first Spanish company and one of the first in the world to obtain this recognition.

AENOR has also certified that the Iberdrola’s criminal compliance management system is effective and conforms to the provisions of the *UNE 19601* standard.

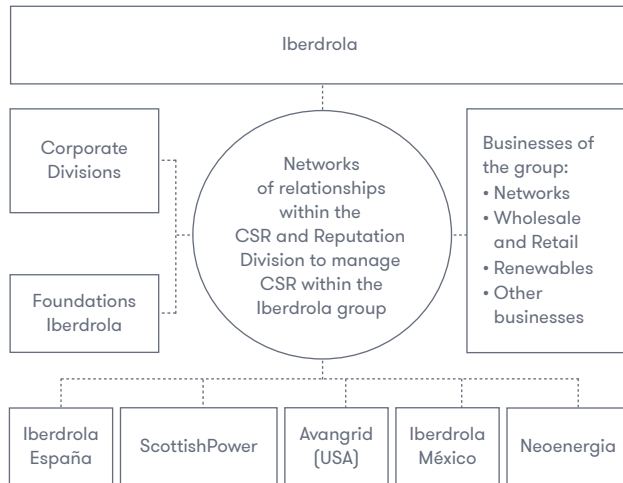
Finally, Iberdrola has been chosen for the fifth consecutive year as one of the most ethical companies in the world, according to the *World’s Most Ethical Companies* ranking prepared by the *Ethisphere Institute*. This ranking recognises organisations that are committed to ethical leadership and behaviour at the corporate level.



Iberdrola considers its corporate values to include ethical principles, good governance and transparency, and social commitment.

Organisation of social responsibility within the group

The Iberdrola group has an organisational structure designed to promote and manage responsible actions with its Stakeholders.



The Corporate Social Responsibility and Reputation Committee and the CSR and Reputation Committees of the country subholding companies coordinate the balanced development of social responsibility within the Iberdrola group. The CSR Committee of the Board of Directors performs the duties of supervision within its purview.

CSR plans of the group

2015 saw the approval of the *CSR Plan 2015-2017* for the Iberdrola group, covering five areas of activity (dialogue with local communities, measurement tools, etc.), with a focus based on the various Stakeholders groups.

The CSR Plan is made up of various programmes, projects and monitoring indicators, both cross-sectional for all involved organisations of Iberdrola as well as specific for each business or corporate area of the company.

Monitoring of the Plan is analysed on a half-yearly basis by the Corporate CSR and Reputation Committees and the CSR Committee of the Board of Directors.

At the time of publication of this report, this plan was already satisfactorily completed, and a new CSR Plan is being prepared.

External awards

Only European electric utility included in the 18 editions, regarded as one of the eight top sustainable electric utilities in the world.



Top utility with nuclear assets selected for the index 7 years in a row.



A rating in CDP Climate Change.



Iberdrola a sponsor.



Iberdrola selected AAA.



Iberdrola selected.



Classified as "Silver Class" in the electricity sector.



First Spanish utility and fifth worldwide.



Leader among Spanish utilities: energy, gas and water.



Iberdrola classified as Prime.



Iberdrola classified as the top utility in the sustainability reporting performance 2017 report.



Rated on the Stoxx ESG Leaders/Eurostoxx Sustainability 40.



Only utility in continental Europe included in the index.

