

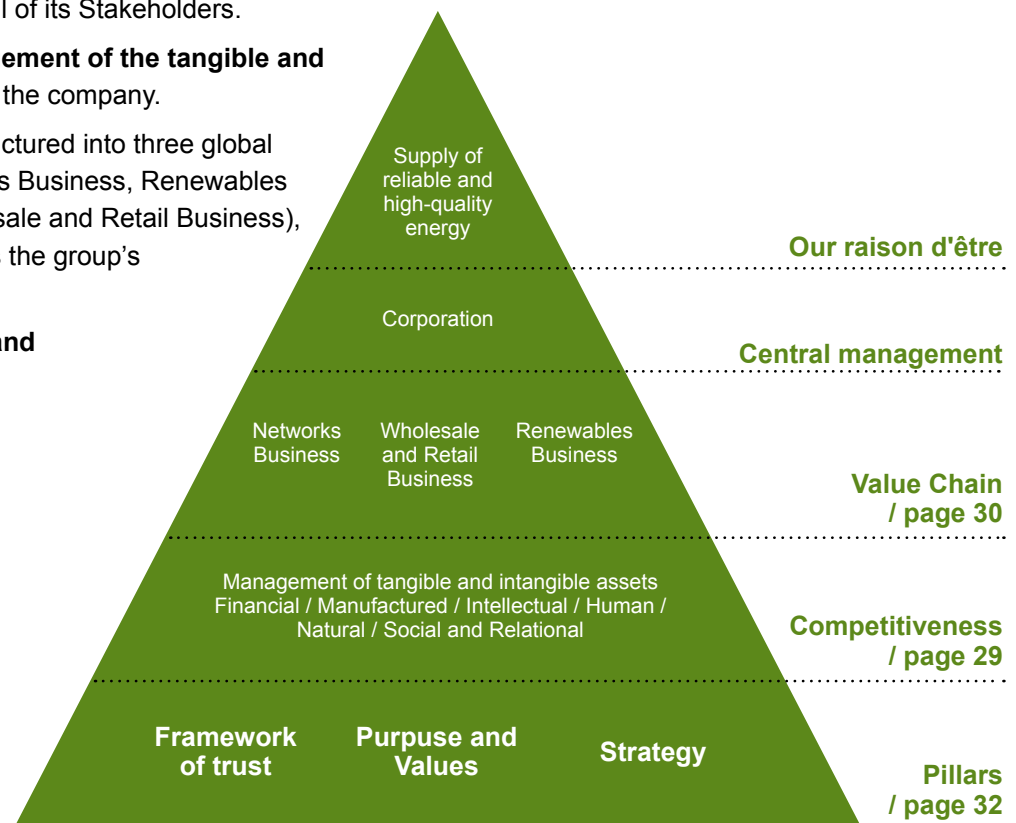
2.4 Iberdrola, a Different Company

Differentiating elements of the company

- **The Purpose** as *raison d'être* and social contribution, **and the Values** as culture of the Iberdrola group, defined by the Board of Directors.
- A **framework of trust** that ensures the sustainability of the business model:
 - Corporate Governance System consistent with international best practices.
 - Corporate ethics, internalised by the management bodies and the organisation as a whole.
 - Sustainable development policies, which respond to the expectations of the Stakeholders and direct the company's strategy.
 - Advanced risk control system, to maintain an optimal risk/opportunity balance.
- A pioneering and leading **strategy** that integrates the expectations of all of its Stakeholders.
- **Responsible management of the tangible and intangible assets** of the company.
- An **organisation** structured into three global businesses (Networks Business, Renewables Business and Wholesale and Retail Business), with a Corporation as the group's supervisory body.
- A supply of **healthy and accessible energy**.

Aware of the social changes that are occurring and of the large challenges resulting from the fight against climate change and the energy transition, Iberdrola has defined its **Corporate Purpose**, focused on the **well-being of people and the preservation of the planet**:

“To continue building together each day a healthier, more accessible energy model, based on electricity”



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This **Purpose** reflects the strategy that the company has been implementing for years and its commitment to continue promoting a social dividend based on:

- **A real and global energy transition**, based on the decarbonisation and electrification of the energy sector, and of the economy as a whole, that contributes to the fight against climate change and generates new opportunities for economic, social and environmental development.
- **An energy model that is more electric**, one that abandons the use of fossil fuels and generalises the use of renewable energy sources, the efficient storage of energy, smart grids and digital transformation.
- **An energy model that is healthier for people**, whose short-term health and well-being depend on the environmental quality of their environment.
- **An energy model that is more accessible for all**, one that favours inclusiveness, equality, equity and social development.
- **An energy model that is built in collaboration** with all involved players and all of society.

To achieve this Purpose, Iberdrola has evolved its corporate **values** to the following concepts:

- **Sustainable energy**: because we seek to be a model of inspiration, creating economic, social and environmental value in all of our surroundings, and with the future in mind.
- **Integrating force**: because we have great strength, and therefore great responsibility. For this reason we work by combining talents, for a purpose that is to be achieved by all and for all.
- **Driving force**: because we make into reality small and large changes causing the life of people to be easier, while being efficient and self-demanding, always seeking continuous improvement.

Iberdrola's Contribution to the Sustainable Development Goals (SDGs)

The group has committed to the SDGs defined by the United Nations for the 2015-2030 period. They are 17 global goals intended to transform our world, ending poverty, fighting against inequality and injustice, and confronting climate change.

Iberdrola has integrated the SDGs into its business strategy and its operations, and the company concentrates its efforts on the following objectives based on the activities it performs:



- **Electricity for All programme:**
Goal of 16,000,000 beneficiaries by 2030.
Reached 7 million by year-end 2019.
A global renewable leader: more than 32,000 MW in 2019.
Energy efficiency: 65.8 million tons of CO₂ emissions avoided during the last three years.



- Iberdrola has set the following environmental objectives:
Reduce the intensity of its CO₂ emissions to 50% below those of 2007 by 2030.
Be carbon neutral by 2050.

The company has an SDG Advisory Committee that reviews actions taken and analyses the alignment thereof, in addition to proposing new challenges and encouraging actions that help to achieve the fixed goals.

Iberdrola firmly believes in the innovative role of the private sector, and commits to achieving the SDGs through business results. In this way, the company's contributions through its social dividend generate shared value for all of its Stakeholders:

Responsible business model ...

Fights against climate change

- A global renewable leader, with more than 32,000 MW installed.
- 77% of installed capacity¹ free of CO₂ emissions.
- Approval of emission reduction goals scopes 1, 2 and 3 by Science Based Target Initiative.
- Pioneers in adopting the recommendations of the **Task Force on Climate-related Financial Disclosures (TCFD)**.

Rapidly adopts new technologies and commits to innovation

- Drives the development of **smart grids**. Innovative improvement projects.
- Invests in sustainable mobility, in order to install 25,000 charging points in Spain by 2021.

...with positive impacts on all of its Stakeholders...

Economic

- Annually generates more than €31,100 million in Gross Domestic Product (GDP) in the countries in which it operates².
- Contributes more than €6,600 million in investments annually to the capital formation of the world economy².

Environmental

- Invests more than **€3,160 million in renewable generation** during 2019, which has reduced the group's emissions intensity to an overall level of **110 gr / kWh in 2019**.

Social

- Creates close to **400,000 jobs** worldwide (direct, indirect and induced employment)².
- More than **€2,500 million** in employee remuneration.
- Invests **€52.3 million in projects contributing to the community**³.
- Makes **more than €8,700 million in purchases** from its suppliers throughout the world.
- Contributes more than **€8,100 million** in taxes in the countries in which it does business.

(1) Own installed capacity is taken into account.

(2) Data from a Study of Iberdrola's Impact, prepared by PwC, for financial year 2018.

(3) According to the London Benchmarking Group (LBG) measurement standard.

Iberdrola also takes action to contribute to the other SDGs. These activities are aligned with its Business model, and respond to the company's firm commitment to the social dividend, conceived as the sustainable creation of value for all the Stakeholders. The activities and results of the company for these Objectives can be summarised as follows:



Procedures to protect customers in situations of vulnerability: covers 100% of vulnerable customers in Spain. *Warm Home Discount* and *Price Cap* programmes in the United Kingdom and *Operation Fuel* in the United States.
Iberdrola Social Programme 2020 by Fundación Iberdrola España.



Goal: Foster diversity and the social inclusion of vulnerable groups through the corporate volunteering programme.
More than 7,000 volunteers participated in the Corporate Volunteering Programme in 2019.
III Edition of the Iberdrola Awards for Solidarity..



More than 20,000 kg of food collected through the *Operation Kilo* programme promoted in all countries.
Volunteer activities to distribute food, soup-kitchens, etc.



Iberdrola has developed a Sustainable Mobility Plan with the ultimate goal of contributing to a rational use of the means of transportation.
Goal: Install 25,000 electric vehicle charging points in Spain by 2021, within its *Smart Mobility* plan.



Iberdrola contributes to reducing the noxious effects on health of greenhouse gases with its commitment to reduce these gases.
The company also has **goals** to reduce accident rates.



89% of the volume of purchases is made from local suppliers.
Iberdrola was the first IBEX 35 company to renew the sustainable event certificate (ISO 20121) for its General Shareholders' Meeting in 2019



Training for our employees: more than 50 hours of training per trained employee in 2019.
SDGs to school: Initiative to provide education about the SDGs at schools, with training for more than 3,000 children.



During the construction and operation of offshore wind farms, Iberdrola adopts innovative measures to preserve the neighbouring undersea eco-systems, including the installation of noise mitigation systems for mammals in the construction and relocation phase and/or respect biotopes for the preservation of marine life.



Included for the third consecutive year in Bloomberg's 2020 Gender Equality Index.
Iberdrola supports the Women's Universe (*Universo Mujer*) programme of the Higher Council for Sport (*Consejo Superior de Deportes*) (CSD), supporting 16 Spanish female federations.
Adoption of the UN Women Empowerment Principles.



Iberdrola has obtained the first AENOR Corporate Environmental Footprint certificate.
Goal: Adjustment of 234,000 pylons at distribution lines to protect birds from electrocution between 2018 and 2025 (Aleteo project).



Iberdrola is one of the utilities with the highest water productivity (revenue/water utilised).
Goal: Maintain intensity 50% below the European average for next 5 years.
Iberdrola has joined the UN CEO Water Mandate to encourage sustainable practices in the use of water.



The company has renewed the *UNE-ISO 37001* and *UNE19601* certifications regarding anti-bribery and compliance.
It has also been chosen for the sixth consecutive year as one of the most ethical companies in the world, according to the *World's Most Ethical Companies 2019* ranking prepared by the *Ethisphere Institute*.



Approximately 400,000 direct, indirect and induced job positions throughout the world¹. More than €31,100 million in impact on the GDP of the countries in which it does business¹.
Iberdrola continues to be the largest corporate issuer of green bonds in the world.
Goal: continue supporting the development of the green financing market.



Iberdrola works with a variety of companies, associations, universities and public bodies to achieve the SDGs.
Recognised as LEAD participating company in the United Nations Global Compact.
Worked with United Nations during the COP25 Climate Change Summit in Madrid (Chilean Presidency).



World leaders in smart grids. Promotion of *Star +* project in Spain and the *Smart UK* project in the United Kingdom
Innovation projects in all businesses, to support energy efficiency and the fight against climate change.
Goal: Development of the Innovation and Digitisation Programme.



(1) Data from a Study of Iberdrola's Impact, prepared by PwC, which is based on 2018 figures. Includes indirect and induced impacts.