

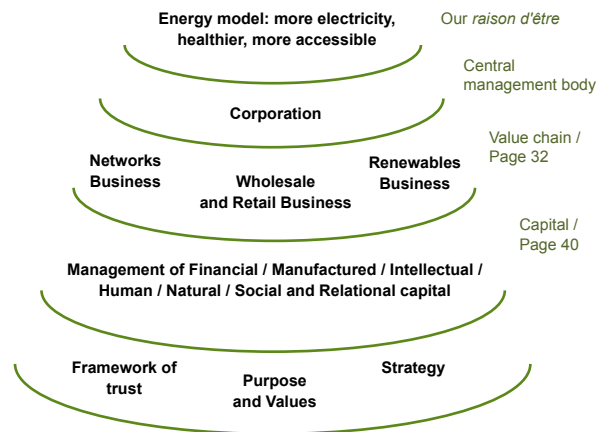


2.4 Iberdrola, an ESG+F leader

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 guide the strategy of the company.
- Advanced risk control system, to maintain an optimal risk / opportunity balance.



- A pioneering and leading **strategy** that integrates an **ESG+F** focus to satisfy the expectations of all of its **Stakeholders**.
- **Responsible management of the** company's **capital**.
- 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**.

The Iberdrola group has formulated a differentiating, authentic and relevant **corporate purpose** that contributes to a greater connection of the company with people, society as a whole and its Stakeholders. To achieve this purpose, our corporate values have evolved into three concepts that inspire our entire strategy.

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

This **Purpose** expresses:

- The company's commitment to **well-being of people and the preservation of the planet**.
- The commitment to 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.
- Iberdrola's drive for the **development of clean energy**.
- The determination to build an **energy model based on more electricity**.
- The conviction that an **energy model based on more electricity** is also **healthier**, as people's health and well-being depend on the environmental quality of their surroundings.
- We aspire to achieve a **new energy model that is more accessible for all**, one that favours inclusiveness, equality, equity and social development.
- The desire to continue building that **model in partnership** with the key players.

To achieve this Purpose, Iberdrola's corporate **values** have evolved into 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.

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A strategy that integrates all ESG aspects: environmental, social and governance

Year after year, Iberdrola's achievements show that its **sustainable business model creates value for all its Stakeholders**.

Over the past two decades, the **ESG aspects** have formed an integral part of the company's strategy. Iberdrola implements its commitment by providing transparency on ambitious, relevant and measurable objectives that represent the company's priorities in terms of its contribution to sustainable development.

Leader in ESG

| | | 2020 | 2022e | 2025e |
|---|--|----------|----------|----------|
| E | | | | |
| Emissions per kWh | gCO ₂ /kWh | 98 | ~100 | <70 |
| Biodiversity: reforestation | Trees, in Million | - | 2.5 | 8 |
| Water consumption | m ³ /GWh | 434 | <500 | <420 |
| Smart Grid implementation | % of HV and MV grids | 70 | 75 | 83 |
| Smart meters | Number, in Million | 14,9 | 16.7 | 21.2 |
| R&D investment | Million Euros | 293 | 330 | 400 |
| S | | | | |
| Training hours | Hours / employee year | 53 | >55 | >55 |
| Customers: smart services | Number, in Million | 9 | 12 | 18 |
| Jobs supported | Contribution to employment | ~400,000 | >400,000 | >500,000 |
| Women in leadership positions | % of management positions | 22 | 25 | ~30 |
| Gender pay gap | % women / men ratio | +7,3% | +/-2% | +/-2% |
| Electricity for All | Beneficiaries, in Million | 8 | 11.5 | 14 |
| Foundation | Beneficiaries, in Million | - | 1.3 | 1.4 |
| G | | | | |
| Best practices in Governance¹ | Inclusion in Corporate Governance System | ✓ | ✓ | ✓ |
| Cybersecurity | Annual number of security assessments | 1.200 | 1,800 | 2,000 |
| Suppliers | % of supplier with sustainable policies | 47% | 70% | 75% |

At the end of the **2020-2025 period**, investments in **R&D** will rise to **400 million euros**, we will have contributed to the maintenance of **500,000 jobs** around the world, **tripled** our **activities** regarding **cybersecurity** and ensured that **75%** of our **suppliers** have **sustainability policies**. We also expect to hire **20,000 people** and we will continue to **increase** the hours of **training** per **employee**, which is already four times the European average. On the environmental front, our strategy of investing in clean energy and networks will make us **carbon-neutral** in Europe by 2030 and will **reduce** our **global CO₂ emissions** by 86%, to **50g/kWh**.



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. These 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:

| | | | |
|---|--|---|---|
|  | <p>Electricity for All programme: Goal of 16,000,000 beneficiaries by 2030. Reached 8.2 million by year-end 2020. A global renewable leader: close to 35,000 MW installed by the end of 2020.</p> |  | <p>Iberdrola has set the following targets: Be carbon neutral by 2050 and reduce its emissions to 50g of CO₂/kWh at the global level by 2030. Reduce greenhouse gas (GHG) emissions of absolute scope 1, 2 and 3, approved by the SBTi initiative.</p> |
|  | <p>Special rates for vulnerable groups in 2020 to mitigate the effects of COVID-19. Social programs offered by the various foundations.</p> |  | <p>1.3 million beneficiaries of the Iberdrola foundations' programs over the 2020-2022 period. A total of 10,000 volunteers participated in the Corporate Volunteering Programme in 2020.</p> |
|  | <p>Provide over 90,000 free meals for indigent people in Spain. Distribute over 10,000 food parcels in Mexico's most vulnerable communities.</p> |  | <p>Iberdrola has developed a Sustainable Mobility Plan with the ultimate goal of contributing to a rational use of the means of transportation. Goal: Install over 150,000 electric vehicle charging points in Spain by 2025.</p> |
|  | <p>Iberdrola contributes to reducing the noxious effects on health of greenhouse gases with its commitment to reduce these gases. Goal: Over 90% of workers in Europe to be covered by OHSAS 45001 / ISO 18001 certification.</p> |  | <p>Goal: 70% of providers to have sustainability policies by 2022. Goal: Reduce the use of paper by increasing electronic billing. 70% of bills to be electronic.</p> |
|  | <p>Goal: Training for our employees: more than 55 hours of training per employee trained in 2022. Scholarship and research grant programme continues during the 2020-2021 academic year.</p> |  | <p>Monitoring of marine mammals at the East Anglia ONE wind farm for the installation of noise mitigation measures, with the aim of preserving the marine ecosystems. Acoustic insulation techniques (bubble curtains) during the construction of offshore wind projects.</p> |
|  | <p>Goal: Promotion of women to important positions, to reach 30% by 2025. Iberdrola supports the Women's Universe (<i>Universo Mujer</i>) programme of the Higher Council for Sport (<i>Consejo Superior de Deportes</i>) (CSD), supporting 16 Spanish female federations.</p> |  | <p>Goal: Promote biodiversity through reforestation, by planting over 2.5 million trees by 2022, reaching 20 million by 2030. Overhead Lines Improvement Project, in which 30,234 supports have already been adapted for birdlife protection.</p> |
|  | <p>Goal: 50% reduction in water use / production intensity ratio by 2030 compared to 2019. Pollution prevention programs for facilities.</p> |  | <p>Goal: Obtain independent external certifications or validations of the compliance systems of the holding company and of all of the country subholding companies of the group by 2022. The company has renewed the <i>UNE-ISO 37001</i> and <i>UNE 19601</i> certifications regarding anti-bribery and compliance.</p> |
|  | <p>Goal: Over 500,000 jobs (direct, indirect and induced employment) by 2025. Approximately 400,000 direct, indirect and induced jobs throughout the world¹. More than €34,000 million in impact on the GDP of the countries in which it does business¹.</p> |  | <p>Goal: Promotion of the SDGs in the supply chain, by launching conceptual capsules, journeys, videos and information aligned with the groups sustainability strategy. Recognised as a LEAD participating company in the United Nations Global Compact.</p> |
|  | <p>Goal: €400 million annually in R&D by 2025. Iberdrola is the European Union's leading private sector utility by volume of investments in R&D².</p> | | |

SUSTAINABLE DEVELOPMENT GOALS

(1) Data from a Study of Iberdrola's Impact, prepared by PwC, which is based on 2019 figures. Includes indirect and induced impacts.
 (2) According to data from The 2020 Industrial R&D Investment Scoreboard prepared by the European Commission.