



Letter from the Chairman & CEO

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Chairman & CEO of Iberdrola



The year 2020 has marked a turning point in terms of the convergence towards sustainable development worldwide. The plans devised to overcome the health and economic crisis coincide in their focus on a transition to safer, cleaner and more competitive energy systems as the best way of jump-starting the economy and creating quality jobs. The European Union has once again shown its leadership in this field by embracing the Green Deal, approved at the beginning of the year, as one of the main tools for recovery on the Continent.

This scenario confirms Iberdrola's pioneering commitment to the generation of sustainable value for the triangle formed by shareholders, employees and society. Based on investments

in renewable energy, smart grids and storage, our model has enabled us to cement our position as a world leader in the energy industry, and Iberdrola is now one of the three largest electricity companies worldwide and the company with the largest weight on the Spanish stock exchange.

Outlook 2020-2025

In November 2020, Iberdrola unveiled the most ambitious investment plan in its history, totalling 75,000 million euros until 2025. 51% of this amount will be allocated to promoting clean energy, with the aim of doubling the group's renewable capacity in only 5 years and reaching 60,000 MW by the end of the period. Electrical grids, the backbone of the ecological transition, will receive the second-largest share of the investment, accounting for 40% of the total, in order to grow that our base of grid assets by 150%. The remaining 9% will be invested in new products and services that address the needs of our customers in a context of ever-growing electrification of energy uses along with increased digitalisation.

The plan will also help to strengthen the group's internationalisation: the organic investments in all our markets are in addition to the integrations of PNM Resources in the United States, Aalto Power in France, CEB-D in Brazil, and Infigen in Australia, as well as the entry into new countries like Sweden, Japan and Poland through the acquisition of a portfolio of offshore wind projects.

Iberdrola is committed to the creation of sustainable value for shareholders, employees and society.



The unprecedented pace of investment envisioned in the plan, together with the focus on operational efficiency, will enable us to achieve gross operating profits (EBITDA) of 15,000 million euros and net profits of 5,000 million euros in 2025, while maintaining financial strength and increasing shareholder remuneration in line with results until reaching 0.56 euro per share.

Enhancing the social dividend

In this environment of change, Iberdrola reaffirms its commitment to contribute to the United Nations 2030 Agenda by generating a growing social dividend for the benefit of all.

We will boost the business of more than 22,000 local suppliers with our purchases of goods and services (which came to 14,000 million euros worth of orders awarded only in 2020), by increasing the 400,000 jobs we already provide on a worldwide basis, and by extending our sustainability policies to at least 75% of our main suppliers by 2025.

Over the next five years we expect to see almost 20,000 new hirings in the group, and we will deepen our commitment to professional development by further increasing the number of training hours per employee, which already stands at four times the European average. Along these lines, we will intensify our efforts to promote gender equality, with a view to reaching the target of 30% of women in management positions in comparison with the current 20%.

The expected growth in business will also enable us to continue increasing our tax contribution, currently standing at approximately 7,500 million euros.

In the environmental area, we will continue to reduce our emissions (which now come to only 98 g/kWh and are thus two-thirds lower than the European average), achieving emission neutrality in Europe by 2030.

In order to continue to foster the company's sustainability, efficiency and competitiveness, we will strengthen our commitment to R&D and

will further increase the investment in innovation, currently coming to 300 million euros per year.

These initiatives fit within our Governance and Sustainability System, which endorses the best corporate governance practices.

In view of all of the foregoing, Iberdrola sees the coming years as an opportunity to strengthen its sustainable enterprise, in order to continue to create value for our shareholders, our employees and the society we serve.