

Iberdrola SA - Climate Change 2019

C0. Introduction

C0.1

(C0.1) Give a general description and introduction to your organization.

Iberdrola is a world leader in clean energy, focused on promoting CO2 free installed capacity in our mix.

Nearly two decades ago, Iberdrola decided to strongly back clean energy. Since then, Iberdrola has invested tens of billions of € in renewable energy – onshore and offshore wind energy and hydroelectric power – as well as in the grids needed to integrate this renewable energy, and in storage. This pioneering commitment to clean energy has made the company one of the world leaders, with a renewable capacity of almost 30,000 MW, and the number one wind power producer in the world.

Iberdrola is well-positioned to become a benchmark as regards the contribution of the electricity subsector towards attaining a scenario that is compatible with the 2°C target, as a result of the characteristics of its energy mix, its investment profile and the commitments that it has already undertaken.

- Iberdrola's emissions per kWh in Europe were already 57% lower than the average of the European electricity sector in 2017; *Source: European carbon factor Benchmarking of CO2 emissions by Europe's largest electricity utilities (January 2019, PwC)*. r- Iberdrola is the world leader in renewable energies, smart grid and electric vehicle development and is ranked at the top of the main sustainability indices.

- Iberdrola publicly announced its target for 2030: to reduce the intensity of its CO2 emissions to below 150 grams per kWh in 2030, a level 50% less than its emissions in 2007, and being carbon-neutral by year 2050.

Iberdrola operates in more than 40 countries and has over 34 million customers. At Iberdrola, we have spent more than 150 years moving forward in a single direction. We have created an industrial growth project sustainable in the long term, by focusing on the core business, on stable activities and growth through a balanced business portfolio, on leadership in wind power, on operating efficiency and on financial soundness, becoming a number one worldwide energy group.

Thanks to the significant degree of alignment between our strategy and the objectives of the historic Paris Agreement and the documentation provided by the company as input to the Talanoa Dialogue Platform, Iberdrola was one of the six companies selected by the United Nations to participate in the Talanoa Dialogue session celebrated in May 2018 in Bonn.

C0.2

(C0.2) State the start and end date of the year for which you are reporting data.

	Start date	End date	Indicate if you are providing emissions data for past reporting years	Select the number of past reporting years you will be providing emissions data for
Row 1	January 1 2018	December 31 2018	No	<Not Applicable>

C0.3

(C0.3) Select the countries/regions for which you will be supplying data.

- Brazil
- Mexico
- Spain
- United Kingdom of Great Britain and Northern Ireland
- United States of America

C0.4

(C0.4) Select the currency used for all financial information disclosed throughout your response.

- EUR

C0.5

(C0.5) Select the option that describes the reporting boundary for which climate-related impacts on your business are being reported. Note that this option should align with your consolidation approach to your Scope 1 and Scope 2 greenhouse gas inventory.

- Operational control

C-EU0.7

(C-EU0.7) Which part of the electric utilities value chain does your organization operate in? Select all that apply.

Row 1

Electric utilities value chain

- Electricity generation
- Transmission
- Distribution

Other divisions

- Smart grids / demand response

C1. Governance

C1.1

(C1.1) Is there board-level oversight of climate-related issues within your organization?

- Yes

C1.1a

(C1.1a) Identify the position(s) (do not include any names) of the individual(s) on the board with responsibility for climate-related issues.

Position of individual(s)	Please explain
Board-level committee	Climate change's concern is present throughout the Company and the highest responsibility resides in the Board of Directors. According to its by-laws, they work through a committee structure representing the whole Board. The Corporate Social Responsibility Committee has overall oversight of climate related issues. This is a permanent internal informational and consultative body created by the Board of Directors, with powers in the areas of revision and update of the Corporate Governance System and supervision of the corporate social responsibility, climate change, sustainability, and reputation policy, upon the terms established in its regulations. The contribution to the achievement of SDG13 (emissions reductions) is a target included in the Bonus for the whole Board of Directors.

C1.1b

(C1.1b) Provide further details on the board's oversight of climate-related issues.

Frequency with which climate-related issues are a scheduled agenda item	Governance mechanisms into which climate-related issues are integrated	Please explain
Scheduled – all meetings	<p>Reviewing and guiding strategy</p> <p>Reviewing and guiding major plans of action</p> <p>Reviewing and guiding risk management policies</p> <p>Monitoring implementation and performance of objectives</p> <p>Monitoring and overseeing progress against goals and targets for addressing climate-related issues</p>	<p>Iberdrola integrates climate change issues as a transversal element of risk and opportunity in its business plans. Therefore, climate change is dealt in all meetings. Commitments and scenarios in connection with climate change are addressed at every corporate governance meetings. The Sustainable Development Committee (formerly Corporate Social Responsibility Committee) met on seven occasions during 2018. Its main responsibility is the supervision of the activities of the Company regarding sustainable development, corporate social responsibility, innovation, employment, satisfaction and diversity and the promotion and review of the Company's corporate governance strategy. During financial year 2018, the following members of the management team and professionals of the Company appeared before the Committee: Director of Innovation, Sustainability and Quality and Director of Energy Policies and Climate Change. Among their priorities for 2019, it is the monitoring of the group's contribution to the achievement of the SDGs, focused on SDG 13 (climate action). The Audit and Risk Supervision Committee supervises risks from an increasingly broad perspective, and during 2018 has further delved into the risks arising from climate change. This Committee met on twelve occasions during 2018. During financial year 2018, the Director of Energy Policies and Climate Change appeared before this Committee. All these Committees report directly to the Board of Directors. Example of issues treated is: "Strategic positioning of Iberdrola in relation to climate change and integration of Sustainable Development Goals within its strategy". In the Iberdrola group, we have embraced the United Nations' Sustainable Development Goals, which have been approved by the UN in September 2015, as part of our business strategy and our Corporate Governance System. The Board of Directors has set the new strategy based on the Sustainable Development Goals. This fact is stated in the Sustainable Management Policy, and the General Sustainable Development Policy.</p>

C1.2

(C1.2) Provide the highest management-level position(s) or committee(s) with responsibility for climate-related issues.

Name of the position(s) and/or committee(s)	Responsibility	Frequency of reporting to the board on climate-related issues
Chief Executive Officer (CEO)	Both assessing and managing climate-related risks and opportunities	More frequently than quarterly
Chief Sustainability Officer (CSO)	Managing climate-related risks and opportunities	Quarterly
Chief Risks Officer (CRO)	Assessing climate-related risks and opportunities	Quarterly
Other C-Suite Officer, please specify (Energy Policy, Climate Change Director)	Other, please specify (Coordination climate actions initiatives) <i>Coordination of all climate action initiatives, Iberdrola's liaison unit in the UNFCCC process and Global Climate Agenda, development of climate policy positions and assessments at global level, development of climate action programs in different areas (e.g Climate change awareness campaign plan)...</i>	Annually

C1.2a

(C1.2a) Describe where in the organizational structure this/these position(s) and/or committees lie, what their associated responsibilities are, and how climate-related issues are monitored (do not include the names of individuals).

The Chairman&CEO of the Board of Directors, together with the Business CEO and the rest of the management team, assumes the duty of strategic organisation and coordination of the group through the dissemination, implementation and monitoring of the general strategy and the basic management guidelines established by the Board of Directors.

Aspects relating to the environment are the responsibility of the Innovation, Sustainability and Quality Division. And specifically, those aspects relating to the fight against climate change are the responsibility of the Energy Policies and Climate Change Division. Both divisions report directly to the Chairman&CEO.

The Audit and Risk Supervision Committee also reports directly to Chairman&CEO. The Chief Risk Officer is in charge of analysing scenarios and risks deriving from climate change.

Iberdrola takes into consideration, in its daily activities, the seventeen Sustainable Development Goals (SDGs) approved by the United Nations and, in particular, contributes to the objectives relating to the supply of affordable and clean energy and the fight against climate change. Iberdrola also recognises the seriousness of the threat of global warming and commits to taking on a leadership role in the fight against climate change. These reasons make necessary that the Environmental Team and the Energy Policies and Climate Change Division report directly to the Board of Directors.

Along these lines, the Company, through its Policy against climate change, approved by the Board of Directors, commits to assuming a position of leadership in the fight against climate change, to promote a corporate culture focused on promoting awareness-raising among all of its stakeholders regarding the magnitude of this challenge and the benefits associated with resolving it, identifying specific actions in the area of mitigation and adaptation.

At operative level Iberdrola supports its efforts on climate change issues on two areas that report directly to the CEO:

a) The Environmental Management Team, which is also responsible for:

- the annual revision of the operational limits of the GHG emissions inventory
- the revision of emission factors
- the quantification of the GHG reductions
- the enactment of the environmental targets for the environmental management systems (ISO14001)

- monitoring the key performance indicators trends

- the execution of the methodology for calculating direct and indirect emissions of Iberdrola's activities and the accomplishment of the inventory and the Carbon Footprint Report.

All these duties are lead by our Chief Sustainability Officer. He reports at least quaterly all Sustainability Management Team actions to the Board of directors.

b) In 2015, before COP21, a new Division was created depending from the CEO and President, it is the Energy Policies and Climate change Directorate. Under its main responsibilities are:

- Coordination of all climate action projects in the field of Mitigation

- Adaptation and Awareness, develop policy positions and assessments in the field of climate policy, and tackle external stakeholders relationships within the context of the global climate action agenda (UNFCCC, Talanoa Dialogue, coalitions, multilateral bodies...

These responsibilities rely on the Director of Energy Policies and Climate Change who has the direct mandate from the CEO to manage this area on his behalf to answer board of Directors requirements.

They lead a specific Working group multidisciplinary gathers monthly representatives from the main corporative and business areas to assess and coordinate the state of affairs of the main climate action projects (policy positions, events, agenda...)

C1.3

(C1.3) Do you provide incentives for the management of climate-related issues, including the attainment of targets?

Yes

C1.3a

(C1.3a) Provide further details on the incentives provided for the management of climate-related issues (do not include the names of individuals).

Who is entitled to benefit from these incentives?

Board Chair

Types of incentives

Monetary reward

Activity incentivized

Emissions reduction target

Comment

Variable compensation tied to the achievement of specific, pre-established, quantifiable objectives. At the proposal of the Nominating and Compensation Committee, PricewaterhouseCoopers Asesores de Negocios, S.L. was asked to provide a specific assessment of the performance of the chairman in the fields of corporate governance and sustainability. Variable fee depending on commitment to sustainable development. Specific targets are being set for the Board in the last years. Last year it was established the next target: - Increase the emissions-free installed capacity ratio in order to comply with the commitment for emissions reduction in line with Sustainable Development Goals 7 and 13. The goals are: - A 50% reduction of the intensity of the 2007 level of CO2 emissions by 2030 and - Carbon neutrality by 2050. All information is public in our web page.

Who is entitled to benefit from these incentives?

Executive officer

Types of incentives

Monetary reward

Activity incentivized

Emissions reduction target

Comment

Iberdrola considers, among others achievements, to combat the effects of climate change, minimizing the environmental impact of its activities and promoting the adoption of all actions within its power for such purpose, as main goals. Tied to this achievement an Strategic Bonus has been created, as a payment by means of the delivery of the Company's shares. Our main goals to be achieved are: - Deploying clean energy development strategies, maintaining world leadership in renewable energy - Ensuring compliance with advanced corporate governance policies and recommendations - Maintaining downward trends in emissions (attainment of greenhouse gases (GHG) targets) and fuel consumption per unit of energy produced - Improving environmental quality and labour relations certification levels - Fostering corporate responsibility measures in the value chain - Advancing the development of measures fostering good labour relations. - Managing the targets by 2030 and carbon neutrality by 2050 affect in a direct way to all employees in different percentage depending on their responsibility inside the Group.

Who is entitled to benefit from these incentives?

Management group

Types of incentives

Monetary reward

Activity incentivized

Emissions reduction target

Comment

A Strategic Bonus applies for the Management group, whether Company's main goals related to climate change are attained. A 50% reduction of the intensity of the 2007 level of CO2 emissions by 2030 and carbon neutrality by 2050, will lead to the Management group to receive a percentage, whether the Company's target would be achieved year on year. Also it is important to say that the emissions reduction activities involve all employees in a direct way with its responsibility inside the company.

Who is entitled to benefit from these incentives?

All employees

Types of incentives

Monetary reward

Activity incentivized

Emissions reduction target

Comment

The environmental objectives mentioned in the Strategic Bonus received by the Management group are in cascade and affect all employees from the top managers in different percentages depending on their responsibility. Every employee has a percentage of its variable fee directly linked to the performance of his/her boss, therefore the mentioned environmental objectives are for every employee. There are also campaigns among ALL employees related to the CO2 emissions produced on their commuting. They are given free grants to buy electric vehicle cars (6,000 €).

Who is entitled to benefit from these incentives?

All employees

Types of incentives

Recognition (non-monetary)

Activity incentivized

Other, please specify (Climate change teachers at kids schools)

Comment

Employees have been trained to offer climate change education at their kid's schools and are participating in sessions so they have become climate change experts and have raised awareness among young children.

Who is entitled to benefit from these incentives?

All employees

Types of incentives

Other non-monetary reward

Activity incentivized

Behavior change related indicator

Comment

An online training course on climate change was launched during 2017 to all employees and to date has been completed by 16,150 employees. The purpose was to inform Iberdrola's employees about the challenges and solutions of climate change and make them aware of the importance of taking action. The course also aims to make employees understand the relationship between climate change and the energy sector, so that they can value the importance of the commitment made by Iberdrola and further engage on this matter.

C2. Risks and opportunities

C2.1

(C2.1) Describe what your organization considers to be short-, medium- and long-term horizons.

	From (years)	To (years)	Comment
Short-term	0	5	Climate change is embedded in the short-term when investments decisions are taken or) review of regulated tariff rates take place (usually every 3-5 years). Current "Perspectives 2018-2022" of Iberdrola Group envisages 34 €bn of investments in the period, of which 86% will be in Networks and Renewables, activities free of CO2. In terms of investment decisions, every investment decision must be supported by an Investment Dossier. Among the risks factors considered in the Investment Dossier the main ones related to climate change (during all the life of the project) are: future regulation, physical risks, etc
Medium-term	5	10	This horizon is defined based on 1) internal financial projections and 2) plans (existing and planned) to implement improvements in weather forecasting capabilities, resilience of assets... The Group has defined a Climate change adaptation plan to identify main risk exposure and climate change adaptation capacity of different technologies in the medium term.
Long-term	10	30	This horizon is consistent with average useful life of assets and long term company targets on decarbonization set by 2050. 2050 (~2019+30) should be considered as a reference for the international community (ie: EU) to achieve concrete positive milestones to fight against climate change. In addition, in the case of physical risk assessment, scientific projection for climate variables for longer time of periods (2070-2100) are also considered.

C2.2

(C2.2) Select the option that best describes how your organization's processes for identifying, assessing, and managing climate-related issues are integrated into your overall risk management.

Integrated into multi-disciplinary company-wide risk identification, assessment, and management processes

C2.2a

(C2.2a) Select the options that best describe your organization's frequency and time horizon for identifying and assessing climate-related risks.

	Frequency of monitoring	How far into the future are risks considered?	Comment
Row 1	Six-monthly or more frequently	>6 years	According to existing internal procedures, an annual review of structural risks must be performed and monitoring of checks are made quarterly. The group's Risk Committee evaluates and monitors the main risks on a monthly basis. This committee is supported by the also monthly Credit Risk and Market Risk Committees, which report to said Risk Committee. On at least a quarterly basis, the Audit and Risk Supervision Committee of the Board of Directors reviews the Group's quarterly risk report. With regards to how far into the future are risks considered, it should be noted that although the impacts from climate change can already be seen in the short term (e.g.: greater intensity and frequency of extreme weather events in certain geographic areas), they are gradual and over relatively long periods (useful life of any new assets, ie: 30-40 years).

C2.2b

(C2.2b) Provide further details on your organization's process(es) for identifying and assessing climate-related risks.

Iberdrola's Board of Directors considers climate change to be a priority element for the company. Climate change is a key element for defining its strategy. Iberdrola treats it not only as a risk factor, but mostly as an opportunity for growth during the transition towards a low-carbon economy.

In 2018 the Board of Directors modified Iberdrola's Corporate Governance System to i) improve the monitoring of all kind of risks (ESG approach) and ii) strength the Group's commitment to all of the Sustainable Development Goals ("SDGs"), especially 7 and 13. The Sustainable Development Committee of the Board is in charge of reviewing aspects relating to climate change, among other things, and receives regular reports. Our commitments and vision are reflected in the "Policy against climate change".

As regards the process for identifying the risk of climate change, Iberdrola's Board of Directors and senior management are committed to identifying and evaluating the risks of the group:

- a) Ex ante: the risk tolerance levels are reviewed and approved annually through risk policies and limits that establish the qualitative and quantitative risk appetite at the level of the Group and at each of the principal businesses and corporate functions;
- b) Ex post: at least one quarterly supervision of i) major risks and threats and the different exposures of the group and ii) compliance with the limits and indicators of risk policies take place

Risks categories in Iberdrola are:

- Market
- Credit
- Business
- Regulatory and Political
- Operational, Technological, Environmental and Social
- Corporate Governance

For every identified risk in the company, there is an obligation to identified if it could have or not Reputational impact for the company.

Climate change drivers are linked with all that risks categories (both at company and asset level), which to a large extent are not new risks for Iberdrola. Pursuant to the "General Risk Control and Management Policy, risks relating to climate change are included in the catalogue of "threats". Within the group, the identification, analysis and management thereof is approached with a multi-departmental focus, in which there is cooperation between corporate as well as business functions with the participation of the highest management levels of the group.

For risk identification and assessment to develop each Key Risk Report (KRR), there are defined workflow processes in place:

- a) Risk Function initiates (communications and meetings) with the business unit. The previous KRR is starting point. There is an identification process, where all the risks that have affected the business (from asset to management level) during the quarter are identified and added to the new KRR
- b) New KRR: presented to Steering Committee of the Global Business, to review and provide comments. Once reviewed, the definitive KRR is distributed to Corporate Risk Management

c)Definitive KRR: consolidated with other risk reports by the Risk Function to produce the Quarterly Risk Report, to be presented to the subholding's Audit and Compliance Committee (CAC) to complete the company's reporting process

d)Once reviewed the final KRR, Corporate Risk Management remits to the Operating Committee the whole Quarterly Risk Report, including all KRRs

With the previous established parameters, a graphic representation of the Key Risk Maps for is included in the KRR

The KRR is quarterly updated by main Businesses Units, with the aid of the local Risk Functions and by some of the most significant Corporate Units

Some of the key identified risks in that periodical processes require the preparation of specific risk analysis and detailed reports in order to evaluate the complexity, probability and estimated economic impact. These reports could be presented to the Corporate Risk Committee, so that the Corporative Risk Function is informed of all the circumstances regarding the identified risks and can keep them under monitoring

The Group's Corporate Risk Committee of the Iberdrola Group:

- Meets on a monthly basis chaired by the Director of Finance and Resources and attended by the Corporate and Businesses Risk Managers and representatives from Control and Internal Audit

-Review most relevant issues presented to previous Credit Risk Committees and Market Risk Committees, and any other risk report that might require the overview of the Risk Management Direction

-Review specific risk reports, which may require monitoring of different intensity, including emerging or non-permanent risks, of occasional or strategic relevance

Definition of "substantive financial or strategic impact" for Iberdrola Group: Risk Procedure includes a 4 level classification of risks according to economic impact: Very High >100M€, High 50-100M€, Medium 10-50M€ and Low <10M€. It also considers probability to occur and the potential reputational impact of risks. "Very high" and "High" are what the Group considers as "substantive" risks and opportunities for CDP response purposes

C2.2c

(C2.2c) Which of the following risk types are considered in your organization's climate-related risk assessments?

	Relevance & inclusion	Please explain

	Relevance & inclusion	Please explain
Current regulation	Relevant, always included	As stated before (Question C2.2b), Businesses and Corporate Functions develop its "Key Risk Report" where risk related with regulation are identified. For Current Regulation Risks already identified, key limits and indicators have been decided, to monitor each one (See questions C2.2d). There are no specific Regulation Committee for assessing those risks, due to the fact that every reporting unit (business and corporate, at every level in all countries), are responsible for monitoring its applicable regulation-risks and to feed the Quarterly Risk Policy Monitoring Report, which will be presented as part of the Quarterly Risk Report to the Group's Corporate Risk Committee. (The specific Risk Factor Chapter where this risk is included is called "Regulatory and Political Risk"). Regulation risk is one of the most relevant risk components of transition risks. Investment decisions consider scenarios, qualitative analysis and sensitivities. Policy actions that attempt to constrain CO2 emissions, or encourage clean activities, could affect companies, especially for a utility company like Iberdrola. Example 1: evolution of CO2 prices (due to governmental driven changes) which could affect profitability of existing power plants (renewables and traditional) and new investments. Example 2: large-scale development of distributed generation
Emerging regulation	Relevant, always included	As stated before (Question C2.2b), Businesses and Corporate Functions develop its "Key Risk Report" where Emerging Regulation is one of the Risk Factors chapters always included to be analyzed for identification new risks, at every level for business and corporate functions in all countries. (The Chapter is called "Regulatory and Political Risk"). Once identified and assessed all risks, key limits and indicators are set, to lead the correct monitoring of each risk, as specified in Question C2.2d. Policy actions that attempt to constrain CO2 emissions, or encourage clean activities, can affect companies, especially for a utility company like Iberdrola. Regulation risk is one of the most relevant risk components of transition risks. Investment decisions consider scenarios, qualitative analysis and sensitivities. Example 1: evolution of CO2 prices (due to governmental driven changes) which could affect profitability of existing power plants (renewables and traditional) and new investments. Example 2: large-scale development of distributed generation Example 3: The new European regulation on sustainable finance is focused on a methodology focused on reducing 1.5°C that does not take into account the efforts of companies prior to 2018 and is penalizing clean companies so they might be left out of investment portfolios of the ESG investors Example 4: The Spanish National Energy and Climate Plan
Technology	Relevant, always included	New technologies or reduction of cost of existing technologies can result in threats and opportunities for Iberdrola. As explained beforehand, in the KRR periodically updated by every Business/Corporation function there are several Chapters to include the analysis of all identified risks. This type or risk is included in the chapter called "Operational, Technological, Environmental, Social and Legal Risk", where, within others is stated to analyze Direct or indirect economic losses resulting from inadequate internal procedures, technical failures, human errors, technological investments and costs, maintenance or new technologies. Also are included those risks associated with information technology and cybersecurity, as well as the risk of technological obsolescence. Investment decisions consider qualitative analysis, technical reviews and sensitivities. Example 1: risks/opportunities associated with offshore renewable assets (ie: marine environment) Example 2: a future scenario with more renewables and a higher electrification is likely to demand new capabilities from the transmission and distribution networks. If Iberdrola is unable to do this, it will lose competitiveness. Example 3: increased energy efficiency and distributed generation could reduce demand of electricity.
Legal	Not relevant, included	As explained beforehand, in the KRR periodically updated by every Business/Corporation function there are several Chapters to include the analysis of all identified risks. This type or risk is included in the chapter called "Operational, Technological, Environmental, Social and Legal Risk" where potential legal risks have to be addressed, including those that could arise from legal and fraud. Legal actions against directors and companies for failing to adapt to, mitigate against and inform about climate change are not considered relevant, although they are constantly considered and monitored. Example: potential denial of environmental permits for new assets, but all requirements are specifically assessed and managed to comply with them.
Market	Relevant, always included	Changes in prices of commodities (ie: coal, gas, electricity...) and environmental emission rights (CO2 or others) can have a significant impact in Iberdrola. This risk is included in a specific factor chapter in every KRR, called "Market risks". The exposure of the Group's results to changes in market prices and variables, such as exchange rates, interest rates, commodity prices (electricity, gas, CO2 emission allowances, other fuel, etc.), prices of financial assets and others are assessed. As explained in question C2.2d, there are a specific "Corporate Market Risk Committee" which meets on a monthly basis to review most significant market movements, new constraints, opportunities, and changes in commodity prices and exposures, the market risk metrics and singular events. Investment decisions consider scenarios, qualitative analysis and sensitivities. To monitor, control and manage the market risk Iberdrola accounts for a Market Risk Committee. Example 1: impact in wholesale energy commodity prices in core countries for Iberdrola, that could reduce retail business revenues. Example 2: the development of highly efficient gas-fired power plants and renewables such as wind and solar could cause, in the future, price pressure in certain power markets which as of today work as marginal prices markets. Or even a change of how the market will work. Example 3: availability and cost of "green" finance
Reputation	Relevant, always included	Reputational impact is one Chapter for all KRRs developed in the Group, is not a specific Risk Factor, but a category to be analyzed specifically for every risk, as a cross company risks factor (see question C2.2b). For every risk included in the KRR it has to be set if it implies or not reputational impact and may have a potential negative impact on the value of the Company. The reputational impact results from behaviors on the part of the Company that are below the expectations created among the various stakeholders: shareholders, customers, media, analysts, government, employees and the society in general. The negative reputational impact of certain events (e.g. negative media coverage) could deteriorate existing perception of Iberdrola as a leading entity against climate change. It could also imply shifts in consumer preferences and stigmatization of sector. External Media Social Assessment tool in place to identify and monitor all media impacts in all our core countries, feeding the internal assessment of reputational risk. Example: not been able to comply with full expectations of regulators and investment community could impact our brand.
Acute physical	Relevant, always included	Iberdrola's assets could be affected by physical extreme weather related events such as heat and cold waves, extreme precipitation, storms, hurricanes, wildfires, etc. Specific issues arising from every business, in all countries, but also at asset level, in regards of environmental issues are included in the KRR chapter called "Operational, Technological, Environmental, Social and Legal Risk". In every report it is asked to identify the expected time-frame for the risk to have a potential financial impact. In general, this risks are linked to short term risks and specific Action Plans are created to deal with them, for business/asset level, including specific limits and/or indicators to periodically monitoring them (as described in question C2.2d). Iberdrola is fully aware of this risk, and manages it during the design and construction phase (engineering) and during the operational life of the asset, by investing in improvements, training of employees, emergency plans, etc. However, there are plans and predictive systems that allow for the impacts arising from these events to be minimised. One example of an extreme event that was already managed is in the management of the networks in the United States, where Avangrid Networks launched a plan for the next 10 years, "Transforming Energy", in order to improve the resiliency of the network against severe storms, with measures like the replacement of supports and conductors, the improvement of tree trimming and maintenance, and better connectivity, among others. Example: floods of assets located near rivers and the sea, as substations

	Relevance & inclusion	Please explain
Chronic physical	Relevant, always included	Physical risks resulting from climate change can be longer-term shifts in climate patterns, such as sea level variations, changes of precipitation patterns, rise of mean temperatures, etc. Added to the uncertainty associated with long-term global climate projections is the need to specify the impact on the geographical regions where our assets are located. Iberdrola, as part of its adaptation plan is assessing in detail physical risks resulting from medium and long term changes in climate patterns that could affect the availability of resources such as water for the hydropower as well as the efficiency of electricity generation and transmission. Currently there is no a scientific consensus about specific changes in regional wind power potential there is considerable uncertainty around it. This risks are, as acute physical risks, included in the KRR chapter called "Operational, Technological, Environmental, Social and Legal Risk". Time frame for this risks is usually medium and long term, but some specific risks are identified as short term, as long as its financial impacts have been already impacted the company (as Changes in precipitation patterns and extreme variability in weather patterns, included in question C2.3a). Example1: long term deterioration of wind production as a result of climate change. Example 2: Generation output of Iberdrola's power plants could be affected by negative changes in weather conditions, due to higher or lower hydro resource average figures (ie: long term chronic physical climate change risk)
Upstream	Relevant, sometimes included	Some specific upstream risks are included in KRR in the so called "Credit Risk" chapter, as the possibility that a counterparty fails to perform its contractual obligations, thus causing an economic or financial loss to the Group. Counterparties can be end customers, counterparties in financial or energy markets, partners, suppliers or contractors. As well as Market Risk Committee (see example in question C2.2d), in the Group there are also in place a Credit Risk Committee formed by those responsible for managing and controlling the credit risk present in the different businesses, which meets on a fortnight basis in order to report the current credit exposure and any other factors that may represent a threat to the Group. Climate change risk could affect to providers of the Group. Depending on many factors, this risk could impact suppliers of materials and services, financial institutions, insurers, electricity providers of the regulated networks, etc. Example 1: default of a vendor supplying a project of Iberdrola as a result of a storm affecting its factories Example 2: increase of insurance costs as a result of higher losses observed by insurance companies (caused by climate change)
Downstream	Relevant, sometimes included	Some specific downstream risks are included in KRR in the so called "Credit Risk" chapter, as the possibility that a counterparty fails to perform its contractual obligations, thus causing an economic or financial loss to the Group. Counterparties can be end customers, counterparties in financial or energy markets, partners, suppliers or contractors. As well as Market Risk Committee (see example in question C2.2d), in the Group there are also in place a Credit Risk Committee formed by those responsible for managing and controlling the credit risk present in the different businesses, which meets on a fortnight basis in order to report the current credit exposure and any other factors that may represent a threat to the Group. Climate change risk could affect our network and commercial customers. Example 1: movements of customers to other areas (reducing demand in the existing one) as a result of climate change Example 2: changes in energy demand due to climate change Example 23: a counterparty under a PPA contract (ie: a mining company) could stop payments as a result of new regulation imposing restrictions on its core operations

C2.2d

(C2.2d) Describe your process(es) for managing climate-related risks and opportunities.

The IBERDROLA Group is exposed to various inherent risks in the different countries, industries and markets in which it operates and through the businesses it carries out, which could prevent it from achieving its objectives and executing its strategies successfully. The Company's Board of Directors, aware of the importance of this matter, has undertaken to develop its capabilities to ensure that the risks relevant to all of the Group's activities and businesses are appropriately identified, measured, managed and controlled, and has established, through the Group's General risk control and management policy, the basic mechanisms and principles necessary for the appropriate management of risk-opportunity

It must be highlighted that climate change covers various risks which to a large extent are not new risks for Iberdrola. In that sense, the Group has been dealing with the management of risks (such as market risks, physical risks and regulatory risks) for decades

Also the Group continues to make progress with in-depth climate analysis with a view to improving its forecasting and establishing the most appropriate measures in order to adapt

Management approaches implemented in the Group for dealing with climate change risks:

a) Mitigation, as proactive communication with regulators, investments in existing assets to adapt to the new environment, intra-group transfer of best practices, risk analysis of new investments or the creation of an internal working group to analyze the future impact of physical risks of climate change into the generation, distribution and transmission businesses

b) Transfer, by way of insurance policies to cover physical impacts in the operating assets as a result of climate change

c) Accept/control: certain risks inherent to our business. Iberdrola Group considers variability of water and wind resources as part of our activity

All Key Risk Report (KRR) includes a mitigation actions chapter.

The key risk maps are reviewed periodically, typically annually for structural risks and quarterly for current hot topic risk.

The Risk Management Division, with the Business or Corporate Function units, proposes both quantitative and qualitative limits for each risk. Some risk factors, due to their nature, are not manageable and, instead of a risk limit (or "hard limit") an indicator that tracks the evolution of the risk factor is established in order to alert if a risk factor reaches certain values that could lead to an economic impact.

The setting of limits and/or indicators are established taking into account:

-Reference values established by the regulatory

-The economic figures of the business in question: turnover, EBITDA, profit, etc

When risk factors and limits are set, the risk monitoring processes start, taking into consideration the following workflows, to be performed at least quarterly, to develop the Risk Policy Limits and Indicators Monitoring Report:

a) ERM Corporate Unit initiates the process by communicating to the various reporting units involved There are specific Committee for specific risk monitoring and control feeding this quarterly workflow. I.e.: Market Risk Committee: The Corporate Risk Management Division and the Business Risk Units are entrusted with the responsibility to monitor and control the market risk throughout the Group. Also, the Group has among other instruments a Corporate Market Risk Committee, which meets on a monthly basis to review the market risks, follow-up related metrics and create, if necessary, singular events reports.

b)ERM Corporate Unit fulfill the report and an internal online platform with all areas information, included its own reporting period information.

The Quarterly Risk Policy Monitoring Report, is presented as part of the Quarterly Risk Report to the Group's Corporate Risk Committee.

Example for a transition risk: in order to mitigate the potential negative impacts that could arise in the transition to a future (decarbonized) world, as regulatory and market risks, Iberdrola plans to invest 34 €bn in 2018-2022 in order to i) diversify businesses and countries and i) reduce the weight of more exposed divisions

Examples for physical risks:

a) Avangrid Networks launched in 2018 a resiliency plan "Transforming Energy" (investing \$2.5 billion over ten years) to harden grid infrastructure predominantly in the states of Maine and New York for addressing the impact that storms have on the system and to provide technology solutions

b) Scottish Power Energy Networks developed a Climate Change Adaptation Report in 2015. It is periodically updated. The 2015 report used the findings from the UK Climate Projects UKCP09 (2009) and analyses the risks of climate change on the UK's transmission and distribution lines operated by SPEN. Then has put in place actions as permanent bundling to protect the site from water and to prevent the escape of oil to adjacent land, as well as specific emergency protocols regarding storm resilience response

C2.3

(C2.3) Have you identified any inherent climate-related risks with the potential to have a substantive financial or strategic impact on your business?

Yes

C2.3a

(C2.3a) Provide details of risks identified with the potential to have a substantive financial or strategic impact on your business.

Identifier

Risk 1

Where in the value chain does the risk driver occur?

Direct operations

Risk type

Physical risk

Primary climate-related risk driver

Chronic: Changes in precipitation patterns and extreme variability in weather patterns

Type of financial impact

Reduced revenues from lower sales/output

Company- specific description

Generation output of Iberdrola's hydro power plants could be affected by negative changes in weather conditions, due to higher or lower water inflows. The lower the rain, the lower the production (if reserves are kept constant). The potential impact is not only the volatility every year (vs the average), but also the potential decrease in the long term of what it is considered as average production. In the medium to long term, years with lower than average water resource are offset by years with above-average water resource. The risk of water resource in a given year basically affects the Renewables business in Spain, and to a lesser extent Brazil. In Spain, almost 40% of the total installed capacity of Iberdrola is hydro. Geographical diversification (not only at country level, but also at basin level)) as well as the Hyper-annual storage capacity, helps to mitigate the risk. Wind and solar resources are also exposed to climate change risks. There is still a high uncertainty on projections about the potential positive or negative variation parties of said resources either at global or regional level, in the medium and long term.

Time horizon

Short-term

Likelihood

About as likely as not

Magnitude of impact

High

Are you able to provide a potential financial impact figure?

Yes, an estimated range

Potential financial impact figure (currency)

<Not Applicable>

Potential financial impact figure – minimum (currency)

170000000

Potential financial impact figure – maximum (currency)

210000000

Explanation of financial impact figure

The changes in output from a dry year to a wet year with respect to the average value can be up to -4,000 GWh in a dry year and +5,000 GWh respectively in Spain, and the variability would be between an estimated (figure for 12 months) €-170 and Euros +210 million.

Management method

Technical characteristics of Iberdrola's hydro power plants plays a key role in managing uncertainty and volatility. Iberdrola is Spanish leader in hydro capacity in reservoirs, many of them designed as hyper-annual capacity (that is, able to manage uncertainty in hydro inflows for a period of several years, by storing water in wet years that lately might be used to produce energy in dry years). Iberdrola hydro reservoirs have a capacity equivalent to 11.3 TWh, of which 6.3 TWh corresponds to hyper-annual reservoirs. The Group considers that the resource risk is mitigated by the large number of renewable power plants available and their geographical diversification. In the medium to long term, years with lower than average resource are offset by years with above-average resource. Furthermore, Iberdrola has developed a specific climate change adaptation plan, applicable to new investment as well as existing projects. As part of the plan Iberdrola is carrying out specific studies considering different climate scenarios in order to anticipate future climate risks as a result of climate change and to increase the resilience of the company. Iberdrola expects to invest 13,3 €bn in 2018-2022, in renewables business, focusing in diversification of assets and operational efficiency, that are main actions to deal with risks from lower outputs in hydro power plants.(Cost of management)

Cost of management

13300000000

Comment

Identifier

Risk 2

Where in the value chain does the risk driver occur?

Customer

Risk type

Physical risk

Primary climate-related risk driver

Chronic: Other

Type of financial impact

Other, please specify (Increased operating costs in our three core business lines: renewables generation, traditional generation and networks)

Company- specific description

As of the end of 2018 Iberdrola had a very relevant asset base: it distributed 233 TWh of electricity in the year, it managed 30.6 million of electricity points of supply and had a fleet of 47.4 TW (29.2 TW of renewables and hydro and 18.2 TW of traditional generation). To run that asset base as required, in an efficient manner and maintaining adequate quality levels, Iberdrola incurred in 2018 in 4.15 €bn of operating costs (salaries + third party services). Approximately half of that figure was related to the Networks business. A combination of risk factors could increase in the future the annual figure previously mentioned, mostly linked to (potentially) higher temperatures and increased severity and frequency of extreme weather events: -Higher technical losses in the grids -Lower operating life of assets due to deterioration -Congestion of the networks (lower transport capacity) -Thermal expansion of grids -Interruptions of supply -Difficulties to reach affected areas -Communications errors

Time horizon

Long-term

Likelihood

More likely than not

Magnitude of impact

High

Are you able to provide a potential financial impact figure?

Yes, an estimated range

Potential financial impact figure (currency)

<Not Applicable>

Potential financial impact figure – minimum (currency)

50000000

Potential financial impact figure – maximum (currency)

150000000

Explanation of financial impact figure

As a reference, and according to internal studies by assets and geographies, long term permanent average increase of operating costs (including insurance) should not be higher than 3%.

Management method

The following aspects help to mitigate the impact and manage the risk: -Geographical diversification of assets, -Existing capabilities and design contingencies, as long as the Group's experience in managing climate risks, in regions currently exposed to relatively extreme weather conditions - The design and specification of new equipment will consider more severe climate conditions and technological improvements. Existing assets are progressively replaced by new one (demanding lower O&M), - Development of new capabilities in weather forecasting -Likely recovery of the bulk of the costs in the networks business through regulated tariffs (multi annual tariff reviews). -The capacity to adapt through training Iberdrola expects to invest 34 €bn in 2018-2022, mainly in renewables (39%) and networks (47%) (Cost of management)

Cost of management

34000000000

Comment

Identifier

Risk 3

Where in the value chain does the risk driver occur?

Customer

Risk type

Transition risk

Primary climate-related risk driver

Market: Changing customer behavior

Type of financial impact

Change in revenue mix and sources resulting in decreased revenues

Company- specific description

Possible risk from impact of climate change on GDP growth and/or electricity demand. According to science estimations global warming by 2 °C could lead to a decrease in electricity demand in most European countries. Based on current temperature consumption relationships, cooling electricity demand is estimated to remain relatively small compared to heating electricity demand. Unless Europe switches to a very cooling intensive lifestyle or significantly reduces the use of electric heating, +2 °C global warming could mean that less electricity would be needed overall. However, temperature is just one of many factors influencing total electricity demand; other factors include income, electricity prices, demography and technology. This risk is considered to have potential substantial impact due to the potential economic impact associated with, although the estimated likelihood is "unlikely" due to the fact that decarbonisation of the energy model, especially in mobility and heating and cooling will bring about increased electrification, compensating the potential risk. This risk could impact in the European Strategy for the following years planned by Iberdrola, taking into account the European EBITDA was 57% of total EBITDA Group in 2018.

Time horizon

Long-term

Likelihood

Unlikely

Magnitude of impact

High

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

100000000

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact figure

The above figure must be understood as "Higher than 100 €M". It is a long-term estimated figure based on qualitative analysis, and could be a cumulative impact for the following 30 years. This risk is considered to have potential substantial impact due to the potential economic impact associated with, although the estimated likelihood is unlikely.

Management method

In the short-term it is assumed that reduction of electricity demand is not material for the Group: a) The profitability of the network business is not exposed to demand risk, except for the Brazilian subsidiaries b) In UK and Spain, given market structures and the profile of the Group, the sensitivities do not show material reductions of EBITDA as a result of changes in demand c) In Mexico, the structure of the agreements the Group has entered into isolates the business results from electricity demand fluctuations. Revenues come mainly from plant availability and only the sales indexed at the official Mexican tariff are subject to a certain extent to fluctuation in demand. Nonetheless, most of the plants have committed sales exceeding their production capacity and therefore a shift in demand would not have an impact on their operations or results as the electricity generated would be sold to another customer. For the long term, the monitoring of tendencies and climate scenario analysis are the management method for preview the potential impact Also it is very important for the long term the Iberdrola activities related with collaboration with governments in the generation of policies and guidelines for the fight against climate change as well as its important informative activity that promotes social awareness of the importance of electrification through renewable resources. Explanation of Cost of management figure: Environmental expenses in 2018 across the Group

Cost of management

549700000

Comment

Identifier

Risk 4

Where in the value chain does the risk driver occur?

Direct operations

Risk type

Transition risk

Primary climate-related risk driver

Market: Increased cost of raw materials

Type of financial impact

Increased production costs due to changing input prices (e.g., energy, water) and output requirements (e.g., waste treatment)

Company- specific description

The price of CO2 emission allowances influences electricity prices For Iberdrola, a +/- 1 EURO variation in CO2 prices could impact of ±10 M€ on operating results.

Time horizon

Short-term

Likelihood

About as likely as not

Magnitude of impact

High

Are you able to provide a potential financial impact figure?

Yes, an estimated range

Potential financial impact figure (currency)

<Not Applicable>

Potential financial impact figure – minimum (currency)

10000000

Potential financial impact figure – maximum (currency)

60000000

Explanation of financial impact figure

For Iberdrola, a +/- 1 EURO variation in CO2 prices could impact of ±10 M€ on operating results. A range for CO2 prices variation has been taken into account for all the Group potential financial impact.

Management method

The positions exposed to market risk of the renewables businesses in Spain, Brazil and Mexico (non-regulated generation not

covered by long-term PPAs) are transferred to the Generation and Customers division in order to be managed and hedged in the most efficient manner possible, and included in the position of that business. In that division, the "Energy management" department. Explanation of Cost of management figure: it is 2018 procurement cost of the Generation and Supply business

Cost of management

16000000

Comment

C2.4

(C2.4) Have you identified any climate-related opportunities with the potential to have a substantive financial or strategic impact on your business?

Yes

C2.4a

(C2.4a) Provide details of opportunities identified with the potential to have a substantive financial or strategic impact on your business.

Identifier

Opp1

Where in the value chain does the opportunity occur?

Direct operations

Opportunity type

Products and services

Primary climate-related opportunity driver

Development and/or expansion of low emission goods and services

Type of financial impact

Better competitive position to reflect shifting consumer preferences, resulting in increased revenues

Company-specific description

Iberdrola had started its commitment with the fight against climate change more than 15 years ago (e.g. emission reduction target set 15 years ago, as first mover), so, that leader position has lead the company to be at the forefront in renewable energy generation, to provide consumer with greener energy and products and it is our aim to continue growing focusing in this strength. Our commitment is also linked to the achievement of the Sustainable Development Goals, and focused on SDG 7 renewable energy and SDG 13 climate action, and has changed the corporate governance system to be fully aligned, and updated the Climate Change Policy in 2018. This public commitment and emission reduction targets, approved by SBT in 2018, lead the company to focus its efforts in increasing renewable energy as the global context is demanding affordable, reliable, sustainable and modern energy, and be recognized by consumers. The energy demand is expected to rise above 30% (NPS scenario), and our leader position and strategy is taking advantage of that opportunity IBERDROLA is taking advantage of the wide range of incentives available to promote new, renewable electricity generation, the reduction of technology costs and from its own previous experience Also IBERDROLA continue to increase the operational efficiency of the renewable assets, introducing the most advanced technologies, equipment and digitalization, leading reducing costs and increasing production. 20% improvement of the efficiencies goal presented in2018; more than €1,200 M in efficiencies will accumulate over 2018-2022 thanks mainly to digitisation and the optimisation of processes in all countries and businesses. Innovation and digitalisation has allowed Iberdrola to be 40% more efficient than the average of main competitors in 2018 Also Iberdrola is at the forefront of providing green energy to consumers, both in households and industry Long term agreements are seen as a key element for the last years and also a focal point for the following 5 years, as it is one of the preferred way to sell our renewable energy, as a tool to guarantee controlled remuneration for renewable energy production Consequently, the renewable business is growing and has bigger expectations on growing more every year, as the updated strategy outlook for the next 4 years has shown, publicly presented to investors last February

Time horizon

Short-term

Likelihood

Very likely

Magnitude of impact

High

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

3480000000

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact figure

The Renewables EBITDA is expected to grow 3480 M€ by 2022. This estimation has been updated in the last Outlook of the company 2018-2022, and presented in the Investors Day, based on the 2018 results and perspectives. The Iberdrola Financial Strategy (and the EBITDA calculation) for 2022 update has been built using the following hypothesis: - Flat demand in Spain, UK and USA and more growth in Mexico and Brazil - Price increase derived from a higher CO2 cost - Modest increase in interest rates in US and Brazil, and higher in the Eurozone and UK as monetary policies normalize - Interest rates estimates slightly below last year Plan, partially offset by slightly higher spreads - Plan update assumes no change in average FX rates, appreciation of \$ and £ compensates BRL depreciation FX estimates up to 2022 assumes 2019 forward levels versus EUR

Strategy to realize opportunity

Iberdrola's strategy is aligned with Paris, integrating the fight against climate change since the early 2000s, committing to decarbonisation of the energy model through renewable energy, storage and smart grids, & to achieve the SDGs Key in 2018: - Scotland: ScottishPower sold its last 2566 MW of thermal generation -29.177 MW renewable installed capacity, and 68,2% of emission free installed capacity Renewable business face new opportunities to set the strategy. e.g: - Spain: Integrated National Plan of Energy and Climate 2012-2030 - Europe: framework Clean Energy For All Europeans - Brazil: National Investment Plan for Energy 2017-2016 - USA states: targets for offshore wind To contribute towards the growth of the sustainable and profitable model based on clean energies, Iberdrola has set a strategy for the Renewables business: expected 13300 M€ as investment 2018-2022: •USA: 31 % •UK: 20% •Spain: 16% •Mexico: 9 % •Brazil: 4% And: •Onshore wind: 44 % •Offshore wind: 32% •PV: 14% •Hydro Storage: 10 % To reach 9,9 GW in 2022 and more than 20 GWh in storage Strategy per technology: •Onshore wind: expected to grow in Spain, USA, Brazil, Mexico and Greece, to grow 2548 MW in 2022 •Offshore wind: -Europe (UK, Germany and France) - USA (Massachusetts, New York, Rhode Island, New Jersey, Connecticut, North Carolina, Virginia and Maryland) •Solar PV expansion in Spain, USA and Mexico; grow 628 MW in 2022 •Hydraulic to grow in 1916 MW in 2022; Spain, Brazil and Mexico

Cost to realize opportunity

13300000000

Comment

683 MW of installed capacity added: - Onshore wind: 99 MW in USA + 41 MW in Mexico - Photovoltaic solar: 10 MW in USA + 227 MW in Mexico - Hydroelectric: 306 MW in Brazil This has lead Iberdrola to reach in 2018 the 29.177 MW of renewable installed capacity, and have 68,2% of emission free installed capacity. ScottishPower sold 2566 MW of thermal generation: first vertically integrated company in UK with 100% renewable wind power generation facilities.

Identifier

Opp2

Where in the value chain does the opportunity occur?

Direct operations

Opportunity type

Products and services

Primary climate-related opportunity driver

Development of new products or services through R&D and innovation

Type of financial impact

Increased revenue through new solutions to adaptation needs (e.g., insurance risk transfer products and services)

Company-specific description

Distribution Networks have the central role in energy transition and need to adapt to new challenges arising worldwide. For IBERDROLA, investments on distribution networks are key for an efficient, safe and reliable electricity system. In the future, networks will not be anymore pasive players, but rather active agents that must allow for the integration of renewables into the grids and the connectivity of more sophisticated customers (smart grids). Players with the financial and technical skills to do these investments (as Iberdrola) will be a very good position to benefit from it. In that sense, Iberdrola is taking advantage of this

opportunity expanding the its network assets and operations to reach an EBITDA of more than 5,8 Bn€ in 2022 (EBITDA calculation uses the hypothesis included in "Explanation of financial impact figure" column) Distribution Networks is evolving through the aim to support the Energy Transition focusing on: •Optimise planning and Network deployment in a context of electrification of transport and heat. •Ensure system operability and reliability with large penetration of intermittent generation. •Integrate Distributed Energy Resources (Renewables, EV, storage). •Facilitate active demand response and supply balancing services. Long term regulatory frameworks and reasonable rates of return in all core areas of Iberdrola are the foundations of a balanced investment mix in Transport and Distribution. The main regulatory schemes/frameworks the company has focused to let to allocate investments are: - USA: o Distribution – New York and Connecticut: up to 2019 o Distribution- Maine: up to fourth quarter 2020 o Transmission Maine and Connecticut: FERC regulated o NECEC transmission:COD December 2022 - Brazil: o Sao Paulo: up to 2019 o Pernambuco: up to 2021 o Bahia: up to 2023 o Rio Grande do Norte: up to 2023 o Transmission lines: from 2018 to 2048 - UK: o Transmission RIIO T1: up to 2021 o Distribution RIIO ED1: up to 2023 - Spain: o Distribution up to 2020.

Time horizon

Short-term

Likelihood

Very likely

Magnitude of impact

High

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

5800000000

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact figure

The Networks business EBITDA is expected to have a growth up to 5800 M€ by 2022. This estimation has been updated in the last Outlook of the company 2018-2022, and presented in the Investors Day, based on the 2018 results and perspectives. The Iberdrola Financial Strategy (and the EBITDA calculation) for 2022 update has been built using the following hypothesis: - Flat demand in Spain, UK and USA and more growth in Mexico and Brazil - Price increase derived from a higher CO2 cost - Modest increase in interest rates in US and Brazil, and higher in the Eurozone and UK as monetary policies normalize - Interest rates estimates slightly below last year Plan, partially offset by slightly higher spreads - Plan update assumes no change in average FX rates, appreciation of \$ and £ compensates BRL depreciation FX estimates up to 2022 assumes 2019 forward levels versus EUR

Strategy to realize opportunity

The IBERDROLA network digitalization has been in continuous improvement to set the blueprint for a Global Smart Grid model (3Bn € invested to date) supported by a fully functional in-house innovation model. In 2018 main related activities are: • Spain:Star Project, installation of more than 10.8 million smart meters • United Kingdom:The Western Link, underwater cable between Scotland and Wales • United States: New England Clean Energy Connect (NECEC) project • Brazil: The 4 transmission projects awarded in the ANEEL auction Electric Vehicle: • Spain:Smart Mobility Plan To continue with this evolution in the Network Business, the company Outlook includes that it will absorb 49% of the group's net investments until 2022. IBERDROLA has planned a net investment of 16,000 M €(Cost to realize opportunity) (17% to transmission networks, 23% to the automation and digitisation of the networks, the rest to maintenance, reinforcement and development of the existing network) All of this has as its main objective the improvement of the quality of supply to the customer and a greater operational efficiency (18% reduction in the cost of customer service in the period). The country breakdown by country is: •United States: 37% •United Kingdom: 14 % •Spain: 12% •Brazil: 37% Also, 3,9 Bn € is expected to be invested for growing and expanding our global technology platform that includes data analytics, systems and applications, telecommunication network, automation and network assets.

Cost to realize opportunity

16000000000

Comment

Iberdrola networks assets in 2018: - 4400 high and medium voltage transformer substations (17765 km transmission lines & 962940 km distribution lines). - 1,5 M medium to low voltage distribution transformers (1244 km transmission lines & 191723 km distribution lines). Electric vehicle: IBERDROLA has started to deploy its early planning investing in distribution networks to accommodate full EV deployment in core markets. e.g: - Smart Mobility Plan: install 25,000 EV charging points in Spain by 2021. Launched in 2018. - Europe: policies promoting sustainable mobility (clean mobility package of the European Commission), will cause an increase of EV from 3M to approximately 300M by 2040, representing approximately 720 TWh of annual consumption. - In United Kingdom Ofgem decided to finance the CHARGE to accelerate the connection of electric vehicle charging infrastructure to

Identifier

Opp3

Where in the value chain does the opportunity occur?

Customer

Opportunity type

Products and services

Primary climate-related opportunity driver

Shift in consumer preferences

Type of financial impact

Better competitive position to reflect shifting consumer preferences, resulting in increased revenues

Company-specific description

IBERDROLA has been tackling the customer needs specially during the last years, previewing the shifting in the way people consume and interact with new technologies and in relation with the growing awareness of the climate change globally. Urban/technological lifestyles require the establishment of on-line, immediate and simple channels. This greater connectivity in turn allows for more personalised and efficient products and services. A greater presence of distributed generation and the growth of electric vehicles, together with the digitisation of relationship channels, will foster a more active role by customers. Now our growth is based, among others, in having our focus in the customer to provide innovation, flexibility, digitalisation and connectivity in our new products, as per the consumer preferences are demanding. Address consumer preferences is a main goal to achieve for Iberdrola in order to complete its company aim, to have competitive supply and excellence in service to customers. New products and services covering the new demands create growth opportunities to the business, and to address customer empowerment, as is an essential enhancer in our strategy.

Time horizon

Short-term

Likelihood

Very likely

Magnitude of impact

High

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

600000000

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact figure

The growth in retail will lead an incremental of 0,6 Bn€ EBITDA by 2022. This estimation has been updated in the last Outlook of the company 2018-2022, and presented in the Investors Day, based on the 2018 results and perspectives. The Iberdrola Financial Strategy (and the EBITDA calculation) for 2022 update has been built using the following hypothesis: - Flat demand in Spain, UK and USA and more growth in Mexico and Brazil - Price increase derived from a higher CO2 cost - Modest increase in interest rates in US and Brazil, and higher in the Eurozone and UK as monetary policies normalize - Interest rates estimates slightly below last year Plan, partially offset by slightly higher spreads - Plan update assumes no change in average FX rates, appreciation of \$ and £ compensates BRL depreciation FX estimates up to 2022 assumes 2019 forward levels versus EUR.

Strategy to realize opportunity

Our strategy to obtain profitable growth in retail business is based on strong emphasis on smart solutions. It is envisaged to have an increment from 6M to 14 M customer smart solutions for 2022, mainly in Spain, UK and Brazil, but in Europe. The cost to serve and acquisition cost are previewed to have reductions of 9 and 6% due our digital channels and data analytics. Additional efficiencies as per: •promoting e-billing •launching new digital products to customer personalization •leveraging on smart meters and data analytics •giving customer advice about consumption based on data Smart Solutions and cost efficiencies will allow for 32 M contracts with customers to be reached by 2022. Net growth investment in retail business: 1,4 bn € (2018-2022), and 570 M€ in smart meters, (Spain, UK, USA and Brazil) and for European deployment, (Cost to realize opportunity) focused in: •Smart Home •Smart Mobility •Smart Solar •E-billing. Expected growth to 75% in 2022 • New digital products. Spain and UK • Data analytics:

Spain, USA, UK and Brazil 2018 main activities: • Spain: Continued development of products and services adapted to the needs of customers • United Kingdom: increases in the dual tariffs for domestic customers became effective. At year-end 2018 a cumulative total of 1.2 million smart meters installed, meeting the Ofgem goal • Europe: Growth in retail activity. 734,000 contracts Further details in comment chart

Cost to realize opportunity

1970000000

Comment

• Smart Home: Spain: 10,4 M smart meters in 2017. Smart products for home: Smart Irrigation, Smart Thermostats, Electric meters
• Smart Mobility: smart charging+green tariff+maintenance+digital solutions • Smart Solar: personalized analysis+PV+storage+installation+maintenance+digital management. • E-billing. Expected growth to 75% in 2022 (Spain, UK, Brazil and expansion in Europe). • New digital products. Spain and UK: Personalized Plans (used by 1M customers); Easy Quote, first machine learning algorithm to predict consumption for household; Power Up allows customers to purchase gas and electricity with their mobile according to their needs and forecast. • Data analytics: Spain, USA, UK and Brazil: in 2017 70 Tb of data analyzed; big data tools developed to forecast demand. Reduction in 17 M/y costs of frauds in Spain.

C2.5

(C2.5) Describe where and how the identified risks and opportunities have impacted your business.

	Impact	Description
Products and services	Impacted	This is an impact from Opp 1 related to "development and/or expansion of low emission good and services": Although they represent an enormous challenge, climate change and the necessary transition towards decarbonisation of the energy model are also an opportunity compatible with growth and profitability for the company. Iberdrola has undergone a profound transition in this regard over the last two decades, clearly anticipating the energy transition to face the challenges of climate change and the need for clean electricity. Today, the group is perfectly positioned to take advantage of the opportunity to offer new products and services, such as electric mobility, demand-side management, smart grids, energy storage, renewables PPAs, etc. Our business strategy committed to climate action has enabled Iberdrola to make its CO2 emissions 70% less than the average for the European electricity sector and have 68 % of the installed capacity emission free being a preferred supplier. Increasing EBITDA for Renewable Business in 39,4 % in 2018 comparing to 2017 Magnitude of Impact: Very high.
Supply chain and/or value chain	Impacted for some suppliers, facilities, or product lines	This is an impact related, within other, from Risk 4 "Market: increased cost of raw materials": Supply chain-related risks are not considered relevant as of today. In terms of fuel procurement, 42% of electricity generated in our fleet in 2018 was renewables (ie: fuel free). For the rest, the Group intends to have a range of alternative suppliers in different geographies to avoid the potential impact of disruption caused by extreme weather events. In terms of other vendors and suppliers no significant issues have been observed, but in any case regular credit reviews of major counterparties are regularly performed. The Group leverages on its worldwide purchase capacity and access to a high number of vendors. Magnitude of Impact: low
Adaptation and mitigation activities	Impacted	With regards to mitigation, there is a link between the long-term incentive plan of the executive directors and the achievement of goals that support SDGs 7 and 13. The last two coal power plants of the Group are waiting for the final governmental approval to be closed. The Board of Directors has committed to reduce the intensity of greenhouse gas emissions (expressed in grams of CO2 per kWh generated) in order to place it below 150 grams of CO2 per kWh by 2030 (which is a 50 % reduction in the intensity of emissions compared to 2007), and reaching carbon neutrality by the year 2050. This is an impact from Risk2 related to "increased operating costs in our three core business lines: renewables generation, traditional generation and networks". With regards to adaptation to climate, extreme weather events are identified as one of the most relevant hazard for Iberdrola facilities due to their severity and their consequences, and this could become a chronic in the future. As an example, in 2017, windstorms took place in the Rochester area (New York, USA) and snowstorms in the Central Maine Power area (Maine, USA), with an associated cost in restauration activities of about 109 M €. In 2018 the cost associated to storms damages in USA where about 40 M€. Nevertheless, the facilities have been prepared and have predictive plans and systems to minimize impacts from these events. In particular, a resilience plan was launched in 2018 to harden grid infrastructure predominantly in the states of Maine and New York. Similar plant are in place in the rest of geographies. Magnitude of Impact: high
Investment in R&D	Impacted	This is an impact from Opp 2 related to "Development of new products or services through RyD and innovation": The group's R&D+i activities in electric energy distribution focus on optimizing the distribution grid, with special attention on the development of smart grids, with various projects in all of the countries in which it distributes electricity. In Europe, the company continues to participate in the ASSURED project to develop rapid charging solutions for heavy duty electric vehicles, and in the INTENSIS4EU project, which seeks a new focus in the area of smart grids and energy storage. In Spain, Iberdrola will continue pushing the digital transformation of the electricity grid of the Basque country thanks to the Bidelek 4.0 project. There is a continuation of the LAYCA project, which seeks to develop a system for locating breakdowns and identifying failures in medium-voltage networks, and has launched the Caravaca BESS project in order to achieve integration of a battery energy storage system (BESS) in operation. In the United Kingdom, development continues on the Fusion and LV Engine projects, directed towards the optimisation of low-voltage grids. There is also the SPEN project, conceived to manage restrictions on the high-voltage grid at the Dunfries and Galloway plants. In Brazil, there is the Bid Monitor project, which seeks to develop a support system for decision-making in electricity sales, and Smart City project for the implementation of innovative solutions for automation and operation of the electric grid. The TITAM-BT project also seeks to develop equipment that would allow for a reduction in fraud and ensure proper billing for customers. Magnitude of Impact: high
Operations	Impacted	This is an impact from Risk 1 related to "Chronic changes in precipitation patterns and extreme variability in weather patterns": As an example, during 1H-2019 the hydro production in Spain has been 45.1% lower than in the same period in 2018, as a result of draught. Another example, as impacted in operations: in the United States, where Avangrid Networks launched a plan for the next 10 years, "Transforming Energy", in order to improve the resiliency of the network against severe storms, with measures like the replacement of supports and conductors, the improvement of tree trimming and maintenance, and better connectivity, among others. Magnitude of Impact: high
Other, please specify	Please select	

C2.6

(C2.6) Describe where and how the identified risks and opportunities have been factored into your financial planning process.

	Relevance	Description
Revenues	Impacted	Our financial projections include: 1) Revenues coming from investment in renewables 2) Revenues arising from new business opportunities, like EV and large-scale energy storage 3) Elimination of revenues coming from coal generation power plants (mitigation) Magnitude of Impact: high This is linked, within others, with Risks4 and Opp1, Opp2 and Opp3.
Operating costs	Impacted	Our financial projections include: • Recurrent operating costs to improve the resilience of our assets • Training • R&D expense Magnitude of Impact: low-medium This is linked, within others, with Risk1, Risk2 and Opp2.
Capital expenditures / capital allocation	Impacted	Our financial projections include: • An allocation of 86% of the total 34 €bn envisaged to be invested in 2018-2022 by the Group in renewables and networks. Renewables reduce CO2, while investments in networks strength the network and capitalize opportunities (such smart grids) • Recurrent capex to improve the resilience of our assets • Specific investments in selected assets Magnitude of Impact: high This is linked, within others, with Risk2 and Opp1, Opp2 and Opp3.
Acquisitions and divestments	Impacted	At the end of 2018 our non-renewables generation portfolio in UK was sold, in line with the strategy of the Group to focus on renewables and networks. Recently we also sold our LNG portfolio worldwide. Magnitude of Impact: low This is linked, within others, with Risk4 and Opp1 and Opp2.
Access to capital	Impacted	The strategy implemented by Iberdrola, which is leading the transition towards a sustainable energy model, has been also positive from a financing point of view, since: - It has become the world's largest issuer of green bonds at corporate level with nearly €10 billion. The company has also been a pioneer in taking out green loans: in February 2017 it signed the first green loan for an energy company with BBVA, and in April 2018, in Mexico, the first operation of this type carried out in Latin America, amounting to \$500 million and \$400 million, respectively - It aims to provide visibility to an increased portion of the investment community who pays attention not only to short-term returns, but also sustainable growth (ESG approach) Magnitude of Impact: medium This is linked, within others, with Risk 4
Assets	Impacted	Circa 60% of our total Assets, as of the end of 2018, was in the form of "Property, plant and equipment", coming from our operating business lines: renewables, networks and liberalized. Iberdrola has undergone a profound transition over the last two decades, clearly anticipating the energy transition to face the challenges of climate change and the need for clean electricity, and therefore investing in renewables and reducing relative weight of traditional generation. Looking to the future, 86% of the total 34 €bn envisaged to be invested in 2018-2022 by the Group will be in renewables and networks. We consider that the book value of potential assets to be impaired by climate change (stranded assets) is not material in the context of our size. Magnitude of Impact: high This is linked, within others, with Opp1 and Opp2.
Liabilities	Impacted	1) We assume that we will be able to access green financing at attractive terms 2) We consider than, based on our current understanding, the liabilities related to climate change are adequately reflected in our Balance Sheet Magnitude of Impact: low This is linked, within others, with Opp1 and Opp2.
Other	Please select	

C3. Business Strategy

C3.1

(C3.1) Are climate-related issues integrated into your business strategy?

Yes

C3.1a

(C3.1a) Does your organization use climate-related scenario analysis to inform your business strategy?

Yes, qualitative and quantitative

C-AC3.1b/C-CE3.1b/C-CH3.1b/C-CO3.1b/C-EU3.1b/C-FB3.1b/C-MM3.1b/C-OG3.1b/C-PF3.1b/C-ST3.1b/C-TO3.1b/C-TS3.1b

(C-AC3.1b/C-CE3.1b/C-CH3.1b/C-CO3.1b/C-EU3.1b/C-FB3.1b/C-MM3.1b/C-OG3.1b/C-PF3.1b/C-ST3.1b/C-TO3.1b/C-TS3.1b)

Indicate whether your organization has developed a low-carbon transition plan to support the long-term business strategy.

Yes

(C3.1c) Explain how climate-related issues are integrated into your business objectives and strategy.

i) Business strategy: Nearly two decades ago, Iberdrola understood that climate change was a real challenge that required urgent actions, being aware of the leading contribution of the electricity sector to the solution through electrification of the economy. Since then, Iberdrola leads the energy transition towards a sustainable model through investments in renewable energy, smart grids, large-scale energy storage and digital transformation, offering the most advanced products and services to its customers.

ii) Evidence: Iberdrola has closed fifteen coal and fuel oil plants since 2001 all over the world, totaling approximately 7,500 MW, always working with local authorities to guarantee jobs and minimize impact on supply chain and local economy. Following this strategy of decarbonization, Iberdrola has increased more than 11,500 MW of renewable capacity in the last 12 years, being the cornerstone of its strategy. This business strategy committed to climate action has enabled Iberdrola to make its specific emissions 38% lower than the average for the European electricity sector and have two thirds of its installed capacity emission free.

iii) What aspects of climate change have influenced the strategy: Iberdrola is aware of the new international energy scene, which is characterized by the need of guaranteeing a competitive, secure and sustainable supply. In this context clean technologies are decisive for fighting against climate change and minimize the dependence on carbon fossil fuel. Environmental management is one of the most important pillars in the Company's business development. The Group has become one of the largest utility of the world and world-leader in wind energy.

iv) Short term strategy: During the financial year, digitalization is a priority, in the area of demand-side management, Iberdrola's main goal is to foster energy efficiency and the intelligent use of active electricity grids (more than 12 millions of smart meters installed). Several initiatives have been developed to reduce indirect emissions, such as the promotion of eco-efficiency in order to encourage the responsible consumption of energy and to foster the use of renewable sources in generation. Services related to the following are marketed in order to strengthen this strategy: energy savings and efficiency, renewable energy facilities and added services, comprehensive management of energy supplies and maintenance of facilities and electric mobility.

v) Long term strategy: The purpose of the business model defined by the Iberdrola Group is the "supply of reliable, high quality and environmentally-friendly energy", through a sustainable, long-term industrial enterprise. Under this consideration, and taking into account the long-term consensus energy scenarios, Iberdrola is developing a strategy with the following main characteristics:

- The organic growth of the company is focused on major investments in the five countries where it is present.
- Investments will preferably focus on the networks and renewables businesses, which, apart from being regulated businesses with long-term contracts, contribute decisively to the fight against climate change.
- The strategic pillars defined by the company are profitable growth, operational excellence, customer-focused operations, the optimisation of capital, and innovation.
- The company has publicly announced its commitment to decarbonisation, setting ambitious goals for 2030 and 2050.

vi) Advantage over competitors: A deep change in the generation mix, derived from the increase in fossil fuel prices and policies to support security of supply and reduced CO2 emissions, is taking place. Iberdrola, as a wind power-leader, can face this situation due to the development of low carbon technologies, digitalization, and an ecoefficiency strategy. In addition, the Company's diversified business assures Iberdrola's position as a Company that could continue developing its business in this new context. According to the above, several institutions have recognized Iberdrola as a leader Company for their actions to fight against climate change (among others i.e: CDP, CDP Water, DJSI, FTSE4GOOD, MSCI World ESG Index, Global 100, Sustainalytics, ISS-oekom, video eiris, ecovadis, ...).

vii) Influence on business decisions: **The Company's strategy is focused on gradually reducing its intensity of GHG emissions by continuing along the line of electricity generation based on renewable sources and progressively introducing more efficient and less-carbon intensive technologies at existing facilities.** Iberdrola integrates climate change issues as a transversal element of risk and opportunity in its business plans.

viii) Iberdrola has already taken into account the Paris Agreement and the Sustainable Development Goals in its business strategy. Iberdrola took and transferred to Paris (COP21) its ambitious commitment to reduce its CO2 emissions intensity by 30% in 2020, 50% in 2030 and be carbon-neutral by 2050, continuing the development of electric energy from renewable sources, focusing innovation efforts within more efficient technologies having a lower intensity of carbon dioxide emissions, and progressively introducing them in their facilities. The achievement of SDG 7 and 13 are targets included in the Strategic Bonus for the Board of Directors. Furthermore, 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).

Iberdrola requested the closure of the company's last two coal plants in the world, a decision consistent with the Group's commitment to clean energies as part of its fight against climate change (waiting for Spanish Government approval).

In its Outlook for 2018-2022, Iberdrola announced investments in new renewable capacity of 9,9 GW.

These two decisions are the most substantial business decision made as a result of integrating climate-related issues into our business strategy.

ix) Iberdrola signed in March 2017 with the Alliance of CEO Climate Leaders convened by the World Economic Forum, expressing our strong support for the recommendations of the industry-led Task Force on Climate-related Financial Disclosures (TCFD), convened by the Financial Stability Board.

In 2018 Iberdrola sold its conventional generation assets in the United Kingdom, becoming the first 100% renewable energy company in that country.

C3.1d

(C3.1d) Provide details of your organization's use of climate-related scenario analysis.

Climate-related scenarios	Details

Climate-related scenarios	Details
IEA Sustainable development scenario	<p>SDS scenario: This is the baseline scenario for Iberdrola's strategy, since Iberdrola integrated in its group strategy the fight against climate change, the development of clean energy and more sustainable electricity grids, together with the commitment to achieve the Sustainable Development Goals. The company's plans are fully in line with the three main vectors of the transformation process that the energy sector is expected to perform under this climate scenario: decarbonisation, which entails a strong electrification process for the economy; technological advances, helping reduce costs and create new business opportunities; and greater consumer connectivity, which gives consumers more importance and capacity for interaction. These three trends strengthen Iberdrola's focus on its three core businesses: more renewable, more and smarter networks and more smart-solutions. As key example, the 2022 outlook update from February 2018 states an incremental investment in this three areas: Iberdrola expects to invest 34 €bn in 2018-2022, mainly in renewables (39%) and networks (47%), which includes smart solutions development. We have made an internal analysis to check that our strategic and financial planning processes are very resilient to this climate scenario. The analysis of climate scenarios includes the following businesses of Iberdrola: • Renewables (including hydraulic) • Generation • Networks • Commercial In the core geographical areas: • Spain • UK • USA • Mexico • Brazil The selection of the Scenario Sustainable Development Scenario as the basis of Iberdrola's strategy is based on its trajectory in relation to the commitment acquired over 15 years ago, with the fight against climate change, the generation of increasingly clean energy and adherence to the UN initiative of the SDG, integrating that commitment into the group's own strategy, working towards its achievement in 2030 and its dissemination. (emission targets set for 2030). The multidisciplinary and multi-departmental internal working group on TCFD (key areas involved: Governance, Risk Management, Energy Management, Energy Policies and Climate Change, CSR or Corporate Sustainability) have developed the mentioned internal analysis of climate scenarios and resilience of the Group strategy. Main conclusions and proposals are presented to the governance area. Also, it has periodical meetings to update the analysis and follow-up main conclusions. Examples on how SDS scenario is used as input to align the Iberdrola objectives and strategy: - October 2018: revision of the Corporate Governance System to include, among other changes, the company's contribution to the SDGs as part of the company's corporate philosophy. - 2018: Scottish Power sold its 2,566 MW of thermal generation, making it the 1st vertically integrated company in the UK with 100 % renewable generation facilities. - Link between the long-term incentive plan of the executive directors and the achievement of SDGs 7 and 13 targets. The comparison of this scenario (+ probability to happen than other scenario as NPS), has made possible to extract, in an orderly manner by business/ geographical area, conclusions about the degree of resilience. Regarding the Inputs / Assumptions of each scenario, the 6 most relevant key factors for Iberdrola's business, taken as the basis of analysis are: • ① Growth of energy / electricity demand (%) • ② Penetration of renewables and distribution among technologies (%) • ③ Installed gas power (GW) • ④ Penetration of the electric vehicle (M vehicles) • ⑤ Intensity of CO2 emissions (grCO2 / KWh) • ⑥ Access to electricity (M people without access to electricity) i.e: In SDS, the growth of the renewable quota in the generation mix is more marked in all geographical areas analysed. This is directly related to the expected growth in Iberdrola business. This scenario generates more opportunities than risks for Iberdrola: expected EBITDA increase in medium term over 12.000 M€.</p>
IEA NPS	<p>NPS scenario: WEO's central scenario, incorporates the current energy policies, as well as an evaluation of the results that can probably be obtained from the implementation of already announced commitments, in particular the NDC commitments of the Paris Agreement. This public climate scenario has been selected for Iberdrola internal analysis, with premises and baseline data that are available internationally in order to facilitate comparability and promote transparency. We have compared for this scenario the same six most relevant key factors based on Iberdrola's business: • ① Growth of energy / electricity demand (%) • ② Penetration of renewables and distribution among technologies (%) • ③ Installed gas power (GW) • ④ Penetration of the electric vehicle (Millions vehicles) • ⑤ Intensity of CO2 emissions (grCO2 / KWh) • ⑥ Access to electricity (Millions of people without access to electricity) Our conclusion is that it implies more opportunities (but less than the SDS Scenario) than risks for Iberdrola. In both scenarios the demand for electricity increases and, although in the NPS scenario the increase forecasted for 2030 is somewhat higher, there are not significant differences, and in both cases it implies great opportunities for the development of electricity generation, distribution and transportation businesses. and commercial. In the SDS scenario, the growth of the renewable quota in the generation mix is more marked in all the geographical areas analysed than in the NPS scenario. This is directly related to the expected growth in this Iberdrola business and projected in the strategy. Within the framework of conventional generation, the NPS scenario foresees a greater growth of the installed gas capacity in all the geographical areas analyzed than the SDS. Iberdrola is more aligned with the SDS, rather than with NPS, in terms of giving less weight in the global generation mix to conventional generation and gas, as evidenced by the fact that it is in the process of closing coal power generation plants and divestment strategy (i.e: In 2018 Scottish Power sold its 2,566 MW of thermal generation, making it the first vertically integrated company in the United Kingdom with 100 % renewable wind power generation facilities). The comparison between both transition scenarios, SDS and NPS, is periodically analysed, updating data and trends published by IEA, to help informing corporate strategy departments and governance area.</p>
RCP 8.5	<p>In addition to the two transition scenarios, Iberdrola has included another two physical scenarios in its analysis. Iberdrola considers the analysis of an extreme climatic scenario, associated with RCP 8.5, which corresponds to an increase in the average global temperature in the period 2081-2100 of 3.7 °C, as a base scenario to diagnose in such case more unfavorable physical risks that could be faced by the company Taking into account that adjustment to the physical risks arising from climate change is a major issue for a sector as strategic as electricity, Iberdrola has analysed the principal climate threats to which the electricity sector might be exposed under these two scenarios in the various jurisdictions and for the different technologies in the short, medium and long term. This analysis is helping business and specific asset to set the maintenance plans and specific adaptation programs for short and medium term, as well as inform planning strategy for new projected developments, and including new technical requirements in order to improve adaptation. Following the first analysis, further specific detailed studies had been performed in those sectors and locations that have been identified as most vulnerable to the impacts of climate change. This has led going into detail regarding the quantification of the impacts and ability to adapt. The preliminary analysis evaluated the risks arising from the principal climate threats, like increasing temperature, changes in rainfall and increase in sea levels, considered to be chronic risks, as well as the increase in frequency and severity of extreme meteorological events (flooding, heat waves, hurricanes, etc.) for the various jurisdictions in which Iberdrola operates and for the different technologies, taking into account the vulnerability and exposure thereof. The analysis leads to the conclusion that the risks arising from climate change affect customary business variables and therefore variables managed within the customary processes of its operations. It is expected that climate change will affect the probability of occurrence and potentially the intensity of such events, for which reason, even if they do not constitute a new source of risk, there is a greater level of sensitivity to them. Extreme phenomena are identified as one of the main threats to the different technologies and jurisdictions, the frequency and severity of which are expected to increase in coming years. However, there are plans and predictive systems that allow for the impacts arising from these events to be minimised. One example of an extreme event that was already managed is in the management of the networks in the United States, where Avangrid Networks launched a plan for the next 10 years, "Transforming Energy", in order to improve the resiliency of the network against severe storms, with measures like the replacement of supports and conductors, the improvement of tree trimming and maintenance, and better connectivity, among others. The chronic impacts are progressive and will be occurring in the coming decades, relatively long periods, for which reason they will be managed based on the level of adaptation and resilience of the various facilities. This also means that, in large part, the group's future assets, and not the current assets, will be the ones bearing the most severe impacts, as all assets are gradually renewed when they reach the end of their useful life. The adaptive ability of Iberdrola's facilities, and thus the ability to manage the risks arising from climate change, is due to, among other factors, the large diversification of generating assets that allows the group to better manage the risk arising from climate change and consideration of climate variability in traditional processes, like the replacement of equipment and the supply of spare parts, as well as in the technical specification of the equipment.</p>

Climate-related scenarios	Details
RCP 4.5	RCP 4.5 is also been used in the physical impacts assessment, as the stabilization scenario, taking account of the efforts being made and to be made at the international level to reduce greenhouse gas emissions. The main conclusions from the physical scenario analysis has been already included before, in the RCD 8.5 scenario. However, given the constant evolution of science and the uncertainty associated with studies on climate projection and the impacts thereof, the analysis must be continued and deepened in order to quantify the potential impacts and establish adjustment measures if necessary. There can thus be a detailed analysis of the variability of resources like hydraulic, wind and solar based on the location of the company's assets, and progress to the extent that climate science homogeneously introduces itself in the processes in the various countries in which Iberdrola does business. They are all lines within the working plan regarding the adjustment to climate change

C-AC3.1e/C-CE3.1e/C-CH3.1e/C-CO3.1e/C-EU3.1e/C-FB3.1e/C-MM3.1e/C-OG3.1e/C-PF3.1e/C-ST3.1e/C-TO3.1e/C-TS3.1e

(C-AC3.1e/C-CE3.1e/C-CH3.1e/C-CO3.1e/C-EU3.1e/C-FB3.1e/C-MM3.1e/C-OG3.1e/C-PF3.1e/C-ST3.1e/C-TO3.1e/C-TS3.1e) Disclose details of your organization's low-carbon transition plan.

Iberdrola has already taken into account the Paris Agreement and the Sustainable Development Goals in its business strategy. Iberdrola took and transferred to Paris (COP21) its ambitious commitment to reduce its CO2 emissions intensity by 30% in 2020, 50% in 2030 and being carbon-neutral by 2050, continuing the development of electric energy from renewable sources, focusing innovation efforts within more efficient technologies, having a lower intensity of carbon dioxide emissions, and progressively introducing them in their facilities. Also Iberdrola 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). The achievement of SDG 7 and 13 are targets included in the Strategic Bonus for the Board of Directors.

Iberdrola signed in March 2017 with the Alliance of CEO Climate Leaders convened by the World Economic Forum, expressing our strong support for the recommendations of the industry-led Task Force on Climate-related Financial Disclosures (TCFD), convened by the Financial Stability Board.

Iberdrola will invest €34 billion (13.3 billion in renewables) over the period between 2018-2022, setting solid foundations for sustainable growth in the next decade. More than 90% of total amount will be allocated to regulated activities or long-term contracts, in line with the group's strategy of investing in businesses with stable and predictable returns. A business strategy committed to climate action has enabled Iberdrola to make its specific emissions 38% lower than the average for the European electricity sector and have two thirds of its installed capacity emission free. To be consistent with this strategy, **Iberdrola has closed fifteen coal and fuel oil plants since 2001** all over the world, totalling approximately 7,500 MW, always working with local authorities to guarantee jobs and minimize impact on supply chain and local economy. On top of that, the company is currently taking the necessary steps for the orderly **closure** of its **two remaining coal plants** in the world (both located in Spain, jointly **874 MW**).

The company's plans are fully in line with the three main vectors of the transformation process that the energy sector is currently experiencing: decarbonisation, which entails a strong electrification process for the economy; technological advances, which are helping reduce costs and create new business opportunities; and greater consumer connectivity, which gives consumers more importance and capacity for interaction.

These three trends strengthen Iberdrola's focus on its three core businesses: more renewable, more and smarter networks and more smart-solutions for the consumer.

C4. Targets and performance

C4.1

(C4.1) Did you have an emissions target that was active in the reporting year?

Both absolute and intensity targets

C4.1a

(C4.1a) Provide details of your absolute emissions target(s) and progress made against those targets.

Target reference number

Abs 1

Scope

Scope 1+2 (location-based) +3 (upstream & downstream)

% emissions in Scope

100

Targeted % reduction from base year

20

Base year

2017

Start year

2018

Base year emissions covered by target (metric tons CO2e)

72923793

Target year

2030

Is this a science-based target?

Yes, this target has been approved as science-based by the Science-Based Targets initiative

% of target achieved

38

Target status

New

Please explain

Iberdrola is committed 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).

C4.1b

(C4.1b) Provide details of your emissions intensity target(s) and progress made against those target(s).

Target reference number

Int 1

Scope

Scope 1

% emissions in Scope

100

Targeted % reduction from base year

50

Metric

Metric tons CO2e per megawatt hour (MWh)*

Base year

2007

Start year

2015

Normalized base year emissions covered by target (metric tons CO2e)

37769000

Target year

2030

Is this a science-based target?

Yes, we consider this a science-based target, but this target has not been approved as science-based by the Science Based Targets initiative

% of target achieved

91

Target status

Underway

Please explain

Iberdrola has set an ambitious new environmental objective of reducing the intensity of its CO2 emissions to below 150 grams per kWh in 2030, a level 50% less than its emissions in 2007.

% change anticipated in absolute Scope 1+2 emissions

37

% change anticipated in absolute Scope 3 emissions

0

Target reference number

Int 2

Scope

Scope 1

% emissions in Scope

100

Targeted % reduction from base year

30

Metric

Metric tons CO2e per megawatt hour (MWh)*

Base year

2007

Start year

2015

Normalized base year emissions covered by target (metric tons CO2e)

37769000

Target year

2020

Is this a science-based target?

Yes, we consider this a science-based target, but this target has not been approved as science-based by the Science Based Targets initiative

% of target achieved

100

Target status

Achieved

Please explain

Iberdrola has set an ambitious new environmental objective of reducing the intensity of its CO2 emissions to below 150 grams per kWh in 2030, a level 30% less than its emissions in 2007.

% change anticipated in absolute Scope 1+2 emissions

26

% change anticipated in absolute Scope 3 emissions

0

C4.2

(C4.2) Provide details of other key climate-related targets not already reported in question C4.1/a/b.

Target

Renewable electricity production

KPI – Metric numerator

Renewable Production (MWh)

KPI – Metric denominator (intensity targets only)

Total Energy Production (MWh)

Base year

2015

Start year

2016

Target year

2020

KPI in baseline year

34.6

KPI in target year

37

% achieved in reporting year

100

Target Status

Achieved

Please explain

37% of total electricity production in renewable energy in 2020.

Part of emissions target

To achieve emissions reduction objectives it is essential to increase production in renewable energy.

Is this target part of an overarching initiative?

No, it's not part of an overarching initiative

C4.3

(C4.3) Did you have emissions reduction initiatives that were active within the reporting year? Note that this can include those in the planning and/or implementation phases.

Yes

C4.3a

(C4.3a) Identify the total number of initiatives at each stage of development, and for those in the implementation stages, the estimated CO2e savings.

	Number of initiatives	Total estimated annual CO2e savings in metric tonnes CO2e (only for rows marked *)
Under investigation	4	0
To be implemented*	3	1000
Implementation commenced*	4	17000000
Implemented*	7	7403000
Not to be implemented	1	0

C4.3b

(C4.3b) Provide details on the initiatives implemented in the reporting year in the table below.

Initiative type

Low-carbon energy installation

Description of initiative

Other, please specify (Wind offshore and onshore, Hydro and Solar PV)

Estimated annual CO2e savings (metric tonnes CO2e)

7271920

Scope

Scope 1

Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency – as specified in C0.4)

75000000

Investment required (unit currency – as specified in C0.4)

1673000000

Payback period

4 - 10 years

Estimated lifetime of the initiative

6-10 years

Comment

Principal activities 2018 • 683 MW of installed capacity was added during the year: – Onshore wind: 18 MW in the United States, 41 MW in the Mexico and 81 MW in the United States. – Photovoltaic solar: 10 MW in the United States and 227 MW in Mexico. – Hydroelectric: 306 MW in Brazil. • In turn 616 MW have gone out as a result of the sale of 566 MW from three hydroelectric plants in the United Kingdom and 50MW from the Puertollano thermosolar plant in Spain. • In onshore wind, 1,136 MW are under construction in the United States, 203 MW in Spain, 472 MW in Brazil, 325 MW in Mexico and 16 MW in Greece. • In photovoltaic solar: 391 MW in Spain. • Once the 350 MW Wikingen wind farm is placed into operation, there will be growth in offshore wind with the construction of the 714 MW East Anglia One project in the United Kingdom and the development of the 800 MW Vineyard project in the United States, 496 MW St. Brieuc project in France and 476 MW Baltic Eagle project in Germany. • In Brazil work continues on the construction of the Baixo Iguaçu hydroelectric plant in Brazil, with a total of 350 MW, and the Tâmega hydroelectric project in Portugal, with 1,158 MW.

Initiative type

Other, please specify (Transportation: use - VIDEOCONFERENCES)

Description of initiative

<Not Applicable>

Estimated annual CO2e savings (metric tonnes CO2e)

5450

Scope

Scope 3

Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency – as specified in C0.4)

1000000

Investment required (unit currency – as specified in C0.4)

45000

Payback period

1-3 years

Estimated lifetime of the initiative

6-10 years

Comment

Videoconferences promotion is included in Iberdrola's Sustainable Mobility Plan to avoid business travels and emissions.

Initiative type

Energy efficiency: Processes

Description of initiative

Process optimization

Estimated annual CO2e savings (metric tonnes CO2e)

100000

Scope

Scope 2 (location-based)

Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency – as specified in C0.4)

700000

Investment required (unit currency – as specified in C0.4)

3800000

Payback period

4 - 10 years

Estimated lifetime of the initiative

6-10 years

Comment

Outlook 2018-2022 • Net investments of €3,800 million during the period for retail growth in the core markets and international expansion, continued deployment of meters in the United Kingdom and growth in installed capacity in Mexico. • Smart Solutions and cost efficiencies will allow for 32 million contracts with customers to be reached by 2022. In addition, 3.5 GW of regulated generation will enter into service in Mexico during the period. • Efficiencies deriving from digitisation, the deployment of smart meters and preventative maintenance based on artificial intelligence and data analytics.

Initiative type

Process emissions reductions

Description of initiative

Other, please specify (Electronic Billing)

Estimated annual CO2e savings (metric tonnes CO2e)

275

Scope

Scope 3

Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency – as specified in C0.4)

1700

Investment required (unit currency – as specified in C0.4)

100000

Payback period

1-3 years

Estimated lifetime of the initiative

3-5 years

Comment

ELECTRONIC BILLING. Promotion of electronic billing as an ecological alternative to the use of paper, through awareness-raising campaigns, mailings, promotions, APP for customers, etc. Electronic billing promotion is included in the Iberdrola's Sustainable Mobility Plan to avoid travel courier and emissions.

Initiative type

Energy efficiency: Processes

Description of initiative

Process optimization

Estimated annual CO2e savings (metric tonnes CO2e)

14500

Scope

Scope 2 (location-based)

Voluntary/Mandatory

Please select

Annual monetary savings (unit currency – as specified in C0.4)

950000

Investment required (unit currency – as specified in C0.4)

16000000

Payback period

4 - 10 years

Estimated lifetime of the initiative

6-10 years

Comment

Outlook 2018-2022 • Increase in investments during the 2018-2022 period to €16,000 million, thanks to the award of large transmission projects like the NECEC project in the United States and more than 3,000 kilometres of power lines in Brazil. • The deployment of electric vehicles, the integration of distributed renewable generation and resiliency plans in the United States and Brazil are vectors for growth of the traditional business. • Operational efficiency improvement plans are being implemented in all countries to achieve the forecasted savings through 2022, to be shared with the customer. • The Supply Quality indicators in Spain and Brazil in 2018 reached historic records and allow for reaching the operational goals before the end of the period.

Initiative type

Process emissions reductions

Description of initiative

New equipment

Estimated annual CO2e savings (metric tonnes CO2e)

100

Scope

Scope 3

Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency – as specified in C0.4)

4000000

Investment required (unit currency – as specified in C0.4)

3800000

Payback period

1-3 years

Estimated lifetime of the initiative

3-5 years

Comment

Transportation: Green fleet. Electric vehicles promotion is included in Iberdrola's Sustainable Mobility Plan to avoid local emissions. <https://www.iberdrola.com/sustainability/environment/sustainable-mobility-plan>

Initiative type

Low-carbon energy purchase

Description of initiative

Other, please specify (100% renewable energy consumption in buildings)

Estimated annual CO2e savings (metric tonnes CO2e)

10700

Scope

Scope 2 (location-based)

Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency – as specified in C0.4)

0

Investment required (unit currency – as specified in C0.4)

75000

Payback period

No payback

Estimated lifetime of the initiative

>30 years

Comment

100% renewable energy consumption in buildings.

Initiative type

Other, please specify (Collective Transport in commuting)

Description of initiative

<Not Applicable>

Estimated annual CO2e savings (metric tonnes CO2e)

55

Scope

Scope 3

Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency – as specified in C0.4)

100000

Investment required (unit currency – as specified in C0.4)

190000

Payback period

4 - 10 years

Estimated lifetime of the initiative

6-10 years

Comment

Lanzadera Service. Colective Transport in commuting. Colective transport promotion is included in Iberdrola's Sustainable Mobility Plan to avoid the number of travels and emissions. Investment required/year. Annual monetary savings for employees.
<https://www.iberdrola.com/sustainability/environment/sustainable-mobility-plan>

C4.3c

(C4.3c) What methods do you use to drive investment in emissions reduction activities?

Method	Comment
Dedicated budget for energy efficiency	SDG 7.3 is a sustainability development goal for the Group (2015-2030) from 4 points of view: 1) As an electric utility, by incorporating clean, advanced and efficient production and distribution technologies. 2) As a vendor, by informing and educating customers and providing them with solutions that help enhance their energy efficiency and reduce the environmental impact of their energy habits and consumption. 3) As an energy consumer, by ensuring continuous improvement in energy efficiency at its work centres, buildings and vehicles, developing mobility plans and raising awareness among employees. 4) As a purchaser, by including environmental and social commitment clauses in supplier contracts and by preparing awareness and carbon footprint measurement campaigns within the supply chain.
Dedicated budget for low-carbon product R&D	1) Renewable Energy: Developing R&D projects to improve efficiency of existing technologies and to develop new generation technologies. Offshore wind projects: Sedar, Innpacto Openfoam and FP7 Eera Dtoc. Energy resource field: Low-Impact gravity foundations, Leanwind offshore technology, and various lines within OWA programme, promoted by the Carbon Trust in UK. In Scotland: study into fatigue in offshore pilings for chalky soils (TLPWind project). The European Best Path project has been launched, with a view to demonstrating new technologies that enable the incorporation of renewable energy sources into networks. SmartWind project is working on storage and simulations relating to wind farms. 2) Clean Generation Technologies: Focused operational flexibility and efficiency, respect for the environmental, and improved safety at facilities. Iberdrola is firmly committed to reducing the environmental impact of its generating facilities. Underway projects: Filtraciones, Migres and Resonuc. 3) Smart Grids: Various projects that seek to implement a modern electric grid based on remote management. In Europe: Grid4eu and iGreenGrid projects, Discern projects, Advanced and UpGrid project and Price. UK: ARC and Flexnet projects: strengthen smart grids in Scotland. In Brazil: Vants and Robô to inspect distribution grids. Also noteworthy is the Elektrobus project, prototype of a vehicle with an electrical propulsion system using ultra-condensers. In USA: Integrated Aerial Damage Assessment System project, to develop an aerial system to assess damages to the electrical grid after heavy storms. Iberdrola has an R&D technology centre in Qatar. 4) Iberdrola has launched its Sustainable Mobility Plan with more than 20 measures to reduce CO2 emissions, focused on employees, business, customers and suppliers, promoting the use of electric vehicles.
Dedicated budget for other emissions reduction activities	In this context, investments are being made: 1) To strengthen transmission and distribution networks reducing losses. 2) To develop smart grids. 3) To promote green mobility with electric vehicles and Smart Mobility (promotion of electric Charging points) . 4) To promote e-billing for customers. 5) Committed to SDG (Sustainable Development Goals). 6) Collaboration with campaigns of the Energy Diversification and Savings Institute (Instituto para la diversificación y el ahorro energético) (IDAE). 7) Conducting information campaigns and commercial activities. 8) Providing information on the website and in invoices. 9) Sponsorship of fairs and participation in events such as World Environment Day and the European Mobility Week. 10) The Iberdrola Bus. 11) Participation in forums, seminars and industry task forces. 12) Cooperation agreements and training sessions with the main consumer and business associations and public institutions. 13) Customer engagement: promoting electric vehicles. 14) Positioning as a global leader in the offshore area, where it develops more advanced and innovative projects. Note the Offshore Wind Accelerator (OWA) initiative, a special programme promoted by the Carbon Trust (United Kingdom), in which specialist companies and engineering firms join forces, pooling their knowledge to find solutions that enable a reduction in the costs and risks of offshore technology, thus facilitating and speeding up their development in UK waters. 15) REGALIZ Project: with the goal of recycling and eliminating SF6 gas located in zonal installations.
Partnering with governments on technology development	Among Others: 1) Green eMotion, a four-year cross-European initiative to promote electromobility. 2) Iberdrola's Sustainable Mobility Plan with more than 20 measures to reduce CO2 emissions, focused on employees, business, customers and suppliers, promoting the use of electric vehicles. 3) Other projects financed by national programs are being developed, such as Mugielec, in the Basque Country, Surtidor, with funds from the Ministry of Industry, and ICT4. 4) Agreements and alliances with companies such as Opel, Mitsubishi, and Peugeot to facilitate access to and the use of electric vehicles by citizens and businesses and develops projects with government authorities in the autonomous communities of Castile and Leon, Valencia, the Basque Country, Murcia, Andalusia, Catalonia and Extremadura. The Company also participates in electromobility projects in Scotland and the United States of America. 5) Agreement with Volvo to boost electrification of public transport in urban areas 6) Agreements to launch a corporate electric car-sharing service 7) Installation of recharge points in collaboration with government authorities in the autonomous communities. 8) First public services of e-carsharing. 9) Electric bus service, by the substitution of lines of conventional buses. 10) Electric fleet and electric recharge points for different governments. 11) Smart Mobility - charging Points.
Employee engagement	First Spanish company to launch a shared electric car service among its employees to handle commercial activities in Madrid, Bilbao, Seville, Valencia, Valladolid and Barcelona. Iberdrola also plans to replace 40% of its fleet, about 300 cars, with these types of vehicles. Awareness campaign among all employees on emissions produced on commuting. Iberdrola launched the Electric Vehicle for Employees within the Sustainable Mobility Plan of Iberdrola providing support to employees for the purchase of electric vehicles.
Compliance with regulatory requirements/standards	1) In UK, work continues on the Carbon Emissions Reduction Target project, within the context of the UK government's carbon emissions reduction program, pursuant to which actions have been taken to improve insulation in homes and buildings and to distribute low-consumption lighting. 2) In Brazil, Elektro is developing various projects within the Energy Efficiency Programme (PEE), alongside the National Electrical Energy Agency: major energy efficiency programmes for public buildings, such as municipal governments, schools, assistance centres, etc.
Internal finance mechanisms	Iberdrola's Smart Mobility Plan: first comprehensive Spanish solution to facilitate real access by citizens to electromobility. The Company continues to develop and expand this solution, which allows customers to buy electric vehicles (cars, motorcycles and bicycles) from among a broad range of brands, financing, the supply of 100% renewable energy, and the systems and services needed for recharging, conforming to each situation, requirement and type of customer. As an example: Smart Mobility, a comprehensive solution that includes the acquisition of a charging point, installation and warranty, operation by means of an app, and a personalised supply contract. The promotion of electric mobility through the Smart Mobility plan pursuant to which Iberdrola will install 25,000 electric vehicle charging points in Spain by 2021, and the development of customer solutions based on connectivity.

C4.5

(C4.5) Do you classify any of your existing goods and/or services as low-carbon products or do they enable a third party to avoid GHG emissions?

Yes

C4.5a

(C4.5a) Provide details of your products and/or services that you classify as low-carbon products or that enable a third party to avoid GHG emissions.

Level of aggregation

Company-wide

Description of product/Group of products

Initiatives to reduce emissions are undertaken through a broad range of products and services promoting energy efficiency and savings.

Are these low-carbon product(s) or do they enable avoided emissions?

Avoided emissions

Taxonomy, project or methodology used to classify product(s) as low-carbon or to calculate avoided emissions

Other, please specify (Emissions factor for each country)

% revenue from low carbon product(s) in the reporting year

18

Comment

Company-wide Iberdrola generates and supplies low carbon electricity to its customers and offers energy efficiency services. Initiatives to reduce emissions are undertaken through a broad range of products and services promoting energy efficiency and savings. Avoided emissions Consumption equivalent to 237,008,460 GJ/year in non-renewable primary energy was avoided in 2018 through the generation of renewable energy, including hydroelectric energy, and the supply of steam to industrial customers. In total, the emission of 19,484,669 tCO₂ was avoided for renewables and steam supplied. Other: Emission factor for each country is applied for the corresponding production Iberdrola generates and supplies low carbon electricity to its customers and offers energy efficiency services. More information in Sustainability Report: GRI 302-4 & 305-5.

C-EU4.6

(C-EU4.6) Describe your organization's efforts to reduce methane emissions from your activities.

Iberdrola is a program partner of Natural Gas STAR Program (Methane Challenge Program Partner) through its subsidiary in USA (Avangrid). As a founding partner in the federal EPA's "Natural Gas STAR Methane Challenge," AVANGRID continues its voluntary efforts to identify sources of natural gas or greenhouse gas emissions and reduce those emissions beyond regulatory requirements. The challenge will result in a cleaner environment and a more efficient natural gas distribution system.

Iberdrola reduced methane emissions in USA by 4.3% through fixing leaks and cast iron main replacements.

Avangrid (Iberdrola in USA), represents 99,7% of methane emissions. The rest of emissions (0,3%) are located in United Kingdom, and its sale is planned for 2018.

The efforts in the generation area focused on flexibility and operating efficiency (including reduction of methane), respect for the environment and the improvement of facility safety.

In Grid Engineering area: TABÓN project: project to develop a technology for verifying, inspecting and predicting power lines by measuring the earthing resistance to increase the efficiency in managing these assets.

Flexibility and Efficiency Measures in cogeneration plants: A project was launched to improve the design of the degasser at the EW Aranda cogeneration plant, ultimately with the objective of optimising its performance at low flow levels of steam and, in doing so securing an estimated savings of 0.3t/h in terms of steam. The EW Cartagena cogeneration plant is hosting a project to replace the third stage of guide vanes in the Gas Turbine (GT), through the new model with an optimised profile to improve the GT Heat Ratio by 0.8%.

DESOx: Advanced desulphurisation process control system. Implemented at the Lada Coal-fired power plant in Asturias (Spain), the project focuses on developing an integrated and technologically advanced system for reducing SOx emissions and other effluents from desulphurisation to considerably reduce the environmental impact generated and the methane losses, while increasing the overall generation process and determining the optimal conditions for plant operation.

C5. Emissions methodology

C5.1

(C5.1) Provide your base year and base year emissions (Scopes 1 and 2).

Scope 1

Base year start

January 1 2017

Base year end

December 31 2017

Base year emissions (metric tons CO2e)

27059835

Comment

Direct GHG emissions from GHG sources owned or controlled by the Company. These include: • Emissions from electricity generation facilities (fuel consumption). • Emissions of methane (CH4) and nitrous oxide (N2O) associated with generation and non-generation fuel consumption. • Emissions from non-generation facilities: gas storage and sludge drying (fuel consumption). • Fugitive emissions of methane (CH4) (natural gas storage and transmission). • Fugitive emissions of hexafluoride (SF6) in distribution networks. • Emissions from facilities that provide services to buildings (fuel consumption). • Emissions associated with road transport involving employees driving company vehicles, (mobile source fuel combustion). The base year has been changed because of the inclusion of new items.

Scope 2 (location-based)

Base year start

January 1 2017

Base year end

December 31 2017

Base year emissions (metric tons CO2e)

3415197

Comment

Indirect GHG emissions are those that come from electricity, heat or steam generation of external origin consumed by the organisation. These emissions are: • Emissions associated with the consumption of electrical energy during the outages of thermal, renewable and nuclear power plants, and pumping operations in hydroelectric power plants. • Emissions associated with the consumption of electricity in buildings. • Emissions associated with losses during the electricity distribution process. The base year has been changed to 2017 because of the inclusion of new items.

Scope 2 (market-based)

Base year start

January 1 2017

Base year end

December 31 2017

Base year emissions (metric tons CO2e)

3300979

Comment

Indirect GHG emissions are those that come from electricity, heat or steam generation of external origin consumed by the organisation. These emissions are: • Emissions associated with the consumption of electrical energy during the outages of thermal, renewable and nuclear power plants, and pumping operations in hydroelectric power plants. • Emissions associated with the consumption of electricity in buildings. • Emissions associated with losses during the electricity distribution process. The base year has been changed to 2017 because of the inclusion of new items.

C5.2

(C5.2) Select the name of the standard, protocol, or methodology you have used to collect activity data and calculate Scope 1 and Scope 2 emissions.

Defra Voluntary 2017 Reporting Guidelines

ISO 14064-1

The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition)

US EPA Climate Leaders: Direct Emissions from Stationary Combustion

Other, please specify (GHG Inventory Information Management)

C5.2a

(C5.2a) Provide details of the standard, protocol, or methodology you have used to collect activity data and calculate Scope 1 and Scope 2 emissions.

Iberdrola's Group has its own document explaining the procedure following the official methodologies: "Greenhouse Gas Inventory Information Management". This protocol describes the management of information on the quantification and reporting of greenhouse gas emissions (hereinafter GHG) of the Group's activities.

C6. Emissions data

C6.1

(C6.1) What were your organization's gross global Scope 1 emissions in metric tons CO2e?

Reporting year

Gross global Scope 1 emissions (metric tons CO2e)

24568864

Start date

January 1 2018

End date

December 31 2018

Comment

Included are emissions from: - Generation of energy by fuel consumption - Combustion of CH4 in generation and no-generation facilities - Combustion of N2O in generation and no-generation facilities - Consumption of fuel in no generation facilities: storage of gas and sludge drying - Escapes of CH4 hen storing and transporting of gas - Escapes of SF6 - Consumption of fuel in buildings - Mobile transport of employees with company's fleet vehicles

C6.2

(C6.2) Describe your organization's approach to reporting Scope 2 emissions.

Row 1

Scope 2, location-based

We are reporting a Scope 2, location-based figure

Scope 2, market-based

We are reporting a Scope 2, market-based figure

Comment

Scope 2 – Indirect GHG emissions Indirect GHG emissions are those that come from electricity, heat or steam generation of external origin consumed by the organisation. These emissions are: • Emissions associated with the consumption of auxiliary energy when stopping thermal, renewable and nuclear power plants, and pumping operations in hydroelectric power plants. • Emissions associated with the consumption of electricity in buildings. • Emissions associated with network losses (Section added in 2017)

C6.3

(C6.3) What were your organization's gross global Scope 2 emissions in metric tons CO2e?

Reporting year

Scope 2, location-based

2544044

Scope 2, market-based (if applicable)

2083302

Start date

January 1 2018

End date

December 31 2018

Comment

Scope 2 – Indirect GHG emissions Indirect GHG emissions are those that come from electricity, heat or steam generation of external origin consumed by the organisation. These emissions are: • Emissions associated with the consumption of auxiliary energy when stopping thermal, renewable and nuclear power plants, and pumping operations in hydroelectric power plants. • Emissions associated with the consumption of electricity in buildings. • Emissions associated with network losses (Section added in 2017).

C6.4

(C6.4) Are there any sources (e.g. facilities, specific GHGs, activities, geographies, etc.) of Scope 1 and Scope 2 emissions that are within your selected reporting boundary which are not included in your disclosure?

No

C6.5

(C6.5) Account for your organization's Scope 3 emissions, disclosing and explaining any exclusions.

Purchased goods and services

Evaluation status

Relevant, calculated

Metric tonnes CO2e

1392783

Emissions calculation methodology

The 9th Supplier greenhouse gas awareness and measurement campaign was carried out in 2018 through specific questionnaires sent to suppliers with significant billing of materials, equipment, works or services for the Group in Spain, the United Kingdom, Brazil, Mexico and the United States. Through this initiative, we want suppliers to demonstrate their effectiveness in managing, controlling and reducing greenhouse gas (GHG) emissions, while understanding the impact of climate change on their businesses and managing the associated risks appropriately. Emissions proportional to the supplier's invoicing volume to the Company as a share of the total were taken as corresponding to Iberdrola, based on the replies to the questionnaires. Iberdrola. From the sum obtained, a ratio of emissions per euro of turnover is worked out, which is extrapolated to the total Group turnover.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

100

Explanation

Capital goods

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

Explanation

Emissions included in section Purchased goods and services.

Fuel-and-energy-related activities (not included in Scope 1 or 2)

Evaluation status

Relevant, calculated

Metric tonnes CO2e

17514750

Emissions calculation methodology

Emissions associated with energy purchased for sale to end users (13,879,233 tCO2e) and emissions associated with fuel transportation (58,647 tCO2e). - Emissions associated with fuel transportation: To calculate emissions associated with the transportation of fuel (coal and uranium) to power stations, the distance travelled in kilometres by road, rail or boat is determined and then multiplied by the emissions factors given in the UK Department for Environment Food & Rural Affairs (DEFRA) guide. - Upstream (WTT) emissions from fuel acquired and consumed (3,576,870 tCO2e).

Percentage of emissions calculated using data obtained from suppliers or value chain partners

100

Explanation

Upstream transportation and distribution

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

Explanation

Emissions not relevant as they are below 0.01% of total emissions for the Iberdrola Group.

Waste generated in operations

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

Explanation

Emissions not relevant as they are below 0.01% of total emissions for the Iberdrola Group.

Business travel

Evaluation status

Relevant, calculated

Metric tonnes CO2e

17984

Emissions calculation methodology

Emissions associated with staff business travel by various means (car, plane, train etc.) obtained from the distances travelled and using the specific emission factors for the means of transport obtained from: • DEFRA for Spain and UK • EPA for the US, Mexico and Brazil

Percentage of emissions calculated using data obtained from suppliers or value chain partners

100

Explanation

Employee commuting

Evaluation status

Relevant, calculated

Metric tonnes CO2e

62288

Emissions calculation methodology

The company conducted its supplier greenhouse gas awareness and measurement campaign on employee transit from their residence to their workplace. To do so, every Iberdrola Group employee was sent a questionnaire in order to calculate their transit emissions via an emissions calculator which works out emissions for travel. The compiled data is loaded into a database and extrapolated to all Iberdrola Group employees.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

100

Explanation

Upstream leased assets

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

Explanation

Included in other categories (Scope 1, Scope 2 and Scope 3)

Downstream transportation and distribution

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

Explanation

Iberdrola's products do not need downstream transportation and distribution.

Processing of sold products

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

Explanation

Iberdrola's products do not need a post-sale processing.

Use of sold products

Evaluation status

Relevant, calculated

Metric tonnes CO2e

21212087

Emissions calculation methodology

This category includes the indirect emissions associated with the use of the natural gas sold to final client.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

100

Explanation

End of life treatment of sold products

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

Explanation

Iberdrola's sold products do not need end of life treatment.

Downstream leased assets

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

Explanation

Emissions from the fuels consumed by Transferred and posted in Scope 1. Iberdrola's fleet of vehicles, which are leased assets: Each Region is responsible to introduce into the software SoFi the data of km made by Iberdrola's fleet vehicles. To calculate these emissions the following formula is used: km by fleet vehicles x emission factor. Emission factor come from DEFRA "Greenhouse Gas Conversion Factor Repository".

Franchises

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

Explanation

Emissions not relevant as they are below 0.01 % of total emissions for the Iberdrola Group.

Investments

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

Explanation

Emissions not relevant as they are below 0.01% of total emissions for the Iberdrola Group.

Other (upstream)

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

Explanation

Imports of electricity from different countries where Iberdrola does not generate electricity. This category was reported under Scope 2.

Other (downstream)

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

Explanation

Emissions not relevant as they are below 0.01% of total emissions for the Iberdrola Group.

C6.7

(C6.7) Are carbon dioxide emissions from biologically sequestered carbon relevant to your organization?

No

C6.10

(C6.10) Describe your gross global combined Scope 1 and 2 emissions for the reporting year in metric tons CO2e per unit currency total revenue and provide any additional intensity metrics that are appropriate to your business operations.

Intensity figure

0.000863

Metric numerator (Gross global combined Scope 1 and 2 emissions)

30261687

Metric denominator

unit total revenue

Metric denominator: Unit total

35075900000

Scope 2 figure used

Location-based

% change from previous year

10.87

Direction of change

Decreased

Reason for change

Revenues growth: 12.20 % in 2018 compared to 2017. Recalculated base year: 2017 emissions (SC1+SC2 = 30,261,687 tCO2e).

Intensity figure

0.202

Metric numerator (Gross global combined Scope 1 and 2 emissions)

30261687

Metric denominator

megawatt hour generated (MWh)

Metric denominator: Unit total

149679000

Scope 2 figure used

Location-based

% change from previous year

4.9

Direction of change

Decreased

Reason for change

Production (electricity + steam) increase 4,90% in 2018 compared to 2017. Recalculated base year 2017 emissions (SC1+SC2 = 30,261,687 tCO2e). Iberdrola has sold its assets CCGT in United Kingdom.

C7. Emissions breakdowns

C7.1

(C7.1) Does your organization break down its Scope 1 emissions by greenhouse gas type?

Yes

C7.1a

(C7.1a) Break down your total gross global Scope 1 emissions by greenhouse gas type and provide the source of each used greenhouse warming potential (GWP).

Greenhouse gas	Scope 1 emissions (metric tons of CO2e)	GWP Reference
CO2	24254501	IPCC Fourth Assessment Report (AR4 - 100 year)
CH4	243600	IPCC Fourth Assessment Report (AR4 - 100 year)
SF6	48262	IPCC Fourth Assessment Report (AR4 - 100 year)
N2O	22501	IPCC Fourth Assessment Report (AR4 - 100 year)

C-EU7.1b

(C-EU7.1b) Break down your total gross global Scope 1 emissions from electric utilities value chain activities by greenhouse gas type.

	Gross Scope 1 CO2 emissions (metric tons CO2)	Gross Scope 1 methane emissions (metric tons CH4)	Gross Scope 1 SF6 emissions (metric tons SF6)	Gross Scope 1 emissions (metric tons CO2e)	Comment
Fugitives	33354	9310.76	2.11	314385	Emissions from Non-generation (Storage of gas and drying); Leaks (CH4) (Gas storage and transmission); Leaks (SF6)(Electricity distribution)
Combustion (Electric utilities)	24171873	433.24	0	24182704	Emissions from Energy Generation (Fuel consumption)
Combustion (Gas utilities)	0	0	0	0	Iberdrola as Electric utility
Combustion (Other)	9511	0	0	9511	Emissions in buildings (fuel combustion)
Emissions not elsewhere classified	62264	0	0	62264	Emissions from mobile combustion (fleet cars)

C7.2

(C7.2) Break down your total gross global Scope 1 emissions by country/region.

Country/Region	Scope 1 emissions (metric tons CO2e)
Spain	4973455
United Kingdom of Great Britain and Northern Ireland	2234590
United States of America	1363231
Mexico	14954341
Brazil	1043248

C7.3

(C7.3) Indicate which gross global Scope 1 emissions breakdowns you are able to provide.

- By business division
- By facility
- By activity

C7.3a

(C7.3a) Break down your total gross global Scope 1 emissions by business division.

Business division	Scope 1 emissions (metric ton CO2e)
Generation	24180144
Renewables	2559
Distribution	281032
No Generation	33354
Corporate	71775

C7.3b

(C7.3b) Break down your total gross global Scope 1 emissions by business facility.

Facility	Scope 1 emissions (metric tons CO2e)	Latitude	Longitude
Rye House	183916	51.762381	0.008945
Damhead Creek	1596272	51.425423	0.601193
Shoreham	346999	50.830147	-0.231418
Daldowie	27748	55.718311	-4.121233
Blackburn Mill	30083	53.86333	-2.537035
Scottish Power Cogeneration	17313	55.86333	-4.269319
Spain Cogeneration	1276724	43.268282	-2.938777
Velilla (Thermal)	424925	42.817762	-4.853608
Lada (Thermal)	1215185	43.308794	-5.697746
Aceca CCGT	80959	39.944548	-3.855768
Arcos CCGT	655466	36.672363	-5.817034
Castejon CCGT	20	42.177381	-1.693504
Castellon CCGT	634712	39.959553	0.000752
Escombreras	214850	37.57438	-0.937259
Santurce	2209	43.339516	-3.050426
Tarragona Power	240281	41.110166	1.181875
Other Cogeneration Spain	186539	43.268282	-2.938777
Dulces Nombres CCGT	3463385	25.719156	-100.094774
Altamira III and IV CCGT	2841350	22.374401	-97.889746
Altamira V CCGT	2051412	22.373509	-97.900261
Laguna CCGT	1652807	19.725081	-96.40968
Tazamunche CCGT	2759718	21.311684	-98.756288
Enertek Cogeneration	737387	-22.926952	-43.173964
CCGT Baja California	654984	31.867572	-116.598851
Monterrey Cogeneration	202805	25.689033	-100.324338
Ramos Cogeneration	178596	25.596325	-100.885805
Termopernambuco	997841	-8.4044	-34.96655
Klamath	1092022	42.176584	-121.808402
New York State Electric&Gas - NYSEG (CH4)	40306	41.258135	-73.001512
Rochester Gas&Electric (CH4)	34775	41.258135	-73.001512
New York State Electric&Gas - NYSEG (SF6)	5302	41.258135	-73.001512
Rochester Gas&Electric (SF6)	3857	41.258135	-73.001512
Central Maine Company - CMP (SF6)	5302	41.258135	-73.001512
UIL	156151	41.258135	-73.001512
Networks Spain (SF6)	4837	43.268282	-2.938777
SP Networks	14625	55.86333	-4.269319

Facility	Scope 1 emissions (metric tons CO2e)	Latitude	Longitude
Hatfield (CH4)	647	51.770033	-0.224075
Elektro (SF6)	7551	-22.813358	-47.212999
Coelba (SF6)	4350	-14.090155	-42.785465
Cosern (SF6)	0	-5.847326	-35.206723
Puertollano (Thermosolar)	2560	38.648055	-3.967543
Spain Buildings	10711	43.268282	-2.938777
UK Buildings	6425	55.86333	-4.269319
USA Buildings	32093	41.258135	-73.001512
Brazil Buildings	3273	-22.926952	-43.173964
Mexico Buildings	108	19.428809	-99.204357
ROW Buildings	30	43.268282	-2.938777
Vehicles Fleet Worldwide	62263	43.268282	-2.938777
Cofrentes Nuclear Plant	5726	39.217414	-1.050249
Garofña Nuclear Plant	2200	42.775062	-3.206443
Almaraz Nuclear Plant	1400	39.806161	-5.686448
Trillo Nuclear Plant	1350	40.696647	-2.617807
Ascó 2 Nuclear Plant	500	41.19293	0.571931
Vandellós II Nuclear Plant	1400	40.951207	0.866759
Auxiliary consumption	167064	43.268282	-2.938777
Altamira Cogeneration	227550	-22.926952	-43.173964

C7.3c

(C7.3c) Break down your total gross global Scope 1 emissions by business activity.

Activity	Scope 1 emissions (metric tons CO2e)
Generating Facilities	18628694
Cogeneration	5551450
Gas Distribution: CH4 leakage	232769
Distribution networks: SF6 releases	48263
Non-generation facilities	33354
Renewables generation	2559
Corporate	71775

C-CE7.4/C-CH7.4/C-CO7.4/C-EU7.4/C-MM7.4/C-OG7.4/C-ST7.4/C-TO7.4/C-TS7.4

(C-CE7.4/C-CH7.4/C-CO7.4/C-EU7.4/C-MM7.4/C-OG7.4/C-ST7.4/C-TO7.4/C-TS7.4) Break down your organization's total gross global Scope 1 emissions by sector production activity in metric tons CO2e.

	Gross Scope 1 emissions, metric tons CO2e	Net Scope 1 emissions , metric tons CO2e	Comment
Cement production activities	<Not Applicable>	<Not Applicable>	<Not Applicable>
Chemicals production activities	<Not Applicable>	<Not Applicable>	<Not Applicable>
Coal production activities	<Not Applicable>	<Not Applicable>	<Not Applicable>
Electric utility generation activities	24149372	<Not Applicable>	Emissions from Energy Generation (Fuel Consumption)
Metals and mining production activities	<Not Applicable>	<Not Applicable>	<Not Applicable>
Oil and gas production activities (upstream)	<Not Applicable>	<Not Applicable>	<Not Applicable>
Oil and gas production activities (downstream)	<Not Applicable>	<Not Applicable>	<Not Applicable>
Steel production activities	<Not Applicable>	<Not Applicable>	<Not Applicable>
Transport OEM activities	<Not Applicable>	<Not Applicable>	<Not Applicable>
Transport services activities	<Not Applicable>	<Not Applicable>	<Not Applicable>

C7.5

(C7.5) Break down your total gross global Scope 2 emissions by country/region.

Country/Region	Scope 2, location-based (metric tons CO2e)	Scope 2, market-based (metric tons CO2e)	Purchased and consumed electricity, heat, steam or cooling (MWh)	Purchased and consumed low-carbon electricity, heat, steam or cooling accounted in market-based approach (MWh)
Spain	1140204	760385	2668943	120496
United Kingdom of Great Britain and Northern Ireland	532699	505296	344558	6540
United States of America	381534	328423	148330	10840
Mexico	1605	1072	3046	0
Brazil	488002	488126	61116	1100

C7.6

(C7.6) Indicate which gross global Scope 2 emissions breakdowns you are able to provide.

- By business division
- By facility
- By activity

C7.6a

(C7.6a) Break down your total gross global Scope 2 emissions by business division.

Business division	Scope 2, location-based emissions (metric tons CO2e)	Scope 2, market-based emissions (metric tons CO2e)
Generation	626080	202333
Renewables	18414	5466
Distribution	1793199	1793199
No generation	72154	72154
Corporate	34197	10150

C7.6b

(C7.6b) Break down your total gross global Scope 2 emissions by business facility.

Facility	Scope 2 location-based emissions (metric tons CO2e)	Scope 2, market-based emissions (metric tons CO2e)
Spain facilities (stop in generation and pumping)	578055	205293
UK facilities (stop in generation and pumping)	89258	63695
USA facilities (stop in generation and pumping)	28442	3488
Brazil facilities (stop in generation and pumping)	984	1013
Mexico facilities (stop in generation and pumping)	1497	1000
Spain's Buildings (electricity)	10711	3654
UK's Buildings (electricity)	6425	4585
USA's Buildings (electricity)	32093	3936
Brazil's Buildings (electricity)	3273	3368
Mexico's Buildings (electricity)	108	72
Spain network	551439	551439
UK Network	437016	437016
USA Network	320999	320999
Brazil Network	483744	483744

C7.6c

(C7.6c) Break down your total gross global Scope 2 emissions by business activity.

Activity	Scope 2, location-based emissions (metric tons CO2e)	Scope 2, market-based emissions (metric tons CO2e)
Emissions from consumption of auxiliary energy during stop in thermal, renewable and nuclear plants and pumping operations in hydro plants.	698235	274487
Electricity consumption in buildings	52610	15616
Network losses	1793199	1793199

C7.9

(C7.9) How do your gross global emissions (Scope 1 and 2 combined) for the reporting year compare to those of the previous reporting year?

Decreased

C7.9a

(C7.9a) Identify the reasons for any change in your gross global emissions (Scope 1 and 2 combined) and for each of them specify how your emissions compare to the previous year.

	Change in emissions (metric tons CO2e)	Direction of change	Emissions value (percentage)	Please explain calculation
Change in renewable energy consumption	199497	Decreased	0.7	Savings through the consumption of renewable auxiliary energy during stop in thermal, renewable and nuclear plants and pumping operators in hydro plants. $199497 / (SC1+SC2 \text{ in } 2017) = 199497 / 30475032 = 0.7 \% \text{ (Decrease)}$
Other emissions reduction activities	1193378	Decreased	3.91	Energy efficiency allows smart and innovative energy production and consumption and is one of the key factors in the fight against climate change and reducing greenhouse gases. It should be noted that the intensity of emissions at the Group's thermal plants has dropped over the past years, from 420 kg CO2/MWh in 2017, and to 400 kg CO2/MWh in 2018. Energy Generated for Thermal plants was 60307 GWh in 2018 and the CO2 emissions were 24135562 tCO2. We calculated the savings in CO2 emissions, due to the investment in efficiency, by multiplying the production of 2018 by the emission factor of 2017, subtracting the emissions of 2018 $((60307 \cdot 420) - 24135562 = 1193378 \text{ tCO}_2 \text{ avoid})$. $1193378 / (SC1+SC2 \text{ in } 2017) = 1193378 / 30475032 = 3,91 \% \text{ (Decrease)}$
Divestment	726404	Decreased	2.4	Iberdrola sold its conventional generation assets in the United Kingdom. Iberdrola, through its subsidiary ScottishPower, agreed to sell its traditional generation assets in the United Kingdom to Drax Smart Generation, a subsidiary of the Drax Group for £702 million (€801 million). Thus, the company becomes the first 100% renewable integrated energy business in the UK, as it disposes of 2,554 megawatts (MW) of traditional generation power, which includes mainly combined cycle gas plants[1]. In recent years the company completed closure of the last coal-fired power plants in the country. $(2017 \text{ UK Emissions} - 2018 \text{ UK Emissions}) / (SC1+SC2 \text{ in } 2017) = 726404/30475032 = 2.4\% \text{ (Decrease)}$
Acquisitions		<Not Applicable>		
Mergers		<Not Applicable>		
Change in output		<Not Applicable>		
Change in methodology		<Not Applicable>		
Change in boundary		<Not Applicable>		
Change in physical operating conditions		<Not Applicable>		
Unidentified		<Not Applicable>		
Other		<Not Applicable>		

C7.9b

(C7.9b) Are your emissions performance calculations in C7.9 and C7.9a based on a location-based Scope 2 emissions figure or a market-based Scope 2 emissions figure?

Location-based

C8. Energy

C8.1

(C8.1) What percentage of your total operational spend in the reporting year was on energy?

More than 5% but less than or equal to 10%

C8.2

(C8.2) Select which energy-related activities your organization has undertaken.

	Indicate whether your organization undertakes this energy-related activity
Consumption of fuel (excluding feedstocks)	Yes
Consumption of purchased or acquired electricity	Yes
Consumption of purchased or acquired heat	No
Consumption of purchased or acquired steam	No
Consumption of purchased or acquired cooling	No
Generation of electricity, heat, steam, or cooling	Yes

C8.2a

(C8.2a) Report your organization's energy consumption totals (excluding feedstocks) in MWh.

	Heating value	MWh from renewable sources	MWh from non-renewable sources	Total MWh
Consumption of fuel (excluding feedstock)	LHV (lower heating value)	0	122439826	122439826
Consumption of purchased or acquired electricity	<Not Applicable>	54266	3044223	3098489
Consumption of purchased or acquired heat	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Consumption of purchased or acquired steam	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Consumption of purchased or acquired cooling	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Consumption of self-generated non-fuel renewable energy	<Not Applicable>	137150	<Not Applicable>	137150
Total energy consumption	<Not Applicable>	191416	125484049	125675465

C8.2b

(C8.2b) Select the applications of your organization's consumption of fuel.

	Indicate whether your organization undertakes this fuel application
Consumption of fuel for the generation of electricity	Yes
Consumption of fuel for the generation of heat	No
Consumption of fuel for the generation of steam	No
Consumption of fuel for the generation of cooling	No
Consumption of fuel for co-generation or tri-generation	Yes

C8.2c

(C8.2c) State how much fuel in MWh your organization has consumed (excluding feedstocks) by fuel type.

Fuels (excluding feedstocks)

Natural Gas

Heating value

LHV (lower heating value)

Total fuel MWh consumed by the organization

115416954

MWh fuel consumed for self-generation of electricity

0

MWh fuel consumed for self-generation of heat

0

MWh fuel consumed for self-generation of steam

<Not Applicable>

MWh fuel consumed for self-generation of cooling

<Not Applicable>

MWh fuel consumed for self-cogeneration or self-trigeneration

0

Comment

Fuels (excluding feedstocks)

Fuel Oil Number 1

Heating value

LHV (lower heating value)

Total fuel MWh consumed by the organization

552792

MWh fuel consumed for self-generation of electricity

0

MWh fuel consumed for self-generation of heat

0

MWh fuel consumed for self-generation of steam

<Not Applicable>

MWh fuel consumed for self-generation of cooling

<Not Applicable>

MWh fuel consumed for self-cogeneration or self-trigeneration

0

Comment

Fuels (excluding feedstocks)

Coal

Heating value

LHV (lower heating value)

Total fuel MWh consumed by the organization

5773961

MWh fuel consumed for self-generation of electricity

0

MWh fuel consumed for self-generation of heat

0

MWh fuel consumed for self-generation of steam

<Not Applicable>

MWh fuel consumed for self-generation of cooling

<Not Applicable>

MWh fuel consumed for self-cogeneration or self-trigeneration

0

Comment

Fuels (excluding feedstocks)

Gas Oil

Heating value

LHV (lower heating value)

Total fuel MWh consumed by the organization

669008

MWh fuel consumed for self-generation of electricity

0

MWh fuel consumed for self-generation of heat

0

MWh fuel consumed for self-generation of steam

<Not Applicable>

MWh fuel consumed for self-generation of cooling

<Not Applicable>

MWh fuel consumed for self-cogeneration or self-trigeneration

0

Comment

Fuels (excluding feedstocks)

Other, please specify (Waste Derived Fuel (WDF))

Heating value

LHV (lower heating value)

Total fuel MWh consumed by the organization

27111

MWh fuel consumed for self-generation of electricity

0

MWh fuel consumed for self-generation of heat

0

MWh fuel consumed for self-generation of steam

<Not Applicable>

MWh fuel consumed for self-generation of cooling

<Not Applicable>

MWh fuel consumed for self-cogeneration or self-trigeneration

0

Comment

(C8.2d) List the average emission factors of the fuels reported in C8.2c.

Coal

Emission factor

1

Unit

metric tons CO₂e per MWh

Emission factor source

ETS Measurement for Spain

Comment

Coal energy plants only in Spain

Fuel Oil Number 1

Emission factor

3.16976

Unit

kg CO₂e per liter

Emission factor source

DEFRA

Comment

Gas Oil

Emission factor

74.1

Unit

kg CO₂e per GJ

Emission factor source

MAPAMA for Spain, EPA for USA and México and Ferramente for Brazil

Comment

Natural Gas

Emission factor

0.3763

Unit

metric tons CO₂e per MWh

Emission factor source

ETS. Direct data for Combined Cycled in Spain, UK, USA, Brazil and México

Comment

Other

Emission factor

0.0807

Unit

metric tons CO₂e per GJ

Emission factor source

Direct data for Cogeneration in Spain (ETS)

Comment

C8.2e

(C8.2e) Provide details on the electricity, heat, steam, and cooling your organization has generated and consumed in the reporting year.

	Total Gross generation (MWh)	Generation that is consumed by the organization (MWh)	Gross generation from renewable sources (MWh)	Generation from renewable sources that is consumed by the organization (MWh)
Electricity	148331000	2733960	62167533	137150
Heat	0	0	0	0
Steam	4081960	0	0	0
Cooling	0	0	0	0

C-EU8.2e

(C-EU8.2e) For your electric utility activities, provide a breakdown of your total power plant capacity, generation, and related emissions during the reporting year by source.

Coal – hard

Nameplate capacity (MW)

874

Gross electricity generation (GWh)

1771

Net electricity generation (GWh)

1637

Absolute scope 1 emissions (metric tons CO2e)

1640110

Scope 1 emissions intensity (metric tons CO2e per GWh)

1002

Comment

N/A

Lignite

Nameplate capacity (MW)

0

Gross electricity generation (GWh)

0

Net electricity generation (GWh)

0

Absolute scope 1 emissions (metric tons CO2e)

0

Scope 1 emissions intensity (metric tons CO2e per GWh)

0

Comment

N/A

Oil

Nameplate capacity (MW)

0

Gross electricity generation (GWh)

0

Net electricity generation (GWh)

0

Absolute scope 1 emissions (metric tons CO2e)

0

Scope 1 emissions intensity (metric tons CO2e per GWh)

0

Comment

N/A

Gas

Nameplate capacity (MW)

14220

Gross electricity generation (GWh)

59795

Net electricity generation (GWh)

58670

Absolute scope 1 emissions (metric tons CO2e)

22926194

Scope 1 emissions intensity (metric tons CO2e per GWh)

391

Comment

Including Combined Cycle Power plants and Cogeneration Power Plants.

Biomass

Nameplate capacity (MW)

0

Gross electricity generation (GWh)

0

Net electricity generation (GWh)

0

Absolute scope 1 emissions (metric tons CO2e)

0

Scope 1 emissions intensity (metric tons CO2e per GWh)

0

Comment

N/A

Waste (non-biomass)

Nameplate capacity (MW)

0

Gross electricity generation (GWh)

0

Net electricity generation (GWh)

0

Absolute scope 1 emissions (metric tons CO2e)

0

Scope 1 emissions intensity (metric tons CO2e per GWh)

0

Comment

N/A

Nuclear

Nameplate capacity (MW)

3177

Gross electricity generation (GWh)

24597

Net electricity generation (GWh)

23536

Absolute scope 1 emissions (metric tons CO2e)

0

Scope 1 emissions intensity (metric tons CO2e per GWh)

0

Comment

N/A

Geothermal

Nameplate capacity (MW)

0

Gross electricity generation (GWh)

0

Net electricity generation (GWh)

0

Absolute scope 1 emissions (metric tons CO2e)

0

Scope 1 emissions intensity (metric tons CO2e per GWh)

0

Comment

N/A

Hydroelectric

Nameplate capacity (MW)

12556

Gross electricity generation (GWh)

23572

Net electricity generation (GWh)

23166

Absolute scope 1 emissions (metric tons CO2e)

0

Scope 1 emissions intensity (metric tons CO2e per GWh)

0

Comment

N/A

Wind

Nameplate capacity (MW)

16216

Gross electricity generation (GWh)

38167

Net electricity generation (GWh)

38167

Absolute scope 1 emissions (metric tons CO2e)

0

Scope 1 emissions intensity (metric tons CO2e per GWh)

0

Comment

N/A

Solar

Nameplate capacity (MW)

392

Gross electricity generation (GWh)

349

Net electricity generation (GWh)

341

Absolute scope 1 emissions (metric tons CO2e)

2560

Scope 1 emissions intensity (metric tons CO2e per GWh)

8

Comment

Photovoltaic and thermosolar energy. Emissions from Thermosolar.

Other renewable

Nameplate capacity (MW)

13

Gross electricity generation (GWh)

80

Net electricity generation (GWh)

80

Absolute scope 1 emissions (metric tons CO2e)

0

Scope 1 emissions intensity (metric tons CO2e per GWh)

0

Comment

Fuel cell

Other non-renewable

Nameplate capacity (MW)

0

Gross electricity generation (GWh)

0

Net electricity generation (GWh)

0

Absolute scope 1 emissions (metric tons CO2e)

0

Scope 1 emissions intensity (metric tons CO2e per GWh)

0

Comment

N/A

Total

Nameplate capacity (MW)

47448

Gross electricity generation (GWh)

148331

Net electricity generation (GWh)

145597

Absolute scope 1 emissions (metric tons CO2e)

24568864

Scope 1 emissions intensity (metric tons CO2e per GWh)

169

Comment

Scope 1 emissions intensity considering steam production =164 tCO2e/GWh (4082 GWh of steam generation)

C8.2f

(C8.2f) Provide details on the electricity, heat, steam and/or cooling amounts that were accounted for at a low-carbon emission factor in the market-based Scope 2 figure reported in C6.3.

Basis for applying a low-carbon emission factor

Energy attribute certificates, Guarantees of Origin

Low-carbon technology type

Solar PV
Wind
Hydropower

Region of consumption of low-carbon electricity, heat, steam or cooling

Europe

MWh consumed associated with low-carbon electricity, heat, steam or cooling

138986

Emission factor (in units of metric tons CO₂e per MWh)

0

Comment

Consumption in Torre Iberdrola building in Spain and auxiliary in renewable plants.

C-EU8.4

(C-EU8.4) Does your electric utility organization have a transmission and distribution business?

Yes

C-EU8.4a

(C-EU8.4a) Disclose the following information about your transmission and distribution business.

Country/Region

Spain

Voltage level

Distribution (low voltage)

Annual load (GWh)

93284

Scope 2 emissions (basis)

Location-based

Scope 2 emissions (metric tons CO₂e)

551439

Annual energy losses (% of annual load)

2.5

Length of network (km)

269639

Number of connections

11030000

Area covered (km²)

190000

Comment

Country/Region

United Kingdom of Great Britain and Northern Ireland

Voltage level

Distribution (low voltage)

Annual load (GWh)

34677

Scope 2 emissions (basis)

Location-based

Scope 2 emissions (metric tons CO2e)

437016

Annual energy losses (% of annual load)

4.45

Length of network (km)

105563

Number of connections

3520000

Area covered (km2)

80000

Comment

Country/Region

United States of America

Voltage level

Distribution (low voltage)

Annual load (GWh)

39579

Scope 2 emissions (basis)

Location-based

Scope 2 emissions (metric tons CO2e)

320999

Annual energy losses (% of annual load)

1.8

Length of network (km)

156147

Number of connections

2244000

Area covered (km2)

272000

Comment

Country/Region

Brazil

Voltage level

Distribution (low voltage)

Annual load (GWh)

63283

Scope 2 emissions (basis)

Market-based

Scope 2 emissions (metric tons CO2e)

483744

Annual energy losses (% of annual load)

10.4

Length of network (km)

623314

Number of connections

13800000

Area covered (km2)

836000

Comment

C9. Additional metrics

C9.1

(C9.1) Provide any additional climate-related metrics relevant to your business.**Description**

Other, please specify (Water use)

Metric value

2.54

Metric numerator

Water use (m3)

Metric denominator (intensity metric only)

Overall sales (kEuro)

% change from previous year

0.78

Direction of change

Decreased

Please explain

Water is a basic and irreplaceable natural resource in many of Iberdrola's activities. The company's awareness of this dependency and of the risks arising from water shortages has led it to set itself the objective of ensuring an increasingly rational and sustainable use of this resource. The main actions taken by the group for a more sustainable use of water are: – Limiting the volume of withdrawal and consumption of inland water in all technologies. – Establishing and controlling limits on ecological flows at the hydroelectric generation reservoirs. – Continually improving processes at facilities to reduce consumption and impact. – Avoiding withdrawal of water in water-stressed areas. – Reusing and recycling water at facilities. – Conducting awareness-raising campaigns to achieve a more efficient and responsible use of sanitary water by employees at offices. Moreover, one of Iberdrola's environmental targets is to maintain the rate revenues/water used above 50% of the utilities in the coming 5 years.

C-EU9.5a

(C-EU9.5a) Break down, by source, your total planned CAPEX in your current CAPEX plan for power generation.

Primary power generation source	CAPEX planned for power generation from this source	Percentage of total CAPEX planned for power generation	End year of CAPEX plan	Comment
Wind	13300000000	100	2022	• Investments of €13,300 million, mainly to increase installed capacity in Spain, the United States, the United Kingdom, Portugal, Mexico and Brazil. • Installed capacity of 9.9 GW is expected to be installed during the 2018-2022 period, including the 714 MW East Anglia One and 800 MW Vineyard offshore wind farms, the 391 MWac Nuñez de Balboa photovoltaic solar plant, and the 1,158 MW Tâmega hydroelectric plant.

C-EU9.5b

(C-EU9.5b) Break down your total planned CAPEX in your current CAPEX plan for products and services (e.g. smart grids, digitalization, etc.).

Products and services	Description of product/service	CAPEX planned for product/service	Percentage of total CAPEX planned products and services	End of year CAPEX plan
Smart grid	Smart Meters	570000000	15	2022

C-CO9.6/C-EU9.6/C-OG9.6

(C-CO9.6/C-EU9.6/C-OG9.6) Disclose your investments in low-carbon research and development (R&D), equipment, products, and services.

Investment start date

January 1 2018

Investment end date

December 31 2022

Investment area

Equipment

Technology area

Renewable energy

Investment maturity

Large scale commercial deployment

Investment figure

8500000000

Low-carbon investment percentage

21-40%

Please explain

• Development of R&D Plan 2018-2022. • Iberdrola will invest 34,000 million euros between 2018 and 2022, focusing its innovative activity on: – Cleaner and smarter generation. – More and smarter storage. – More and smarter grids. – More and smarter customer solutions.

Investment start date

January 1 2018

Investment end date

December 31 2022

Investment area

Equipment

Technology area

Infrastructure

Investment maturity

Full/commercial-scale demonstration

Investment figure

10880000000

Low-carbon investment percentage

21-40%

Please explain

• Development of R&D Plan 2018-2022. • Iberdrola will invest 34,000 million euros between 2018 and 2022, focusing its innovative activity on: – Cleaner and smarter generation. – More and smarter storage. – More and smarter grids. – More and smarter customer solutions.

Investment start date

January 1 2018

Investment end date

December 31 2022

Investment area

Services

Technology area

Demand side response programs

Investment maturity

Full/commercial-scale demonstration

Investment figure

8160000000

Low-carbon investment percentage

21-40%

Please explain

• Development of R&D Plan 2018-2022. • Iberdrola will invest 34,000 million euros between 2018 and 2022, focusing its innovative activity on: – Cleaner and smarter generation. – More and smarter storage. – More and smarter grids. – More and smarter customer solutions.

Investment start date

January 1 2018

Investment end date

December 31 2022

Investment area

Services

Technology area

Digital technology

Investment maturity

Large scale commercial deployment

Investment figure

6460000000

Low-carbon investment percentage

0-20%

Please explain

• Development of R&D Plan 2018-2022. • Iberdrola will invest 34,000 million euros between 2018 and 2022, focusing its innovative activity on: – Cleaner and smarter generation. – More and smarter storage. – More and smarter grids. – More and smarter customer solutions.

C10. Verification

C10.1

(C10.1) Indicate the verification/assurance status that applies to your reported emissions.

	Verification/assurance status
Scope 1	Third-party verification or assurance process in place
Scope 2 (location-based or market-based)	Third-party verification or assurance process in place
Scope 3	Third-party verification or assurance process in place

C10.1a

(C10.1a) Provide further details of the verification/assurance undertaken for your Scope 1 and/or Scope 2 emissions and attach the relevant statements.

Scope

Scope 1

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Complete

Type of verification or assurance

Limited assurance

Attach the statement

1

CDP-verification-Iberdrola 2019_signed.pdf

Page/ section reference

Whole

Relevant standard

ISO14064-3

Proportion of reported emissions verified (%)

100

Scope

Scope 2 location-based

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Complete

Type of verification or assurance

Limited assurance

Attach the statement

1

CDP-verification-Iberdrola 2019_signed.pdf

Page/ section reference

Whole

Relevant standard

ISO14064-3

Proportion of reported emissions verified (%)

100

C10.1b

(C10.1b) Provide further details of the verification/assurance undertaken for your Scope 3 emissions and attach the relevant statements.

Scope

Scope 3- all relevant categories

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Complete

Attach the statement

1

CDP-verification-Iberdrola 2019_signed.pdf

Page/section reference

Whole

Relevant standard

ISO14064-3

C10.2

(C10.2) Do you verify any climate-related information reported in your CDP disclosure other than the emissions figures reported in C6.1, C6.3, and C6.5?

Yes

C10.2a

(C10.2a) Which data points within your CDP disclosure have been verified, and which verification standards were used?

Disclosure module verification relates to	Data verified	Verification standard	Please explain
C3. Business strategy	Emissions reduction activities	This data was published in the Sustainability Report, verified by PwC, and also published in our Integrated Report and General Shareholders's Meeting's Proposed Resolutions.	Emission-free installed capacity has been increased being our emission free output our main initiative to comply with emission reduction target. Objective for Executive directors and management personnel linked to the Company's performance's variable fee.
C6. Emissions data	Year on year emissions intensity figure	This data is published in the Sustainability Report, verified by PwC. Renewable energy products Iberdrola Green Energy comes exclusively from 100% renewable energy sources, as per European Directive 2009/28/EC.	This is a key performance indicator for the Group. Available evolution in our webpage: https://www.iberdrola.com/sustainability/against-climate-change/direct-emissions .
C3. Business strategy	Renewable energy products	Iberdrola Green Energy comes exclusively from 100% renewable energy sources, as per European Directive 2009/28/EC, characterised by full environmental respect by avoiding the emission of CO2 and other pollutant gases. Iberdrola Green Energy is doubly certified: At source, by IRECS (International Renewable Energy Certificate Services) certificates issued and managed by an Issuing Body which guarantees that the energy generated comes exclusively from renewable sources. Renewable source of all the energy supplied, certified by Bureau Veritas Quality International.	This certification implies the existence of an internal methodology for managing these IRECS certificates and the allocation of that energy to the customers who buy it, so that only energy from renewable sources and certified at source can be sold as green energy.
C4. Targets and performance	Emissions reduction activities	This data was published in the Sustainability Report, verified by PwC. Also published in Iberdrola's web page.	This data was published in the Sustainability Report, verified by PwC. Also published in Iberdrola's Sustainability Scorecard: https://www.iberdrola.com/wcorp/gc/prod/en_US/sostenibilidad/docs/sustainability_scorecard18.pdf
C8. Energy	Renewable energy products	This data was published in the Sustainability Report, verified by PwC. Also published in Iberdrola's web page.	This data was published in the Sustainability Report, verified by PwC. Also published in Iberdrola's web page.
C6. Emissions data	Other, please specify (The Corporate Environmental Footprint (CEF) is defined as a multi-criteria measure of the environmental performance of a goods/services providing organization from a life cycle perspective.)	This data is published and verified by AENOR under ISO/TS 14072:2014. Environmental management — Life cycle assessment — Requirements and guidelines for organizational life cycle assessment.	The environmental impact assessment methodology used for calculating Iberdrola's Corporate Environmental Footprint is ReCiPe (based on UNE-EN ISO 14040:2006 and UNE-EN ISO 14044:2006 standards), which is applied to quantitatively analyse the life cycle of company products/services. The ReCiPe methodology was created by the Netherlands National Institute for Public Health and the Environment (RIVM), the Institute of Environmental Sciences of the University of Leiden (CML), the consultancy PRé Consultants and the Faculty of Science at Radboud University. IB_Environmental_Footprint_Report.pdf

C11. Carbon pricing

C11.1

(C11.1) Are any of your operations or activities regulated by a carbon pricing system (i.e. ETS, Cap & Trade or Carbon Tax)?

Yes

C11.1a

(C11.1a) Select the carbon pricing regulation(s) which impacts your operations.

California CaT

EU ETS

UK carbon price floor

C11.1b

(C11.1b) Complete the following table for each of the emissions trading systems in which you participate.

California CaT

% of Scope 1 emissions covered by the ETS

100

Period start date

January 1 2018

Period end date

December 31 2018

Allowances allocated

147274

Allowances purchased

128621

Verified emissions in metric tons CO2e

186775

Details of ownership

Other, please specify (Facilities we own and operate + Facilities we operate but do not own + Facilities we operate and only a % owned)

Comment

EU ETS

% of Scope 1 emissions covered by the ETS

100

Period start date

January 1 2018

Period end date

December 31 2018

Allowances allocated

24394

Allowances purchased

3634000

Verified emissions in metric tons CO2e

3468607

Details of ownership

Facilities we own and operate

Comment

EU ETS in Spain and United Kingdom

C11.1c

(C11.1c) Complete the following table for each of the tax systems in which you participate.

UK carbon price floor

Period start date

January 1 2018

Period end date

December 31 2018

% of emissions covered by tax

97.95

Total cost of tax paid

39092105

Comment

UK CCGT stations were sold with ownership passing to Drax from 1 January 2019. Allowances purchased for these CCGTs for the year 2018 were included in the sale. Of the 2,202,331 tons of emissions for the year 2,185,018 was attributable to the stations that were sold.

C11.1d

(C11.1d) What is your strategy for complying with the systems in which you participate or anticipate participating?

Only the generation facilities located in Europe are subject to an emission rights trading system, for which reason this indicator does not affect the thermal generation facilities in Mexico, Brazil or the United States.

The European facilities (Spain and United Kingdom) have not received free trading rights since 2013, for which reason they have to acquire the necessary rights at auction to offset the emissions produced. The IBERDROLA Group is a major player in the European Emissions Trading Scheme, which began to operate in Europe on January 1st, 2005. IBERDROLA has played an active role throughout 2018 in the EU-ETS trading through both bilaterally and in exchanges, mainly buying allowances for compliance. The main goal is to minimise the carbon market risk while optimising the value of the European thermal electricity generation assets.

A significant amount of the Avangrid Renewables western U.S. activity includes the import of energy into the State of California. The California Cap-and-Trade program commenced in 2013 and relies on the mandatory reporting of greenhouse gas emissions and purchase of equivalent allowances. To comply with the Cap-and-Trade regulation, we have registered with the California Air Resources Board, tracked and reported our annual GHG emissions on Avangrid Renewables resources imported into California, created the necessary allowance accounts, and designated authorized account representatives. We met the 2016 deadline by submitting the details of our emissions-related activities to an independent verifier. Upon approval from the verifier, Avangrid Renewables will surrender the required compliance instruments by the established deadlines.

C11.2

(C11.2) Has your organization originated or purchased any project-based carbon credits within the reporting period?

Yes

C11.2a

(C11.2a) Provide details of the project-based carbon credits originated or purchased by your organization in the reporting period.

Credit origination or credit purchase

Credit purchase

Project type

Wind

Project identification

México: La Venta II

Verified to which standard

Other, please specify (MX 846)

Number of credits (metric tonnes CO2e)

3608

Number of credits (metric tonnes CO2e): Risk adjusted volume

3608

Credits cancelled

Yes

Purpose, e.g. compliance

Compliance

Credit origination or credit purchase

Credit purchase

Project type

Methane avoidance

Project identification

Philippines: Methane Recovery from Waste

Verified to which standard

Other, please specify (P115080)

Number of credits (metric tonnes CO2e)

219

Number of credits (metric tonnes CO2e): Risk adjusted volume

219

Credits cancelled

Yes

Purpose, e.g. compliance

Compliance

Credit origination or credit purchase

Credit purchase

Project type

Other, please specify (Sustainable Event)

Project identification

During 2018, Iberdrola has cancelled 217 emission reduction credits to offset the Stakeholders Annual Meeting carbon footprint.

Verified to which standard

Other, please specify (UNE-ISO 20121)

Number of credits (metric tonnes CO2e)

217

Number of credits (metric tonnes CO2e): Risk adjusted volume

217

Credits cancelled

Yes

Purpose, e.g. compliance

Voluntary Offsetting

(C11.3) Does your organization use an internal price on carbon?

Yes

C11.3a

(C11.3a) Provide details of how your organization uses an internal price on carbon.

Objective for implementing an internal carbon price

- Navigate GHG regulations
- Stakeholder expectations
- Change internal behavior
- Drive energy efficiency
- Drive low-carbon investment
- Stress test investments
- Identify and seize low-carbon opportunities

GHG Scope

- Scope 1
- Scope 2
- Scope 3

Application

Iberdrola uses an internal carbon price to alternatively assess comparative economic impact of different investment scenarios. It is included as one additional factor to be taken into consideration when informing capital and operational decision making, and is linked with our strategy for R&D investments and divestment plans. Direct and indirect emissions are considered when using internal carbon price, and that is as a key factor reinforcing the strategy of Iberdrola that has started 15 years ago by focusing in renewable energy and decarbonization. With our foreseen renewables investments included in our Strategic Plan for 2022 and the switching from gas to Renewables we include the potential cost of projects CO2 emissions in all major investment decisions, using an average cost of €30 per ton of CO2.

Actual price(s) used (Currency /metric ton)

30

Variance of price(s) used

This carbon price is forecasted quarterly and stress tests are launched in order to assess different long term impacts. IBERDROLA has a tool to calculate the cost of emitting CO2 in each country (this price is an average) where it operates taking into account their national decarbonization policies. Iberdrola's Chairman is one of the expert Panel Members that provides input to the Carbon Pricing Corridors initiative (promoted by CDP, We Mean Business and the Carbon Pricing Leadership Coalition). It includes more than 20 chief executives and senior leaders from across the G20 who provide market insights into the future impact of carbon pricing and explore the carbon-related price signals that will decarbonize electricity generation and heavy industry through the short to medium-term (2020, 2025, 2030 and 2035) and help deliver a sub-2°C world as defined by the Paris Agreement. In an analysis of the electricity sector, it concludes that for its decarbonization in 2050, prices in the range of \$ 24-39 / tCO2e are needed in 2020, increasing to \$ 30-60 / tCO2e in 2025 and to \$ 30-100 / tCO2e by 2030.

Type of internal carbon price

Shadow price

Impact & implication

The internal carbon price is studied together with other commodities (as gas, coal) and serves as a basis to foresee a switch from coal to CCGT in 2020 and a future switch from gas to renewables if prices are higher enough. It is crucial when assessing the company strategy, the investment plan and innovation policies focused on decarbonisation of the energy mix and consolidating our leadership in renewable energy, smart grids and clean technology. Some key related objectives, assessed as well using internal factors as carbon Price, for 2018-2019 are: - 5 % reduction in specific direct emissions during the 2017-19 compared to the 2014-16 - Increase renewable installed capacity by 9 % during 2018 and 2019 - Smart grid projects Smart City (Atibaia) in Brazil and Smart Community (Ithaca) in USA A key example: in 2018 Iberdrola has closed its last coal plant in UK, leading the subsidiary Scottish Power becomes the first utility in UK 100% renewable. Iberdrola also plans closing its last two coal facilities in Spain. As part of its climate action, Iberdrola has ambitious emission reduction objectives to reach emission neutrality by 2050, which are recognised as Science Based Targets (SBTi) in 2018. Iberdrola now it is using renewable electricity to supply its buildings in Spain, reducing emissions in the Scope 2. Iberdrola provides a broader range of products and services promoting energy efficiency and savings, focusing in the emission reduction in their value chain, as per Scope 3 emissions. Examples launched in 2018: new packs in Spain Smart Home focused on improving energy management. In Brazil: a mobile application to allow customers to check their consumption, bills and to do payments; in USA: NYSEG Smart, an online store where customers can search for, compare and safely buy efficient energy products. Also, the Sustainable Mobility Plan is in place to reduce emissions from employee travels and commuting: in 2018 277 t CO2e were avoided in Spain and UK 2018. Iberdrola's Annual General Meeting: certified as a sustainable event (2016-2019) neutralizing its emissions. We are active members of CO2 Carbon Pricing Leadership Coalition - CPLC (World Bank) and the Carbon Pricing Corridors project (We mean business) participating with our inputs and experts in order to reinforce the idea that carbon pricing is one of the tools to promote clean investments

C12. Engagement

C12.1

(C12.1) Do you engage with your value chain on climate-related issues?

- Yes, our suppliers
- Yes, our customers
- Yes, other partners in the value chain

C12.1a

(C12.1a) Provide details of your climate-related supplier engagement strategy.

Type of engagement

Information collection (understanding supplier behavior)

Details of engagement

Collect climate change and carbon information at least annually from suppliers

% of suppliers by number

10

% total procurement spend (direct and indirect)

92

% Scope 3 emissions as reported in C6.5

3.2

Rationale for the coverage of your engagement

In its firm commitment to fight climate change, Iberdrola attempts to extend to its suppliers the effort to comply with the emission reduction objectives. Emissions from suppliers are obtained through a yearly environmental awareness campaign to foster the reduction of CO2 emissions in the supply chain. In 2018, the 9th Campaign to Raise Awareness about and Measure Greenhouse Gases in Suppliers was carried out through specific questionnaires sent to over 1,000 suppliers of materials, equipment, works or services for the Group in Spain, the United Kingdom, Brazil, Mexico and the United States, the selection of these suppliers is based on our expenditure (we cannot select them from their emissions perspective because we only know the amount of emissions after asking). With this initiative, we seek to have suppliers demonstrating their effectiveness in managing, controlling and reducing greenhouse gas (GHG) emissions, while understanding the impact of climate change on their businesses, managing the associated risks appropriately. Of the replies obtained from the questionnaires, emissions proportional to the supplier's invoicing volume to the Company with regard to the total were taken as corresponding to Iberdrola. CSR Scoring: This includes environmental aspects Evaluate suppliers in terms of CSR, quantifying their relative position in terms of their management in this area.

Impact of engagement, including measures of success

Based on responses to the surveys sent to the suppliers, emissions proportional to the volume of the supplier's billing to the Company as a function of total billing are deemed to correspond to Iberdrola. In order to expand awareness of the Group's Carbon footprint, the following levels of indirect emissions were included in the inventory: 2018 CO2 eq emissions associated with the supply chain (t): - Spain 666,117 - United Kingdom 481,977 - United States 27,021 - Brazil 2.168 - Mexico 217,499 These campaigns also give suppliers the opportunity to inform us of the environmental projects they are developing or whether they have an environmental project that they would like to undertake in partnership with Iberdrola. Having established improvement objectives for all the Purchasing team on increasing purchases from analysed suppliers and increasing the percentage of purchases from A+ suppliers. A specific communication about their situation is sent to those suppliers with a B so that they try to improve to A+. As a result of this survey, Iberdrola gets knowledge of where the greatest emissions are within its supply chain, how suppliers are performing on environmental areas, also identify potential risks, opportunities, and collaboration areas.

Comment

Type of engagement

Compliance & onboarding

Details of engagement

Included climate change in supplier selection / management mechanism
Climate change is integrated into supplier evaluation processes

% of suppliers by number

100

% total procurement spend (direct and indirect)

100

% Scope 3 emissions as reported in C6.5

3.5

Rationale for the coverage of your engagement

In the management of suppliers and during the procurement process, the measures adopted to promote proper environmental behaviour by suppliers are based on the Procurement Policy, the Suppliers' Code of Ethics and the specific environmental clauses in the procurement terms of the group. Subsequently, during the supply stage, the business units monitor the environmental performance of the supplier during the term of the contract. At the end of 2018, procurement from suppliers with a certified environmental management system represented 79.5% of all procurement from suppliers of general supplies. 100% of suppliers (both new and existing) of general supplies are evaluated according to environmental and sustainability criteria. The principal environmental risks are considered to be managed through the current management systems and the periodic audits that are performed. No supplier with a significant negative environmental impact has been detected. Furthermore, Iberdrola does not have major suppliers located in areas with water stress. By acting as a tractor company and being an economic driving force, because of our high annual purchasing potential and: - Creating an integral, ethical and transparent business model that favours the development of these values and commitments in the market in which it operates - Encouraging internationalization - Injecting liquidity into suppliers - Providing highly qualified employment - Driving investments in R&D - Rewarding the supplier's contribution to the Company's strategic objectives Among other results, Iberdrola has contributed to ensuring that supplier companies that were initially only local, had no management systems, or were focused on a single activity, etc., could gain access to new markets and clients, become involved in R&D projects, grow more competitive by developing an international presence that would allow them to become leading firms on their own in sectors such as renewable energies, industrial facility maintenance, power facility construction, global services, etc.

Impact of engagement, including measures of success

Use in supplier scorecards. The minimum requirements to be classified as an Iberdrola supplier include: - Acceptance of the Supplier's Code of Ethics - Compliance with applicable legislation in each of the countries in which Iberdrola Group conducts its business - Proof of a stable financial situation - For certain contracts, an appropriate needs-based third-party liability policy Once registered, the factors assessed for classifying the supplier will depend on the supplier's situation in the following areas: - Corporate social responsibility, labour practices and respect for human rights - Environmental respect - Safety and occupational risk prevention - Assessment of credit risk, financial health - Quality - Risk of corruption and bribery - References and history of previous work The questions related to the Environment that are included in the CSR questionnaire are the following: - The company has a general ethical, social or environmental purchasing policy in its purchasing department - The company has a documented Environmental Management System - The company has a certified Environmental Management System - They have lodged complaints against their company regarding environmental issues - Adhesion to the Global Compact - Communication platforms that promote transparency and indicate the objectives, commitments and results obtained: Sustainability Report (GRI, others ...) The supplier's situation in the area of sustainability (quality, environment, occupational risk prevention, social responsibility and human rights) has a weight of 40% on the total score on the supplier evaluation, and the other 60% corresponds to the assessment of credit risk, financial health and prior references. Seeking to improve the situation for suppliers with minor performance in these matters, year-long actions are carried out for traction, awareness-raising and motivation with a view to having these suppliers become certified in these areas (further information in the section on Dialogue with suppliers-Traction). In 2018, the objective of traction and improvement of Social Responsibility of our suppliers has been maintained: - We have RSC information of 97% of the volume of purchases - Of these, 71.5% at the highest level (A +), 69.4% of the total - Requirement level to be A + increased by 3% in 2018

Comment

Type of engagement

Engagement & incentivization (changing supplier behavior)

Details of engagement

Climate change performance is featured in supplier awards scheme

Other, please specify (Supplier's of the Year Award- Environmental category: promoting suppliers' environmental responsibility and publicly recognising those who go the extra mile)

% of suppliers by number

100

% total procurement spend (direct and indirect)

100

% Scope 3 emissions as reported in C6.5

Rationale for the coverage of your engagement

Supplier's of the Year Award- Environmental category: Promoting suppliers' environmental responsibility and publicly recognising those who go the extra mile. The aim of Iberdrola's Supplier Awards is to incentivise and recognise excellence, sustainable development, quality, internationalisation, innovation, corporate social responsibility, job creation and the prevention of workplace risks. This action driver for suppliers have generated a progressive convergence of suppliers and supplies toward the sustainable parameters required by the company, resulting in a multiplying effect throughout the supply chain, since what is currently being requested from first-level suppliers will gradually be assumed by the entire supply chain. In 2018, the "Global Provider Supplier of the Year Awards" event was held at the San Agustin de Guadalix Iberdrola's Campus, attended by more than 340 guests, including representatives of 167 suppliers. Prizes were awarded in 12 categories and there were award-winning companies from eight different countries. One of the categories corresponds to "Environment", encouraging thus promoting the environmental responsibility of suppliers and publicly recognizing those suppliers that stand out in this area.

Impact of engagement, including measures of success

Active engagement with the most active sustainable suppliers. Iberdrola works and shall continue to work with excellent and sustainable suppliers, and to do so, it establishes clear traction and measurement mechanisms with resources in the Purchasing Division allocated to these tasks. The Company likewise establishes personal objectives with its management team that are linked to continuously improving the sustainability ratios of its suppliers. Only in this way can Iberdrola continue to grow and serve the societies in which it is present and to which it is committed. With the awards to suppliers, Iberdrola wants to encourage, promote and recognize excellence, sustainable development, quality, internationalization, innovation, corporate social responsibility, job creation and occupational risk prevention. In addition, the Prize was born as a tool and mechanism of thanks to the supplier of his contribution to the achievement of the Group's objectives. This award is also a way for dialogue and communication with relevant suppliers. Iberdrola measures success arising from this initiative through the interest shown by suppliers. This type of actions has produced a progressive approach of suppliers and supplies towards the sustainable parameters required by the company, causing a multiplier effect on the entire value chain, since what is demanded from first-class suppliers today, will be gradually assumed by the entire supply chain.

Comment

Type of engagement

Engagement & incentivization (changing supplier behavior)

Details of engagement

Other, please specify (Environmental clause in hiring condition)

% of suppliers by number

100

% total procurement spend (direct and indirect)

100

% Scope 3 emissions as reported in C6.5

3.5

Rationale for the coverage of your engagement

The conditions of purchase of the Iberdrola Group are documents of a general nature that regulate the relations between the companies of the Iberdrola Group and their suppliers, usually included as a basic part of the contractual documentation. In such way, suppliers must comply with specific environmental clauses during the contract. These conditions contain contractual clauses that oblige the parties to act with environmental respect and have a preventive approach to environmental issues in order to achieve sustainable development, limiting activities whose impact on the environment is doubtful. Suppliers must also sign the Ethics Code, incorporates principles in environmental matters.

Impact of engagement, including measures of success

The company also performs various tracking and reporting activities on an on-going basis. This mechanism is a filter which permits selecting best suppliers and raise awareness among suppliers about the importance of reducing their impacts, or in changing the external conditions that surround them, thus producing more sustainable products and services.

Comment

Type of engagement

Information collection (understanding supplier behavior)

Details of engagement

Other, please specify (Supplier Mobility Plan)

% of suppliers by number

100

% total procurement spend (direct and indirect)

100

% Scope 3 emissions as reported in C6.5

3.5

Rationale for the coverage of your engagement

In the database management of suppliers is intended to have knowledge of initiatives and sustainable mobility plans that our suppliers have. That is why Iberdrola has incorporated an issue in the basic register of suppliers of the following type: "Does your organization have a sustainable urban mobility plan?" This covers all suppliers from Iberdrola Group, as Iberdrola is very focused on sustainable mobility.

Impact of engagement, including measures of success

In this way, Iberdrola has information about its suppliers and knows the initiatives that are being carried out or are programmed in its supply chain and will be able to monitor new sustainability actions in order to promote sustainability mobility. Impact from this engagement can be measured by number of initiatives being develop by suppliers, and by interest shown by suppliers on sustainable mobility.

Comment

Type of engagement

Information collection (understanding supplier behavior)

Details of engagement

Other, please specify (Supplier Satisfaction)

% of suppliers by number

100

% total procurement spend (direct and indirect)

100

% Scope 3 emissions as reported in C6.5

3.5

Rationale for the coverage of your engagement

The Supplier Satisfaction Survey is an example of the effort made by Iberdrola to meet the satisfaction and expectations of its stakeholders, among which the supplying companies are prominent. This survey is carried out periodically and provides the Purchasing Department the expectations and perceptions of the suppliers in relation to the purchasing process and about the Company. The 6th edition of the Supplier Satisfaction Survey was carried out during 2018. More than 1,200 suppliers from all geographical areas participated (43% participation) and the average score was 8.2. In this edition, suppliers assessed Iberdrola's ethics and reputation, the brand and the confidence that inspires and manifests that being a supplier of the group contributes to maintaining positions of work. In the Purchasing field, suppliers value very positively the professional respect of their interlocutors during the bidding phase, as well as transparency in the setting of conditions, consideration and treatment offered (attributes with 8.5 points on average). The attribute that receives the lowest score is the financing possibilities offered (with 7.05 average points).

Impact of engagement, including measures of success

Suppliers have highly valued Iberdrola's ethics and reputation, the brand and the trust it inspires and show that being a supplier of the group helps to maintain jobs. The knowledge of the suppliers' opinions is an essential piece to include new actions for continuous improvement in the Corporate Responsibility and Corporate Reputation Plan (in which the Iberdrola Group Purchasing and Insurance Department participates). The average score obtained in the survey was 8.2. This score has been increasing through the last years.

Comment

Type of engagement

Innovation & collaboration (changing markets)

Details of engagement

Other, please specify (Engagement with Sustainable Development Goals (United Nations))

% of suppliers by number

5

% total procurement spend (direct and indirect)

80

% Scope 3 emissions as reported in C6.5

2.8

Rationale for the coverage of your engagement

A survey of suppliers has been carried out jointly with the Sustainability Direction to find out their level of commitment to the Sustainable Development Goals (SDGs) of the United Nations. More than 273 industrial groups have been consulted in 5 countries.

Impact of engagement, including measures of success

Regarding SDG 17 "Partnerships for the Goals", suppliers have made proposals for joint work to develop some of the SDGs, having already 10 proposals of more relevant interest that are being analyzed by the Sustainability Direction.

Comment

C12.1b

(C12.1b) Give details of your climate-related engagement strategy with your customers.

Type of engagement

Education/information sharing

Details of engagement

Run an engagement campaign to educate customers about the climate change impacts of (using) your products, goods, and/or services

% of customers by number

100

% Scope 3 emissions as reported in C6.5

87

Please explain the rationale for selecting this group of customers and scope of engagement

Materiality analysis pursued: As stated in our Sustainability Policy approved in December 2013, we pursue the safety in the supply of energy products, resorting whenever possible to locally-produced primary energy sources, using renewable energy resources, and ensuring the reliability and availability of generation, transmission and distribution facilities. As part of its demand side management programmes, Iberdrola's main objective is to improve energy efficiency and the smart use of active electrical grids, thus contributing to the more efficient use of energy by consumers, and thereby reducing CO2 emissions and contributing to the fight against climate change. The types of actions taken include those relating to information, training and supply of solutions and technologies that help them to improve energy efficiency and reduce the environmental impact of their energy habits and consumption. Iberdrola engages in demand-side management in all of its geographic areas and for its various types of customers. The reason for this engagement is helping customers to improve their energy efficiency, in order to fight together against climate change. Customers are the heart of our businesses and we have perceived that the most sustainable companies committed to fight against climate change are preferred by the customers. We are looking in the long term, although energy efficiency means electricity sales reductions we want to be considered their partners in the electrification of the economy to decarbonize the transport, for example.

Impact of engagement, including measures of success

Iberdrola sells a wide range of products and services that promote efficiency, energy saving and environmental protection: – Energy efficiency: efficient air conditioning and lighting, capacitor banks, home automation systems and other solutions. – Renewable energy facilities: solar photovoltaic energy. – Comprehensive management of energy supplies. – Electromobility. In 2018 more than 800,000 customers benefited from products and services that improve energy efficiency. Noteworthy was the launch of the Smart Irrigation product, which permits the programming and more efficient control of residential sprinklers. This product supplements other, like smart thermostats, electricity meters capable of distinguishing consumption by the main appliances, etc. In the industrial and commercial sectors, there are initiatives to diagnose and propose measures for energy savings and efficiency, like efficient lighting, efficient air conditioning, etc. Iberdrola measures the number of customers who contract these products, and how satisfied are those customers with such products and services. We are focused on a long term strategy, and the clients are one of our main stakeholders to participate in partnerships focused on climate change fight.

Type of engagement

Education/information sharing

Details of engagement

Run an engagement campaign to educate customers about the climate change impacts of (using) your products, goods, and/or services

% of customers by number

100

% Scope 3 emissions as reported in C6.5

87

Please explain the rationale for selecting this group of customers and scope of engagement

The company's projects in the area of commercial and industrial customers are focused on energy savings, cost reductions and CO2 emissions. These include projects for managing connectivity at buildings and audits to identify low-cost and easily-applied energy saving measures. As stated in our Sustainability Policy approved in December 2013, we pursue the safety in the supply of energy products, resorting whenever possible to locally-produced primary energy sources, using renewable energy resources, and ensuring the reliability and availability of generation, transmission, and distribution facilities. We are engaged with all our customers, in order to show them that we are a reliable company to be trusted in the process of the electrification of the economy.

Impact of engagement, including measures of success

Strategy: We have many programmes in place, like: - Products: Smart Solutions (<https://www.iberdrola.es/en>) o Smart Services: gas Maintenance Pack, Home Electricity Protection, Electrical Emergencies, Household Appliance Protection, Iberdrola Home support, energy Certificate, Gas Assistance, Gas Protection and Air-Conditioning Protection. - Smart Mobility: Iberdrola's solution for your electric vehicle: Charging point, electric Vehicle Plan, App. - Smart Solar: The easiest and smartest way to connect to the sun. - Smart Home: Smart Lighting, Smart Thermostat, consumption Monitor, Smart Clima (aerothermal, air conditioning, Gas equipment upgrade, electrical equipment upgrade, - Electric mobility: Electric Vehicle Plan, access to electric mobility, recharge ant home and recharge outside the house Iberdrola measures the number of customers who contract these products, and how satisfied are those customers with such products and services. There are plenty of products and services with high success and acceptance among our customers. This engagement campaigns show them the capacity of the electricity to decarbonize their common habits and make them partners in this challenge.

C12.1c

(C12.1c) Give details of your climate-related engagement strategy with other partners in the value chain.

Iberdrola's Sustainable Mobility Plan - Employee section:

The initiatives launched by Iberdrola include the Electric vehicles for employees program, launched in 2016 in Spain and UK, and due to the great acceptance of the initiative by employees, launched again in 2018 in the same countries and is expected to be rolled out to other places where the company operates. This plan is organized into three types of aid:

- Special advances of up to €4,000 to purchase a 100% electric vehicle,
- Grants of €750 for installing a charging station
- And up to €6,000 for employees who buy 100% electric vehicles for three years. It is also included bicycles, motorcycles and electric mopeds.

Iberdrola has also made available to employees the following tools:

- Collective transport
- Labour flexibility
- Training
- Videoconferences
- Promoting cycling
- Parking management
- Carpooling, which allows employees to publish their journeys and offer their vehicle to share the trips

C12.3

(C12.3) Do you engage in activities that could either directly or indirectly influence public policy on climate-related issues through any of the following?

- Direct engagement with policy makers
- Trade associations
- Funding research organizations
- Other

C12.3a

(C12.3a) On what issues have you been engaging directly with policy makers?

Focus of legislation	Corporate position	Details of engagement	Proposed legislative solution
Mandatory carbon reporting	Support	ISO 14064 external verification since 2010. Participation in European Commission pilot project.	Carbon reporting should be compulsory for big companies.
Cap and trade	Support	Iberdrola participates in the EU ETS. As a stakeholder, Iberdrola plays an active role in the EU regulatory dialogue regarding cap and trade structural design and rules, specifically in the review of the Directive of the EU-ETS and in the Effort Sharing Decision.	Recognition of the important role of cap&trade to tackle the decarbonisation of EU energy model. In the context of EU ETS, long term goals are essential to provide a CO2 price which consolidates as a signal to the investment in low carbon technologies. A strong carbon price signal able to encourage investments in decarbonisation. However, this signals should be reinforced through a carbon price floor to bring visibility and stability to investors.
Carbon tax	Support	Iberdrola operates throughout markets where there are carbon price instruments equivalent to a carbon tax (EU ETS, carbon price floor in UK...).	Carbon tax should be an element of a rigorous Environmental Tax Reform, which would cover all sectors, including transport and heating; cooling. Part of the Transport sector (road transport, diesel rail and inland waterway, which cover 33% of the non ETS emissions) is not so far covered by EU ETS. This sector currently contributes to a quarter of the total EU GHG emissions and its share is growing since this is the only EU sector where the emissions have risen since 1990. At the same time, some of the energy sources of heating; cooling are not covered by the EU ETS, despite of the fact that it represents the highest share final energy consumption in EU (over 50%).
Energy efficiency	Support	Iberdrola has created its own Energy Services Company (ESCO) ,to deploy specific actions in the field of efficiency, together with other suppliers in Iberdrola Group who plays and active role in the regulatory dialogue at international and national level.	Energy efficiency (EE) is one of the main targets to tackle energy model challenges. Electrification of economy is the most important element for the improvement of energy efficiency, due to competitive and technical advantages of the electricity sector to introduce EE measures. Energy price signal (e.g. taxation), information, and standards are proved to be the most efficient and effective tools to mitigate barriers and market failures that prevent market to provide the optimal level of energy efficiency investments.
Clean energy generation	Support	Iberdrola was founded at the beginning of the past century based on hydroelectric power and 17 years ago pre-empted the rest of the sector with a focus on renewables that has made it world leader in wind power and pioneer in measures to combat climate change.	Iberdrola is one of the largest electricity companies in the world and a global leader in wind power. We have achieved this position by strengthening our commitment to sustainable development and care for the environment using cleaner technologies with the lowest CO2 emission levels. The Company proposes an efficient energy mix, based on efficient renewable energy, combined cycle gas turbines, and nuclear. Iberdrola current energy mix is 68% free of carbon emissions and plans to reduce by 50% emissions in 2030 vs. 2007 and become carbon neutral in 2050.
Adaptation or resilience	Support	Iberdrola plays and active role in the regulatory dialogue at international and national level. In particular, Iberdrola has shared its experience in the development of adaptation tools with the Basque Government to support the development of further guidance to other industries. Additionally, Iberdrola USA has participated in the United States Department of Energy's (DOE) Partnership for Energy Sector Climate Resilience program, where it has contributed to the development of resources that facilitate risk-based decision making and pursue cost-effective strategies for a more climate-resilient energy infrastructure. In the UK our networks and generation businesses are engaged with the Adaptation Reporting Power inviting companies to report on their preparedness to adapt to climate change.	Governments should set global strategies to promote adaptation resilience across all economy sectors.

Focus of legislation	Corporate position	Details of engagement	Proposed legislative solution
Climate finance	Support	Iberdrola plays an active role in the regulatory dialogue at international and national level.	In general terms, finance is one of the main elements to tackle climate change. Iberdrola signed in November 2012, the Carbon Price Communiqué, issued to governments by the leaders of more than 200 companies worldwide with a view to the Doha Summit, an initiative of The Prince of Wales's Corporate Leaders Group on Climate Change (CLG), managed and developed by the Programme for Sustainability Leadership of the University of Cambridge (CPSL). Environmental goals and stable regulatory frameworks are essential for agents to obtain finance to invest in low carbon technologies. Currently, the economic crisis may delay investment and reduce R&D expenditure in the climate change field. In September 2014, Iberdrola endorsed the goals set by CDP via its Road to Paris 2015 initiative.
Other, please specify (Assumption Environm. costs internally)	Support	Some of these principles have not been fully adopted in some of the countries in which it operates and are the subject of a social debate, in which Iberdrola participates, for their possible inclusion in regulations.	Active participation in national and international forums (i.e., Davos, 2018 our CEO and our Environment Director attended promoting this issue).
Other, please specify (Carbon Pricing)	Support	Iberdrola is member of Carbon Price Leadership Coalition. We believe that is necessary to put in place the right incentives, in electricity and in all other sectors, to invest and consume in low carbon technologies. This will move from the current model that rewards polluters to a new system based on the principle "polluter pays". The most efficient tool to achieve this goal is putting a price on carbon, as it provides technology-neutral incentives and promotes the cheapest clean production sources.	A strong carbon price signal based on the "polluter pays principle" and faced by the whole economy should be the main tool for driving cost-effective decarbonisation and low carbon investment. Carbon pricing will not be fully effective unless all agents are in a level playing field, removing subsidies to carbon-intensive producers because in the energy sector, subsidies to fossil fuels are five times more costly than subsidies to renewables.
Other, please specify (Talanoa Dialogue)	Support	Outcome of the Talanoa Dialogue, as key process to develop the implementation guidelines of the Paris Agreement.	UNFCCC has recognized Iberdrola's leadership in the Talanoa Dialogue since the beginning of the process (technical phase). Outcomes of this phase are key to approve stringent implementation guidelines for the Paris Agreement at COP 24 that would send clear signals to investors and ensure environmental integrity.
Other, please specify (Yearbook of Global Climate Action)	Support	The first Yearbook of Global Climate Action was launched by Marrakech Partnership of GCA at COP 23, it constituted a keystone in the process to show case non-state actor actions.	Iberdrola was invited to participate providing information on its business strategy and how it is fully aligned with Paris Agreement.

C12.3b

(C12.3b) Are you on the board of any trade associations or do you provide funding beyond membership?

Yes

C12.3c

(C12.3c) Enter the details of those trade associations that are likely to take a position on climate change legislation.

Trade association

Eurelectric

Is your position on climate change consistent with theirs?

Mixed

Please explain the trade association's position

Eurelectric in Europe, decarbonisation in 2050.

How have you influenced, or are you attempting to influence their position?

We are participating focused on clean energy promotion instead of the general rule of coal generation in Europe. Members of Groups relating Climate Change are committed to design the energy roadmap in order to decarbonise European utilities.

Trade association

Transparency Register

Is your position on climate change consistent with theirs?

Consistent

Please explain the trade association's position

Created by European institutions to give adequate transparency to the relations of such institutions with companies, NGOs, citizens' associations, think tanks, among others.

How have you influenced, or are you attempting to influence their position?

In February 2012, Iberdrola registered within the Transparency Register. Existence of government and regulatory support mechanisms to facilitate the implementation of these programmes and help achieve the global targets. The company is also engaged by the input from expert stakeholders to the sustainability report.

Trade association

Club de Excelencia en Sostenibilidad

Is your position on climate change consistent with theirs?

Consistent

Please explain the trade association's position

Created by leading corporations in order to point out the public authorities best practices regarding sustainability issues: GHG emissions, mobility, biodiversity and energy efficiency projects...

How have you influenced, or are you attempting to influence their position?

We have participated in all the publications and we have coordinated within the institutions several Working Groups. The most recent is the Biodiversity Catalogue.

Trade association

Call of eight leading energy companies to EU leaders for a revitalized energy policy

Is your position on climate change consistent with theirs?

Consistent

Please explain the trade association's position

The eight energy companies agreed on a joint statement to underline the seriousness of the current challenges facing European carbon market able to support climate-friendly technologies and in which a reliable perspective is provided, notably, by establishing ambitious but realistic and stable post-2020 greenhouse gas emissions targets.

How have you influenced, or are you attempting to influence their position?

Iberdrola has supported the event. Information published in Iberdrola's webpage.

Trade association

Grupo español de Crecimiento Verde

Is your position on climate change consistent with theirs?

Consistent

Please explain the trade association's position

The aim of this Group is increasing participation of companies, sharing information, identifying opportunities and supporting Spanish presence in international forums. Main Spanish companies belong to this Group which was created by the Spanish Ministry for Agriculture, Alimentation and Environment.

How have you influenced, or are you attempting to influence their position?

Iberdrola is present in this Group since its creation on September 2014. It is one of the few utilities present.

Trade association

CDP Roadmap to Paris

Is your position on climate change consistent with theirs?

Consistent

Please explain the trade association's position

Iberdrola reaffirmed its unwavering commitment to combating climate change at the Climate Change Summit organised by the United Nations in New York in September 2014. In this regard, the company endorsed the goals set by CDP via its Road to Paris

2015 initiative, which aims to ensure that more ambitious and binding measures will be taken by States at the Climate Summit scheduled for the French capital.

How have you influenced, or are you attempting to influence their position?

Iberdrola, when attending the New York Climate week in September 2014, signed the basic purposes of this initiative and has joined the effort in order to go on bringing down greenhouse gas emissions, limit global warming to less than 2° Celsius and promoting transparency in the reporting.

Trade association

BetterCoal

Is your position on climate change consistent with theirs?

Consistent

Please explain the trade association's position

Bettercoal is a global, not for profit initiative, that has been established by a group of major European utilities to promote the continuous improvement of corporate responsibility in coal mining, with a specific focus on the mines themselves.

How have you influenced, or are you attempting to influence their position?

Iberdrola is one of the 17 members of the international BetterCoal initiative, which includes the leading European coal-purchasing energy companies. Its aim is to set a standard for ethical, environmental, and social conduct, evaluate the conduct of producers through audits, create a database with the results of such evaluations, and improve producers' actions.

Trade association

Global Compact Lead

Is your position on climate change consistent with theirs?

Consistent

Please explain the trade association's position

By bringing companies together with relevant experts and stakeholders, Global Compact LEAD provides a collaborative space to generate and implement advanced corporate sustainability practice. As an integral part of the United Nations and the UN Global Compact, LEAD is uniquely positioned to inspire widespread uptake of sustainability solutions among businesses around the world.

How have you influenced, or are you attempting to influence their position?

Iberdrola takes an active part in this Group.

C12.3d

(C12.3d) Do you publicly disclose a list of all research organizations that you fund?

Yes

C12.3e

(C12.3e) Provide details of the other engagement activities that you undertake.

Iberdrola participated in the COP24, showing its leadership in the fight against climate change, goal 13 of the Sustainable Development Goals (SDGs). The company is actively engaged in these Goals, which were already included in its business strategy and Sustainability Policy.

Once again, the company played a very important role in the Summit with the Moving for Climate NOW initiative and with its participation in the main events and meetings arranged during the Summit held in Katowice (UN Framework Convention for Climate Change, World Business Council for Sustainable Development, Carbon Pricing Leadership Coalition, UN Global Compact, etc.). In 2018, Moving for Climate NOW gathered over 40 representatives of international organisations, who travelled almost 600 km on bicycle to raise the awareness on the importance of how movement is required to combat climate change.

This initiative is one of the actions as part of Iberdrola's broader *Plan to Raise Social Awareness on Climate Change*, directed towards different public audiences, mostly through alliances with experts and third-parties. Other activities are:

- I) online training course to all employees
- II) on-site school workshops by Iberdrola volunteers
- III) sponsorship of a children's theatre play tour
- IV) advice in the documentary Guardians of the Planet

A partial summary of the organizations and initiatives:

- World Economic Forum (WEF) –CEO Climate Leaders–.
- World Business Council of Sustainable Development (WBCSD)
- UN Global Compact LEAD.
- European Round Table of Industrialists.
- The Prince of Wales's Corporate Leaders Group. Green Growth Platform.
- Carbon Pricing Leadership Coalition.
- REDS, Red Española de Desarrollo Sostenible.
- SE4ALL.
- We Mean Business.
- The Climate Group.
- Fundación Rafael del Pino- Programa Inicia
- Bruegel.

We support research organisations who produce public work on climate change:

- Academic

Various Universities and colleges to facilitate technology, training and research into climate mitigation techniques (Universities of Strathclyde, Edinburgh, Durham, Liverpool, MIT, etc)

The Utility of the future- MIT Edinburgh Centre for Climate Change Innovation

Iberdrola chair in Energy and Innovation at the University of Comillas - ICAI

Iberdrola chair at the University of Salamanca

Iberdrola chair at Polytechnic University of Madrid for the Sustainable Development Goals

Iberdrola Hall and Iberdrola-UPSA Innovation Club at the Pontifical University of Salamanca

Partnership with the Conference by Nicholas Stern "Energy, a key factor in a more sustainable economy"

Sponsorship of the "Rey Jaime I" Award for the Protection of the Environment

Our Foundation continuous in 2018 the annual Scholarship and Research Aid Programme specialising in energy and environment,

with the aim of contributing to excellence in training and research in the energy field, with special emphasis on renewable energy, the improvement of Biodiversity, as well as the efficiency of the energy system.

Iberdrola and the Polytechnic University of Madrid and Iberdrola organised the Unavoidable Transformation [Conference, based on the Sustainable Development Goals](#), which took place in Madrid May. 28th, 2019 and involved over 400 international representatives.

- Business

CBI – through work in respect to the business response to climate change

Green Alliance – work in research, behaviour change and lobbying

Carbon Trust – to investigate technology improvement for climate mitigation, especially in relation to renewables

PERSEO program, where Iberdrola Venture Capital is dedicated to investing in innovative technologies that ensure the sustainability of the energy model

Supporter of Foundation COTEC that promotes technological innovation in Spanish business fabric and Spanish society

- Trade Body

Eurelectric: European electricity association, where IB participates in different groups (climate change, renewables, etc)

WindEurope: IB is member of the European wind industry association

Unesa: IB is member of Spanish electricity association

AEE: IB is member of Spanish wind association

APPA: IB is member of Spanish renewable producers association

ScottishPower Renewables – undertakes research into increasing deployment of renewables and low carbon electricity generation in Scotland

Energy UK – research and influencing activity to help reduce the carbon intensity of the UK electricity generating portfolio and increase energy efficiency measures

Electricity Networks Association – to facilitate the development of a low carbon electricity system through research and development activity in relation to grids

NEOTEC Program - investment committee member

Invierte Program - in conjunction with the Centre for Industrial Technological Development (CDTI), for studying and development of new technologies for the energy sector

C12.3f

(C12.3f) What processes do you have in place to ensure that all of your direct and indirect activities that influence policy are consistent with your overall climate change strategy?

We promote relationships geared to the enactment of efficient regulatory provisions allowing the development of a competitive market. To that end, there is a continuous and constructive dialogue where information, knowledge, and opinions are exchanged. Iberdrola is thus acquainted with the concerns and proposals of regulatory entities and puts forward the Company's own opinions in the legitimate defence of its interests and those of its shareholders, customers, and users. It also actively participates both in "public hearings" held by regulatory entities in order to ascertain the opinions of the players involved in the processes prior to the revision of regulations or the determination of domestic energy policies, and in the official processes of enactment of the laws and regulations and the monitoring of the application thereof.

The Company maintains smooth and cordial relationships with European Union institutions through its office based in Brussels and with the entities of Spain, UK and Scottish governments.

The existence of government and regulatory support mechanisms to facilitate the implementation of these programmes and help achieve the global targets. The company is also engaged by the input from expert stakeholders to the sustainability report.

For example, in the UK, we have been working with the UK and Scottish Governments to facilitate new low carbon sources of electricity generation through the Electricity Market Reform process. We have also been involved with Government and external stakeholders in the past in the achievements of CERT/CESP and we are nowadays involved in the development of the Green Deal/ECO framework that is designed to encourage energy efficiency for households and businesses.

In the fight against climate change, adaptation measures are essential. That is the reason why Iberdrola has developed a specific climate change adaptation plan in order to anticipate future climate risks as a result of climate change and increase the resilience of the company. We have multidisciplinary environmental regulation meetings (6 per year minimum).

As a general rule, Iberdrola works for the approval of and respect for the principles of good regulation: proportionality, effectiveness and efficiency, responsibility and independence, consistency and credibility, and, finally, transparency and clarity.

C12.4

(C12.4) Have you published information about your organization's response to climate change and GHG emissions performance for this reporting year in places other than in your CDP response? If so, please attach the publication(s).

Publication

In mainstream reports

Status

Complete

Attach the document

IB_Sustainability_Report_2018.pdf

Page/Section reference

All

Content elements

Governance

Strategy

Risks & opportunities

Emissions figures

Emission targets

Other metrics

Comment

Publication

In mainstream reports

Status

Complete

Attach the document

IB_Annual_Financial_Information.pdf

IB_Integrated_Report.pdf

Page/Section reference

All

Content elements

Governance
Strategy
Risks & opportunities
Emissions figures
Emission targets
Other metrics

Comment

Publication

In mainstream reports, incorporating the TCFD recommendations

Status

Complete

Attach the document

IB_Annual_Financial_Information.pdf
IB_Sustainability_Report_2018.pdf

Page/Section reference

All

Content elements

Governance
Strategy
Risks & opportunities
Emissions figures
Emission targets
Other metrics
Other, please specify (TCFD endorsement)

Comment

Iberdrola supports the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) to disclose financial information relating to climate change. The company believes that this initiative will facilitate Stakeholders' evaluation of the risks and opportunities arising from climate change. For these reasons, Iberdrola supported the initiative in April, and in September 2017 joined a group of ten companies that were the first to assume the commitment to implement the recommendations of the TCFD within a period of three years.

Publication

In voluntary communications

Status

Complete

Attach the document

Informe_GEI_eng.pdf

Page/Section reference

All

Content elements

Strategy
Emissions figures
Emission targets

Comment

C14. Signoff

C-FI

(C-FI) Use this field to provide any additional information or context that you feel is relevant to your organization's response. Please note that this field is optional and is not scored.

C14.1

(C14.1) Provide details for the person that has signed off (approved) your CDP climate change response.

	Job title	Corresponding job category
Row 1	Innovation, Sustainability and Quality Director. He depends directly on IBERDROLA's CEO& President	Chief Sustainability Officer (CSO)

SC. Supply chain module

SC0.0

(SC0.0) If you would like to do so, please provide a separate introduction to this module.

- Iberdrola is a world leader in clean energy, focused on promoting CO2 free installed capacity in its generation mix.
- Iberdrola is well-positioned to become a benchmark as regards the contribution of the electricity subsector towards attaining a scenario that is compatible with the 2°C target, as a result of the characteristics of its energy mix, its investment profile and the commitments that it has already undertaken.
- Iberdrola's emissions per kWh were already 57% lower than the average of the European electricity sector in 2017; Source: European carbon factor Benchmarking of CO2 emissions by Europe's largest electricity utilities (January 2019, PwC) .
- Iberdrola is the world leader in renewable energies, smart grids and electric vehicle development and top of the main sustainability indices.
- Iberdrola publicly announced its target for 2030: to reduce the intensity of its CO2 emissions to below 150 grams per kWh in 2030, a level 50% less than its emissions in 2007, and being carbon-neutral by the year 2050.
- Iberdrola operates in more than 40 countries and has over 34 million customers. At Iberdrola, we have spent more than 150 years moving forward in a single direction. We have created an industrial growth project sustainable in the long term, by focusing on the core business, on stable activities and growth through a balanced business portfolio, on leadership in wind power, on operating efficiency and on financial soundness, becoming a number one worldwide energy group.

SC0.1

(SC0.1) What is your company's annual revenue for the stated reporting period?

	Annual Revenue
Row 1	35075900000

SC0.2

(SC0.2) Do you have an ISIN for your company that you would be willing to share with CDP?

Yes

SC0.2a

(SC0.2a) Please use the table below to share your ISIN.

	ISIN country code (2 letters)	ISIN numeric identifier and single check digit (10 numbers overall)
Row 1	ES	0144580Y14

SC1.1

(SC1.1) Allocate your emissions to your customers listed below according to the goods or services you have sold them in this reporting period.

Requesting member

Cellnex Telecom SA

Scope of emissions

Scope 1

Allocation level

Company wide

Allocation level detail

<Not Applicable>

Emissions in metric tonnes of CO2e

Uncertainty (±%)

Major sources of emissions

Electricity generated by Iberdrola, consumed by Cellnex Telecom SA.

Verified

Yes

Allocation method

Other, please specify (We don't allocate emissions per customer.)

Please explain how you have identified the GHG source, including major limitations to this process and assumptions made

Requesting member

Pirelli

Scope of emissions

Scope 1

Allocation level

Company wide

Allocation level detail

<Not Applicable>

Emissions in metric tonnes of CO2e

Uncertainty (±%)

Major sources of emissions

Electricity generated by Iberdrola, consumed by Pirelli.

Verified

Yes

Allocation method

Other, please specify (We don't allocate emissions per customer.)

Please explain how you have identified the GHG source, including major limitations to this process and assumptions made

Requesting member

SABIC

Scope of emissions

Scope 1

Allocation level

Company wide

Allocation level detail

<Not Applicable>

Emissions in metric tonnes of CO2e

Uncertainty (±%)

Major sources of emissions

Electricity generated by Iberdrola, consumed by SABIC.

Verified

Yes

Allocation method

Other, please specify (We don't allocate emissions per customer.)

Please explain how you have identified the GHG source, including major limitations to this process and assumptions made

Requesting member

Vodafone Group

Scope of emissions

Scope 1

Allocation level

Company wide

Allocation level detail

<Not Applicable>

Emissions in metric tonnes of CO2e

Uncertainty (±%)

Major sources of emissions

Electricity generated by Iberdrola, consumed by Vodafone.

Verified

Yes

Allocation method

Other, please specify (We don't allocate emissions per customer.)

Please explain how you have identified the GHG source, including major limitations to this process and assumptions made

SC1.2

(SC1.2) Where published information has been used in completing SC1.1, please provide a reference(s).

Iberdrola's GHG Inventory is publicly available, covering Scopes 1, 2, and 3.

https://www.iberdrola.com/wcorp/gc/prod/en_US/sostenibilidad/docs/Informe_GEI.pdf

SC1.3

(SC1.3) What are the challenges in allocating emissions to different customers, and what would help you to overcome these challenges?

Allocation challenges	Please explain what would help you overcome these challenges
Customer base is too large and diverse to accurately track emissions to the customer level	- Customers who are asking for this information in CDP could ask for detailed track emissions prior starting the reporting year. - Customer could provide contract details ideally to be included in this scope as: contract numbers, kind of products, uses for that products, location where our products are consumed.
Managing the different emission factors of diverse and numerous geographies makes calculating total footprint difficult	- Customer could provide contract details ideally to be included in this scope as: location where our products are consumed.

SC1.4

(SC1.4) Do you plan to develop your capabilities to allocate emissions to your customers in the future?

Yes

SC1.4a

(SC1.4a) Describe how you plan to develop your capabilities.

Through smart meters and digitalisation of information, it would be easier to allocate consumed electricity to each customer, and with such information, we will be able to allocate CO2 emissions to them.

Also further analysis of our supply chain GHG emissions related to use of sold products would provide more information.

SC2.1

(SC2.1) Please propose any mutually beneficial climate-related projects you could collaborate on with specific CDP Supply Chain members.

SC2.2

(SC2.2) Have requests or initiatives by CDP Supply Chain members prompted your organization to take organizational-level emissions reduction initiatives?

No

SC3.1

(SC3.1) Do you want to enroll in the 2019-2020 CDP Action Exchange initiative?

No

SC3.2

(SC3.2) Is your company a participating supplier in CDP's 2018-2019 Action Exchange initiative?

No

SC4.1

(SC4.1) Are you providing product level data for your organization's goods or services?

Yes, I will provide data

SC4.1a

(SC4.1a) Give the overall percentage of total emissions, for all Scopes, that are covered by these products.

52

SC4.2a

(SC4.2a) Complete the following table for the goods/services for which you want to provide data.

Name of good/ service

Energy - electricity

Description of good/ service

Energy purchased for sale to final customer

Type of product

Intermediate

SKU (Stock Keeping Unit)

kWh

Total emissions in kg CO2e per unit

0.16

±% change from previous figure supplied

-12.83

Date of previous figure supplied

December 31 2018

Explanation of change

Decreased in Iberdrola's emissions factor of electricity

Methods used to estimate lifecycle emissions

GHG Protocol Product Accounting & Reporting Standard

Name of good/ service

Gas

Description of good/ service

Sale of gas to final customer

Type of product

Intermediate

SKU (Stock Keeping Unit)

kWh

Total emissions in kg CO2e per unit

0.2

±% change from previous figure supplied

-0.01

Date of previous figure supplied

December 31 2018

Explanation of change

Priceless change in emissions factor of gas

Methods used to estimate lifecycle emissions

GHG Protocol Product Accounting & Reporting Standard

SC4.2b

(SC4.2b) Complete the following table with data for lifecycle stages of your goods and/or services.

Name of good/ service

Energy - electricity

Please select the scope

Scope 1

Please select the lifecycle stage

Energy/Fuel

Emissions at the lifecycle stage in kg CO2e per unit

0.163

Is this stage under your ownership or control?

Yes

Type of data used

Primary

Data quality

Emissions verified

If you are verifying/assuring this product emission data, please tell us how

Emissions verified in GHG Report 2018

SC4.2c

(SC4.2c) Please detail emissions reduction initiatives completed or planned for this product.

Name of good/ service	Initiative ID	Description of initiative	Completed or planned	Emission reductions in kg CO2e per unit
Electricity	Initiative 1	Emissions reductions initiatives. 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.	Ongoing	0.02

SC4.2d

(SC4.2d) Have any of the initiatives described in SC4.2c been driven by requesting CDP Supply Chain members?

No

Submit your response

In which language are you submitting your response?

English

Please confirm how your response should be handled by CDP

	Public or Non-Public Submission	I am submitting to	Are you ready to submit the additional Supply Chain Questions?
I am submitting my response	Public	Investors Customers	Yes, submit Supply Chain Questions now

Please confirm below

I have read and accept the applicable Terms

